

TMBThanachart Bank Public Company Limited
and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Financial statements for the year ended

31 December 2021

and

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of TMBThanachart Bank Public Company Limited
(Formerly TMB Bank Public Company Limited)

Audit Report

Opinion

I have audited the consolidated and the Bank only financial statements of TMBThanachart Bank Public Company Limited and its subsidiaries (the "Group"), and of TMBThanachart Bank Public Company Limited (Formerly TMB Bank Public Company limit) (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2021, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for expected credit loss for loans to customers	
For disclosures related to credit risk, loans to customers and allowance for expected credit loss for loans to customers, refer to notes 5, 6, 15 and 16 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, loans to customers represented 78.43% and 78.59% of the total assets of consolidated and the Bank only, respectively, against which allowances for expected credit losses (“ECL”) of Baht 54,472 million and Baht 54,452 million, respectively were provided.</p> <p>Management's estimation of ECL on loans to customers measured at amortised cost is based on credit models which are dependent on significant management judgements and estimates including selection of model, the use of forward-looking macroeconomic forecast, establishing the criteria for determining whether credit risk has increased significantly since initial recognition and consideration for post model adjustments. In particular, the ongoing economic situation and relief program provided to the customers resulting from COVID-19 adds further complexity to management's estimation process especially for consideration of post model adjustments.</p> <p>Accordingly, it is considered a Key Audit Matter.</p>	<p>In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or other factors which could influence the judgments and estimates.</p> <p>I inspected of the Group and the Bank accounting policies and credit risk policy to determine whether this has been set up in accordance with the requirements of TFRS 9, the relevant Bank of Thailand notification and guidance.</p> <p>My audit procedures included testing the design and operating effectiveness of controls over credit review, model monitoring, forward-looking macroeconomic forecast and, post model adjustments.</p> <p>I sampled loans as identified in my risk assessment to perform credit review procedures, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment.</p> <p>Selected key technical decisions, assumptions and model methodologies were tested, where appropriate, including involvement of my own credit risk specialists to inspect model documentation, model validation report performed by expert engaged by the Group and the Bank's management and back-testing results. The selected models were also reperformed by the credit risk specialists.</p> <p>I and my credit specialist assessed assumptions and methodology used by the management in the identification and estimation of post model adjustments.</p> <p>I assessed whether the financial statement disclosures are adequate and appropriately reflect the Bank and its subsidiaries' exposures to credit risk.</p>

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to notes 7 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 188,563 million and Baht 188,563 million, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 7,032 million and Baht 7,032 million, respectively.</p> <p>Of these amounts, as at 31 December 2021, financial assets and liabilities designated at level 2 and 3 fair value in the consolidated financial statements amounted to Baht 188,366 million and Baht 7,032 million respectively, and in the Bank only financial statements, they amounted to Baht 188,366 million and Baht 7,032 million respectively, for which the fair value is based upon inputs other than quoted price in active markets or valuation techniques incorporating those inputs. Therefore, judgment is applied in the estimation of fair values. The use of different valuation techniques and assumptions could produce different estimates of fair value.</p> <p>Accordingly, it is considered a Key Audit Matter.</p>	<p>In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.</p> <p>For financial instruments, I sampled to check for selected pricing inputs that were externally sourced and were correctly input into pricing models. I and my own valuation specialists assessed that the models and assumptions were appropriate and valued a selection of the Group's and the Bank's equity securities, debt securities, and derivative positions and compared their valuation to the Group's and the Bank's valuation on a sample basis.</p> <p>I assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</p>

Emphasis of Matter

I draw attention to Note 4 which describes of the entire business transfer from Thanachart Bank Public Company Limited to TMBThanachart Bank Public Company Limited on 3 July 2021. My conclusion is not modified in respect of this matter.

Other Information

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

My opinion on the consolidated and the Bank only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only 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 TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank only 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 Group's and 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 Group's and 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 consolidated and the Bank only 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 Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank only financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2022

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Cash		16,011,325	21,942,541	16,011,307	12,836,147
Interbank and money market items, net	10, 36.2	158,872,946	211,185,009	158,862,707	221,262,755
Financial assets measured at fair value through profit or loss	11	1,420,900	3,787,884	1,420,891	1,125,593
Derivative assets	12	6,913,323	11,959,166	6,913,323	10,012,947
Investments, net	13	180,228,573	134,350,737	180,228,573	73,322,721
Investments in subsidiaries and associates, net	14	8,620,165	8,599,132	5,113,948	158,851,759
Loans to customers and accrued interest receivables, net	15, 16, 36.2	1,325,212,093	1,348,480,119	1,324,478,889	693,774,871
Properties for sale, net	17	8,626,358	6,037,212	8,626,358	3,150,007
Premises and equipment, net	18	21,625,316	24,038,714	21,561,367	13,755,268
Goodwill and other intangible assets, net	19	22,818,660	22,546,343	22,787,237	3,723,844
Deferred tax assets	20	8,986	1,980,185	-	2,818,086
Other assets, net	36.2	8,822,089	13,424,788	8,684,367	10,770,463
Total assets		1,759,180,734	1,808,331,830	1,754,688,967	1,205,404,461
Liabilities and equity					
Liabilities					
Deposits	21, 36.2	1,339,195,173	1,373,407,885	1,343,728,377	815,677,627
Interbank and money market items	22, 36.2	84,966,047	75,908,760	85,317,306	51,148,970
Liabilities payable on demand		5,325,121	3,894,675	5,325,121	2,897,675
Financial liabilities measured at fair value through profit or loss	23	436,865	431,884	436,865	431,884
Derivative liabilities	12	6,595,107	9,267,833	6,595,107	8,144,190
Debts issued and borrowings	24, 36.2	68,398,493	88,964,851	63,098,493	88,959,693
Provisions for employee benefits	25	3,783,621	4,366,292	3,739,815	2,517,106
Provisions for other liabilities	26	2,026,446	2,820,668	2,025,812	1,444,693
Deferred tax liabilities	20	922,138	3,500,501	246,901	-
Deferred revenue	27	20,175,632	20,884,682	20,176,634	19,261,556
Other liabilities	28, 36.2	16,520,396	20,134,074	16,201,500	11,468,558
Total liabilities		1,548,345,039	1,603,582,105	1,546,891,931	1,001,951,952

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of financial position

Liabilities and equity	Note	Consolidated 31 December		Bank only 31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Equity					
Share capital					
Authorised share capital					
96,864,354,380 ordinary shares of Baht 0.95 each					
(31 December 2020: 106,223,552,373 ordinary shares					
of Baht 0.95 each)					
	31	<u>92,021,137</u>	<u>100,912,375</u>	<u>92,021,137</u>	<u>100,912,375</u>
Issued and paid-up share capital					
96,622,874,580 ordinary shares of Baht 0.95 each					
(31 December 2020: 96,409,416,880 ordinary shares					
of Baht 0.95 each)					
	31	91,791,731	91,588,946	91,791,731	91,588,946
Premium on share capital		43,344,840	43,321,601	43,344,840	43,321,601
Other reserves		5,172,257	5,797,791	6,117,180	5,761,304
Retained earnings					
Appropriated					
Legal reserve					
	32, 33	10,091,000	10,091,000	10,091,000	10,091,000
Unappropriated					
		60,434,727	53,913,289	56,452,285	52,689,658
Equity attributable to equity holders of the Bank		<u>210,834,555</u>	<u>204,712,627</u>	<u>207,797,036</u>	<u>203,452,509</u>
Non-controlling interest		1,140	37,098	-	-
Total equity		<u>210,835,695</u>	<u>204,749,725</u>	<u>207,797,036</u>	<u>203,452,509</u>
Total liabilities and equity		<u>1,759,180,734</u>	<u>1,808,331,830</u>	<u>1,754,688,967</u>	<u>1,205,404,461</u>

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

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

TMBThanachart Bank Public Company Limited and its Subsidiaries

(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Statements of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		For the year ended		For the year ended	
		31 December		31 December	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Interest income	36.1, 39	64,239,369	72,320,505	46,560,095	31,900,177
Interest expenses	36.1, 40	13,239,602	18,515,133	11,483,531	10,266,296
Net interest income		50,999,767	53,805,372	35,076,564	21,633,881
Fees and service income	36.1, 41	15,189,834	16,138,973	13,052,907	10,405,452
Fees and service expenses	36.1, 41	3,941,349	4,791,270	2,970,725	2,824,832
Net fees and service income		11,248,485	11,347,703	10,082,182	7,580,620
Gains on financial instruments measured					
at fair value through profit or loss	42	1,480,359	1,726,164	1,259,016	1,396,437
Gains on investments, net	43	181,993	678,023	190,517	582,389
Share of profit from investment using equity method		345,521	362,746	-	-
Other operating income	14.1, 36.1	1,280,592	1,426,132	5,457,505	12,864,204
Total operating income		65,536,717	69,346,140	52,065,784	44,057,531
Other operating expenses					
Employee expenses	36.3, 36.4	16,480,286	17,142,447	14,584,162	8,831,311
Directors' remuneration	36.3	73,596	66,355	63,599	54,228
Premises and equipment expenses		5,622,117	6,170,568	4,504,468	3,621,370
Taxes and duties		1,573,466	1,798,940	1,318,442	1,193,456
Others	36.1	7,469,508	6,998,886	5,860,705	3,859,533
Total other operating expenses		31,218,973	32,177,196	26,331,376	17,559,898
Expected credit loss	44	21,514,212	24,831,331	17,010,786	13,433,601
Profit from operations before income tax		12,803,532	12,337,613	8,723,622	13,064,032
Income tax	20	2,326,860	2,222,805	954,849	209,459
Profit for the year		10,476,672	10,114,808	7,768,773	12,854,573
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on investments in debt instruments					
at fair value through other comprehensive income		(1,038,368)	113,841	(1,060,666)	14,191
Gains (losses) on cash flow hedges		(17,416)	(20,863)	156,721	(68,422)
Losses arising from translating the financial statements of					
foreign operations		(20,292)	(20,801)	(20,292)	(20,801)
Income tax relating to items that will be reclassified					
subsequently to profit or loss	20	215,215	(14,435)	184,847	15,006
		(860,861)	57,742	(739,390)	(60,026)

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		(51,146)	(178,592)	(51,146)	(178,592)
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		587,808	(186,862)	491,861	31,653
Actuarial gains on post-employment benefit plan	25	197,454	680,381	195,756	249,336
Income tax relating to items that will not be reclassified subsequently to profit or loss	20	(146,823)	(62,985)	(127,294)	(20,479)
		<u>587,293</u>	<u>251,942</u>	<u>509,177</u>	<u>81,918</u>
Total other comprehensive income for the year, net of income tax		<u>(273,568)</u>	<u>309,684</u>	<u>(230,213)</u>	<u>21,892</u>
Total comprehensive income for the year		<u>10,203,104</u>	<u>10,424,492</u>	<u>7,538,560</u>	<u>12,876,465</u>
Profit attributable to:					
Equity holders of the Bank		10,474,045	10,112,182	7,768,773	12,854,573
Non-controlling interest		2,627	2,626	-	-
Profit for the year		<u>10,476,672</u>	<u>10,114,808</u>	<u>7,768,773</u>	<u>12,854,573</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		10,200,487	10,421,797	7,538,560	12,876,465
Non-controlling interest		2,617	2,695	-	-
Total comprehensive income for the year		<u>10,203,104</u>	<u>10,424,492</u>	<u>7,538,560</u>	<u>12,876,465</u>
Earnings per share					
	45				
Basic earnings per share (in Baht)		<u>0.1086</u>	<u>0.1049</u>	<u>0.0805</u>	<u>0.1334</u>
Diluted earnings per share (in Baht)		<u>0.1083</u>	<u>0.1047</u>	<u>0.0803</u>	<u>0.1332</u>

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of changes in equity

	Consolidated												
	Other reserves							Retained earnings					
Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation surplus (deficit) on investments, net	Cash flow hedge reserve (effective portion)	Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
	<i>(in thousand Baht)</i>												
Year ended 31 December 2020													
Balance at 1 January 2020 - restated	91,541,387	43,217,044	-	5,754,014	492,700	(28,567)	(13,675)	6,204,472	3,360,000	50,714,666	195,037,569	34,521	195,072,090
Transactions with owners, recorded directly in equity													
<i>Contributions by and distribution to owners of the bank</i>													
Price adjustment from merger	-	105,072	-	-	-	-	-	-	-	-	105,072	-	105,072
Expenses in relation to share-based payments	-	-	117,122	-	-	-	-	117,122	-	-	117,122	-	117,122
Issued ordinary shares to employees	31	47,559	(47,559)	-	-	-	-	(47,559)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	-	(515)	-	-	-	-	-	-	-	-	(515)	-	(515)
Dividend paid	33	-	-	-	-	-	-	-	-	(968,418)	(968,418)	-	(968,418)
Total contributions by and distribution to owners of the bank	47,559	104,557	69,563	-	-	-	-	69,563	-	(968,418)	(746,739)	-	(746,739)
<i>Change in ownership interests in subsidiary</i>													
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	-	-	(118)	(118)
Total change in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	(118)	(118)
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	10,112,182	10,112,182	2,626	10,114,808
Other comprehensive income	-	-	-	(142,873)	(58,395)	(16,702)	(16,641)	(234,611)	-	544,226	309,615	69	309,684
Total comprehensive income for the year	-	-	-	(142,873)	(58,395)	(16,702)	(16,641)	(234,611)	-	10,656,408	10,421,797	2,695	10,424,492
Transfer to legal reserve	-	-	-	-	-	-	-	-	6,731,000	(6,731,000)	-	-	-
Transfer to retained earnings	-	-	-	(241,633)	-	-	-	(241,633)	-	241,633	-	-	-
Balance at 31 December 2020	91,588,946	43,321,601	69,563	5,369,508	434,305	(45,269)	(30,316)	5,797,791	10,091,000	53,913,289	204,712,627	37,098	204,749,725
Year ended 31 December 2021													
Balance at 1 January 2021	91,588,946	43,321,601	69,563	5,369,508	434,305	(45,269)	(30,316)	5,797,791	10,091,000	53,913,289	204,712,627	37,098	204,749,725
Transactions with owners, recorded directly in equity													
<i>Contributions by and distribution to owners of the bank</i>													
Expenses in relation to share-based payments	30.2	-	-	260,900	-	-	-	260,900	-	-	260,900	-	260,900
Issued ordinary shares to employees	30.2	202,785	24,377	(227,162)	-	-	-	(227,162)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	30.2	-	(1,138)	-	-	-	-	-	-	-	(1,138)	-	(1,138)
Dividend paid	33	-	-	-	-	-	-	-	-	(4,338,321)	(4,338,321)	-	(4,338,321)
Total contributions by and distribution to owners of the bank	202,785	23,239	33,738	-	-	-	-	33,738	-	(4,338,321)	(4,078,559)	-	(4,078,559)
<i>Change in ownership interests in subsidiary</i>													
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	-	-	-	-	(38,575)	(38,575)
Total change in ownership interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	(38,575)	(38,575)
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	10,474,045	10,474,045	2,627	10,476,672
Other comprehensive income	-	-	-	(40,916)	(360,471)	(13,899)	(16,234)	(431,520)	-	157,962	(273,558)	(10)	(273,568)
Total comprehensive income for the year	-	-	-	(40,916)	(360,471)	(13,899)	(16,234)	(431,520)	-	10,632,007	10,200,487	2,617	10,203,104
Transfer to retained earnings	-	-	-	(147,405)	(80,347)	-	-	(227,752)	-	227,752	-	-	-
Balance at 31 December 2021	91,791,731	43,344,840	103,301	5,181,187	(6,513)	(59,168)	(46,550)	5,172,257	10,091,000	60,434,727	210,834,555	1,140	210,835,695

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of changes in equity

Note	Bank only										Retained earnings		Total equity	
	Other reserves					Translation adjustment arising from translating the financial statements of foreign operations, net					Total other reserve	Legal reserve		Unappropriated
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Surplus on business combination under common control	Revaluation surplus on assets, net	Revaluation surplus (deficit) on investments, net	Cash flow hedge reserve (effective portion)	Total other reserve						
<i>(in thousand Baht)</i>														
Year ended 31 December 2020														
Balance at 1 January 2020 - restated	91,541,387	43,217,044	-	-	5,767,838	449,806	(79,195)	(13,675)	6,124,774	3,360,000	47,074,734	191,317,939		
Transactions with owners, recorded directly in equity														
Contributions by and distribution to owners														
<i>of the bank</i>														
Price adjustment from merger	-	105,072	-	-	-	-	-	-	-	-	-	105,072		
Expenses in relation to share-based payments	-	-	117,122	-	-	-	-	-	117,122	-	-	117,122		
Issued ordinary shares to employees	31 47,559	-	(47,559)	-	-	-	-	-	(47,559)	-	-	-		
Expenses in relation to issuance of ordinary shares to employees	-	(515)	-	-	-	-	-	-	-	-	-	(515)		
Dividend paid	33 -	-	-	-	-	-	-	-	-	-	(963,574)	(963,574)		
Total contributions by and distribution to owners of the bank	47,559	104,557	69,563	-	-	-	-	-	69,563	-	(963,574)	(741,895)		
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	12,854,573	12,854,573		
Other comprehensive income	-	-	-	-	(142,873)	36,675	(54,737)	(16,641)	(177,576)	-	199,468	21,892		
Total comprehensive income for the year	-	-	-	-	(142,873)	36,675	(54,737)	(16,641)	(177,576)	-	13,054,041	12,876,465		
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	6,731,000	(6,731,000)	-		
Transfer to retained earnings	-	-	-	-	(255,457)	-	-	-	(255,457)	-	255,457	-		
Balance at 31 December 2020	91,588,946	43,321,601	69,563	-	5,369,508	486,481	(133,932)	(30,316)	5,761,304	10,091,000	52,689,658	203,452,509		
Year ended 31 December 2021														
Balance at 1 January 2021	91,588,946	43,321,601	69,563	-	5,369,508	486,481	(133,932)	(30,316)	5,761,304	10,091,000	52,689,658	203,452,509		
Transactions with owners, recorded directly in equity														
Contributions by and distribution to owners														
<i>of the bank</i>														
Expenses in relation to share-based payments	30.2 -	-	260,900	-	-	-	-	-	260,900	-	-	260,900		
Issued ordinary shares to employees	30.2 202,785	24,377	(227,162)	-	-	-	-	-	(227,162)	-	-	-		
Expenses in relation to issuance of ordinary shares to employees	30.2 -	(1,138)	-	-	-	-	-	-	-	-	-	(1,138)		
Dividend paid	33 -	-	-	-	-	-	-	-	-	-	(4,338,321)	(4,338,321)		
Total contributions by and distribution to owners of the bank	202,785	23,239	33,738	-	-	-	-	-	33,738	-	(4,338,321)	(4,078,559)		
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	7,768,773	7,768,773		
Other comprehensive income	-	-	-	-	(40,917)	(455,044)	125,377	(16,234)	(386,818)	-	156,605	(230,213)		
Total comprehensive income for the year	-	-	-	-	(40,917)	(455,044)	125,377	(16,234)	(386,818)	-	7,925,378	7,538,560		
Entire business transfer from subsidiary	4 -	-	-	884,526	-	-	-	-	884,526	-	-	884,526		
Transfer to retained earnings	-	-	-	-	(147,404)	(28,166)	-	-	(175,570)	-	175,570	-		
Balance at 31 December 2021	91,791,731	43,344,840	103,301	884,526	5,181,187	3,271	(8,555)	(46,550)	6,117,180	10,091,000	56,452,285	207,797,036		

