

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2021

and
Independent Auditor's Report

Independent Auditor's Report

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

Audit Report

Opinion

I have audited the interim 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 Limited), (the "Bank"), respectively, which comprise the interim consolidated and the Bank only statements of financial position as at 30 June 2021, the interim consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim 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 30 June 2021 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of 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 interim 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 interim 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 interim consolidated and the Bank only financial statements of the current period. These matters were addressed in the context of my audit of the interim 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 4, 5, 14 and 15 the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 30 June 2021, loans to customers represented 78.12% and 57.77% of the total assets of interim consolidated and the Bank only financial statements, respectively, against which an allowances for expected credit losses ("ECL") of Baht 54,419 million and Baht 33,532 million, respectively were provided. 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, qualitative assessment of significant increase in credit risk and credit impaired, and consideration for post model adjustments. In particular, the ongoing economic situation and relief program provided to the customer resulting from COVID-19 adds further complexity to management's estimation process especially for consideration of post model adjustments. Accordingly, it is considered a Key Audit Matter.	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. 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. My audit procedures included testing the design and operating effectiveness of controls over credit review, model monitoring and post model adjustments. 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. 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. I and my credit specialist assessed assumptions and methodology used by the management in the identification and estimation of post model adjustments. I assessed whether the financial statement disclosures are adequate and appropriately reflect the Bank and its subsidiaries' exposures to credit risk.

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to notes 6 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 30 June 2021, financial assets measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 179,834 million and Baht 96,156 million, respectively. Financial liabilities measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 9,489 million and Baht 8,681 million, respectively. Of these amounts, as at 30 June 2021, financial assets and liabilities designated at level 2 and 3 fair value in the interim consolidated financial statements amounted to Baht 179,607 million and Baht 9,489 million respectively, and in the interim Bank only financial statements, they amounted to Baht 96,156 million and Baht 8,681 million respectively, for which the fair value is based upon inputs other than quoted prices in active markets or valuation techniques incorporating those inputs. The use of different valuation techniques and assumptions could produce different estimates of fair value. Accordingly, it is considered a Key Audit Matter.	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. 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 selected 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. I assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 45 which describes the transfer of entire business from Thanachart Bank Public Company Limited to TMBThanachart Bank Public Company Limited on 3 July 2021. My opinion is not modified in respect of this matter.

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

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

In preparing the interim 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 Interim Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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 interim consolidated and the Bank only financial statements, including the disclosures, and whether the interim 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 interim 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 interim consolidated and the Bank only financial statements of the current period 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.

Review Report

I have also reviewed the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2021 of the Group and the Bank only, respectively. Management is responsible for the preparation and presentation of these interim consolidated and the Bank only statements of profit or loss and other comprehensive income in accordance with Thai Financial Reporting Standards and the regulations of Bank of Thailand. My responsibility is to express a conclusion on these interim consolidated and the Bank only statements of profit or loss and other comprehensive income based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards and the regulations of Bank of Thailand.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
26 August 2021

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

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Assets	Note	2021	2020	2021	2020
(in thousand Baht)					
Cash		16,087,832	21,942,541	12,480,251	12,836,147
Interbank and money market items, net	10, 35.2	169,648,242	211,185,009	260,088,614	221,262,755
Financial assets measured at fair value through					
profit or loss	9	6,533,462	3,787,884	6,304,894	1,125,593
Derivative assets	11	10,471,404	11,959,166	9,712,807	10,012,947
Investments, net	12	162,830,130	134,350,737	80,138,222	73,322,721
Investments in subsidiaries and associates, net	13	8,676,448	8,599,132	161,624,883	158,851,759
Loans to customers and accrued interest receivables, net	14, 35.2	1,311,476,842	1,348,480,119	688,614,579	693,774,871
Properties for sale, net	16	5,861,979	6,037,212	3,012,013	3,150,007
Premises and equipment, net	17	22,584,196	24,038,714	13,286,330	13,755,268
Goodwill and other intangible assets, net	18	22,625,149	22,546,343	4,370,588	3,723,844
Deferred tax assets	19	2,346,080	1,980,185	3,088,757	2,818,086
Other assets, net	35.2	9,330,780	13,424,788	7,294,454	10,770,463
Total assets		1,748,472,544	1,808,331,830	1,250,016,392	1,205,404,461
Liabilities and equity					
Liabilities					
Deposits	20, 35.2	1,324,159,227	1,373,407,885	860,263,953	815,677,627
Interbank and money market items	21, 35.2	80,729,877	75,908,760	66,499,405	51,148,970
Liabilities payable on demand		5,563,668	3,894,675	4,074,926	2,897,675
Financial liabilities designated at fair value through					
profit or loss	22	435,536	431,884	435,536	431,884
Derivative liabilities	11	9,053,540	9,267,833	8,245,771	8,144,190
Debts issued and borrowings	23, 35.2	75,515,958	88,964,851	75,510,800	88,959,693
Provisions for employee benefits	24	3,716,114	4,366,292	3,624,999	2,517,106
Provisions for other liabilities	25	2,574,471	2,820,668	1,227,530	1,444,693
Deferred tax liabilities	19	3,183,461	3,500,501	-	-
Deferred revenue	26	20,521,185	20,884,682	18,741,941	19,261,556
Other liabilities	27, 35.2	17,159,868	20,134,074	9,884,627	11,468,558
Total liabilities		1,542,612,905	1,603,582,105	1,048,509,488	1,001,951,952

The accompanying notes form an integral part of the interim financial statements.