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of cash flows

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax	12,803,532	12,337,613	8,723,622	13,064,032
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	4,802,165	4,311,547	3,579,785	1,997,087
Expected credit loss	21,514,212	24,831,331	17,010,786	13,433,601
Impairment loss on premises and equipment	182,105	22,586	182,105	22,586
Impairment loss on properties for sale and other assets	282,039	3,863	209,615	101,119
Reversal of impairment loss on intangible assets	-	(30,365)	-	-
Provisions for liabilities	534,755	352,612	607,317	223,262
Losses (gains) on revaluation of investments measured at FVTPL	8,161	(28,702)	42	3,377
Impairment losses on investment	-	-	89,700,000	9,300,000
Losses (gains) on disposal of intangible assets	87,321	17,265	(45)	-
Losses (gains) on disposal of premises and equipment	15,068	18,908	(57,524)	(27,608)
Gains on disposal of investments	(181,993)	(678,023)	(190,517)	(582,389)
Unrealised losses (gains) on exchange rate	3,940,844	(288,746)	3,497,846	(228,775)
Expenses in relation to share-based payments	260,900	117,122	260,900	117,122
Share of profit from investments accounted for using the equity method	(345,521)	(362,746)	-	-
Deferred revenue	(2,919,745)	(2,830,754)	(2,919,745)	(1,865,333)
Net interest income	(50,999,767)	(53,805,372)	(35,076,564)	(21,633,881)
Dividend income	(91,048)	(83,608)	(93,045,676)	(20,716,282)
Interest received	61,362,859	65,774,962	42,968,887	26,725,525
Interest paid	(11,473,188)	(19,955,127)	(8,791,630)	(8,710,009)
Income tax paid	(2,269,388)	(8,340,599)	(583,249)	(2,098,367)
Profit from operations before changes in operating assets and liabilities	37,513,311	21,383,767	26,075,955	9,125,067
Decrease (increase) in operating assets				
Interbank and money market items	52,371,165	25,540,507	71,919,066	(99,635,174)
Financial assets measured at fair value through profit or loss	2,358,823	3,504,828	(66,781)	3,924,190
Loans to customers	(1,445,930)	(23,733,175)	(25,180,413)	(54,952,084)
Properties for sale	3,875,499	4,699,305	(162,130)	(1,352,747)
Other assets	5,474,502	1,548,995	5,265,631	292,559
Increase (decrease) in operating liabilities				
Deposits	(34,212,712)	(24,659,099)	70,719,414	152,087,006
Interbank and money market items	9,124,969	(10,717,225)	(84,577,951)	(21,601,858)
Liabilities payable on demand	1,430,446	512,595	1,045,440	535,933
Financial liabilities measured at fair value through profit or loss	-	12,398	-	12,398
Provisions for other liabilities	(1,895,220)	(2,727,815)	(77,998)	(1,322,162)
Other accrued expenses	660,824	108,918	1,678,764	(208,626)
Other liabilities	(3,938,352)	1,961,946	(2,005,127)	3,463,844
Net cash provided by (used in) operating activities	71,317,325	(2,564,055)	64,633,870	(9,631,654)

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Statements of cash flows

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Cash flows from investing activities				
Interest received	1,166,297	2,048,416	817,095	843,392
Dividend received	415,536	800,487	93,045,676	20,716,282
Cash paid for the entire business transfer	-	-	(161,412,133)	-
Cash received from capital return from a subsidiary company	-	-	68,619,379	-
Purchase of investments measured at FVOCI	(479,918,548)	(160,923,125)	(432,094,429)	(92,967,965)
Proceeds from investments measured at FVOCI	433,015,197	186,172,238	406,881,346	75,805,272
Purchase of investments in subsidiaries	-	(859,445)	(273,125)	(859,445)
Purchase of premises and equipment	(1,223,034)	(1,877,279)	(1,105,290)	(1,662,519)
Purchase of intangible assets	(2,255,065)	(1,803,637)	(2,221,155)	(1,598,732)
Proceeds from disposals of premises and equipment	463,320	1,917,135	459,450	1,918,621
Net cash provided by (used in) investing activities	(48,336,297)	25,474,790	(27,283,186)	2,194,906
Cash flows from financing activities				
Proceeds from long-term borrowings	-	12,741	-	12,741
Repayments of long-term borrowings	(13,582)	(10,223)	(13,582)	(10,223)
Interest paid on long-term debts issued and borrowings	(1,942,725)	(2,324,191)	(1,942,725)	(2,161,887)
Cash receipts on debenture issued	9,169,300	14,945,198	669,300	14,945,198
Cash paid for redemption of debenture	(31,728,766)	(36,559,650)	(28,528,766)	(5,059,650)
Increase in issued and fully paid-up - ordinary shares	-	105,072	-	105,072
Expenses in relation to issuance of ordinary shares to employees	(1,138)	(515)	(1,138)	(515)
Dividend paid to equity holders of the Bank	(4,358,626)	(968,418)	(4,338,321)	(963,575)
Cash paid for capital return to non-controlling interests	(16,415)	-	-	-
Net cash provided by (used in) financing activities	(28,891,952)	(24,799,986)	(34,155,232)	6,867,161
Change in translation adjustments of foreign operations	(20,292)	(20,801)	(20,292)	(20,801)
Net increase (decrease) in cash	(5,931,216)	(1,910,052)	3,175,160	(590,388)
Cash at 1 January	21,942,541	23,852,593	12,836,147	13,426,535
Cash at 31 December	16,011,325	21,942,541	16,011,307	12,836,147

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Entire Business Transfer
5	Impact of COVID-19
6	Risk management
7	Fair value of financial assets and financial liabilities
8	Maintenance of capital fund
9	Classification of financial assets and financial liabilities
10	Interbank and money market items, net (assets)
11	Financial assets measured at fair value through profit or loss
12	Derivatives
13	Investments, net
14	Investments in subsidiaries and associates, net
15	Loans to customers and accrued interest receivables, net
16	Allowance for expected credit loss
17	Properties for sale, net
18	Premises and equipment, net
19	Goodwill and other intangible assets, net
20	Deferred tax and income tax
21	Deposits
22	Interbank and money market items (liabilities)
23	Financial liabilities measured at fair value through profit or loss
24	Debts issued and borrowings, net
25	Provisions for employee benefits
26	Provisions for other liabilities
27	Deferred revenue
28	Other liabilities
29	Offsetting of financial assets and financial liabilities
30	Share-based payments - TMBThanachart Stock Retention Program
31	Share capital
32	Legal reserve
33	Appropriation of profit and dividend payment
34	Assets pledged as collateral and under restriction

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Note	Contents
35	Commitments and contingent liabilities
36	Related parties
37	Segment information
38	Financial position and results of operations classified by domestic and foreign business
39	Interest income
40	Interest expenses
41	Net fees and service income
42	Net gain (loss) on financial instruments measured at fair value through profit or loss
43	Net gain on investments
44	Expected credit loss
45	Earnings per share
46	Reclassification of accounts
47	Thai Financial Reporting Standards (TFRS) not yet adopted

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 23 February 2022.

1 General information

TMBThanachart Bank Public Company Limited, (the “Bank”), is incorporated in Thailand and has its registered office at 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. The subsidiaries are incorporated under Thai laws and have been operating in Thailand, with core businesses being provision of asset management. Details of the Bank’s subsidiaries and associates as at 31 December 2021 and 2020 are given in note 14.

The Bank changed its name from “TMB Bank Public Company Limited” to “TMBThanachart Bank Public Company Limited” with registration to the Department of Business Development, Ministry of Commerce on 6 May 2021.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards; guidelines promulgated by the Federation of Accounting Professions and; applicable rules and regulations of the Thai Securities and Exchange Commission and the Bank of Thailand (“BoT”) notification number Sor Nor Sor 21/2561, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group*; and other additional BoT notification including the following BoT circular:

- BoT. For Nor Sor. (23) Wor.276/2563, regarding “Debt relief programs for debtors affected by situations having adverse impacts to Thai economy” which details are given in note 5.
- Sor Nor Sor. 4/2564, regarding “Measurement of asset warehousing for debt repayment” which details are given in note 3.8

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2021 which have no material impact on the financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

In addition, the Bank and its subsidiaries have not early adopted a number of new and revised TFRSs which are not yet effective for the current period in preparing the financial statements. Those new and revised TFRSs that are relevant to the Bank and its subsidiaries' operations are disclosed in Note 48.

Information about assumption and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5 and 6 Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;

Note 7 Measurement of the fair value of financial instruments with significant unobservable inputs.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries")

Business combinations

The Bank and its subsidiaries's apply the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank and its subsidiaries to the previous owners of the acquiree, and equity interests issued by the Bank and its subsidiaries. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank and its subsidiaries incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment or dissolution of the businesses acquired.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

Subsidiaries

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

The subsidiaries' financial statements are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

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

Changes in the Bank and its subsidiaries interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Interests in equity-accounted investees

The Bank and its subsidiaries' interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

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

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank and its subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate announced by the Bank of Thailand at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

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

- Equity investments that have been elected to be measured at FVOCI
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedge is effective

Foreign operations

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at the exchange rates at the dates of the transactions.

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

3.3 Cash

Cash includes cash in hand and cash on collection.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

The Bank and its subsidiaries initially recognise financial instruments (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become a party to the contractual provisions of the instrument except for investment in debt instruments which are recognised on the settlement date.

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

3.4.2 Derecognition

Derecognition of financial assets

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

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

Disposal of investments

For debt and equity securities, cost of both investments sold and those still held are determined using the weighted average method.

Derecognition of financial liabilities

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

3.4.3 *Classification and measurement of financial instruments*

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets - debt instruments

Classification of debt instruments included loan and investments in debt securities depend on Business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

Business model assessment

The Bank and its subsidiaries make an assessment of the objective of a business model in which an asset is held. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the financial asset is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries' stated objective for managing the financial assets is achieved and how cash flows are realised.

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

Assessment of whether contractual cash flows are solely payments of principle and interest

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

- contingent events that would change the amount and timing of cash flows;

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

Based on business model and the contractual term of cash flows assessment, there are three categories into which the Bank and subsidiaries classify and measure debt instruments:

Amortised cost

Debt instruments are measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Debt instruments measured at amortised cost is initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method adjusted by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through Other Comprehensive income (FVOCI)

Debt instruments are measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the 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 asset give rise on specified dates to cash flows that are SPPI.

For debt instruments measured at FVOCI, these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Fair value through Profit or loss (FVTPL)

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

On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For debt instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gains and losses, including any interest are recognised in profit or loss.

Financial assets - Equity instruments

All equity instruments included equity investment measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

For equity instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gains and losses, including any dividend income are recognised in profit or loss.

For equity instruments measured at FVOCI, these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Reclassifications

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

Classification of financial liabilities

On initial recognition, financial instrument is classified as financial liability in accordance with the substance of the contractual arrangement.

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

The Bank and its subsidiaries have designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

For financial liabilities measured at amortised cost, these liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4.4 *Interest recognition*

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not ECL.

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

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

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the

liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

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

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

3.4.5 *Modifications of financial assets and financial liabilities (see note 5 for application on restructured loans to customers subject to relief programmes)*

Modifications of financial assets

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

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

3.4.6 *Impairment of financial assets*

The Bank and its subsidiaries recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL and no impairment loss is recognised on equity investments.

Measurement of ECL

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

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

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

Staging

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

- Stage 1: Financial assets that have not had a significant increase in credit risk

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

- Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. (see details in Note 6.1) Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

- Stage 3: Lifetime ECL credit impaired

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

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

Improvement in credit risk

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

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

Financial asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

- loan commitments and financial guarantee contracts: generally, as a provision; and
- financial assets measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, expected credit loss is recognised in profit or loss.

3.4.7 *Derivative held for risk management purposes and hedge accounting*

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

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

These hedging relationships are discussed below.

Fair value hedge

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

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

Cash flow hedges

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

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

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

For derivatives used to dynamic hedge of assets or liabilities, the Bank and its subsidiaries continue using an accrual basis of derivatives.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Bank and its subsidiaries account for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form a part of a qualifying cash flow or net investment hedging relationship.

3.5 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank and its subsidiaries enter into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items, net (assets)" or "Loans to customers", depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items (liabilities)" or "Debt issued and borrowings, net", depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

3.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses, (if any). Impairment losses are recorded as expenses in profit or loss. Investment in associates in the consolidated financial statements are accounted for using equity method.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively.

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission.

3.7 *Bill purchased, trade finance and factoring*

The Bank and its subsidiaries classify bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank and its subsidiaries have their legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank and its subsidiaries will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank and its subsidiaries recognise the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against "Loans to customers" or "Interbank and money market items, net (assets)" as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

3.8 *Properties for sale*

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

Cost of properties for sale as a result of settlement from a debtor is stated at fair value to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties for sale through a public auction process is the purchase price plus transfer costs.

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

In accordance with asset warehousing, the assets are transferred to the Bank for repayment based on agreed price with the buy-back conditions not over 5 years and rent-back conditions for business operation. The Bank derecognises loans to customers and presents transferred assets as properties for sale in accordance with the ownership of the transferred assets. The transferred assets have the same measurement as other properties for sale. Income that the Bank receives is recorded as other income.

3.9 *Premises and equipment*

Land is measured at revalued amount less allowance for impairment losses (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment losses (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment losses (if any).

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The Bank and its subsidiaries thereafter, arrange to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank and its subsidiaries recognise surplus/deficit arising as a result of revaluation of their assets as follows:

- (1) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in other reserve under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank and its subsidiaries used to recognise such revaluation decrease as an expense in profit or loss, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- (2) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50	years)
Leasehold improvement		6 - 20 years
Equipment		3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

An item of premises 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 (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss when the asset is derecognised.

3.10 Leases

As a lessee

At inception of a contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank and its subsidiaries apply TFRS 15 to allocate the consideration in the contract.

The Bank and its subsidiaries recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank and its subsidiaries' incremental borrowing rate and subsequently at amortised cost using the effective interest method.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank and its subsidiaries present right-of-use assets in premises and equipment/intangible assets and lease liabilities in 'other liabilities' in the statement of financial position.

As a lessor

When the Bank and its subsidiaries acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Bank and its subsidiaries recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income.

The Bank and its subsidiaries recognise hire purchase receivables/finance lease receivables at the amount of the Bank and its subsidiaries' net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value. Hire purchase/finance lease income is allocated to accounting years to reflect a constant periodic rate of return on the Bank and its subsidiaries net investment outstanding in respect of the leases.

The Bank and its subsidiaries derecognise, modified cashflow of hire purchase/finance lease receivables and determine impairment on the lease receivables as disclosed in note 3.4.2, 3.4.5 and 3.4.6.

3.11 Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3.1 Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

Other intangible assets

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

Other intangible assets include car dealer relationship. These intangible assets were acquired in a business combination. These intangible assets are initially measured at their fair value at the date of acquisition and subsequently stated at cost less accumulated amortisation and allowance for impairment losses.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of computer software and car dealer relationship for the current and comparative years are 3 – 14 years.

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

3.12 Impairment

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversal of impairment

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

3.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post employment benefits and other long-term employee benefits

Defined contribution plan

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss.

Share-based payments

The cost of the TTB Stock Retention Program is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expenses in profit or loss with a corresponding increase in "Other reserve - share-based payments" in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expenses, which involve the Bank and its subsidiaries' management best estimate of number or ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expenses or reversal of expenses for a period represented the movement in cumulative expenses recognised as at the beginning and at the end of the reporting year.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank and its subsidiaries provide provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank and its subsidiaries were claimed against, using the same criteria and methods applied to allowance for expected credit loss that are described in note 3.4.6.

3.15 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank and its subsidiaries has access at that date. The fair value of a liability reflects its non-performance risk.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiaries Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.16 Fee and commission

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

Fees which are not integral to the effective interest rate on a financial asset or financial liability are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided and conditions in the contract. Fee received in advance is recorded as "Deferred revenue" in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The amount is recorded as "Deferred revenue" in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses which are not integral to the effective interest rate on a financial asset or financial liability on an accrual basis.

3.17 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income is presented in other operating income.

3.18 *Net trading income and foreign exchange transactions*

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes and foreign exchange differences.

Net income on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

3.19 *Income tax*

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

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Bank and its subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

3.20 Earnings per share

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TTB Stock Retention Program.

3.21 Related parties

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

3.22 Segment reporting

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

3.23 Offsetting

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

4 Entire Business Transfer

On 3 July 2021 (“business transfer date”), Thanachart Bank Public Company Limited (“TBANK”) completed the transfer of its entire business (“the Business”) to the Bank. The transaction is considered as business combination under common control. The Business consists of all business undertaking under Thanachart Bank’s umbrella, including commercial banking business and retail banking business, all asset and liabilities, and rights and obligations as of the transferring date. The total price of the Business is determined of Baht 161,412 million. During the year, the bank made full payment to TBANK.

The major classes of the carrying amount of assets acquired and liabilities assumed and surplus on business combination under common control recognised at the transferring date are summarised as follows:

	Amount (Million Baht)
Investments, net	82,717
Loans to customers and accrued interest receivables, net	622,249
Other assets	47,934
Deposits	(457,319)
Interbank and money market items (liability)	(118,746)
Other liabilities	(14,538)
Total net assets	162,297
Surplus on business combination under common control	(885)
Consideration transferred	161,412

5 Impact of COVID-19

At the onset of the COVID-19 pandemic, the Bank and its subsidiaries provided relief measure for all customer segments in the form of payment holiday for principal and interest, a reduction of interest payment, extension of installment period, and special loan facilities. During the year ended 31 December 2021, loans under debt relief since 2020 has exited the program. However, after the 3rd wave of COVID-19 resurgence, there are new requests from affected customers. As at 31 December 2021 and 2020, the Bank and its subsidiaries had customers under the relief program representing approximately 12% and 15%, respectively (Bank only:12% and 15%, respectively) of the total loan portfolio. According to the resurgence of COVID-19, the Bank continues to be vigilant and keeps monitoring customers to ensure the Bank’s asset quality as well as supported affected customers from the 3rd wave through the various relief measures and pre-emptive debt restructuring to ensure that customers can recover in the long run.

In relation to financial reporting, the Bank and its subsidiaries have adopted accounting relief on the use of new effective interest rate (EIR) at the time contracts are changed. This has been applied for all customers under relief program.

As the COVID-19 pandemic is ongoing, management considered the impact of the COVID-19 to the financial assets based on available information and the potential impact on the initial ECL estimates. As at 31 December 2021 and 2020, management provided additional ECL as management overlay especially for the customers under relief programs and impact from economic condition.

6 Risk management

Risk management approach

Risk management is an integral part of the Bank and its subsidiaries' business activities and strategic planning with the objective to optimize risks and returns and create sustainable shareholder value whilst remaining in compliance with regulatory requirements. The Bank and its subsidiaries have established a solid risk governance framework which serves as the foundation for consistent and effective risk management. The risk governance framework mainly consists of a clear risk governance structure, risk appetite, risk management policies, consistent risk management processes and an embedded risk culture. All of this translates into a straight-forward risk management strategy in which:

- Products and portfolios are structured, underwritten, priced, approved and managed appropriately and within established risk appetites;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

6.1 *Credit risk*

Credit risk is the risk of potential loss as a result of borrowers and/or counterparties failing to meet their financial and contractual obligations in accordance with agreed terms. It arises primarily from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet items products such as derivatives.

The objective of credit risk management is to optimize the Bank's risk-adjusted return by balancing the risk /return and by building a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

The Bank has established frameworks which set out Credit Risk Appetite, Credit Risk Policies and Guidelines and processes covering the measurement and management of credit risk.

Credit Risk Appetite Statement (Credit RAS)

Credit RAS is a formally documented statement of the maximum level of credit risk that the Bank and its subsidiaries are willing to accept in pursuit of its business objectives. The Bank and its subsidiaries develop and review its Credit RAS at Bank-wide level, BU level and Portfolio level, covering all relevant credit risk metrics to monitor the quality of credit portfolio and control obligor concentration.

Credit Risk Policies and Guidelines

The Bank has put in place Master Credit Risk Management Policy to govern all key aspects of credit risk management in compliance with the Bank of Thailand's regulatory requirements and the Bank's strategic direction. In addition, credit risk management sub policies, guidelines are established to provide the guidance in each credit risk aspect stated in Master Credit Risk Management Policy. The Board of Directors has the responsibility to review and approve the Bank's Master Credit Risk Management Policy and has delegated the approval authority of underlying credit risk management sub policies, guidelines to Sub-Committees as deemed appropriate. All relevant business units and support units are required to formulate supplementary credit policies, guidelines, framework, standards, criteria, processes and procedures specific to their respective businesses.

Credit Risk Management Processes

Credit Risk Management consists of 5 key processes:

- 1) **Risk appetite setting:** The Bank annually sets credit risk appetites which are input for and aligned with the business planning process, are discussed in and endorsed by the relevant Sub-Committees, and ultimately approved by the Board of Directors as part of Master Risk Appetite. Actual credit performance is regularly measured against and reported on the basis of credit risk appetites.
- 2) **Risk Identification:** The Bank identifies and manages credit risk inherent in all products and activities. The risks of new products and activities are subject to adequate risk management procedures and controls before being introduced or undertaken and approved in advance by relevant Committees.
- 3) **Risk Assessment & Measurement:** The Bank uses different methods and tools to measure credit risk in both quantitative and qualitative aspects. In addition, the Bank also conducts credit risk stress testing to measure the quality and resilience of the Bank's credit portfolio and the Bank's capacity to absorb the impact resulting from various stress event scenarios.
- 4) **Risk Monitoring and Control:** The Bank regularly monitors, controls and mitigates credit risk by setting key credit risk indicators, credit risk limits, as well as credit risk appetite at Bank-wide, BU, Portfolio and other levels as deemed appropriate.
- 5) **Risk Reporting & Communication:** The Bank regularly reports the status of credit risk as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balances. Individual credit risk is analyzed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and credit rating of customer.

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

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

The Bank has established Credit Risk Management Departments in accordance with size of the customers and product offering, comprising of 1) Commercial Credit Risk Management, responsible for risk approval, measurement and management for the commercial clients, which is separated according to size of the business to enhance risk management efficiency, including large, medium and small corporates 2) Retail Credit Risk Management, responsible for risk approval, measurement and management for secured and unsecured lending to individuals and small non-juristic businesses and 3) Automotive Credit Risk Management, responsible for risk approval, measurement and management for Hire Purchase Portfolio.

Independent Unit related to Risk Management

Independent Credit Review is an independent unit responsible to review end-to-end credit process to ensure the soundness of the credit process; including risk monitoring control post approval, loan classification, provisioning and write-off, compliance with policy and procedures, appropriate balance and alignment with regulatory requirements

The Audit unit, an independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the credit risk management processes.

Internal Rating and External Rating Framework

Risk ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank and its subsidiaries developed internal credit risk models for supporting all bank-wide activities starting from setting of risk appetite statements, underwriting process, monitoring/measuring and predicting changes in portfolio quality, early response to deterioration trends, to serving as communication tool within the organization.

The Bank and its subsidiaries have developed credit risk models to consider probability that the debtor will default (PD), the estimate of the exposures when the debtor defaults (EAD), and the percentage of damage that may occur when the debtor defaults on the debt (LGD). All models are based on analytical principles based on quantitative and qualitative data. Qualitative data is collected from historical data or from external service providers. The implementation of these

credit risk models is in addition to those used in the credit process mentioned above. It is also intended to be used to set an allowance for loss as well as estimation of regulatory capital and economic capital.

The Bank and its subsidiaries set up Risk Rating Guideline to provide the logic and use of creating and verifying model-based Risk Ratings. The Bank and its subsidiaries use different risk rating models according to different borrower segment.

The credit risk level depends on the estimation of the debtor's default risk and risk rating. The Bank and its subsidiaries have designed two types of credit risk assessment models: (1) Internal rating models for Commercial portfolio; Use information based on the latest financial position and quality assessments of borrowers and (2) Internal rating models for small business, Retail and Hire Purchase portfolio which are based on behavioral study and/or credit limit utilization history together with reliable statistical methods to categorize credit risk grade or determine the appropriate probability of default according to the debtor's risk level.

Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the Guideline. Risk rating models, and the performance of the models are subject to regular monitoring. This is a process to keep both risk grade and models up to date and qualified.

A credit risk grade is ranked from lowest to highest. The lower the number in the rank, the lower the probability of default. The highest rating represents stage3 loans with probability of default of 100%.

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

Information related to expected credit loss (ECL)

Significant increase in credit risk (SICR)

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. If the thresholds are exceeded, the instrument is considered to have experienced a significant increase in credit risk.

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

Definition of default

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

Write-off

The write off is an internal accounting process to properly reflect the absence/loss of real value of the Bank's assets. The Bank allows both full write-off and partial write-off when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Bank still maintains its legal rights, both in terms of debt collection and legal proceeding for loan repayment from borrowers.

Loan Loss Provisioning, TFRS9, and ECL

Since 1 January 2020, the Bank and its subsidiaries have recognised loss allowances based on the ECL model of TFRS9, which is designed to be forward-looking. The TFRS9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial assets are divided into three stages (Staging) based on credit quality. The ECL model is assessed according to statistical techniques and supported by expert judgment.

Forward-looking factors expected to occur in the future

TFRS 9 requires consideration of the impact of changes in economic or so-called forward-looking factors to estimate the expected credit loss by including the forecast of the economic condition.

The Bank and its subsidiaries have procedures for foresee data creation. The first step is to prepare macroeconomic projections from external sources such as consensus economic data or forecasts published by government agencies. Then, statistical techniques are applied to transform the different types of simulation data. The final step is to use the simulation scenario as a variable in calculating potential credit losses and in determining the credit quality of the financial assets as described previously.

The Bank and its subsidiaries formulate three forward-looking economic scenarios; a base case, which is the baseline scenario, and two less likely scenarios, one upside and one downside scenario. Macroeconomic variables include economic data and forecasts. Examples of the macro economic variables used in the forward-looking information are Gross Domestic Product (GDP), interest rate, and unemployment rate.

Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlays were considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the Bank and its subsidiaries at the reporting date as post-model adjustments.

6.1.1 *Credit quality*

The following tables set out information about the credit quality as at 31 December 2021 and 2020 of loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviours and qualitative factors.

Risk level	Consolidated 2021 <i>(in million Baht)</i>			Total
	Stage 1	Stage 2	Stage 3	
<i>Loans to customers and accrued interest receivables - net</i>				
Low	845,049	537	-	845,586
Medium	377,937	43,150	11	421,098
High	1,676	68,843	51	70,570
NPLs	-	-	42,430	42,430
Gross carrying amount	1,224,662	112,530	42,492	1,379,684
<i>Less allowance for expected credit loss</i>	<i>(12,413)</i>	<i>(22,052)</i>	<i>(20,007)</i>	<i>(54,472)</i>
Carrying amount	1,212,249	90,478	22,485	1,325,212

Risk level	Consolidated 2020 <i>(in million Baht)</i>			Total
	Stage 1	Stage 2	Stage 3	
<i>Loans to customers and accrued interest receivables - net</i>				
Low	905,827	5,269	-	911,096
Medium	330,188	47,415	-	377,603
High	1,623	69,451	-	71,074
NPLs	-	-	40,674	40,674
Gross carrying amount	1,237,638	122,135	40,674	1,400,447
<i>Less allowance for expected credit loss</i>	<i>(11,126)</i>	<i>(21,617)</i>	<i>(19,224)</i>	<i>(51,967)</i>
Carrying amount	1,226,512	100,518	21,450	1,348,480

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

Risk level	Bank Only 2021			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
<i>Loans to customers and accrued interest receivables - net</i>				
Low	845,048	537	-	845,585
Medium	377,937	43,150	11	421,098
High	1,676	68,843	51	70,570
NPLs	-	-	41,678	41,678
Gross carrying amount	1,224,661	112,530	41,740	1,378,931
Less allowance for expected credit loss	(12,413)	(22,052)	(19,987)	(54,452)
Carrying amount	1,212,248	90,478	21,753	1,324,479

Risk level	Bank Only 2020			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
<i>Loans to customers and accrued interest receivables - net</i>				
Low	459,316	852	-	460,168
Medium	182,197	28,046	-	210,243
High	788	31,449	-	32,237
NPLs	-	-	22,458	22,458
Gross carrying amount	642,301	60,347	22,458	725,106
Less allowance for expected credit loss	(4,904)	(14,495)	(11,932)	(31,331)
Carrying amount	637,397	45,852	10,526	693,775

Investment in debt securities

Major investment in debt securities of the Bank are investment in government and state enterprise securities which are considered as low-risk financial assets, except investment in debt securities of a public company approximately Baht 315 million are considered as non-performing financial assets. (2020: Baht 1,563 million)

6.1.2 Collateral held and other credit enhancements

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

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Bank and its subsidiaries strives to

avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.

For examples

- Credit evaluation process - different risk levels require different LTVs
- Credit approval process - LTV is one of the factors to determine the level of approval authorities. At present, the Bank defines the approval authority based on business type, industry, the customer’s risk rating as well as LTV criteria whereby LTV criteria is applied for Commercial Banking customer at appropriate level depend on industry. For mortgage Loan, 70% to 110% LTV criteria is applied. For Hire Purchase, 60% to 100% LTV criteria is applied, depending on risk level of customer and collateral.

Collateral Appraisal Approach:

The appraisal shall be conducted by applying one or more of the approaches specified in the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department. The following are example of collateral appraisal approach:

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The following table sets out the principal types of collateral held against different types of loan to customer and accrued interest receivables as at 31 December 2021 and 2020.

Type of credit exposures	Consolidated		Principal type of collateral held
	2021	2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	596,997	614,749	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	307,879	296,074	Properties
- Hire purchase	394,877	404,865	Vehicle
- Others	79,931	84,759	None
Type of credit exposures	Bank only		Principal type of collateral held
	2021	2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	596,496	473,667	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	307,705	193,769	Properties
- Hire purchase	394,877	-	Vehicle
- Others	79,853	57,670	None

6.1.3 Concentrations of credit risk

The Bank and its subsidiaries monitor concentration in different dimensions including sector. Concentrations of credit risk from loans to customers and accrued interest receivables as at 31 December 2021 and 2020 is shown below.

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
<i>Concentration by sector</i>		
Agricultural and mining	19,070	20,485
Real estate and construction	58,189	59,080
Public utilities and services	125,039	158,489
Retail mortgage lending	307,745	296,074
Manufacturing and commerce	374,796	361,381
Hire purchase	394,877	404,865
Others	99,968	100,073
Total	1,379,684	1,400,447

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
<i>Concentration by sector</i>		
Agricultural and mining	19,057	14,996
Real estate and construction	58,166	24,927
Public utilities and services	125,020	113,623
Retail mortgage lending	307,705	193,769
Manufacturing and commerce	374,156	311,787
Hire purchase	394,877	-
Others	99,950	66,004
Total	<u>1,378,931</u>	<u>725,106</u>

6.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets, liabilities, and off-balance sheet items.

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

Market risk in the trading book

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

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from the Bank and its subsidiaries' both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

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

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

6.2.1 Interest rate risk

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

The Bank and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2021					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	136,453	171	10	-	22,258	158,892
Financial assets measured at fair value through profit or loss	1,043	-	-	-	378	1,421
Investments, net	28,575	19,904	128,859	-	2,891	180,229
Investments in subsidiaries and associates, net	-	-	-	-	8,620	8,620
Loans to customers net of deferred revenue	777,862	159,301	374,919	42,121	18,112	1,372,315
Other financial assets - net	1,864	-	-	-	5,711	7,575
Total financial assets	945,797	179,376	503,788	42,121	73,981	1,745,063
Financial liabilities						
Deposits	1,192,313	58,467	44,374	-	44,041	1,339,195
Interbank and money market items	60,856	10,344	9,741	-	4,025	84,966
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Debts issued and borrowings	2,210	16,870	49,299	-	19	68,398
Other financial liabilities	963	9	-	-	15,463	16,435
Total financial liabilities	1,256,779	85,690	103,414	-	68,873	1,514,756

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated 2020					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
<i>Financial assets</i>						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items net of deferred revenue	192,953	937	-	-	17,349	211,239
Financial assets measured at fair value through profit or loss	979	-	2,435	-	374	3,788
Investments, net	27,444	20,186	83,571	1,563	1,587	134,351
Investments in subsidiaries and associates, net	-	-	-	-	8,599	8,599
Loans to customers net of deferred revenue	586,581	136,906	619,351	39,593	10,494	1,392,925
Other financial assets - net	1,227	-	-	-	11,095	12,322
Total financial assets	809,184	158,029	705,357	41,156	71,441	1,785,167
<i>Financial liabilities</i>						
Deposits	1,256,893	73,084	8,557	-	34,874	1,373,408
Interbank and money market items	62,615	1,425	7,684	-	4,185	75,909
Liabilities payable on demand	-	-	-	-	3,895	3,895
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Debts issued and borrowings	15,498	17,553	55,804	-	110	88,965
Other financial liabilities	3,859	-	-	-	16,228	20,087
Total financial liabilities	1,339,297	92,062	72,045	-	59,292	1,562,696

TMBThanachart Bank Public Company Limited and its Subsidiaries

(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2021					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	136,453	171	-	-	22,258	158,882
Financial assets measured at fair value through profit or loss	1,043	-	-	-	378	1,421
Investments, net	28,575	19,904	128,859	-	2,891	180,229
Investments in subsidiaries and associates, net	-	-	-	-	5,114	5,114
Loans to customers net of deferred revenue	777,862	159,301	374,917	41,370	18,112	1,371,562
Other financial assets - net	1,864	-	-	-	5,566	7,430
Total financial assets	945,797	179,376	503,776	41,370	70,330	1,740,649
Financial liabilities						
Deposits	1,196,456	58,467	44,374	-	44,431	1,343,728
Interbank and money market items	60,856	10,344	9,741	-	4,376	85,317
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Debts issued and borrowings	10	13,770	49,299	-	19	63,098
Other financial liabilities	963	-	-	-	15,130	16,093
Total financial liabilities	1,258,722	82,581	103,414	-	69,281	1,513,998

	Bank only 2020					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
Financial assets						
Cash	-	-	-	-	12,836	12,836
Interbank and money market items net of deferred revenue	178,357	29,936	-	-	13,000	221,293
Financial assets measured at fair value through profit or loss	979	-	-	-	147	1,126
Investments, net	23,444	6,322	43,028	-	529	73,323
Investments in subsidiaries and associates, net	-	-	-	-	158,852	158,852
Loans to customers net of deferred revenue	544,007	108,313	35,143	22,005	10,494	719,962
Other financial assets - net	800	-	-	-	8,556	9,356
Total financial assets	747,587	144,571	78,171	22,005	204,414	1,196,748
Financial liabilities						
Deposits	753,225	31,011	2,724	-	28,718	815,678
Interbank and money market items	42,140	795	5,207	-	3,007	51,149
Liabilities payable on demand	-	-	-	-	2,898	2,898
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Debts issued and borrowings	15,493	17,553	55,804	-	110	88,960
Other financial liabilities	3,217	-	-	-	8,153	11,370
Total financial liabilities	814,507	49,359	63,735	-	42,886	970,487

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

6.2.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2021 and 2020, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	2021		2020		Other currencies ^(*)	
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	253	(238)	345	59	(964)	139
Forward	(255)	238	(347)	(47)	963	(134)
Net position	(2)	-	(2)	12	(1)	5

	Bank only					
	2021		2020		Other currencies ^(*)	
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	253	(238)	345	(295)	(965)	111
Forward	(255)	238	(347)	292	962	(108)
Net position	(2)	-	(2)	(3)	(3)	3

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

6.2.3 Equity price risk

Equity price risk is the risk that the Bank and its subsidiaries' earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank and its subsidiaries are managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and/or the Chief Executive Committee (CEC) and/or Board of Executive Directors (BoED). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the related business unit and related management, in order to facilitate responsive risk management.

As at 31 December 2021, the Bank had equity investments are listed on Stock Exchange of Thailand at Baht 227 million (2020 : Baht 1,304 million) with the mark to market value at Baht 198 million (2020 : Baht 910 million).

6.2.4 Sensitivity analysis

Market risk in the trading book

The Bank and its subsidiaries use a number of sensitivity measurements to monitor the market risk in a trading book. The key measurements are PV01 and FX Delta. PV01 is used to monitor interest rate risk in which it measures the impact on

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

portfolio value due to the increase in interest rate of 1 basis point. FX Delta is the rate of change of the portfolio value with respect to changes of foreign currency. FX Delta is used to monitor the foreign exchange risk of each currency. As at 31 December 2021 and 2020, the key sensitivities are as follows:

At 31 December 2021

Bank only	
Interest rate sensitivities (PV01)	
<i>(in thousand Baht)</i>	
THB	193
USD	441
Other currencies	(65)
Total	569
Bank only	
Exchange rate sensitivities (FX Delta)	
<i>(in thousand USD)</i>	
USD	(2,463)
SGD	(381)
Other currencies	555
Total	(2,289)

At 31 December 2020

Bank only		TBCO (Formerly TBANK)	
Interest rate sensitivities (PV01)		Interest rate sensitivities (PV01)	
<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
THB	410	THB	(890)
USD	(156)	USD	116
Other currencies	14	Other currencies	(4)
Total	268	Total	(778)
Bank only		TBCO (Formerly TBANK)	
Exchange rate sensitivities (FX Delta)		Exchange rate sensitivities (FX Delta)	
<i>(in thousand USD)</i>		<i>(in thousand USD)</i>	
USD	(2,753)	USD	(65)
EUR	845	GBP	67
Other currencies	208	Other currencies	(93)
Total	(1,700)	Total	(91)

Market risk in the banking book

The Bank and its subsidiaries use the repricing gap approach to determine the impact of interest rate changes on net interest income and economic value of equity on a monthly basis. The repricing gap uses the remaining term or next repricing date as stipulated in the contract. There are established interest rate risk limits to monitor and control the impact of interest rate changes on the net interest income and economic value. Impacts on the net interest income and economic value are computed assuming different size shocks in interest rate yield curves. As at 31 December 2021 and 2020, the effect of changes in interest rates to earnings (net) by 100 bps parallel shift in the next 1 year were as follows:

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated	
	2021 Upward shift 100 bps	2020 Upward shift 100 bps
	<i>(in million Baht)</i>	
THB	(2,794)	(2,692)
USD	124	148
Others	(7)	2
Total effect of change in interest rate	(2,677)	(2,542)

	Bank only	
	2021 Upward shift 100 bps	2020 Upward shift 100 bps
	<i>(in million Baht)</i>	
THB	(2,796)	(293)
USD	124	130
Others	(7)	(4)
Total effect of change in interest rate	(2,679)	(167)

6.3 Liquidity risk

Liquidity risk refers to the risk that the Bank and its subsidiaries fail to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the ROC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management unit is responsible for overall liquidity management. The Global Markets and Transaction Banking unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank and its subsidiaries continually monitor its funding sources and access to capital markets. Derivatives are used for balance sheet management to hedge the portfolio of loans, deposits and debts issued and borrowings. The Bank and its subsidiaries recognise the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. The Bank and its subsidiaries set risk limits and indicators in order to maintain its liquidity risk within the Bank and its subsidiaries' approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank and its subsidiaries' ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

The Bank will disclose Liquidity Coverage Ratio (LCR) information of statements of financial position, as at 31 December 2021 on the Bank's website (www.ttbbank.com/ir/capital_funds/basel3) within April 2022.