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

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Liabilities and equity	Note	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)	30	<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					
96,409,416,880 ordinary shares of Baht 0.95 each	30	91,588,946	91,588,946	91,588,946	91,588,946
Premium on share capital		43,321,601	43,321,601	43,321,601	43,321,601
Other reserves		5,684,332	5,797,791	5,726,550	5,761,304
Retained earnings					
Appropriated					
Legal reserve	31, 32	10,091,000	10,091,000	10,091,000	10,091,000
Unappropriated		<u>55,135,059</u>	<u>53,913,289</u>	<u>50,778,807</u>	<u>52,689,658</u>
Equity attributable to equity holders of the Bank		<u>205,820,938</u>	<u>204,712,627</u>	<u>201,506,904</u>	<u>203,452,509</u>
Non-controlling interest		<u>38,701</u>	<u>37,098</u>	<u>-</u>	<u>-</u>
Total equity		<u>205,859,639</u>	<u>204,749,725</u>	<u>201,506,904</u>	<u>203,452,509</u>
Total liabilities and equity		<u>1,748,472,544</u>	<u>1,808,331,830</u>	<u>1,250,016,392</u>	<u>1,205,404,461</u>

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

The accompanying notes form an integral part of the interim 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 (Unaudited)

	Note	Consolidated		Bank only	
		Three-month periods ended		Three-month periods ended	
		30 June		30 June	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Interest income	35.1, 38	16,063,721	17,995,531	7,371,951	7,772,184
Interest expenses	35.1, 39	3,281,417	4,950,046	2,371,785	2,622,950
Net interest income		12,782,304	13,045,485	5,000,166	5,149,234
Fees and service income	35.1, 40	3,568,169	3,406,030	2,790,688	1,884,636
Fees and service expenses	35.1, 40	1,369,912	1,248,407	811,886	617,012
Net fees and service income		2,198,257	2,157,623	1,978,802	1,267,624
Gains on financial instruments measured at fair value through profit or loss	41	387,836	447,393	257,393	275,530
Gains on investments, net	42	80,823	445,184	90,836	214,080
Share of profit from investment using equity method		112,339	78,106	-	-
Other operating income	13.1, 35.1	338,330	394,721	3,498,699	638,369
Total operating income		15,899,889	16,568,512	10,825,896	7,544,837
Other operating expenses					
Employee expenses	35.3, 35.4	3,633,197	4,392,891	3,610,167	2,137,150
Directors' remuneration	35.3	36,208	12,286	32,295	9,513
Premises and equipment expenses		1,416,588	1,510,662	887,747	864,942
Taxes and duties		393,398	428,858	273,072	272,567
Others	35.1	1,922,598	1,431,344	1,174,003	817,171
Total other operating expenses		7,401,989	7,776,041	5,977,284	4,101,343
Expected credit loss	43	5,490,639	4,972,427	3,405,373	2,563,040
Profit from operations before income tax		3,007,261	3,820,044	1,443,239	880,454
Income tax	19	472,268	724,324	(280,368)	96,862
Profit for the period		2,534,993	3,095,720	1,723,607	783,592
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		75,506	(235,834)	(35,724)	40,604
Gains (losses) on cash flow hedges		(89,318)	46,753	(38,278)	(19,003)
Gains (losses) from translating the financial statements of foreign operations		10,146	(31,481)	10,146	(31,481)
Income tax relating to items that will be reclassified subsequently to profit or loss	19	733	44,112	12,771	1,976
		(2,933)	(176,450)	(51,085)	(7,904)

The accompanying notes form an integral part of the interim 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 (Unaudited)