The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2021 and 2020 were summarised as follows:

	Consolidated 2021				No maturity	Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year <i>(in million Baht)</i>	Over 5 year		
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items net of deferred revenue	31,168	127,291	433	-	-	158,892
Financial assets measured at fair value through profit or loss	-	-	703	340	378 ⁽²⁾	1,421
Investments, net						
Investments in debt instruments measured at FVOCI	-	27,864	130,793	18,367	315	177,339
Investments in equity instruments designated at FVOCI	-	-	-	-	2,890 ⁽²⁾	2,890
Investments in subsidiaries and associates, net	-	-	-	-	8,620 ⁽²⁾	8,620
Loans to customers net of deferred revenue	133,518	373,194	462,708	361,323	41,572 ⁽³⁾	1,372,315
Other financial assets - net	587	1,479	-	399	5,110	7,575
Total financial assets	165,273	529,828	594,637	380,429	74,896	1,745,063
Financial liabilities						
Deposits	1,185,922	108,856	44,417	-	-	1,339,195
Interbank and money market items	17,455	57,770	9,704	37	-	84,966
Liabilities payable on demand	5,325	-	-	-	-	5,325
Financial liabilities measured at fair value through profit or loss	-	-	300	137	-	437
Debts issued and borrowings	5	14,071	54,291	31	-	68,398
Other financial liabilities	1,124	1,901	-	386	13,024	16,435
Total financial liabilities	1,209,831	182,598	108,712	591	13,024	1,514,756
Net liquidity gap	(1,044,558)	347,230	485,925	379,838	61,872	230,307

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated 2020					Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year	No maturity	
Financial assets						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items net of deferred revenue	23,308	187,641	290	-	-	211,239
Financial assets measured at fair value through profit or loss	-	314	2,270	830	374 ⁽²⁾	3,788
Investments, net						
Investments in debt instruments measured at AMC	-	35	569	17	-	621
Investments in debt instruments measured at FVOCI	101	27,806	103,476	830	-	132,213
Investments in equity instruments designated at FVOCI	-	-	-	-	1,517 ⁽²⁾	1,517
Investments in subsidiaries and associates, net	-	-	-	-	8,599 ⁽²⁾	8,599
Loans to customers net of deferred revenue	118,447	423,422	433,288	378,175	39,593 ⁽³⁾	1,392,925
Other financial assets - net	597	1,048	-	208	10,469	12,322
Total financial assets	142,453	640,266	539,893	380,060	82,495	1,785,167
Financial liabilities						
Deposits	1,186,604	177,876	8,928	-	-	1,373,408
Interbank and money market items	31,282	36,942	7,685	-	-	75,909
Liabilities payable on demand	3,895	-	-	-	-	3,895
Financial liabilities measured at fair value through profit or loss	-	-	300	132	-	432
Debts issued and borrowings	10	28,542	60,292	121	-	88,965
Other financial liabilities	925	5,346	901	310	12,605	20,087
Total financial liabilities	1,222,716	248,706	78,106	563	12,605	1,562,696
Net liquidity gap	(1,080,263)	391,560	461,787	379,497	69,890	222,471

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2021					
	At call ⁽¹⁾	Within 1 year	1 - 5 year <i>(in million Baht)</i>	Over 5 year	No maturity	Total
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items						
net of deferred revenue	31,158	127,291	433	-	-	158,882
Financial assets measured at						
fair value through profit or loss	-	-	703	340	378 ⁽²⁾	1,421
Investments, net						
Investments in debt instruments						
measured at FVOCI	-	27,864	130,793	18,367	315	177,339
Investments in equity instruments						
designated at FVOCI	-	-	-	-	2,890 ⁽²⁾	2,890
Investments in subsidiaries and						
associates, net	-	-	-	-	5,114 ⁽²⁾	5,114
Loans to customers net of						
deferred revenue	133,518	372,469	462,708	361,322	41,545 ⁽³⁾	1,371,562
Other financial assets - net	587	1,479	-	399	4,965	7,430
Total financial assets	165,263	529,103	594,637	380,428	71,218	1,740,649
Financial liabilities						
Deposits	1,185,922	113,389	44,417	-	-	1,343,728
Interbank and money market items	17,455	58,121	9,704	37	-	85,317
Liabilities payable on demand	5,325	-	-	-	-	5,325
Financial liabilities measured at						
fair value through profit or loss	-	-	300	137	-	437
Debts issued and borrowings	5	8,771	54,291	31	-	63,098
Other financial liabilities	1,124	1,892	-	386	12,691	16,093
Total financial liabilities	1,209,831	182,173	108,712	591	12,691	1,513,998
Net liquidity gap	(1,044,568)	346,930	485,925	379,837	58,527	226,651

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2020					
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year	No maturity	Total
Financial assets						
Cash	-	-	-	-	12,836	12,836
Interbank and money market items						
net of deferred revenue	18,236	202,767	290	-	-	221,293
Financial assets measured at						
fair value through profit or loss	-	314	344	321	147 ⁽²⁾	1,126
Investments, net						
Investments in debt instruments						
measured at FVOCI	-	9,785	62,249	830	-	72,864
Investments in equity instruments						
designated at FVOCI	-	-	-	-	459 ⁽²⁾	459
Investments in subsidiaries and associates, net	-	-	-	-	158,852 ⁽²⁾	158,852
Loans to customers net of						
deferred revenue	105,414	255,791	133,738	203,014	22,005 ⁽³⁾	719,962
Other financial assets - net	472	621	-	207	8,056	9,356
Total financial assets	124,122	469,278	196,621	204,372	202,355	1,196,748
Financial liabilities						
Deposits	758,249	54,688	2,741	-	-	815,678
Interbank and money market items	10,675	35,267	5,207	-	-	51,149
Liabilities payable on demand	2,898	-	-	-	-	2,898
Financial liabilities measured at						
fair value through profit or loss	-	-	300	132	-	432
Debts issued and borrowings	5	28,542	60,292	121	-	88,960
Other financial liabilities	925	3,798	479	298	5,870	11,370
Total financial liabilities	772,752	122,295	69,019	551	5,870	970,487
Net liquidity gap	(648,630)	346,983	127,602	203,821	196,485	226,261

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

7 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at 31 December 2021 and 2020. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Level 1	Consolidated Fair value		Total
			Level 2	Level 3	
<i>At 31 December 2021</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	1,421	-	1,043	378	1,421
<i>Derivative assets</i>					
Foreign exchange rate	4,503	-	4,503	-	4,503
Interest rate	2,410	-	2,410	-	2,410
Total	6,913	-	6,913	-	6,913
<i>Investments, net</i>					
Investments in debt instruments measured at FVOCI	177,339	-	177,024	315	177,339
Investments in equity instruments designated at FVOCI	2,890	197	-	2,693	2,890
Total	180,229	197	177,024	3,008	180,229
Loans to customers and accrued interest receivables, net	1,325,212	-	938,734	390,568	1,329,302
Total financial assets	1,513,775	197	1,123,714	393,954	1,517,865
<i>Financial liabilities</i>					
Deposits	1,339,195	-	1,339,275	-	1,339,275
Financial liabilities measured at FVTPL	437	-	437	-	437
<i>Derivative liabilities</i>					
Foreign exchange rate	4,269	-	4,269	-	4,269
Interest rate	2,326	-	2,326	-	2,326
Total	6,595	-	6,595	-	6,595
Debts issued and borrowings	68,398	-	70,475	-	70,475
Total financial liabilities	1,414,625	-	1,416,782	-	1,416,782

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

	Carrying amount	Level 1	Consolidated Fair value		Total
			Level 2 <i>(in million Baht)</i>	Level 3	
<i>At 31 December 2020</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	3,788	-	3,414	374	3,788
<i>Derivative assets</i>					
Foreign exchange rate	7,402	-	7,402	-	7,402
Interest rate	4,557	-	4,557	-	4,557
Total	11,959	-	11,959	-	11,959
<i>Investments, net</i>					
Investments in debt instruments measured at AMC	621	-	677	-	677
Investments in debt instruments measured at FVOCI	132,213	-	130,650	1,563	132,213
Investments in equity instruments designated at FVOCI	1,517	910	-	607	1,517
Total	134,351	910	131,327	2,170	134,407
Loans to customers and accrued interest receivables, net	1,348,480	-	953,346	397,845	1,351,191
Total financial assets	1,498,578	910	1,100,046	400,389	1,501,345
<i>Financial liabilities</i>					
Deposits	1,373,408	-	1,373,493	-	1,373,493
Financial liabilities measured at FVTPL	432	-	432	-	432
<i>Derivative liabilities</i>					
Foreign exchange rate	4,859	-	4,859	-	4,859
Interest rate	4,409	-	4,409	-	4,409
Total	9,268	-	9,268	-	9,268
Debts issued and borrowings	88,965	-	90,940	-	90,940
Total financial liabilities	1,472,073	-	1,474,133	-	1,474,133

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Carrying amount	Level 1	Bank only Fair value		Total
			Level 2	Level 3	
<i>At 31 December 2021</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	1,421	-	1,043	378	1,421
<i>Derivative assets</i>					
Foreign exchange rate	4,503	-	4,503	-	4,503
Interest rate	2,410	-	2,410	-	2,410
Total	6,913	-	6,913	-	6,913
<i>Investments, net</i>					
Investments in debt instruments measured at FVOCI	177,339	-	177,024	315	177,339
Investments in equity instruments designated at FVOCI	2,890	197	-	2,693	2,890
Total	180,229	197	177,024	3,008	180,229
Loans to customers and accrued interest receivables, net	1,324,479	-	938,001	390,568	1,328,569
Total financial assets	1,513,042	197	1,122,981	393,954	1,517,132
<i>Financial liabilities</i>					
Deposits	1,343,728	-	1,343,808	-	1,343,808
Financial liabilities measured at FVTPL	437	-	437	-	437
<i>Derivative liabilities</i>					
Foreign exchange rate	4,269	-	4,269	-	4,269
Interest rate	2,326	-	2,326	-	2,326
Total	6,595	-	6,595	-	6,595
Debt issued and borrowings	63,098	-	65,168	-	65,168
Total financial liabilities	1,413,858	-	1,416,008	-	1,416,008

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

	Carrying amount	Level 1	Bank only		Total
			Fair value		
			Level 2	Level 3	
			<i>(in million Baht)</i>		
<i>At 31 December 2020</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	1,126	-	979	147	1,126
<i>Derivative assets</i>					
Foreign exchange rate	6,118	-	6,118	-	6,118
Interest rate	3,895	-	3,895	-	3,895
Total	10,013	-	10,013	-	10,013
<i>Investments, net</i>					
Investments in debt instruments measured at FVOCI	72,864	-	72,864	-	72,864
Investments in equity instruments designated at FVOCI	459	-	-	459	459
Total	73,323	-	72,864	459	73,323
Loans to customers and accrued interest receivables, net	693,775	-	693,775	-	693,775
Total financial assets	778,237	-	777,631	606	778,237
<i>Financial liabilities</i>					
Deposits	815,678	-	815,693	-	815,693
Financial liabilities measured at FVTPL	432	-	432	-	432
<i>Derivative liabilities</i>					
Foreign exchange rate	4,436	-	4,436	-	4,436
Interest rate	3,708	-	3,708	-	3,708
Total	8,144	-	8,144	-	8,144
Debt issued and borrowings	88,960	-	90,935	-	90,935
Total financial liabilities	913,214	-	915,204	-	915,204

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying amount of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

- Financial assets measured at FVTPL and investments:

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors. For defaulted debt securities, the fair value is determined based on estimated recovery by considering the credit risk.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date.

The fair value of non-marketable equity securities is determined mainly based on common valuation techniques with price and/or variables from the market as well as dividend discounted model, book value or adjusted book value.

Dividend discounted is calculated from profit under business plan covering 5 years period together with the estimated growth rates of market. Dividend payout ratio is based on entities' policies. The discount rate used is reference to industry cost of capital (ke). The terminal growth rate derived from long-term GDP adjusted with the expectation of the business growth.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying amount except for the fair value of fixed rate hire purchase which is calculated based on the present value of future cash flow of principal and interest, discounted at interest rate currently being offered on similar loans net of allowance for expected credit loss.

- Other financial assets:

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying amount of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities measured at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying amount, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

- Other financial liabilities:

The fair value is approximated based on its carrying value.

- Derivatives:

In cases where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives. For simple over-the-counter derivative, fair values are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counterparty and own entity credit risk when appropriate.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2021 and 2020.

Fair value measurements using significant unobservable inputs (level 3)

Investments in debt instruments measured at FVOCI

During the year ended 31 December 2020, due to changes in market conditions and default status, the quoted yield rate in respect of an investment in debentures of one counterparty was no longer reliable. There was also limited information to measure the fair value with other valuation techniques. Management applied judgement to compare the estimated recovery for fair value measurement including consideration of recovery estimate provided by ThaiBMA. These securities, with a carrying amount of Baht 315 million, were included as Level 3 hierarchy as at 31 December 2021 (2020: Baht 1.6 billion).

Investments in equity instruments measured at FVOCI

	Consolidated	Bank only
	2021	
	<i>(in million Baht)</i>	
Beginning balance	607	459
Purchased	1,605	1,605
Disposal during the year	(57)	(56)
Acquisition through Entire Business Transfer	-	164
Gain recognised in other comprehensive income	538	521
Ending balance	2,693	2,693

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

8 Maintenance of capital fund

The Bank and its subsidiaries maintain its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. The Bank and its subsidiaries are required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2021 and 2020, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2021	2020
	<i>(in million Baht)</i>	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	91,792	91,589
Share premium	43,345	43,322
Legal reserve	10,091	10,091
Net profits after appropriation	49,585	47,819
Other comprehensive income	4,673	4,903
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Common Equity Tier 1 Capital of consolidated financial institutions	-	14
Capital adjustment items on CET1	(30)	(65)
Capital deduction items on CET1	(23,172)	(25,949)
Total Common Equity Tier 1 Capital	176,284	171,724
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 1 of financial instruments of consolidated financial institutions	-	2
Total Tier 1 Capital	188,373	183,815

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated supervision	
	2021	2020
	(in million Baht)	
Tier 2 Capital		
General provision	13,627	13,612
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	-	3
Total Tier 2 Capital	49,057	49,045
Total Capital Fund	237,430	232,860
Total Risk-Weighted Assets	1,228,574	1,188,683

	The BoT's regulatory minimum requirement*	2021	2020
		(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.33	19.59
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.33	15.46
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.35	14.45

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

	Bank only	
	2021	2020
	(in million Baht)	
Tier 1 capital		
Common Equity Tier 1 capital (CET1)		
Paid-up share capital	91,792	91,589
Share premium	43,345	43,322
Legal reserve	10,091	10,091
Net profits after appropriation	48,351	45,914
Other comprehensive income	4,733	5,293
Other transaction from changes in equity	885	-
Capital adjustment items on CET1	(29)	(65)
Capital deduction items on CET1	(23,822)	(7,965)
Total Common Equity Tier 1 Capital	175,346	188,179
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
Total Tier 1 Capital	187,435	200,268
Tier 2 capital		
General provision	13,627	8,146
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430
Total Tier 2 Capital	49,057	43,576
Total Capital funds	236,492	243,844
Total Risk-Weighted Assets	1,216,927	833,315

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

	The BoT's regulatory minimum requirement*	2021 (%)	2020
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.43	29.26
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.40	24.03
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.41	22.58

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

As at 31 December 2021 and 2020, the Bank and its subsidiaries have no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the Bank of Thailand on the Public Disclosures of Capital Maintenance for Commercial Banks, the Public Disclosures of Capital Maintenance for Financial Group, and the Public Disclosures of Liquidity Coverage Ratio, the Bank and its subsidiaries disclose as follows:

Location of disclosure	The Bank's website under Investor Relations section at www.tbbank.com/ir/capital_funds/basel3
Disclosure period requirement	Within 4 months after the year end date as indicated in the BOT notification
Lasted information as of	30 June 2021

The disclosure as at 31 December 2021 will be provided within April 2022 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries' capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

9 Classification of financial assets and financial liabilities

	Consolidated				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	<i>(in million Baht)</i>					
At 31 December 2021						
Financial assets						
Cash	-	-	-	-	16,011	16,011
Interbank and money market items - net	-	-	-	-	158,873	158,873
Financial assets measured at FVTPL	1,421	-	-	-	-	1,421
Derivatives assets	5,558	-	1,355	-	-	6,913
Investments - net	-	-	177,339	2,890	-	180,229
Loans to customers and accrued interest receivables - net	-	-	-	-	1,325,212	1,325,212
Other financial assets - net	-	-	-	-	7,575	7,575
Total	6,979	-	178,694	2,890	1,507,671	1,696,234
Financial liabilities						
Deposits	-	-	-	-	1,339,195	1,339,195
Interbank and money market items	-	-	-	-	84,966	84,966
Liabilities payable on demand	-	-	-	-	5,325	5,325
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437
Derivatives liabilities	5,609	-	986	-	-	6,595
Debts issued and borrowings	-	-	-	-	68,398	68,398
Other financial liabilities	-	-	-	-	16,435	16,435
Total	6,046	-	986	-	1,514,319	1,521,351

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	(in million Baht)					
At 31 December 2020						
Financial assets						
Cash	-	-	-	-	21,943	21,943
Interbank and money market items - net	-	-	-	-	211,185	211,185
Financial assets measured at FVTPL	3,788	-	-	-	-	3,788
Derivatives assets	9,561	-	2,398	-	-	11,959
Investments - net	-	-	132,213	1,517	621	134,351
Loans to customers and accrued interest receivables - net	-	-	-	-	1,348,480	1,348,480
Other financial assets - net	-	-	-	-	12,322	12,322
Total	13,349	-	134,611	1,517	1,594,551	1,744,028
Financial liabilities						
Deposits	-	-	-	-	1,373,408	1,373,408
Interbank and money market items	-	-	-	-	75,909	75,909
Liabilities payable on demand	-	-	-	-	3,895	3,895
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Derivatives liabilities	9,268	-	-	-	-	9,268
Debts issued and borrowings	-	-	-	-	88,965	88,965
Other financial liabilities	-	-	-	-	20,087	20,087
Total	9,700	-	-	-	1,562,264	1,571,964

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only					Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI			
	(in million Baht)						
At 31 December 2021							
Financial assets							
Cash	-	-	-	-	16,011	16,011	
Interbank and money market items, net	-	-	-	-	158,863	158,863	
Financial assets measured at FVTPL	1,421	-	-	-	-	1,421	
Derivatives assets	5,558	-	1,355	-	-	6,913	
Investments, net	-	-	177,339	2,890	-	180,229	
Loans to customers and accrued interest receivables, net	-	-	-	-	1,324,479	1,324,479	
Other financial assets - net	-	-	-	-	7,430	7,430	
Total	6,979	-	178,694	2,890	1,506,783	1,695,346	
Financial liabilities							
Deposits	-	-	-	-	1,343,728	1,343,728	
Interbank and money market items	-	-	-	-	85,317	85,317	
Liabilities payable on demand	-	-	-	-	5,325	5,325	
Financial liabilities measured at fair value through profit or loss	437	-	-	-	-	437	
Derivatives liabilities	5,609	-	986	-	-	6,595	
Debts issued and borrowings	-	-	-	-	63,098	63,098	
Other financial liabilities	-	-	-	-	16,093	16,093	
Total	6,046	-	986	-	1,513,561	1,520,593	
At 31 December 2020							
Financial assets							
Cash	-	-	-	-	12,836	12,836	
Interbank and money market items, net	-	-	-	-	221,263	221,263	
Financial assets measured at FVTPL	1,126	-	-	-	-	1,126	
Derivatives assets	8,389	-	1,624	-	-	10,013	
Investments, net	-	-	72,864	459	-	73,323	
Loans to customers and accrued interest receivables, net	-	-	-	-	693,775	693,775	
Other financial assets - net	-	-	-	-	9,356	9,356	
Total	9,515	-	74,488	459	937,230	1,021,692	

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	(in million Baht)					
Financial liabilities						
Deposits	-	-	-	-	815,678	815,678
Interbank and money market items	-	-	-	-	51,149	51,149
Liabilities payable on demand	-	-	-	-	2,898	2,898
Financial liabilities measured at fair value through profit or loss	432	-	-	-	-	432
Derivatives liabilities	8,144	-	-	-	-	8,144
Debts issued and borrowings	-	-	-	-	88,960	88,960
Other financial liabilities	-	-	-	-	11,370	11,370
Total	8,576	-	-	-	970,055	978,631

10 Interbank and money market items, net (assets)

	Consolidated	
	2021	2020
	(in million Baht)	
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	122,910	147,651
Commercial banks	80	26,720
Specialised financial institutions	8,711	16,690
Other financial institutions	15,406	10,987
Total	147,107	202,048
Add accrued interest and undue interest income	13	16
Less allowance for expected credit loss	(15)	(72)
Total domestic items	147,105	201,992
Foreign items		
US Dollar	10,452	7,957
Japanese Yen	328	297
Euro	245	177
Other currencies	760	760
Total	11,785	9,191
Add accrued interest and undue interest income	11	12
Less allowance for expected credit loss	(28)	(10)
Total foreign items	11,768	9,193
Total domestic and foreign items	158,873	211,185

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
<i>Domestic items</i>		
Bank of Thailand and Financial Institutions Development Fund	122,910	142,778
Commercial banks	70	57,020
Specialised financial institutions	8,711	4,190
Other financial institutions	15,406	9,075
Total	147,097	213,063
Add accrued interest and undue interest income	13	14
Less allowance for expected credit loss	(15)	(47)
Total domestic items	147,095	213,030
<i>Foreign items</i>		
US Dollar	10,452	7,240
Japanese Yen	328	212
Euro	245	133
Other currencies	760	645
Total	11,785	8,230
Add accrued interest and undue interest income	11	12
Less allowance for expected credit loss	(28)	(9)
Total foreign items	11,768	8,233
Total domestic and foreign items	158,863	221,263

11 Financial assets measured at fair value through profit or loss

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
Government and state enterprise securities	1,043	3,414
Others	378	374
Total	1,421	3,788

	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
Government and state enterprise securities	1,043	979
Others	378	147
Total	1,421	1,126

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

12 Derivatives

As at 31 December 2021 and 2020, fair value of derivatives held for trading book, derivatives held for risk management, and hedge derivative with notional amount classified by type of risks were as follows:

Type of risks	Consolidated					
	2021		Notional amount (in million Baht)	2020		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	3,119	3,267	486,496	4,997	4,772	376,568
- Derivative held for risk management	29	16	7,281	7	86	9,377
- Cash flow hedge	1,355	986	29,245	2,398	1	39,106
Interest rate related						
- Trading Book	2,410	2,326	177,578	4,444	4,374	236,396
- Fair value hedge	-	-	-	113	35	8,509
Total	6,913	6,595	700,600	11,959	9,268	669,956

Type of risks	Bank only					
	2021		Notional amount (in million Baht)	2020		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	3,119	3,267	486,496	4,487	4,349	342,815
- Derivative held for risk management	29	16	7,281	7	86	9,377
- Cash flow hedge	1,355	986	29,245	1,624	1	30,095
Interest rate related						
- Trading Book	2,410	2,326	177,578	3,782	3,708	192,481
- Fair value hedge	-	-	-	113	-	7,509
Total	6,913	6,595	700,600	10,013	8,144	582,277

12.2 Hedging derivatives

12.2.1 Fair value hedge

The Bank and its subsidiaries use interest rate swaps to exchange fixed rate for floating rates on funding to match floating rates received on asset or exchange fixed rates on assets to match the floating rates paid on funding. For qualifying hedges, the fair value changes of the derivative are substantially matched by corresponding fair value changes of the hedged items, both of which are recognized in profit or loss. For the year ended 31 December 2021, the Bank and its subsidiaries recognized loss on fair value hedges in profit or loss amounted to Baht 35 million, including amount recognised from unwinding hedging instruments in consolidated financial statements and no gain or loss in Bank only financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

12.2.2 Cash flow hedge

The Bank and its subsidiaries use cross-currency interest rate swaps to manage the variability in future cash flow on its assets and liabilities, mainly investments and borrowings, and cost in foreign currencies. The cross-currency interest rate swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period.