	Note	Consolidated		Bank only	
		Three-month periods ended		Three-month periods ended	
		30 June		30 June	
		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		(10,702)	(85,904)	(10,702)	(85,904)
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		128,460	(16,618)	55,713	31,921
Actuarial losses on post-employment benefit plan	24	(103,437)	(79,480)	(53,651)	(32,727)
Income tax relating to items that will not be reclassified subsequently to profit or loss	19	(2,864)	36,400	1,728	17,342
		<u>11,457</u>	<u>(145,602)</u>	<u>(6,912)</u>	<u>(69,368)</u>
Total other comprehensive income for the period, net of income tax		8,524	(322,052)	(57,997)	(77,272)
Total comprehensive income for the period		<u>2,543,517</u>	<u>2,773,668</u>	<u>1,665,610</u>	<u>706,320</u>
Profit attributable to:					
Equity holders of the Bank		2,534,108	3,094,937	1,723,607	783,592
Non-controlling interest		885	783	-	-
Profit for the period		<u>2,534,993</u>	<u>3,095,720</u>	<u>1,723,607</u>	<u>783,592</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		2,542,616	2,772,944	1,665,610	706,320
Non-controlling interest		901	724	-	-
Total comprehensive income for the period		<u>2,543,517</u>	<u>2,773,668</u>	<u>1,665,610</u>	<u>706,320</u>
Earnings per share					
Basic earnings per share (in Baht)	44	<u>0.0263</u>	<u>0.0321</u>	<u>0.0179</u>	<u>0.0081</u>
Diluted earnings per share (in Baht)		<u>0.0262</u>	<u>0.0321</u>	<u>0.0178</u>	<u>0.0081</u>

Mr. Piti Tantakasem
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Mr. Ekniti Nitithanprapas
Chairman of the Board

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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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Interest income	35.1, 38	32,413,781	37,600,916	14,911,712	16,448,409
Interest expenses	35.1, 39	6,759,323	10,541,905	4,825,942	5,338,740
Net interest income		25,654,458	27,059,011	10,085,770	11,109,669
Fees and service income	35.1, 40	7,889,427	7,814,409	6,039,316	4,356,461
Fees and service expenses	35.1, 40	2,659,032	2,841,946	1,570,500	1,343,311
Net fees and service income		5,230,395	4,972,463	4,468,816	3,013,150
Gains on financial instruments measured at fair value through profit or loss	41	809,744	890,001	590,477	648,188
Gains on investments, net	42	107,489	782,850	141,763	366,228
Share of profit from investment using equity method		205,011	218,658	-	-
Other operating income	13.1, 35.1	736,327	840,695	4,090,565	21,033,973
Total operating income		32,743,424	34,763,678	19,377,391	36,171,208
Other operating expenses					
Employee expenses	35.3, 35.4	8,096,941	8,766,851	6,465,353	4,144,003
Directors' remuneration	35.3	49,633	23,942	42,373	18,616
Premises and equipment expenses		2,798,102	3,110,237	1,697,020	1,782,506
Taxes and duties		798,625	892,694	552,823	566,849
Others	35.1	3,586,566	3,313,453	2,034,919	1,801,433
Total other operating expenses		15,329,867	16,107,177	10,792,488	8,313,407
Expected credit loss	43	10,970,744	9,731,931	6,552,621	4,989,693
Profit from operations before income tax		6,442,813	8,924,570	2,032,282	22,868,108
Income tax	19	1,125,141	1,664,635	(206,441)	425,443
Profit for the period		5,317,672	7,259,935	2,238,723	22,442,665
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		(138,634)	(179,577)	(183,257)	119,996
Gains (losses) on cash flow hedges		(127,872)	30,110	46,796	(15,843)
Gains from translating the financial statements of foreign operations		20,292	-	20,292	-
Income tax relating to items that will be reclassified subsequently to profit or loss	19	49,243	29,893	23,234	(20,830)
		(196,971)	(119,574)	(92,935)	83,323

The accompanying notes form an integral part of the interim 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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		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		(28,982)	(90,280)	(28,982)	(90,280)
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		152,593	(104,900)	55,707	31,996
Actuarial gains (losses) on post-employment benefit plan	24	168,980	(79,480)	165,104	(32,727)
Income tax relating to items that will not be reclassified subsequently to profit or loss	19	(58,522)	54,932	(38,366)	18,202
		<u>234,069</u>	<u>(219,728)</u>	<u>153,463</u>	<u>(72,809)</u>
Total other comprehensive income for the period, net of income tax		<u>37,098</u>	<u>(339,302)</u>	<u>60,528</u>	<u>10,514</u>
Total comprehensive income for the period		<u>5,354,770</u>	<u>6,920,633</u>	<u>2,299,251</u>	<u>22,453,179</u>
Profit attributable to:					
Equity holders of the Bank		5,316,063	7,258,398	2,238,723	22,442,665
Non-controlling interest		1,609	1,537	-	-
Profit for the period		<u>5,317,672</u>	<u>7,259,935</u>	<u>2,238,723</u>	<u>22,442,665</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		5,353,167	6,919,180	2,299,251	22,453,179
Non-controlling interest		1,603	1,453	-	-
Total comprehensive income for the period		<u>5,354,770</u>	<u>6,920,633</u>	<u>2,299,251</u>	<u>22,453,179</u>
Earnings per share					
Basic earnings per share (in Baht)	44	<u>0.0551</u>	<u>0.0753</u>	<u>0.0232</u>	<u>0.2329</u>
Diluted earnings per share (in Baht)		<u>0.0550</u>	<u>0.0752</u>	<u>0.0232</u>	<u>0.2325</u>

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

The accompanying notes form an integral part of the interim financial statements.

		Consolidated											
		Other reserves							Retained earnings				
		Translation adjustment arising from translating the financial statements of foreign operations, net (in thousand Baht)							Equity attributable to equity holders of the Bank				
		Total other reserve							Non-controlling interest				
		Legal reserve							Unappropriated				
		Unappropriated							Total equity				
		Unappropriated							Total equity				
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		Unappropriated							Total				

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

		Bank only									
		Other reserves							Retained earnings		

The accompanying notes form an integral part of the interim 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	
	Six-month periods ended		Six-month periods ended	
	30 June		30 June	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	6,442,813	8,924,570	2,032,282	22,868,108
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	2,248,038	2,358,840	1,203,559	1,153,277
Expected credit loss	10,970,744	9,731,931	6,552,621	4,989,693
Impairment loss on premises and equipment	10,359	2,083	10,359	2,083
Impairment loss on properties for sale and other assets (reversal of)	140,252	(108,221)	127,268	33,030
Reversal of Impairment loss on intangible assets	-	(30,365)	-	-
Provisions for liabilities	281,281	273,691	360,694	261,207
Losses (gains) on revaluation of investments measured at FVTPL	(693)	(26,065)	(8,812)	822
Reversal of impairment losses on investment	-	-	(2,500,000)	-
Losses on disposal of intangible assets	87,366	4,852	-	-
Losses (gains) on disposal of premises and equipment	73,824	9,109	(22,100)	(9,195)
Gains on disposal of investments	(107,489)	(798,593)	(141,763)	(366,227)
Unrealised losses on exchange	2,878,771	821,418	2,451,255	973,368
Expenses in relation to share-based payments	93,465	97,228	93,465	97,228
Share of profit from investments using the equity method	(205,011)	(218,658)	-	-
Deferred revenue	(1,199,556)	(1,336,358)	(1,190,728)	(1,002,629)
Net interest income	(25,654,458)	(27,059,011)	(10,085,770)	(11,109,669)
Dividend income	(86,113)	(65,579)	(133,153)	(20,603,269)
Interest received	32,837,874	33,098,035	14,822,463	12,524,864
Interest paid	(6,440,447)	(12,199,855)	(3,816,561)	(4,951,208)
Income tax paid	(1,804,496)	(1,788,532)	(164,191)	(1,681,610)
Profit from operations before changes in operating assets and liabilities	20,566,524	11,690,520	9,590,888	3,179,873
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	41,223,748	(59,474,083)	(38,834,849)	(106,095,062)
Financial assets measured at fair value through profit or loss	2,425,603	(12,129,888)	(5,170,489)	(4,784,989)
Loans to customers	17,869,555	(2,683,989)	(1,850,537)	(6,797,022)
Properties for sale	4,017,469	3,155,546	(19,610)	(675,627)
Other assets	4,673,872	2,155,134	3,475,457	1,163,872
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(49,240,352)	44,558,414	44,577,928	116,533,445
Interbank and money market items	4,821,117	(2,698,136)	15,350,435	(21,570,458)
Liabilities payable on demand	1,668,992	1,564,285	1,177,251	906,695
Provisions for liabilities	(1,813,803)	(913,162)	(48,664)	(369,693)
Other accrued expenses	(921,114)	(720,858)	(182,408)	(1,267,787)
Other liabilities	(1,442,546)	(3,922,888)	174,024	(1,132,707)
Net cash provided by (used in) operating activities	43,849,065	(19,419,105)	28,239,426	(20,909,460)

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	
	Six-month periods ended		Six-month periods ended	
	30 June		30 June	
	2021	2020	2021	2020
	(in thousand Baht)			
<i>Cash flows from investing activities</i>				
Interest received	699,938	1,217,607	350,824	415,775
Dividend received	213,808	581,902	133,153	20,603,270
Purchase of investments measured at FVOCI	(344,703,511)	(274,602,771)	(296,879,393)	(237,873,474)
Proceeds from investments measured at FVOCI	316,279,938	306,260,363	290,128,643	221,968,067
Purchase of investments in subsidiaries	-	(859,445)	(273,125)	(859,445)
Purchase of premises and equipment	(359,353)	(370,242)	(244,814)	(296,388)
Purchase of intangible assets	(1,156,728)	(710,122)	(1,128,874)	(548,754)
Proceeds from disposals of premises and equipment	120,937	797,838	117,067	797,187
Net cash provided by (used in) investing activities	(28,904,971)	32,315,130	(7,796,519)	4,206,238
<i>Cash flows from financing activities</i>				
Proceeds from long-term borrowings	-	12,741	-	12,741
Repayment of long-term borrowings	(6,791)	(4,828)	(6,791)	(4,828)
Interest paid on long-term debts issued and borrowings	(985,937)	(1,264,140)	(985,937)	(1,101,836)
Cash receipts on debenture issued	-	14,945,198	-	14,945,198
Cash paid for redemption of debenture	(15,488,046)	(31,500,000)	(15,488,046)	-
Increase in issued and fully paid-up - ordinary shares	-	105,072	-	105,072
Dividend paid to equity holders of the Bank	(4,338,321)	(968,418)	(4,338,321)	(963,575)
Net cash provided by (used in) financing activities	(20,819,095)	(18,674,375)	(20,819,095)	12,992,772
Change in translation adjustments of foreign operations	20,292	-	20,292	-
Net decrease in cash	(5,854,709)	(5,778,350)	(355,896)	(3,710,450)
Cash at 1 January	21,942,541	23,852,593	12,836,147	13,426,535
Cash at 30 June	16,087,832	18,074,243	12,480,251	9,716,085