Gains or losses arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gains or losses are transferred to profit or loss. For the year ended 31 December 2021, the Bank and its subsidiaries recognised losses on cash flow hedges in other comprehensive income amounting to Baht 17 million and gains amounting to Baht 157 million in consolidated and Bank only financial statements, respectively. For the year ended 31 December 2021, losses reclassified from the hedge reserve to profit or loss were Baht 81 million including amount recognised from unwinding hedging instruments and Baht 209 million in consolidated and Bank only financial statements, respectively.

13 Investments, net

13.1 Classified by type of investments

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
<i>Investments in debt securities measured at amortised costs</i>		
Private debt securities	-	622
Total	<u>-</u>	<u>622</u>
Less allowances for expected credit loss	-	(1)
Net	<u>-</u>	<u>621</u>
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	151,581	108,268
Private debt securities	11,972	11,976
Foreign debt securities	13,786	11,900
Others	-	69
Total	<u>177,339</u>	<u>132,213</u>
Allowances for expected credit loss	(2,953)	(1,767)
<i>Investments in equity securities designated measured at FVOCI</i>		
Marketable equity securities - domestic	-	910
Non-marketable equity securities - domestic	2,884	603
Non-marketable equity securities - overseas	6	4
Total	<u>2,890</u>	<u>1,517</u>
Total investments - net	<u><u>180,229</u></u>	<u><u>134,351</u></u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	151,581	64,221
Private debt securities	11,972	5,901
Foreign debt securities	13,786	2,673
Others	-	69
Total	177,339	72,864
Allowances for expected credit loss	(2,953)	(83)
<i>Investments in equity securities designated measured at FVOCI</i>		
Non-marketable equity securities - domestic	2,884	456
Non-marketable equity securities - overseas	6	3
Total	2,890	459
Total investments - net	180,229	73,323

The Bank and its subsidiaries have dividend income from investments in equity instruments that are designated at fair value through other comprehensive income for the year ended 31 December 2021 in the amount of Baht 135 million (Bank only: Baht 54 million) and 31 December 2020 in the amount of Baht 364 million (Bank only: Baht 31 million).

13.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2021 and 2020, the Bank and its subsidiaries had investments in entities in which the Bank and its subsidiaries hold 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associates. Those investments were summarised below.

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Property development and construction	4	4	4	4
Public utilities and services	126	101	126	101
Mutual funds and financial services	266	199	266	198
Others	2,071	3	2,071	3
Total investments	2,467	307	2,467	306

Interest in unconsolidated structured entity arising in the normal business

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative. Investment in unit trusts is summarised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as other counterparties.

As at 31 December 2021 and 2020, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

13.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2021 and 2020, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET. Those investments, which measured either at fair value through profit or loss, or through other comprehensive income, in the statement of financial position were summarised below.

	Consolidated							
	2021				2020			
No. of Companies	Cost value	Fair value	Allowance for expected credit loss	No. of Companies	Cost value	Fair value	Allowance for expected credit loss	
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
- Listed companies under delisting conditions / defaulted debt securities	2	13	-	-	1	12	-	-
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET*	11	3,843	315	2,835	11	3,854	1,563	1,597
Total	13	3,856	315	2,835	12	3,866	1,563	1,597

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only							
	2021				2020			
	No. of Com- panies	Cost value	Fair value	Allowance for expected credit loss	No. of Com- panies	Cost value	Fair value	Allowance for expected credit loss
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
- Listed companies under delisting conditions / defaulted debt securities	2	13	-	-	1	12	-	-
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	3,843	315	2,835	10	693	-	-
Total	13	3,856	315	2,835	11	705	-	-

During the year ended 31 December 2021, there are contract modification of investments measured at fair value through other comprehensive income amounting to Baht 315 million.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

14 Investments in subsidiaries and associates, net

14.1 Detail of investments in subsidiaries and associates

Companies	Type of Business	Percentage of ownership interest		Paid-up capital		Equity		Consolidated Allowance for expected credit loss		At Equity, net		Cost		Bank only Allowance for expected credit loss		At cost, net		Dividend income for the year ended	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		(%)										<i>(in million Baht)</i>							
Subsidiaries																			
Phahonyothin Asset Management Co., Ltd.	Asset management business	100.00	100.00	298	25	-	-	-	-	-	-	298	25	-	-	298	25	-	-
TBCO Public Company Limited (Formerly Thanachart Bank PCL) ^{(2),(4)}	Commercial bank	99.98	99.98	-	60,649	-	-	-	-	-	-	99,310	167,930	(99,000)	(9,300)	310	158,630	92,576	20,249
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.) ⁽³⁾	Insurance broker business	99.99	99.99	100	100	-	-	-	-	-	-	117	-	-	-	117	-	135	-
Associates																			
TMB Asset Management Co., Ltd. ⁽¹⁾	Fund management business	35.00	35.00	100	100	4,479	4,487	-	-	4,479	4,487	197	197	-	-	197	197	176	434
Thanachart Fund Management Co., Ltd. ^{(1),(3)}	Fund management business	49.90	49.90	100	100	4,141	4,112	-	-	4,141	4,112	4,192	-	-	-	4,192	-	101	-
Total						8,620	8,599	-	-	8,620	8,599	104,114	168,152	(99,000)	(9,300)	5,114	158,852	92,988	20,683

⁽¹⁾ The remaining investment in TMB Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd. are subject to call and put options in the future.

⁽²⁾ For 2021, the Bank recorded interim dividend income amounting to Baht 92,576 million (2020: Baht 20,249 million), the investment in subsidiary has been written down by Baht 89,700 million (2020: Baht 9,300 million) as the subsidiary's dissolution plan. The net amount of Baht 2,876 million (2020: Baht 10,949 million) was presented in other operating income and the investment in subsidiary has been decreased by Baht 68,620 million from capital return.

⁽³⁾ Indirect held subsidiary or associate as of 31 December 2020.

⁽⁴⁾ The Company registered the dissolution with the Ministry of Commerce on 1 November 2021 and is currently in the process of liquidation.

14.2 Disclosure of the statement of cash flows of the asset management company

Statement of cash flows		
Phahonyothin Assets Management Co., Ltd.		
31 December		
	2021	2020
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	40	20
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>		
Reversal of expected credit loss	(96)	-
Provisions for liabilities	4	-
Net interest income	(13)	(15)
Interest received	9	15
Interest paid	(13)	-
Income tax paid	(10)	(2)
Loss from operations before changes in operating assets and liabilities	(79)	18
<i>Increase in operating assets</i>		
Intercompany and money market items	(4,208)	-
Loans to customers	(1,280)	-
Other assets	(14)	-
<i>Increase (decrease) in operating liabilities</i>		
Other payables	2	(15)
Accrued expenses	5	(3)
Other liabilities	2	-
Net cash used in operating activities	(5,572)	-
<i>Cash flows from investing activities</i>		
Purchase of premises and equipment	(1)	-
Net cash used in investing activities	(1)	-
<i>Cash flows from financing activities</i>		
Cash receipts on debenture issued	8,500	-
Cash paid for redemption of debenture	(3,200)	-
Increase in issued and fully paid-up - ordinary shares	273	-
Net cash provided by financing activities	5,573	-
Net decrease in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

15 Loans to customers and accrued interest receivables, net

15.1 Classified by loan type

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Overdrafts	98,656	112,862	98,656	91,511
Loans	679,161	657,615	678,408	441,128
Bills	198,375	216,044	198,375	187,188
Hire purchase receivables	394,867	404,855	394,867	-
Finance lease receivables	997	1,268	997	-
Others	259	281	259	135
Total loans to customers	1,372,315	1,392,925	1,371,562	719,962
Add accrued interest receivables and undue interest income*	7,369	7,522	7,369	5,144
Total loans to customers and accrued interest receivables	1,379,684	1,400,447	1,378,931	725,106
Less allowances for expected credit loss	(54,472)	(51,967)	(54,452)	(31,331)
Total loans to customers and accrued interest receivables - net	1,325,212	1,348,480	1,324,479	693,775

* Accrued interest receivables and undue interest income of non-performing loans to customers presented net amount after allowances for expected credit loss.

15.2 Classified by currency and residency of debtors

	Consolidated					
	2021		Total	2020		Total
Domestic	Foreign	Domestic		Foreign		
	<i>(in million Baht)</i>					
Baht	1,331,542	6,880	1,338,422	1,369,088	3,298	1,372,386
US Dollars	25,991	6,477	32,468	14,091	4,606	18,697
Other currencies	1,061	364	1,425	1,154	688	1,842
Total*	1,358,594	13,721	1,372,315	1,384,333	8,592	1,392,925

	Bank only					
	2021		Total	2020		Total
Domestic	Foreign	Domestic		Foreign		
	<i>(in million Baht)</i>					
Baht	1,330,789	6,880	1,337,669	699,232	3,298	702,530
US Dollars	25,991	6,477	32,468	12,474	3,856	16,330
Other currencies	1,061	364	1,425	1,102	-	1,102
Total*	1,357,841	13,721	1,371,562	712,808	7,154	719,962

* Loans to customers net of deferred revenue.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

15.3 Classified by stage

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables*				
Stage 1 (Performing)	1,224,662	1,237,638	1,224,661	642,301
Stage 2 (Under-performing)	112,530	122,135	112,530	60,347
Stage 3 (Non-performing)	42,492	40,674	41,740	22,458
Total	1,379,684	1,400,447	1,378,931	725,106

* Total loans to customers and accrued interest receivables in note 15.1

15.4 Non-performing loans

As at 31 December 2021 and 2020, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	2021			
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Elimination	Consolidated
NPLs (principal)				
NPLs <i>(in million Baht)</i>	41,369	1,454	(702)	42,121
Total loans <i>(in million Baht)</i>	1,499,290	1,454	(702)	1,500,042
Percentage of NPLs (%)	2.76	100.00		2.81

	2020				
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Thanachart Bank Public Company Limited	Elimination	Consolidated
NPLs (principal)					
NPLs <i>(in million Baht)</i>	22,005	29	17,559	-	39,593
Total loans <i>(in million Baht)</i>	923,021	29	713,846	(56,000)	1,580,896
Percentage of NPLs (%)	2.38	100.00	2.46		2.50

For the year ended 31 December 2021 and 2020, the Bank and its subsidiaries sold non-performing loans, with principal totalling approximately Baht 10,103 million and Baht 10,000 million, respectively (Bank only: approximately Baht 10,103 million and Baht 9,424 million, respectively), to asset management companies. The selling price in excess of the carrying amount of those non-performing loans was presented as a deduction from "Expected credit loss" in the statement of profit or loss and other comprehensive income for the year ended 31 December 2021 and 2020, respectively.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

15.5 Modified loans to customers

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

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified during the year*		
Amortised cost before modification	8,645	15,821
Net modification loss	195	286
	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified during the year*		
Amortised cost before modification	7,729	11,196
Net modification loss	199	281

* This excluded loans to customers modified under relief program as mentioned in note 5. There is no modification gain (loss) on these groups of customers.

	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified since initial recognition		
Gross carrying amount of loans to customers previously modified for which loss allowance has changed during the year from lifetime ECL to an amount equal to 12-month ECL	1,358	222
	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified since initial recognition		
Gross carrying amount of loans to customers previously modified for which loss allowance has changed during the year from lifetime ECL to an amount equal to 12-month ECL	1,093	-

15.6 Loans to customers having problems with financial position and operating results

As at 31 December 2021 and 2020, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowance for expected credit loss as follows:

	Consolidated and Bank only							
	2021				2020			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for expected credit loss	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for expected credit loss
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies under delisting conditions in SET	2	-	-	-	1	3	-	1

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

15.7 Hire purchase and finance lease receivables

	Consolidated and Bank only 2021			Total
	Portion due within one year	Portion due after one year but within five years <i>(in million Baht)</i>	Portion due after five years	
Hire purchase receivables	116,741	303,369	32,320	452,430
Finance lease receivables	419	645	-	1,064
Total gross investment under hire purchase contracts	117,160	304,014	32,320	453,494
Less unearned interest income	(20,514)	(35,618)	(1,498)	(57,630)
Present value of minimum lease payment receivables	<u>96,646</u>	<u>268,396</u>	<u>30,822</u>	395,864
Less allowance for expected credit loss				(9,390)
Lease receivables, net				<u>386,474</u>

	Consolidated 2020			Total
	Portion due within one year	Portion due after one year but within five years <i>(in million Baht)</i>	Portion due after five years	
Hire purchase receivables	117,372	311,698	37,530	466,600
Finance lease receivables	489	871	-	1,360
Total gross investment under hire purchase contracts	117,861	312,569	37,530	467,960
Less unearned interest income	(20,718)	(39,158)	(1,961)	(61,837)
Present value of minimum lease payment receivables	<u>97,143</u>	<u>273,411</u>	<u>35,569</u>	406,123
Less allowance for expected credit loss				(10,989)
Lease receivables, net				<u>395,134</u>

16 Allowance for expected credit loss

The movements in the allowance for expected credit loss during the year were as follows:

	Consolidated 2021			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
Investments				
Beginning balance	54	5	1,708	1,767
Changes from remeasurement of ECL	4	(2)	1,177	1,179
Purchased or acquired	67	-	-	67
Derecognition	(57)	(3)	-	(60)
Ending balance	<u>68</u>	<u>-</u>	<u>2,885</u>	<u>2,953</u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated 2021			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
		<i>(in million Baht)</i>		
Loans to customers and accrued interest				
Beginning balance	11,126	21,617	19,224	51,967
Changes from stage reclassification	(1,069)	1,172	13,122	13,225
Changes from remeasurement of ECL	953	126	8,616	9,695
Originated	1,982	219	111	2,312
Derecognition	(579)	(1,082)	(5,232)	(6,893)
Write-off	-	-	(15,834)	(15,834)
Ending balance	12,413	22,052	20,007	54,472

	Consolidated 2020			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
		<i>(in million Baht)</i>		
Investments				
Beginning balance - adjusted	61	-	50	111
Changes from stage reclassification	(9)	5	1,658	1,654
Changes from remeasurement of ECL	(4)	-	-	(4)
Purchased or acquired	44	-	-	44
Derecognition	(38)	-	-	(38)
Ending balance	54	5	1,708	1,767
Loans to customers and accrued interest				
Beginning balance - adjusted	9,199	19,047	16,177	44,423
Changes from stage reclassification	(1,722)	441	13,390	12,109
Changes from remeasurement of ECL	2,128	1,886	6,583	10,597
Originated	1,997	896	267	3,160
Derecognition	(476)	(653)	(3,021)	(4,150)
Write-off	-	-	(14,172)	(14,172)
Ending balance	11,126	21,617	19,224	51,967

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2021			Total
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
<i>(in million Baht)</i>				
Investments				
Beginning balance	33	-	50	83
Acquisition through Entire Business Transfer	24	3	1,890	1,917
Changes from remeasurement of ECL	4	-	945	949
Purchased or acquired	50	-	-	50
Derecognition	(43)	(3)	-	(46)
Ending balance	68	-	2,885	2,953
Loans to customers and accrued interest				
Beginning balance	4,904	14,495	11,932	31,331
Acquisition through Entire Business Transfer	5,613	7,425	7,829	20,867
Changes from stage reclassification	(432)	257	9,216	9,041
Changes from remeasurement of ECL	1,405	690	8,056	10,151
Originated	1,331	105	70	1,506
Derecognition	(408)	(920)	(4,914)	(6,242)
Write-off	-	-	(12,202)	(12,202)
Ending balance	12,413	22,052	19,987	54,452
Bank only 2020				
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
<i>(in million Baht)</i>				
Investments				
Beginning balance - adjusted	23	-	50	73
Changes from remeasurement of ECL	(2)	-	-	(2)
Purchased or acquired	29	-	-	29
Derecognition	(17)	-	-	(17)
Ending balance	33	-	50	83
Loans to customers and accrued interest				
Beginning balance - adjusted	3,544	13,562	7,535	24,641
Changes from stage reclassification	(37)	(331)	7,326	6,958
Changes from remeasurement of ECL	1,090	1,359	4,052	6,501
Originated	536	182	82	800
Derecognition	(229)	(277)	(2,434)	(2,940)
Write-off	-	-	(4,629)	(4,629)
Ending balance	4,904	14,495	11,932	31,331

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

17 Properties for sale, net

As at 31 December 2021 and 2020, changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated 2021		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	3,720	3,249	(244)	6,725
- Movable assets	565	6,918	(7,187)	296
Assets for sales	2,066	736	(867)	1,935
Total	6,351	10,903	(8,298)	8,956
Add (less) allowance for impairment losses	(314)	(793)	777	(330)
Net	6,037	10,110	(7,521)	8,626

	Beginning balance	Consolidated 2020		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	3,562	419	(261)	3,720
- Movable assets	777	5,819	(6,031)	565
Assets for sales	820	1,706	(460)	2,066
Total	5,159	7,944	(6,752)	6,351
Add (less) allowance for impairment losses	(349)	(898)	933	(314)
Net	4,810	7,046	(5,819)	6,037

	Beginning balance	Bank only 2021			Ending balance
		Acquisition Through Entire Business Transfer	Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts					
- Immovable assets	2,372	1,383	3,187	(217)	6,725
- Movable assets	-	453	3,249	(3,406)	296
Assets for sales	942	1,173	419	(599)	1,935
Total	3,314	3,009	6,855	(4,222)	8,956
Add (less) allowance for impairment losses	(164)	(159)	(361)	354	(330)
Net	3,150	2,850	6,494	(3,868)	8,626

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2020			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
- Immovable assets	2,378	157	(163)	2,372
Assets for sales	494	757	(309)	942
Total	<u>2,872</u>	<u>914</u>	<u>(472)</u>	<u>3,314</u>
Add (less) allowance for impairment losses	(134)	(39)	9	(164)
Net	<u>2,738</u>	<u>875</u>	<u>(463)</u>	<u>3,150</u>

As at 31 December 2021 and 2020, the Bank had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 1 million and Baht 331 million, respectively.

As at 31 December 2021, the Bank had properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing) amounting to Baht 2,853 million.