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 interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

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TMBThanachart Bank Public Company Limited and its Subsidiaries

(Formerly TMB Bank Public Company Limited and its Subsidiaries)

Notes to the interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

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

Notes to the interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim 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 26 August 2021.

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 commercial banking and provision of asset management. Details of the Bank’s subsidiaries and associates as at 30 June 2021 and 31 December 2020 are given in note 13.

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 interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared in accordance with Thai Financial Reporting Standards (*TAS No. 34 Interim Financial Reporting*) on a complete basis of the regulations of the Bank of Thailand (BoT), 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 dated 28 Feb 2020, regarding “Debt relief programs for debtors affected by situations having adverse impacts to Thai economy” which details are given in note 4.

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 interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

In addition, the Bank and its subsidiaries have not early adopted a number of revised TFRS, which are not yet effective for the current period in preparing these interim financial statements. Revised TFRS, which are relevant to the Bank and its subsidiaries operations and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2022 is Interest Rate Benchmark Reform – Phase 2 (amendments to TFRS 9, TFRS 7, TFRS 4 and TFRS 16) ("the Phase 2 amendments"). Management is currently considering the potential impact of adopting and initially applying the Phase 2 amendments on the consolidated and the Bank only financial statements.

2.2 *Functional and presentation currency*

The interim 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.

2.3 *Use of judgements and estimates*

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.3.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

Note 5	Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL), selection and approval of models used to measure ECL and consideration for post model adjustments.
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2.3.2 Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 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 4 and 5	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 6	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.

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.

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

Notes to the interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

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.

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.

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

Notes to the interim financial statements

For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

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.

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;
- 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.

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.

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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 designated 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*

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.

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. 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;
- 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 makes 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 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.

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Hedge of derivative which not measured at fair value

The Bank and its subsidiaries recognise hedge transactions on an accrual basis. Hedge instrument is recognised on an accrual basis.

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 associate

Investments in subsidiaries and associate 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 associate 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 less estimated direct cost to sell, 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 and less estimated direct cost to sell.

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.

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.

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

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.

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.

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.

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 – 15 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.

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.

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 Income from finance lease contracts

The Bank and its subsidiaries recognise income from finance lease contracts based on the effective interest method.

3.18 Dividend income

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

3.19 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.

3.20 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.

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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.

3.21 *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.

3.22 *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.

3.23 *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.

3.24 *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.

4 Impact of COVID-19

At the onset of the COVID-19 pandemic, the Bank and its subsidiaries have provided its 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 soft loan facilities. During the six-month period ended 30 June 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 30 June 2021 and 31 December 2020, the Bank and its subsidiaries had the customers under the relief program representing approximately 14% and 15%, respectively (*Bank only: 15% 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 30 June 2021 and 31 December 2020, management provided additional ECL as management overlay especially for the customers under relief programs and impact from economic condition.

5 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. The Bank and its subsidiaries establish a solid risk governance framework which serves as the foundation for the consistent and effective risk management. Risk governance framework mainly consists of risk appetite, risk management policies and strategies, risk culture, risk management processes and system which can address the overall risk and significant risks of the Bank and its subsidiaries i.e. credit, market, non-financial, liquidity, reputational and strategic risks.

The Board of Directors holds the ultimate responsibility of overall risk management and ensure that all risk governance framework is well communicated through the whole organisation. For effective risk oversight, the Risk Oversight Committee (ROC) has been delegated by the Board of Directors to review and oversee the management of all risks across the Bank and its subsidiaries and it is authorised to approve delegated parts of risk management policies, guidelines, strategies, frameworks and standards. Other risk committees which oversee specific risk areas hold the responsibility to assure that each risk area is well-managed in alignment with overall risk management.

Business Units which are the 1st line of defense, are primarily responsible for managing risks and applying appropriate risk mitigation within their own portfolio. Risk management functions which serve as the 2nd line of defense under the stewardship of the Chief Risk Officer (CRO), are mainly responsible for managing each significant risk of the Bank and its subsidiaries including establishing risk appetite, risk management policies and guidelines, formulating risk management strategies, developing tools/systems and providing oversight over 1st line of defense. Internal audit function which is independent from the 1st and 2nd lines of defense, serves as the 3rd line of defense by providing independent and objective assurance on the effectiveness of controls and recommends improvements to the governance, risk and control framework.

Within Compliance, Market Conduct Risk Management (MCRM) is a dedicated 2nd line of defense function governing the overall market conduct standard covering all 9 Pillars in line with Bank of Thailand's guidelines consisting of Corporate culture and role & responsibilities of Board of directors and senior management, Product development and client segmentation, Remuneration scheme, Sales process, Communication & training, Data protection, Problem solving and Complaint handling. All three lines of defense are committed to ensure that the Bank and its subsidiaries offer products and services transparently, fairly and responsibly, as well as ensure safekeeping of customer information.

Additionally, the Bank has established Credit Risk Management Departments in accordance with size of the borrowers 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 and; 2) Retail Credit Risk Management, responsible for risk approval, measurement and management for secured and unsecured lending to individuals and small non-juristic businesses.

5.1 Credit risk

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

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.

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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 addition, Credit risk management sub policies, guidelines and procedures are established to provide the guidance in each credit risk aspects stated in Master Credit Risk Management Policy. 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 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 analysed 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 including, 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.

Internal Audit

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 risk management processes.

Independent Credit Review

Independent Credit Review, within Operational Risk Management, 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, debt classification, provisioning and write-off, compliance with policy and procedures, appropriate balance and alignment with regulatory requirements.

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.

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

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

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 healthiest.

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 Non-performing 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.

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Information related to ECL

Significant increase in credit risk

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

Quantitative factors include an assessment of whether there has been 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.

Loan Loss Provisioning, TFRS9, and ECL model

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

Incorporation of forward-looking information

TFRS9 requires that expected credit loss takes into consideration the effect from the economic movement or so-called forward-looking factor. Modelling newly regulated credit risk should also incorporate the state of economy, which is best represented by GDP growth and some of its components.

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

The Bank and its subsidiaries 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.

Management overlay is used to address uncertainties related to the current COVID-19 pandemic and its impact on economic situation and loan portfolio.

5.1.1 *Credit quality*

The following tables set out information about the credit quality as at 30 June 2021 and 31 December 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			Total
	30 June 2021			
	Stage 1	Stage 2	Stage 3	
	(in million Baht)			
<i>Loans to customers and accrued interest receivables - net</i>				
Low	885,404	2,902	-	888,306
Medium	317,482	38,861	-	356,343
High	1,850	75,147	-	76,997
NPLs	-	74	44,176	44,250
Gross carrying amount	1,204,736	116,984	44,176	1,365,896
Less allowance for expected credit loss	(12,588)	(21,003)	(20,828)	(54,419)
Carrying amount	1,192,148	95,981	23,348	1,311,477

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Risk level	Consolidated			Total
	Stage 1	31 December 2020		
		Stage 2	Stage 3	
	(in million Baht)			
<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
Less allowance for expected credit loss	(11,126)	(21,617)	(19,224)	(51,967)
Carrying amount	1,226,512	100,518	21,450	1,348,480

Risk level	Bank Only			Total
	30 June 2021			
	Stage 1	Stage 2	Stage 3	
	(in million Baht)			
<i>Loans to customers and accrued interest receivables - net</i>				
Low	458,832	896	-	459,728
Medium	180,706	25,468	-	206,174
High	762	31,954	-	32,716
NPLs	-	-	23,528	23,528
Gross carrying amount	640,300	58,318	23,528	722,146
Less allowance for expected credit loss	(6,975)	(13,578)	(12,979)	(33,532)
Carrying amount	633,325	44,740	10,549	688,614

Risk level	Stage 1	Bank Only		Total
		31 December 2020		
		Stage 2	Stage 3	
		(in million Baht)		
<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 and its subsidiaries 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 which are held by a subsidiary approximately Baht 1,260 million (31 December 2020: Baht 1,563 million) are considered as non-performing financial assets.

5.1.2 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.

Loan-to-Value (LTV) ratio is used in entire credit processes, 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 100% 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

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- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

The following table sets out the principal types of collateral held against different types of loan to customer and accrued interest receivables as at 30 June 2021 and 31 December 2020.

Type of credit exposures	Consolidated		Principal type of collateral held
	30 June 2021	31 December 2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	586,788	614,749	Properties, plant, equipment and guarantee by government unit
- Retail mortgage lending	300,865	296,074	Properties
- Hire purchase	399,754	404,865	Vehicle
- Others	78,489	84,759	None
Type of credit exposures	Bank only		Principal type of collateral held
	30 June 2021	31 December 2020	
	<i>(in million Baht)</i>		
Loans to customers and accrued interest receivables			
- Loans to corporate customers	461,034	473,667	Properties, plant and guarantee by government unit
- Retail mortgage lending	206,414	193,769	Properties
- Others	54,698	57,670	None

5.1.3 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 30 June 2021 and 31 December 2020 is shown below.