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2021 and 2020 as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
Immovable assets				
- Appraised by external appraisers	6,710	3,649	6,710	2,301
- Appraised by internal appraisers	15	71	15	71
Total	<u>6,725</u>	<u>3,720</u>	<u>6,725</u>	<u>2,372</u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

18 Premises and equipment, net

As at 31 December 2021 and 2020, changes in premises and equipment were as follows:

	Cost						Consolidated 2021 Accumulated depreciation					Allowance for impairment losses			Net book value as at 31 December 2021	
	Net book value as at 1 January 2021	Beginning balance	Increase/ transfers in	Disposals/ written-off/	Reclassified after Entire Business Transfer	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Reclassified after Entire Business Transfer <i>(in million Baht)</i>	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out		Ending balance
Land																
- Cost	7,817	7,968	147	(614)	-	7,501	-	-	-	-	-	(151)	(12)	28	(135)	7,366
- Incremental revaluation*	4,348	4,348	-	(80)	-	4,268	-	-	-	-	-	-	-	-	-	4,268
Building under construction	59	59	-	(14)	-	45	-	-	-	-	-	-	-	-	-	45
Building																
- Cost	4,227	7,835	479	(495)	145	7,964	(3,607)	(458)	135	(143)	(4,073)	(1)	(20)	19	(2)	3,889
- Incremental revaluation*	1,867	4,960	-	(225)	-	4,735	(3,093)	(100)	172	-	(3,021)	-	-	-	-	1,714
Right-of-use assets																
- premise	1,151	1,808	659	(554)	-	1,913	(657)	(650)	483	-	(824)	-	-	-	-	1,089
Leasehold improvements	222	1,169	168	(181)	443	1,599	(947)	(129)	145	(200)	(1,131)	-	(10)	10	-	468
Equipment under construction and installation	107	107	386	(395)	-	98	-	-	-	-	-	-	-	-	-	98
Equipment	3,195	7,078	556	(1,312)	910	7,232	(3,883)	(866)	1,083	(1,151)	(4,817)	-	(125)	-	(125)	2,290
Right-of-use assets																
- equipment	1,046	1,816	217	(326)	-	1,707	(770)	(736)	197	-	(1,309)	-	-	-	-	398
Total	24,039	37,148	2,612	(4,196)	1,498	37,062	(12,957)	(2,939)	2,215	(1,494)	(15,175)	(152)	(167)	57	(262)	21,625

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated 2020														
	Cost					Accumulated depreciation					Allowance for impairment losses				
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation <i>(in million Baht)</i>	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2020
Land															
- Cost	8,836	8,999	-	-	(1,031)	7,968	-	-	-	-	(162)	-	11	(151)	7,817
- Incremental revaluation*	4,765	4,765	-	-	(417)	4,348	-	-	-	-	-	-	-	-	4,348
Building under construction	172	172	-	335	(448)	59	-	-	-	-	-	-	-	-	59
Building															
- Cost	4,487	7,901	-	463	(529)	7,835	(3,413)	(463)	269	(3,607)	(2)	(4)	5	(1)	4,227
- Incremental revaluation*	2,155	5,662	-	-	(702)	4,960	(3,507)	(109)	523	(3,093)	-	-	-	-	1,867
Right-of-use assets - premise	-	-	1,326	644	(162)	1,808	-	(804)	147	(657)	-	-	-	-	1,151
Leasehold improvements	307	1,373	-	27	(231)	1,169	(1,066)	(96)	215	(947)	-	(16)	16	-	222
Equipment under construction and installation	228	228	-	1,385	(1,506)	107	-	-	-	-	-	-	-	-	107
Equipment	2,692	7,735	-	1,541	(2,198)	7,078	(5,043)	(1,301)	2,461	(3,883)	-	-	-	-	3,195
Right-of-use assets - equipment	-	-	1,819	36	(39)	1,816	-	(783)	13	(770)	-	-	-	-	1,046
Total	23,642	36,835	3,145	4,431	(7,263)	37,148	(13,029)	(3,556)	3,628	(12,957)	(164)	(20)	32	(152)	24,039

* The Bank's revaluation has been performed in 2019.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2021 amounted to Baht 5,849 million (2020: Baht 6,622 million).

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 2,939 million and Baht 3,556 million, respectively.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 2021															
	Cost						Accumulated depreciation				Allowance for impairment losses					
	Net book value as at 1 January 2021	Beginning balance	Acquisition through Business Transfer	Entire Increase/ Transfer in	Disposals/ written-off/ Transfer out	Ending balance	Beginning balance	Acquisition through Business Transfer	Entire Depreciation	Disposals/ written-off/transfers out/from revaluation	Ending balance	Beginning balance	Loss on during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2021
	<i>(in million Baht)</i>															
Land																
- Cost	1,623	1,777	5,892	147	(315)	7,501	-	-	-	-	-	(154)	(12)	31	(135)	7,366
- Incremental revaluation*	4,348	4,348	-	-	(80)	4,268	-	-	-	-	-	-	-	-	-	4,268
Building under construction	59	59	-	-	(14)	45	-	-	-	-	-	-	-	-	-	45
Building																
- Cost	2,219	5,574	2,326	479	(415)	7,964	(3,353)	(497)	(347)	124	(4,073)	(2)	(20)	20	(2)	3,889
- Incremental revaluation*	1,867	4,960	-	-	(225)	4,735	(3,093)	-	(100)	172	(3,021)	-	-	-	-	1,714
Right-of-use assets																
- premise	700	1,028	567	565	(325)	1,835	(328)	(277)	(499)	304	(800)	-	-	-	-	1,035
Leasehold improvements	222	1,169	443	168	(181)	1,599	(947)	(200)	(129)	145	(1,131)	-	(10)	10	-	468
Equipment under construction and installation	77	77	-	345	(325)	97	-	-	-	-	-	-	-	-	-	97
Equipment	2,369	6,504	901	514	(707)	7,212	(4,135)	(428)	(680)	437	(4,806)	-	(125)	-	(125)	2,281
Right-of-use assets																
- equipment	271	487	1,323	215	(319)	1,706	(216)	(822)	(460)	190	(1,308)	-	-	-	-	398
Total	13,755	25,983	11,452	2,433	(2,906)	36,962	(12,072)	(2,224)	(2,215)	1,372	(15,139)	(156)	(167)	61	(262)	21,561

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Cost						Bank only 2020 Accumulated depreciation (in million Baht)				Allowance for impairment losses				Net book value as at 31 December 2020
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
Land															
- Cost	1,872	2,034	-	-	(257)	1,777	-	-	-	-	(162)	-	8	(154)	1,623
- Incremental revaluation*	4,765	4,765	-	-	(417)	4,348	-	-	-	-	-	-	-	-	4,348
Building under construction	172	172	-	335	(448)	59	-	-	-	-	-	-	-	-	59
Building															
- Cost	2,045	5,435	-	463	(324)	5,574	(3,388)	(215)	250	(3,353)	(2)	(4)	4	(2)	2,219
- Incremental revaluation*	2,155	5,662	-	-	(702)	4,960	(3,507)	(109)	523	(3,093)	-	-	-	-	1,867
Right-of-use assets															
- premise	-	-	674	393	(39)	1,028	-	(367)	39	(328)	-	(16)	16	-	700
Leasehold improvements	307	1,373	-	27	(231)	1,169	(1,066)	(96)	215	(947)	-	-	-	-	222
Equipment under construction and installation	194	194	-	1,317	(1,434)	77	-	-	-	-	-	-	-	-	77
Equipment	1,602	6,645	-	1,388	(1,529)	6,504	(5,043)	(837)	1,745	(4,135)	-	-	-	-	2,369
Right-of-use assets - equipment	4	13	457	36	(19)	487	(10)	(216)	10	(216)	-	-	-	-	271
Total	13,116	26,293	1,131	3,959	(5,400)	25,983	(13,014)	(1,840)	2,782	(12,072)	(164)	(20)	28	(156)	13,755

* The Bank's revaluation has been performed in 2019.

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 31 December 2021 amounted to Baht 5,823 million (2020: Baht 2,642 million).

Depreciation presented in the Bank only's profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 2,215 million and Baht 1,840 million, respectively.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

19 Goodwill and other intangible assets, net

As at 31 December 2021 and 2020, changes in goodwill and other intangible assets were as follows:

	Net book value as at 1 January 2021	Consolidated 2021					Accumulated amortisation			Net book value as at 31 December 2021	
		Beginning balance	Additions	Cost Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out		Ending balance
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	14,105
Computer software	3,966	10,615	15	(3,627)	1,610	8,613	(6,649)	(1,435)	3,571	(4,513)	4,100
Computer software under development	746	746	1,738	(80)	(1,595)	809	-	-	-	-	809
Right-of-use assets - software	48	112	482	(69)	-	525	(64)	(123)	69	(118)	407
Other intangible assets	3,681	3,964	-	-	-	3,964	(283)	(283)	-	(566)	3,398
Total	22,546	29,542	2,235	(3,776)	15	28,016	(6,996)	(1,841)	3,640	(5,197)	22,819

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Consolidated 2020												
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Acquisition through business combination	Cost Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2020
Goodwill	14,015	14,015	-	90	-	-	-	14,105	-	-	-	-	14,105
Computer software	3,541	8,910	-	-	172	166	1,367	10,615	(5,369)	(1,310)	30	(6,649)	3,966
Computer software under development	843	843	-	-	1,433	(7)	(1,523)	746	-	-	-	-	746
Right-of-use assets - software	-	-	112	-	-	-	-	112	-	(64)	-	(64)	48
Other intangible assets	3,964	3,964	-	-	-	-	-	3,964	-	(283)	-	(283)	3,681
Total	22,363	27,732	112	90	1,605	159	(156)	29,542	(5,369)	(1,657)	30	(6,996)	22,546

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Baht 3,845 million (2020: Baht 4,797 million).

Amortisation presented in the consolidated profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 1,841 million and Baht 1,657 million, respectively.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Cost							Bank only 2021	Accumulated amortisation				Ending balance	Net book value as at 31 December 2021
	Net book value as at 1 January 2021	Beginning balance	Acquisition through Entire Business Transfer	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Acquisition through Entire Business Transfer	Amortisation during the year	Accumulated amortisation on transfer out			
Goodwill	-	-	14,105	-	-	-	14,105	-	-	-	-	-	-	14,105
Computer software	3,085	9,243	1,437	1	(3,615)	1,503	8,569	(6,158)	(856)	(1,085)	3,600	(4,499)	4,070	
Computer software under development	592	592	-	1,738	(4)	(1,518)	808	-	-	-	-	-	808	
Right-of-use assets - software	47	112	-	482	(69)	-	525	(65)	-	(122)	69	(118)	407	
Other intangible assets	-	-	3,964	-	-	-	3,964	-	(425)	(142)	-	(567)	3,397	
Total	3,724	9,947	19,506	2,221	(3,688)	(15)	27,971	(6,223)	(1,281)	(1,349)	3,669	(5,184)	22,787	

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only 31 December 2020										
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Cost		Transfers in/ (out)	Ending balance	Accumulated amortisation			Net book value as at 31 December 2020
				Additions	Written-off	(out)		Beginning balance	Amortisation during the year	Ending balance	
						(in million Baht)					
Computer software	2,511	7,845	-	56	171	1,171	9,243	(5,334)	(824)	(6,158)	3,085
Computer software under development	490	490	-	1,430	-	(1,328)	592	-	-	-	592
Right-of-use assets - software	-	-	112	-	-	-	112	-	(65)	(65)	47
Total	3,001	8,335	112	1,486	171	(157)	9,947	(5,334)	(889)	(6,223)	3,724

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Baht 3,839 million (2020: Baht 4,094 million).

Amortisation presented in the Bank only's profit or loss for the year ended 31 December 2021 and 2020 amounted to Baht 1,349 million and Baht 889 million, respectively.

Impairment testing for goodwill

For the purposes of impairment testing, goodwill has been allocated to Retail Banking segment which is identified as Cash Generating Unit (CGU).

The recoverable amount of goodwill is determined based on a value-in-use calculation, using discounted cash flow from business plan approved by the Board of Director covering 5 years period. The discount rate used for the computation of the net present value is reference to industry cost of capital (ke). The terminal growth rate derived from long term GDP is applied for cash flow beyond 5 years period.

The Bank conducts a review at each reporting date if there is any indication for impairment of goodwill.

As at 31 December 2021, the recoverable amount was greater than the carrying value of goodwill; hence, no impairment loss on goodwill was required.

20 Deferred tax and income tax

20.1 Deferred tax

Deferred tax assets and liabilities presented net by entity were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Deferred tax assets	9	1,980	-	2,818
Deferred tax liabilities	922	3,501	247	-
Net	(913)	(1,521)	(247)	2,818

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Movements in deferred tax assets and liabilities during the year ended 31 December 2021 and 2020 were as follows:

	At 1 January 2021	Consolidated (Charged) / Credited to:			At 31 December 2021
		Profit or loss	Other comprehensive income <i>(note 20.2)</i> <i>(in million Baht)</i>	Others	
<i>Deferred tax assets</i>					
Interbank and money market items	40	(33)	-	(3)	4
Financial assets measured at fair value through profit or loss	139	(34)	-	-	105
Investments	407	168	124	-	699
Loans to customers and accrued interest receivables	2,581	(857)	-	-	1,724
Properties for sale	82	-	-	-	82
Premises and equipment	35	97	-	-	132
Provisions for employee benefits	681	(309)	(40)	-	332
Provisions for other liabilities	564	(50)	-	(108)	406
Deferred revenue and other liabilities	1,273	310	-	-	1,583
Others	353	67	(14)	(16)	390
Total	6,155	(641)	70	(127)	5,457
<i>Deferred tax liabilities</i>					
Financial assets measured at fair value through profit or loss	34	(34)	-	-	-
Investments	1,816	(82)	34	-	1,768
Loans to customers and accrued interest receivables	-	563	-	-	563
Properties for sale	37	77	-	-	114
Premises and equipment	3,334	(255)	(10)	-	3,069
Others	2,455	(1,576)	(23)	-	856
Total	7,676	(1,307)	1	-	6,370
Net	(1,521)	666	69	(127)	(913)

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	At 1 January 2020 *	Consolidated (Charged) / Credited to:			At 31 December 2020
		Profit or loss	Other comprehensive income (note 20.2) (in million Baht)	Others	
Deferred tax assets					
Interbank and money market items	50	(10)	-	-	40
Financial assets measured at fair value					
through profit or loss	137	2	-	-	139
Investments	156	207	44	-	407
Loans to customers and accrued					
interest receivables	3,024	332	-	(775)	2,581
Properties for sale	86	(4)	-	-	82
Premises and equipment	42	(7)	-	-	35
Provisions for employee benefits	1,030	(213)	(136)	-	681
Provisions for other liabilities	602	(38)	-	-	564
Deferred revenue and other liabilities	1,220	53	-	-	1,273
Others	411	(84)	21	5	353
Total	6,758	238	(71)	(770)	6,155
Deferred tax liabilities					
Financial assets measured at fair value					
through profit or loss	33	1	-	-	34
Investments	1,898	(111)	29	-	1,816
Properties for sale	1	36	-	-	37
Premises and equipment	3,581	(211)	(36)	-	3,334
Others	3,540	(1,098)	13	-	2,455
Total	9,053	(1,383)	6	-	7,676
Net	(2,295)	1,621	(77)	(770)	(1,521)

* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 Leases

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	At 1 January 2021	Acquisition through Entire Business Transfer	Bank only (Charged) / Credited to:			At 31 December 2021
			Profit or loss	Other comprehensive income (note 20.2) (in million Baht)	Other	
Deferred tax assets						
Interbank and money market items	8	1	(2)	-	(3)	4
Financial assets measured at fair value through profit or loss	139	(34)	-	-	-	105
Investments	6	324	226	143	-	699
Loans to customers and accrued interest receivables	2,385	273	(934)	-	-	1,724
Properties for sale	52	32	(2)	-	-	82
Premises and equipment	32	51	49	-	-	132
Provisions for employee benefits	313	-	52	(39)	-	326
Provisions for other liabilities	289	269	(45)	-	(108)	405
Deferred revenue and other liabilities	912	307	363	-	-	1,582
Others	208	180	44	(27)	(16)	389
Total	4,344	1,403	(249)	77	(127)	5,448
Deferred tax liabilities						
Investments	121	828	-	29	-	978
Loans to customers and accrued interest receivables	-	840	(162)	-	-	678
Properties for sale	-	139	(25)	-	-	114
Premises and equipment	1,350	1,797	(68)	(10)	-	3,069
Others	55	1,058	(257)	-	-	856
Total	1,526	4,662	(512)	19	-	5,695
Net	2,818	(3,259)	263	58	(127)	(247)

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	At 1 January 2020 *	Bank only (Charged) / Credited to:			At 31 December 2020
		Profit or loss	Other comprehensive income (note 20.2) (in million Baht)	Others	
Deferred tax assets					
Interbank and money market items	3	5	-	-	8
Financial assets measured at fair value through profit or loss	137	2	-	-	139
Investments	134	(128)	-	-	6
Loans to customers and accrued interest receivables	2,911	249	-	(775)	2,385
Properties for sale	43	9	-	-	52
Premises and equipment	33	(1)	-	-	32
Provisions for employee benefits	346	17	(50)	-	313
Provisions for other liabilities	285	4	-	-	289
Deferred revenue and other liabilities	753	159	-	-	912
Others	170	17	21	-	208
Total	4,815	333	(29)	(775)	4,344
Deferred tax liabilities					
Financial assets measured at fair value through profit or loss	1	(1)	-	-	-
Investments	112	-	9	-	121
Premises and equipment	1,451	(65)	(36)	-	1,350
Others	35	17	3	-	55
Total	1,599	(49)	(24)	-	1,526
Net	3,216	382	(5)	(775)	2,818

* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 Leases.

As at 31 December 2021 and 2020, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 19,800 million and Baht 1,860 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

20.2 Income tax

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2021	2020	2021	2020
<i>(in million Baht)</i>					
Current tax expenses					
Current year		2,962	3,850	1,233	598
Under (over) provided in prior years		31	(6)	(15)	(7)
		<u>2,993</u>	<u>3,844</u>	<u>1,218</u>	<u>591</u>
Deferred tax expenses					
Movements in temporary differences	20.1	(666)	(1,621)	(263)	(382)
		<u>(666)</u>	<u>(1,621)</u>	<u>(263)</u>	<u>(382)</u>
Total		<u><u>2,327</u></u>	<u><u>2,223</u></u>	<u><u>955</u></u>	<u><u>209</u></u>

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2021	Net of tax	Before tax	2020	Net of tax
		Tax (expenses) benefit			Tax (expenses) benefit	
<i>(in million Baht)</i>						
Investments	(450)	90	(360)	(73)	15	(58)
Premises and equipment	(51)	10	(41)	(179)	36	(143)
Provisions for employee benefits	197	(40)	157	680	(136)	544
Others	(39)	9	(30)	(41)	8	(33)
Total	<u><u>(343)</u></u>	<u><u>69</u></u>	<u><u>(274)</u></u>	<u><u>387</u></u>	<u><u>(77)</u></u>	<u><u>310</u></u>
	Bank only					
	Before tax	2021	Net of tax	Before tax	2020	Net of tax
		Tax (expenses) benefit			Tax (expenses) benefit	
<i>(in million Baht)</i>						
Investments	(569)	114	(455)	46	(9)	37
Premises and equipment	(51)	10	(41)	(179)	36	(143)
Provisions for employee benefits	196	(39)	157	249	(50)	199
Others	136	(27)	109	(89)	18	(71)
Total	<u><u>(288)</u></u>	<u><u>58</u></u>	<u><u>(230)</u></u>	<u><u>27</u></u>	<u><u>(5)</u></u>	<u><u>22</u></u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Reconciliation of effective tax rate

	Consolidated			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		<u>12,804</u>		<u>12,338</u>
Income tax using the Thai corporation tax rate	20	2,561	20	2,468
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(45)	(1)	(119)
Deferred tax expenses which deductible temporary difference had not been met the recognition criteria during the year	151	19,328	15	1,861
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(153)	(19,548)	(16)	(1,981)
Under (over) provided in prior year	-	31	-	(6)
Total	18	2,327	18	2,223

	Bank only			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		<u>8,724</u>		<u>13,064</u>
Income tax using the Thai corporation tax rate	20	1,745	20	2,613
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(1)	(45)	-	(1)
Deferred tax expenses which deductible temporary difference had not been met the recognition criteria during the year	206	17,940	14	1,861
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(214)	(18,670)	(33)	(4,257)
Over provided in prior year	-	(15)	-	(7)
Total	11	955	1	209

21 Deposits

21.1 Classified by type of deposits

	Consolidated		Bank only	
	2021	2020	2021	2020
	(in million Baht)			
Current	88,194	83,291	88,584	70,895
Savings	1,093,116	1,103,241	1,097,159	687,298
Term	<u>157,927</u>	<u>186,930</u>	<u>158,027</u>	<u>57,539</u>
Total	1,339,237	1,373,462	1,343,770	815,732
Less prepaid interest expenses	(42)	(54)	(42)	(54)
Total	1,339,195	1,373,408	1,343,728	815,678

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

21.2 Classified by currency and residency of depositors

	Consolidated					
	2021		Total	2020		Total
	Domestic	Foreign		Domestic	Foreign	
	<i>(in million Baht)</i>					
Thai Baht	1,311,073	13,285	1,324,358	1,358,581	6,765	1,365,346
US Dollar	13,840	281	14,121	7,093	275	7,368
Other currencies	705	11	716	683	11	694
Total	<u>1,325,618</u>	<u>13,577</u>	<u>1,339,195</u>	<u>1,366,357</u>	<u>7,051</u>	<u>1,373,408</u>

	Bank only					
	2021		Total	2020		Total
	Domestic	Foreign		Domestic	Foreign	
	<i>(in million Baht)</i>					
Thai Baht	1,315,606	13,286	1,328,892	801,839	6,763	808,602
US Dollar	13,840	280	14,120	6,207	255	6,462
Other currencies	705	11	716	605	9	614
Total	<u>1,330,151</u>	<u>13,577</u>	<u>1,343,728</u>	<u>808,651</u>	<u>7,027</u>	<u>815,678</u>

22 Interbank and money market items (liabilities)

Interbank and money market (liabilities) as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Domestic items				
Bank of Thailand and Financial Institutions Development Fund	16,120	7,124	16,120	5,101
Commercial banks	35,485	26,147	35,836	26,184
Specialised financial institutions	13,507	11,725	13,507	9,750
Other financial institutions	15,212	29,245	15,212	9,575
Total domestic items	<u>80,324</u>	<u>74,241</u>	<u>80,675</u>	<u>50,610</u>
Foreign items				
US Dollar	3,554	341	3,554	177
Other currencies	1,088	1,327	1,088	362
Total foreign items	<u>4,642</u>	<u>1,668</u>	<u>4,642</u>	<u>539</u>
Total domestic and foreign items	<u>84,966</u>	<u>75,909</u>	<u>85,317</u>	<u>51,149</u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

23 Financial liabilities measured at fair value through profit or loss

	Consolidated and Bank only	
	2021	2020
	(in million Baht)	
Debt issued	437	432
Total	437	432

The effects of changes in that liability's all risk in profit or loss consisted of:

	Consolidated and Bank only	
	2021	2020
	(in million Baht)	
The difference between the carrying amount and the amount would be contractually required to pay at maturity	137	133

24 Debts issued and borrowings, net

	Interest rates as at 31 December 2021 (%)	Maturities	Consolidated					
			Domestic	2021		Domestic	2020	
				Foreign	Total		Foreign	Total
			(in million Baht)					
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	13,368	48,798	35,430	12,099	47,529
Senior debentures	6mLibor+1.05 and 0.48-0.85	2022 - 2025	5,300	14,207	19,507	-	41,331	41,331
Bills of exchange ⁽³⁾ and promissory notes	2.15 and 0.05-2.50	At call and 2012	10	-	10	10	-	10
Other borrowings	0.00-0.75	2022 - 2031	19	64	83	27	68	95
Total			40,759	27,639	68,398	35,467	53,498	88,965

	Interest rates as at 31 December 2021 (%)	Maturities	Bank only					
			Domestic	2021		Domestic	2020	
				Foreign	Total		Foreign	Total
			(in million Baht)					
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	13,368	48,798	35,430	12,099	47,529
Senior debentures	6mLibor+1.05 and 0.48-0.85	2022 - 2025	-	14,207	14,207	-	41,331	41,331
Bills of exchange ⁽³⁾ and promissory notes	2.15 และ 0.05 - 2.50	At call and 2012	10	-	10	5	-	5
Other borrowings	0.00-0.75	2022 - 2031	19	64	83	27	68	95
Total			35,459	27,639	63,098	35,462	53,498	88,960

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 8)

⁽²⁾ The year in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

24.1 Subordinated debentures

24.1.1 On 11 May 2015, Thanachart Bank Public Company Limited (TBANK) issued the Subordinated Debenture No.1/2015 to be counted as Tier 2 capital, amounting to Baht 7,000 million, which has a 10-year 6 month maturity period and carries a fixed interest rate of 4.65% per annum, payable quarterly in February, May, August and November of every year. TBANK can early redeem the Subordinated Debenture No.1/2015 after 5 years from the issue date or according to certain specified conditions. TBANK has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture. The Subordinated Debenture are name-registered, unsecured instruments with no instrument holder's representative. The Subordinated Debenture will be fully converted to ordinary shares of TBANK in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. TBANK has a call option to early redeem these instruments at par if the conditions specified are met.

On 11 May 2020, TBANK early redeemed its entire Subordinated Debenture No.1/2558, amounting to Baht 7,000 million. Such early redemption has already been approved by the Bank of Thailand.

24.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

24.1.3 On 28 June 2019, the Bank issued the Subordinated Debenture No.1/2562 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 30,000 million, which has a 10-year maturity period and carries a fixed interest rate of 4.00% per annum, payable quarterly in March, June, September and December of every year. The Bank can early redeem the Subordinated Debenture No.1/2562 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

24.1.4 On 2 December 2019, the Bank issued the Perpetual Additional Tier 1 Capital Securities amounting to USD 400 million, which has no expiration date and carries a fixed interest rate of 4.90% per annum, payable semi-annually in June and December of every year. The Bank can early redeem the Perpetual Additional Tier 1 Capital Securities after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before proceeding an early redemption. The Securities have been issued under the Bank's Euro Medium Term Note Programme.

24.2 Senior debentures

24.2.1 On 1 April 2016, the Bank issued unsecured Senior Debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

On 7 October 2019, the Bank bought back these debentures from investors amounting to USD 50 million. Remaining balance is USD 250 million.

The debenture was matured on 1 October 2021, which has already fully paid with the total amount of USD 250 million.

24.2.2 On 5 June 2018, the Bank issued unsecured Senior Debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

24.2.3 On 17 December 2018, the Bank issued unsecured Senior Debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

24.2.4 During 11 - 13 November 2019, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 525 million, with 1 - 5 years maturity and carrying a fixed interest rate of 0.10% - 0.85% per annum, payable semi-annually in May and November of every year.

The debentures were matured on 12 November 2020 and 11 November 2021, which have already fully paid with the total amount of EUR 300 million. Remaining balance is EUR 225 million

24.2.5 During 24 - 25 March 2020, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 420 million, with a 1-year maturity and carrying a fixed interest rate of 0.25% per annum, payable semi-annually in March and September of every year.

The debentures were matured on 24 – 25 March 2021, which has already fully paid with the total amount of EUR 420 million.

24.2.6 On 27 August 2021, A subsidiary issued unsecured Senior Debentures of Baht 5,400 million which was fully guaranteed by the Bank as follows:

1. Unsecured Senior Debentures of Baht 1,200 million with a 91-day maturity and carrying a fixed interest rate of 0.60% per annum, payable at the maturity.

The debentures were matured on 26 November 2021, which has already fully paid.

2. Unsecured Senior Debentures of Baht 2,000 million with a 111-day maturity and carrying a fixed interest rate of 0.61% per annum, payable at the maturity.

The debentures were matured on 16 December 2021, which has already fully paid

3. Unsecured Senior Debentures of Baht 2,200 million with a 185-day maturity and carrying a fixed interest rate of 0.69% per annum, payable at the maturity

24.2.7 On 26 November 2021, A subsidiary issued secured Senior Debentures of Baht 3,100 million with a 181-day maturity and carrying a fixed interest rate of 0.75% per annum, payable at the maturity which was fully guaranteed by the Bank.

24.2.8 On 8 December 2021, the Bank issued unsecured Senior Debentures of USD 20 million, with 10-month maturity and carrying a fixed interest rate of 0.85%. The Debenture has been issued under the Bank's Medium Term Note Programme.

24.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2021 and 2020 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2021	Baht	2020	Baht
		Outstanding	equivalent	Outstanding	equivalent
		balances	(in million Baht)	balances	(in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 19 million	19	Baht 27 million	27
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	64	EUR 2 million	68
Total			83		95

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

25 Provisions for employee benefits

25.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 15% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 3 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the year ended 31 December 2021 and 2020, the Bank and its subsidiaries contributed Baht 778 million and Baht 793 million, respectively, to the funds (Bank only: Baht 725 million and Baht 499 million, respectively).

25.2 Defined benefit plans

25.2.1 Detail of defined benefit plans

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Post-employment benefit plans	3,784	4,356	3,740	2,507
Other long-term employee benefit plans	-	10	-	10
Total	3,784	4,366	3,740	2,517

25.2.2 Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
At 1 January	4,356	5,142	2,507	1,720
Employee benefits obligations transferred in/ (out)	(4)	(14)	1,300	970
Included in profit or loss				
Current service cost	707	435	408	261
Past service cost	(323)	(195)	148	93
Interest on obligation	63	94	60	46
	447	334	616	400
Included in other comprehensive income				
Actuarial gain	(197)	(683)	(196)	(252)
Others				
Benefits paid	(818)	(423)	(487)	(331)
	(818)	(423)	(487)	(331)
At 31 December	3,784	4,356	3,740	2,507

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Demographic assumptions	96	(80)	94	102
Financial assumptions	(213)	(282)	(210)	(27)
Experience adjustments	(80)	(321)	(80)	(327)
Total	(197)	(683)	(196)	(252)

25.2.3 Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(%)</i>			
Discount rate	1.80 – 2.14	1.21, 1.46	1.80	1.21
Future salary growth	3.00	3.00	3.00	3.00
Staff turnover rates	0.00 – 25.00	0.00 - 26.00	0.00 – 25.00	0.00 - 26.00

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

25.2.4 Sensitivity analysis of post-employment benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	Change (+) in assumption	Consolidated 2021	
		Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
Discount rate	+1%	(332)	-1%
Future salary growth	+1%	364	-1%
Turnover rate	+1%	(349)	-1%
Future mortality	+1 year	18	-1 year

	Change (+) in assumption	Consolidated 2020	
		Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	Change (-) in assumption Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
Discount rate	+1%	(380)	-1%
Future salary growth	+1%	419	-1%
Turnover rate	+1%	(399)	-1%
Future mortality	+1 year	21	-1 year

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Change (+) in assumption	Bank only 2021		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption			
Discount rate	+1%	(327)	-1%	375		
Future salary growth	+1%	359	-1%	(319)		
Turnover rate	+1%	(344)	-1%	225		
Future mortality	+1 year	18	-1 year	(18)		

	Change (+) in assumption	Bank only 2020		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
		Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption			
Discount rate	+1%	(214)	-1%	246		
Future salary growth	+1%	234	-1%	(209)		
Turnover rate	+1%	(225)	-1%	145		
Future mortality	+1 year	12	-1 year	(12)		

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

26 Provisions for other liabilities

The movement in provision for other liabilities during the year was as follows:

	Commitment from letters of guarantee issued, avals and other guarantees		Obligation for litigation cases (note 35.2)		Consolidated Allowance for expected loss of credit commitments and financial guarantee contracts		Others	Total
Beginning balance	127	854	1,489	536	3,006			
Provisions increase (decrease)	12	(71)	114	137	192			
Paid during the year	(7)	(45)	-	(326)	(378)			
At 31 December 2020	132	738	1,603	347	2,820			
Reclassified after Entire Business Transfer	(150)	82	148	(80)	-			
Provision increase (decrease)	18	5	(413)	104	(286)			
Paid during the year	-	(253)	-	(255)	(508)			
At 31 December 2021	-	572	1,338	116	2,026			

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Key components of the agreements entered into between the parties can be summarised as follows:

- Prudential will have the exclusive rights to sell the life insurance products through the network of the Bank, TBCO Public Company Limited (TBCO) (Formerly Thanachart Bank PCL) and subsequently the merged bank for an initial term of 15 years, with effect on and from 1 January 2021.
- To facilitate customer services of both banks during the transition period in 2020, the Bank continued to sell the life insurance products of FWD until the end of 2020 and also onboarded the products of Prudential through the various channels operated by the Bank. The transition period lasted between 1 April 2020 and 31 December 2020.

Revenue of Baht 1.3 billion was recognised in 2020 from Prudential's acquisition of rights under the original bancassurance agreement between the Bank and FWD. Revenue to be gradually recognised throughout the combined initial contractual term and transition period (15 years 9 months) is Baht 20.8 billion, starting 1 April 2020.

28 Other liabilities

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Accrued expenses	5,938	5,566	5,899	3,587
Accrued interest expenses	394	762	386	282
Deposits and guarantees received	309	287	309	231
Collateral on derivative transactions	871	3,846	871	3,205
Suspense accounts electronic money and money transferred	272	512	272	212
Suspense accounts - others	2,713	2,511	2,711	1,827
Other payables	509	829	509	180
Corporate income tax payable	851	1,758	851	268
Others	4,663	4,063	4,394	1,677
Total	16,520	20,134	16,202	11,469

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

29 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold agreements including derivatives and sale -and- repurchase agreements which do not meet the criteria for offsetting in the Consolidated and Bank only's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call are agreed by both parties with specific call frequency and threshold. According to the agreements, the Bank and its subsidiaries receive and give collateral in form of cash and marketable securities. The details are as follow:

	Consolidated				
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position <i>(in million Baht)</i>	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
At 31 December 2021					
Financial assets					
Reverse sale-and- repurchase	65,853	-	65,853	(65,853)	-
Derivatives assets	4,243	-	4,243	(871)	3,372
Total	70,096	-	70,096	(66,724)	3,372
Financial liabilities					
Sale-and-repurchase	32,100	-	32,100	(32,100)	-
Derivatives liabilities	4,904	-	4,904	(1,849)	3,055
Total	37,004	-	37,004	(33,949)	3,055
Bank only					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position <i>(in million Baht)</i>	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
At 31 December 2021					
Financial assets					
Reverse sale-and- repurchase	65,853	-	65,853	(65,853)	-
Derivatives assets	4,243	-	4,243	(871)	3,372
Total	70,096	-	70,096	(66,724)	3,372
Financial liabilities					
Sale-and-repurchase	32,100	-	32,100	(32,100)	-
Derivatives liabilities	4,904	-	4,904	(1,849)	3,055
Total	37,004	-	37,004	(33,949)	3,055

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position are as follow:

Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Consolidated	
				Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
At 31 December 2021					
Financial assets					
Reverse sale-and-repurchase	65,853	Interbank and money market items (Assets)	10	158,873	93,020
Derivatives assets	4,243	Derivatives assets	12	6,913	2,670
Total	70,096			165,786	95,690
Financial liabilities					
Sale-and-repurchase	32,100	Interbank and money market items (Liabilities)	22	84,966	52,866
Derivatives liabilities	4,904	Derivatives liabilities	12	6,595	1,691
Total	37,004			91,561	54,557
Bank only					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
At 31 December 2021					
Financial assets					
Reverse sale-and-repurchase	65,853	Interbank and money market items (Assets)	10	158,863	93,010
Derivatives assets	4,243	Derivatives assets	12	6,913	2,670
Total	70,096			165,776	95,680
Financial liabilities					
Sale-and-repurchase	32,100	Interbank and money market items (Liabilities)	22	85,317	53,217
Derivatives liabilities	4,904	Derivatives liabilities	12	6,595	1,691
Total	37,004			91,912	54,908

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

- derivative assets and liabilities: fair value;
- assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements: amortised cost.

30 Share-based payments - TMBThanachart Stock Retention Program

Information of TMBThanachart Stock Retention Program

TMBThanachart Stock Retention Program 2021 (TTB Stock Retention Program 2021)

On 24 February 2021, the Board of Directors Meeting No.2/2564 approved the TTB Stock Retention Program 2021 (TTB TSRP 2021) which will offer newly issued ordinary shares of the Bank to the executives and employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2021. The executives and employees under TTB TSRP 2021 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2021. Summary of the program is detail below.

Term of continuing scheme:	3 years from the date on which the shareholders' meeting approves the TTB Stock Retention Program 2021
Number of ordinary shares to be offered:	Up to 305,000,000 shares in total at a par value of Baht 0.95 where such newly issued ordinary shares will be offered as a continuing program
Offering price per share:	The offering price per share to be offered to the executives and employees under TTB Stock Retention program 2021 is equivalent to Baht 1.15. Such offering price, which was not lower than the weighted average closing price of the Bank's shares traded on the Stock Exchange of Thailand during the period of 15 consecutive days before the date on which the Board of Directors' Meeting No. 2/2021 held on February 24, 2021 resolved to propose the TTB Stock Retention Program 2021 for the shareholders' meeting's consideration and approval.
Condition of subscription for the newly issued shares:	The executives and employees under TTB TSRP 2021 who will subscribe for the newly issued shares shall be executives or employees of the Bank or Thanachart Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

TMBThanachart Stock Retention Program 2019 (TTB Stock Retention Program 2019) (formerly TMB Stock Retention Program 2019)

On 18 December 2019, the Board of Directors Meeting No.11/2562 approved the TTB Stock Retention Program 2019 (TTB TSRP 2019) which offered newly issued ordinary shares of the Bank to employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2019. The employees under TTB TSRP 2019 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2019. Summary of the program is detail below.

Term of continuing scheme:	3 years starting from the first offering date.
Number of ordinary shares to be offered:	Not exceeding the total of 200,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.
Offering price per share:	The offering price per share to be offered to the employees under TTB TSRP 2019 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand ("SET") on each trading day for the period of 7 calendar days prior to the first offering date of the newly issued shares.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TTB TSRP 2019 at the price equivalent to the par value of the ordinary shares of the Bank.

Condition of subscription for the newly issued shares:

The employees under TTB TSRP 2019 who will subscribe for the newly issued shares shall be employees of the Bank's or Thanachart Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

30.1 The offering of new ordinary shares

The Bank made the offering of ordinary shares with a par value of Baht 0.95 per share to its employees and executives, at a price of Baht 0.95 and Baht 1.15 per share, for TSRP 2019 and TSRP 2021 respectively. Details were as follows:

The offering of new ordinary shares	Par value (Baht/ shares)	Offering Price (Baht/ shares)	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾ (shares)	Balance of new ordinary shares unissued as at 31 December 2021
TSRP 2019	0.95	0.95	200,000,000	(141,637,500)	58,362,500
TSRP 2021	0.95	1.15	305,000,000	(121,882,700)	183,117,300

On 14 September 2021, the Bank additionally issued TSRP 2019 of 91,575,000 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 0.95 per share.

On 1 October 2021, the Bank issued TSRP 2021 of 121,882,700 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 1.15 per share.

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

30.2 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - shared-based payments

	Consolidated and Bank only			
	2021			
	Issued and paid-up ordinary share capital		Share premium	Other reserve - share-based payments
	(No. of shares)	(Baht)	(Baht)	
Balance - beginning of the year	96,409,416,880	91,588,946,036	43,321,601,048	69,562,996
Expenses in relation shares-base payment	-	-	-	260,900,067
Issued ordinary shares to employees	213,457,700	202,784,815	24,376,540	(227,161,355)
Expenses in relation to issuance of ordinary shares to employees	-	-	(1,138,056)	-
Balance - end of the year	96,622,874,580	91,791,730,851	43,344,839,532	103,301,708

31 Share capital

	Par value per share (in Baht)	2021		2020	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised shares at 31 December	0.95	<u>96,864</u>	<u>92,021</u>	<u>106,224</u>	<u>100,912</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.95	96,409	91,589	96,359	91,541
Issue of new shares	0.95	<u>214</u>	<u>203</u>	<u>50</u>	<u>48</u>
At 31 December					
- ordinary shares	0.95	<u>96,623</u>	<u>91,792</u>	<u>96,409</u>	<u>91,589</u>

On 23 April 2021, the 2021 Annual General Meeting of the Bank's shareholders passed resolutions approving as follows:

1. The reduction of the registered capital by Baht 9,323 million from Baht 100,912 million to Baht 91,589 million by writing off 9,814 million unissued and paid-up share capital at a par value of Baht 0.95 each.
2. The increase of the registered capital by Baht 432 million from Baht 91,589 million to Baht 92,021 million by issuing 455 million newly ordinary shares at a par value of Baht 0.95 each and allocate the newly issued ordinary shares as follows:
 - 2.1 Not exceeding 305 million shares at a par value of Baht 0.95 each under the TTB Stock Retention Program 2021.
 - 2.2 Not exceeding 150 million shares at a par value of Baht 0.95 each under the TTB Stock Retention Program 2019.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The reduction and increase of the registered capital were registered with the Department of Business Development, Ministry of Commerce on 6 May 2021 and 14 June 2021 respectively.

The Bank issued ordinary shares under the TTB Stock Retention Program 2019 of 91,575,000 ordinary shares with a par value of Baht 0.95 per share to its employees. The increase of the issued ordinary share was registered with the Department of Business Development, Ministry of Commerce on 15 September 2021.

The Bank issued ordinary shares under the TTB Stock Retention Program 2021 of 121,882,700 ordinary shares with a par value of Baht 0.95 per share to its employees. The increase of the issued ordinary share was registered with the Department of Business Development, Ministry of Commerce on 4 October 2021.

32 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank and its subsidiaries is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

33 Appropriation of profit and dividend payment

(a) On 23 April 2021, the 2021 Annual General Meeting of the Bank's shareholders passed a resolution approving the appropriation of the 2020 operating profit and dividend payment

(1) Not allocating net profit from 2020 operating results to the legal reserve as the Bank's legal reserve is sufficient as required by laws and the Bank's Articles of Association.

(2) Payment of a dividend of Baht 0.045 per share from the 2020 operating profit to the shareholders for a totalling of Baht 4,338 million. The Bank paid such dividend to its shareholders on 20 May 2021.