	Consolidated	
	30 June 2021	31 December 2020
	<i>(in million Baht)</i>	
<i>Concentration by sector</i>		
Agricultural and mining	19,626	20,485
Real estate and construction	59,907	59,080
Public utilities and services	130,572	158,489
Retail mortgage lending	300,865	296,074
Manufacturing and commerce	364,722	361,381
Hire purchase	399,754	404,865
Others	90,450	100,073
Total	1,365,896	1,400,447

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	Bank only	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Concentration by sector</i>		
Agricultural and mining	15,125	14,996
Real estate and construction	29,552	24,927
Public utilities and services	88,766	113,623
Retail mortgage lending	206,414	193,769
Manufacturing and commerce	319,762	311,787
Others	62,527	66,004
Total	722,146	725,106

5.2 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.

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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.

5.2.1 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 30 June 2021 and 31 December 2020, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 30 June 2021					
	Repricing periods			Non- performing assets	Non- interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
Financial assets						
Cash	-	-	-	-	16,088	16,088
Interbank and money market items net of deferred revenue	148,452	972	-	-	20,251	169,675
Financial assets measured at fair value through profit or loss	6,154	-	-	-	379	6,533
Investments, net	20,784	35,960	103,850	1,260	976	162,830
Investments in subsidiaries and associate, net	-	-	-	-	8,676	8,676
Loans to customers net of deferred revenue	600,256	81,859	623,323	43,542	9,786	1,358,766
Other financial assets - net	2,963	-	-	-	5,058	8,021
Total financial assets	778,609	118,791	727,173	44,802	61,214	1,730,589
Financial liabilities						
Deposits	1,209,115	60,738	14,197	-	40,109	1,324,159
Interbank and money market items	63,870	2,450	11,112	-	3,298	80,730
Liabilities payable on demand	-	-	-	-	5,564	5,564
Financial liabilities designated at fair value through profit or loss	436	-	-	-	-	436
Debts issued and borrowings	8,023	10,536	56,894	-	63	75,516
Other financial liabilities	1,710	-	-	-	15,234	16,944
Total financial liabilities	1,283,154	73,724	82,203	-	64,268	1,503,349

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	Consolidated 31 December 2020					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
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 associate, 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
Financial liabilities						
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 designated 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
	Bank only 30 June 2021					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	12,480	12,480
Interbank and money market items net of deferred revenue	246,978	972	-	-	12,159	260,109
Financial assets measured at fair value through profit or loss	6,154	-	-	-	151	6,305
Investments, net	20,167	13,112	46,275	-	584	80,138
Investments in subsidiaries and associate, net	-	-	-	-	161,625	161,625
Loans to customers net of deferred revenue	565,731	52,691	65,859	23,430	9,744	717,455
Other financial assets - net	2,477	-	-	-	3,576	6,053
Total financial assets	841,507	66,775	112,134	23,430	200,319	1,244,165
Financial liabilities						
Deposits	791,855	30,098	6,634	-	31,677	860,264
Interbank and money market items	53,277	1,432	8,795	-	2,995	66,499
Liabilities payable on demand	-	-	-	-	4,075	4,075
Financial liabilities designated at fair value through profit or loss	436	-	-	-	-	436
Debts issued and borrowings	8,018	10,536	56,894	-	63	75,511
Other financial liabilities	1,463	-	-	-	8,320	9,783
Total financial liabilities	855,049	42,066	72,323	-	47,130	1,016,568

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	Bank only 31 December 2020					
	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)			
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 associate, 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 designated 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

5.2.2 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 30 June 2021 and 31 December 2020, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	30 June 2021			31 December 2020		
	USD	Euro ^(*)	Other currencies ^(*) (in USD million)	USD	Euro ^(*)	Other currencies ^(*)
Spot	(22)	(423)	380	59	(964)	139
Forward	31	425	(380)	(47)	963	(134)
Net position	9	2	-	12	(1)	5

	Bank only					
	30 June 2021			31 December 2020		
	USD	Euro ^(*)	Other currencies ^(*) (in USD million)	USD	Euro ^(*)	Other currencies ^(*)
Spot	(134)	(425)	379	(295)	(965)	111
Forward	126	425	(380)	292	962	(108)
Net position	(8)	-	(1)	(3)	(3)	3

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

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5.2.3 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 30 June 2021, a subsidiary had equity investments are listed on Stock Exchange of Thailand at Baht 458 million (31 December 2020 : Baht 1,304 million) with the mark to market value at Baht 228 million. (31 December 2020 : Baht 910 million)

5.2.4 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 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.