(b) On 20 August 2020, the Board of Directors' Meeting of the Bank passed a resolution approving as follows:

(1) Appropriation of net profit of Baht 6,731 million to be legal reserve.

(2) The inclusion of a part of net profit for the Bank only for the six-month period ended 30 June 2020 amounting to Baht 9,078 million to be counted as Tier 1 Capital of the Bank.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

(c) On 26 March 2020, the Board of Directors Meeting of the Bank passed a resolution approving the appropriation of the 2019 operating profit and dividend payment:

- (1) Appropriation of net profit of Baht 360 million to be legal reserve.
- (2) Payment of an interim dividend of Baht 0.01 per share to the Bank's ordinary shareholders from its second half year 2019 operating results for a total of Baht 964 million. The Bank paid such dividend to its shareholders on 24 April 2020.

34 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items				
- Placed at insurance registrar	-	1	-	-
Investments in securities				
- Investments used to guarantee electricity usage	-	5	-	-
- Placed at court	-	2	-	-
- Pledged as collateral against repurchase transactions	30,694	16,058	30,694	16,058
Property foreclosed under restriction	2,923	35	2,923	-
Total	33,617	16,101	33,617	16,058

35 Commitments and contingent liabilities

35.1 Commitments

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Avals to bills	205	240	205	159
Guarantees of loans/bond	5,366	2,382	5,366	38
Liability under unmatured import bills	4,081	1,935	4,081	1,878
Letters of credit	15,608	13,358	15,608	13,042
Other commitments				
- Other guarantees	85,821	63,324	85,821	63,324
- Amount of unused bank overdrafts	117,029	105,942	117,029	86,104
- Committed line	7,958	42,892	7,958	78,239
- Others ⁽¹⁾	14,117	29,236	14,117	17,029
Total	250,185	259,309	250,185	259,813

⁽¹⁾ As at 31 December 2021, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 13,226 million (2020: 15,924 million). The Bank and its subsidiaries is obliged to return those securities in equivalent amount.

As at 31 December 2021 and 2020, the Bank and its subsidiaries had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

As at 31 December 2021 and 2020, the Bank and its subsidiaries had purchase and sales of investment in debt securities with net sales amounting to Baht 208 million and *net purchase amounting to Baht 551 million respectively (Bank only: net sales amounting to Baht 208 million and net purchase amounting to Baht 551 million, respectively)*, for which the settlement was not due at the reporting date.

35.2 Litigation

(a) As at 31 December 2021 and 2020, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 125 cases and 120 cases, respectively (Bank only: claims for 125 cases and 45 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,241 million ⁽¹⁾ and Baht 3,010 million ⁽¹⁾, respectively (Bank only: Baht 2,241 million ⁽¹⁾ and Baht 89 million ⁽¹⁾, respectively).

(b) As at 31 December 2021 and 2020, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 572 million and Baht 738 million, respectively (Bank only: Baht 572 million and Baht 16 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as at 31 December 2021 and 2020 of Baht 77 million and Baht 1,090 million, respectively (Bank only: Baht 77 million and Baht 994 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

36 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Subsidiaries
3. Associates
4. Key management personnel of the Bank and its subsidiaries
5. Other related parties are
 - 5.1 Close family members of key management personnel
 - 5.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 5.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

5.4 Related companies of major shareholders

5.5 Entities in which related companies of major shareholders hold over 10% of paid-up share capital

5.6 Entities in which the Bank and its subsidiaries hold over 10% of paid-up share capital (excluding subsidiaries and associates)

The additional information on investments in subsidiaries and associates is disclosed in note 14.

Relationships with key management and other related parties were as follows:

Name of entity/Personnel	Country of incorporation/ Nationality	Nature of relationship
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Thanachart Capital PCL	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	Thailand	Subsidiary, liquidator is a representative of the Bank
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Bank (before 3 July 2021, subsidiary, 99.99% shareholding)
Thanachart Fund Management Co., Ltd.	Thailand	Associated, 49.9% shareholding, less than 50% of directors are representatives of the Bank (before 3 July 2021, Subsidiary, 49.9% shareholding, less than 50% of directors are representatives of Subsidiary)
TMB Asset Management Co., Ltd.	Thailand	Associated, 35% shareholding, less than 50% of directors are representatives of the Bank

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its associates are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units.

TMBThanachart Bank Public Company Limited and its Subsidiaries

(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Transactions	Pricing policies
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Entire Business Transfer	Based on market price
Dividend income	At declared

36.1 Significant related parties transactions with key management and other related parties

Significant related parties transactions for the year ended 31 December 2021 and 2020 with key management and other related parties were as follows:

	Consolidated 2021					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	114	15	1	-	1	25
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	-	1,998	-	387	-
4. Key management personnel of the Bank	2	6	-	-	-	-
5. Other related parties	730	192	1,283	-	134	635

	Consolidated 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	30	44	-	-	14	57
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	-	2,016	-	11	-
4. Key management personnel of the Bank	3	12	-	-	-	-
5. Other related parties	3,188	1,354	2,332	-	287	1,676

	Bank only 2021					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	114	4	1	-	-	22
2. Subsidiaries	282	218	426	172	94,042	37
3. Associates	-	-	1,463	-	335	-
4. Key management personnel of the Bank	1	5	-	-	-	-
5. Other related parties	520	135	969	-	54	408

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

	Bank only					
	2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	30	-	-	-	-	27
2. Subsidiaries	232	68	838	105	21,034	131
3. Associates	-	-	1,169	-	435	-
4. Key management personnel of the Bank	1	4	-	-	-	-
5. Other related parties	525	206	29	-	33	235

During the year ended 31 December 2021

- The Bank sold written-off non-performing loans to a subsidiary at selling price of Baht 763 million which presented as a deduction from "Expected credit loss" in the Bank only statement of profit or loss for the year ended 31 December 2021.
- The Bank sold non-performing loans, with principal totalling approximately Baht 2,291 million to a subsidiary. The selling price in lower of the carrying amount of those non-performing loans was presented as "Expected credit loss" in the Bank only statement of profit or loss for the year ended 31 December 2021.

36.2 Outstanding balances with related parties

As at 31 December 2021 and 2020, significant outstanding balances with related persons or parties were as follows:

- 36.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net				
Ministry of Finance	4,266	39,030	4,266	39,030
Other assets				
Ministry of Finance	-	1	-	-
Thanachart Capital PCL.	-	2	-	-
Deposits (including interbank and money market items - liabilities)				
ING Bank N.V.	4	4	4	4
Thanachart Capital PCL.	1,353	177	1,353	-
Commitments - Derivatives ⁽¹⁾				
ING Bank N.V.	-	4,506	-	4,506

⁽¹⁾ Presented in notional amount

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

36.2.2 Significant balances between the Bank and its subsidiaries and associates as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net (including interbank and money market items - assets)				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	56,000
Other assets				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	412
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	-	-	29	-
TMB Asset Management Co., Ltd.	70	125	70	125
Thanachart Asset Management Co., Ltd.	-	127	-	-
Total	70	252	99	537
Interbank and market items - assets				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	1,241
Deposits (including interbank and money market items - liabilities)				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	352	304
TMBThanachart Broker Co., Ltd. (Formerly Thanachart Broker Co., Ltd.)	-	-	295	7
Phahonyothin Asset Management Co., Ltd.	-	-	4,239	31
TMB Asset Management Co., Ltd.	63	155	63	155
Thanachart Asset Management Co., Ltd.	449	524	449	419
Total	512	679	5,398	916
Other liabilities				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	1	217
Phahonyothin Asset Management Co., Ltd.	-	-	4	-
Commitments - Derivatives ⁽¹⁾				
TBCO Public Company Limited (Formerly Thanachart Bank PCL)	-	-	-	1,085
TMB Asset Management Co., Ltd.	431	297	431	297
⁽¹⁾ Presented in notional amount				
Commitments – Guarantee of bond issuance				
Phahonyothin Asset Management Co., Ltd.	5,321	-	5,321	-

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

36.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	55	91	55	31
Deposits	507	692	507	418

36.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to customers and accrued interest receivables, net	33,973	73,794	33,970	24,192
Investments	2,069	-	2,069	-
Other assets	25	79	-	-
Deposits (including interbank and money market items - liabilities)	21,732	34,670	21,732	9,865
Debts issued and borrowings (including interbank and money market items - liabilities)	13,582	9,741	13,582	9,741
Other liabilities	26	83	1	2
Commitments - Derivatives ⁽¹⁾	88,523	57,006	88,523	57,006
⁽¹⁾ Presented in notional amount				
Other commitments	1,403	2,284	1,403	1,957

36.3 Senior management personnel compensation

For the year ended 31 December 2021 and 2020, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	74	64	64	52
Short-term employee benefits - management	758	962	730	896
Post-employment benefits	90	86	89	84
Share-based payments	146	36	146	36
Total	1,068	1,148	1,029	1,068

Senior management personnel of the Bank are directors, management personnel at the level "Head of" or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

36.4 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in note 36.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

37 Segment information

For management purposes, the Bank's businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

1.1 Wholesale Banking: This serves large-sized and medium-sized business customer. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: This serves small-size business customer. The main products and services are corporate loans, deposits and bancassurance.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing loans, hire purchase, finance lease, personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

In the second quarter of 2020, there was certain customers transferring from Small Enterprise to Retail banking in accordance with Bank's business direction.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities based, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

Information about reportable segments:

For the year ended

31 December 2021

	Commercial Banking	Retail Banking	Consolidated Other segments <i>(in million Baht)</i>	Elimination	Total
Net interest income	12,643	34,239	4,130	(12)	51,000
Net non-interest income	8,290	8,773	5,882	(8,414)	14,531
Total operating income	20,933	43,012	10,012	(8,426)	65,531
Operating expenses	(3,208)	(13,254)	(16,064)	1,348	(31,178)
Profits from operation	17,725	29,758	(6,052)	(7,078)	34,353
Expected credit loss					(21,549)
Profit before income tax					12,804
Income tax					(2,327)
Profit for the year					10,477

For the year ended

31 December 2020

	Commercial Banking	Retail Banking	Consolidated Other segments <i>(in million Baht)</i>	Elimination	Total
Net interest income	14,158	40,153	972	(1,478)	53,805
Net non-interest income	4,498	9,504	15,170	(13,628)	15,544
Total operating income	18,656	49,657	16,142	(15,106)	69,349
Operating expenses	(3,605)	(18,238)	(10,809)	652	(32,000)
Profits from operation	15,051	31,419	5,333	(14,454)	37,349
Expected credit loss					(25,011)
Profit before income tax					12,338
Income tax					(2,223)
Profit for the year					10,115

Reconciliation of reportable segment profit or loss

For the year ended

31 December 2021

	Net interest income	Net non- interest income	Consolidated Operating expenses	Expected credit loss
			<i>(in million Baht)</i>	
Segment reporting	51,000	14,531	(31,178)	(21,549)
Expected credit loss	-	-	(66)	66
Others	-	6	25	(31)
Consolidated financial statements	51,000	14,537	(31,219)	(21,514)

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

For the year ended

31 December 2020

	Net interest income	Net non- interest income	Consolidated Operating expenses	Expected credit loss
	<i>(in million Baht)</i>			
Segment reporting	53,805	15,544	(32,000)	(25,011)
Expected credit loss	-	-	(180)	180
Others	-	(3)	3	-
Consolidated financial statements	53,805	15,541	(32,177)	(24,831)

	Commercial Banking	Retail Banking	Consolidated 2021 Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Loan to customers	529,960	803,337	39,720	(702)	1,372,315
Deposits	367,072	976,657	-	(4,534)	1,339,195

	Commercial Banking	Retail Banking	Consolidated 2020 Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Loan to customers	524,476	838,624	24,814	5,011	1,392,925
Deposits	195,494	1,178,140	-	(226)	1,373,408

38 Financial position and results of operations classified by domestic and foreign business

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

	Consolidated					
	Domestic business	2021 Foreign business	Total	Domestic business	2020 Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	1,758,817	364	1,759,181	1,807,914	418	1,808,332
Interbank and money market items, net (assets)	158,534	339	158,873	210,809	376	211,185
Financial assets measured at fair value through profit or loss	1,421	-	1,421	3,788	-	3,788
Investments, net	180,229	-	180,229	134,351	-	134,351
Investments in subsidiaries and associates, net	8,620	-	8,620	8,599	-	8,599
Loans to customers and accrued interest receivables, net	1,325,212	-	1,325,212	1,348,480	-	1,348,480
Deposits	1,339,195	-	1,339,195	1,373,405	3	1,373,408
Interbank and money market items (liabilities)	84,966	-	84,966	75,909	-	75,909
Debts issued and borrowings, net	55,031	13,367	68,398	69,441	19,524	88,965

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

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

For the year ended

31 December 2021

	Consolidated		
	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>		
Interest income	64,239	-	64,239
Interest expenses	(12,415)	(824)	(13,239)
Net interest income (expenses)	51,824	(824)	51,000
Net fees and service income	11,249	(1)	11,248
Total other operating income	3,377	(88)	3,289
Total other operating expenses	(31,214)	(5)	(31,219)
Profit (loss) from operations before expected credit loss and income tax	35,236	(918)	34,318

For the year ended

31 December 2020

	Consolidated		
	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>		
Interest income	72,315	5	72,320
Interest expenses	(17,634)	(881)	(18,515)
Net interest income (expenses)	54,681	(876)	53,805
Net fees and service income	11,349	(1)	11,348
Total other operating income	4,172	21	4,193
Total other operating expenses	(32,156)	(21)	(32,177)
Profit (loss) from operations before expected credit loss and income tax	38,046	(877)	37,169

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

39 Interest income

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items	1,060	1,922	1,214	1,449
Investments and trading transactions	66	109	56	77
Investments in debt securities	1,247	1,920	949	737
Loans to customers	39,827	45,633	33,517	29,635
Hire purchase and finance leases	22,034	22,734	10,819	-
Others	5	2	5	2
Total	64,239	72,320	46,560	31,900

40 Interest expenses

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Deposits	7,158	11,553	5,877	5,274
Interbank and money market items	276	538	248	356
Contribution to Deposits Protection Agency and BoT	3,240	3,445	2,596	1,797
Debt issued				
- Debentures and subordinated debentures	1,948	1,976	1,934	1,918
- Others	562	951	562	869
Borrowings	33	38	33	38
Others	22	14	234	14
Total	13,239	18,515	11,484	10,266

41 Net fees and service income

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	587	566	526	455
- ATM, Debit card, Credit card and other banking electronic	3,881	4,204	3,283	2,607
- Funds and Bancassurance	8,292	8,603	7,229	5,439
- Others	2,430	2,766	2,015	1,905
Total	15,190	16,139	13,053	10,406
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(2,740)	(3,360)	(2,242)	(2,137)
- Others	(1,202)	(1,431)	(729)	(688)
Total	(3,942)	(4,791)	(2,971)	(2,825)
Net	11,248	11,348	10,082	7,581

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

42 Net gain (loss) on financial instruments measured at fair value through profit or loss

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and foreign exchange derivatives	1,451	1,285	1,326	1,092
- Interest rates derivatives	36	230	30	234
- Debt securities	(99)	199	(94)	83
- Equity securities	2	1	2	1
- Others	1	25	-	-
Losses on financial instruments designated at FVTPL				
- Borrowings	(5)	(14)	(5)	(14)
Gains on hedge accounting	94	-	-	-
Total	1,480	1,726	1,259	1,396

43 Net gain on investments

Net gain on investments included in profit or loss for the year ended 31 December 2021 and 2020 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Gains on sales				
- Investment in debt instruments measured at FVOCI	182	678	191	582
Total	182	678	191	582

44 Expected credit loss

Expected credit loss for the year ended 31 December 2021 and 2020 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Interbank and money market items	(31)	(110)	(12)	19
Investment in debt instruments measured at FVOCI	1,289	1,626	958	10
Investments in debt securities measured at amortised costs	(1)	-	-	-
Loans to customers and accrued interest receivables	20,671	23,202	16,536	13,219
Loan commitments and financial guarantee contracts	(414)	113	(471)	186
Total	21,514	24,831	17,011	13,434

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

45 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2021 and 2020 were based on the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the year as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>10,474</u>	<u>10,112</u>	<u>7,769</u>	<u>12,855</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,464</u>	<u>96,374</u>	<u>96,464</u>	<u>96,374</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.1086</u>	<u>0.1049</u>	<u>0.0805</u>	<u>0.1334</u>

Diluted earnings per share

The calculations of diluted earnings per share for the year ended 31 December 2021 and 2020 were based on the profit for the year attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2021	2020	2021	2020
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>10,474</u>	<u>10,112</u>	<u>7,769</u>	<u>12,855</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,464</u>	<u>96,374</u>	<u>96,464</u>	<u>96,374</u>
Effect of dilutive potential ordinary shares from TTB TSRP 2019 and TTB TSRP 2021 <i>(in million shares)</i>	<u>278</u>	<u>167</u>	<u>278</u>	<u>167</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>96,742</u>	<u>96,541</u>	<u>96,742</u>	<u>96,541</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.1083</u>	<u>0.1047</u>	<u>0.0803</u>	<u>0.1332</u>

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

46 Reclassification of accounts

Certain accounts in the 2020 financial statement, have been reclassified to conform to the presentation in the 2021 financial statements. The reclassifications were as follows:

	Before reclassification	Consolidated Reclassification <i>(in million Baht)</i>	After reclassification
<i>Statement of income</i>			
Fees and service income	15,921	218	16,139
Fees and service expenses	5,346	(555)	4,791
Other operating income	1,644	(218)	1,426
Other operating expenses -Employee expenses	16,535	607	17,142
Other operating expenses -Others	7,051	(52)	6,999
		- <hr/> <hr/>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Bank's business.

47 Thai Financial Reporting Standards (TFRS) not yet adopted

47.1 Interbank Rate Benchmark Reform - Phase 2

Revised TFRS due to Interbank Offer Rate (IBOR) reform - Phase 2, which are relevant to the Bank and its subsidiaries' operations, expected to have material impact on the consolidated and Bank only's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2022, are as follows:

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The amendments are applicable when an existing interest rate benchmark is replaced by another interest rate benchmark. The amendments provide a practical expedient that modifications to asset and liability values as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change), can be accounted for by only updating the effective interest rate.

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the financial statements

For the year ended 31 December 2021

The Bank and its subsidiaries expect that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

The amendments will require the Bank and its subsidiaries to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The Bank and its subsidiaries is in the process of preparing to amend contractual terms in response to IBOR reform according to ISDA IBOR Fallback Protocol 2020. The timing and method of transition has been performing in accordance with the Bank of Thailand and ISDA's transition milestones. The main risk to which the Bank and its subsidiaries is exposed as a result of IBOR reform is mainly due to the renegotiation of THBFIX loan contracts through bilateral negotiation with customers. Financial risk is predominantly limited to interest rate risk.

As at 31 December 2021, the outstanding financial instruments which have yet to transition to alternative benchmark rates are mainly in USD LIBOR and THBFIX which will be available until mid-2023.

47.2 Accounting guidance: Guideline for entities that provide support to COVID-19 affected debtors

This accounting guidance is optional for all entities that provide support to debtors under BoT's minimum supporting measures. This accounting guidance is applicable for support provided to debtors who were affected from COVID-19 during the period from 1 January 2022 to 31 December 2023 or as further updated by BoT. For debt restructuring under specified criteria from 1 January 2021 to 31 December 2021, the Bank and its subsidiaries can apply the relevant concept of staging and allowance under this accounting guidance to the debtors from 1 January 2022 to 31 December 2023.

Under this accounting guidance, the Bank and its subsidiaries can elect to apply the BoT optional treatments which are in line with BoT circular letter number For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution). The optional treatments are classified into 2 groups according to the nature of the debt restructuring which are as follows:

- Debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Bank and its subsidiaries will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)

- Debt restructuring by term extension only: Under this restructuring, the Bank and its subsidiaries are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)

TMBThanachart Bank Public Company Limited and its Subsidiaries
(Formerly TMB Bank Public Company Limited and its Subsidiaries)
Notes to the financial statements
For the year ended 31 December 2021

The Bank and its subsidiaries have chosen to apply temporary relief measures for the 1st form of financial assistance in accordance with the classification of loan's staging for some relief measures and using new effective interest rate to calculate the present value.

The Bank and its subsidiaries will disclose the facts as well as the application of the related BoT requirements in the notes to the financial statements, comply with the disclosure requirements under related TFRS and guidance on risk management and impact on measurement of expected credit loss once it becomes effective for the financial statements in annual reporting periods beginning on or after 1 January 2022.