The methodology and parameters that the Bank and Thanachart Bank ("TBANK") used to calculate these sensitivity measurements are in accordance with international standard whereby the measurement is different in certain detail. As at 30 June 2021 and 31 December 2020, the key sensitivities are as follows:

At 30 June 2021

Bank only		TBANK	
Interest rate sensitivities (PV01)		Interest rate sensitivities (PV01)	
<i>(in thousand Baht)</i>		<i>(in thousand Baht)</i>	
THB	(666)	THB	60
USD	457	USD	75
Other currencies	11	Other currencies	(1)
Total	(198)	Total	134
Exchange rate sensitivities (FX Delta)		Exchange rate sensitivities (FX Delta)	
<i>(in thousand USD)</i>		<i>(in thousand USD)</i>	
USD	(8,299)	USD	252
EUR	2,368	GBP	8
Other currencies	712	Other currencies	8
Total	(5,219)	Total	268

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At 31 December 2020

Bank only		TBANK	
Interest rate sensitivities (PV01)		Interest rate sensitivities (PV01)	
(in thousand Baht)		(in thousand Baht)	
THB	410	THB	(890)
USD	(156)	USD	116
Other currencies	14	Other currencies	(4)
Total	268	Total	(778)
Exchange rate sensitivities (FX Delta)		Exchange rate sensitivities (FX Delta)	
(in thousand USD)		(in thousand USD)	
USD	(2,753)	USD	(65)
JPY	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 30 June 2021 and 31 December 2020, the effect of changes in interest rates to earnings (net) by 100 bps parallel shift in the next 1 year were as follows:

	Consolidated	
	30 June 2021	31 December 2020
	Upward	Upward
	shift 100 bps	shift 100 bps
	(in million Baht)	
THB	(2,857)	(2,692)
USD	119	148
Others	(4)	2
Total effect of change in interest rate	(2,742)	(2,542)
	Bank only	
	30 June 2021	31 December 2020
	Upward	Upward
	shift 100 bps	shift 100 bps
	(in million Baht)	
THB	(400)	(293)
USD	117	130
Others	(4)	(4)
Total effect of change in interest rate	(287)	(167)

5.3 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.

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 30 June 2021 on the Bank's website (www.ttbbank.com/ir/capital_funds/basel3) within October 2021.

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The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 30 June 2021 and 31 December 2020 were summarised as follows:

	Consolidated 30 June 2021				No maturity	Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
Financial assets						
Cash	-	-	-	-	16,088	16,088
Interbank and money market items net of deferred revenue	111,334	58,221	120	-	-	169,675
Financial assets measured at fair value through profit or loss	-	2,588	3,079	487	379 ⁽²⁾	6,533
Investments, net						
Investments in debt instruments measured at AMC	-	-	-	-	-	-
Investments in debt instruments measured at FVOCI	-	42,755	117,485	423	1,260	161,923
Investments in equity instruments designated at FVOCI	-	-	-	-	907 ⁽²⁾	907
Investments in subsidiaries and associate, net	-	-	-	-	8,676 ⁽²⁾	8,676
Loans to customers net of deferred revenue	121,996	378,452	435,112	379,664	43,542 ⁽³⁾	1,358,766
Other financial assets - net	718	2,468	-	191	4,644	8,021
Total financial assets	234,048	484,484	555,796	380,765	75,496	1,730,589
Financial liabilities						
Deposits	1,179,941	129,999	14,219	-	-	1,324,159
Interbank and money market items	36,820	32,797	11,111	2	-	80,730
Liabilities payable on demand	5,564	-	-	-	-	5,564
Financial liabilities designated at fair value through profit or loss	-	-	300	136	-	436
Debts issued and borrowings	10	13,748	61,682	76	-	75,516
Other financial liabilities	998	3,171	265	238	12,272	16,944
Total financial liabilities	1,223,333	179,715	87,577	452	12,272	1,503,349
Net liquidity gap	(989,285)	304,769	468,219	380,313	63,224	227,240

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	Consolidated 31 December 2020				No maturity	Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
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 associate, 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 designated 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.

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	Bank only 30 June 2021				No maturity	Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
Financial assets						
Cash	-	-	-	-	12,480	12,480
Interbank and money market items						
net of deferred revenue	102,993	156,996	120	-	-	260,109
Financial assets measured at						
fair value through profit or loss	-	2,588	3,079	487	151 ⁽²⁾	6,305
Investments, net						
Investments in debt instruments						
measured at AMC	-	-	-	-	-	-
Investments in debt instruments						
measured at FVOCI	-	19,291	59,912	420	-	79,623
Investments in equity instruments						
designated at FVOCI	-	-	-	-	515 ⁽²⁾	515
Investments in subsidiaries and						
associate, net	-	-	-	-	161,625 ⁽²⁾	161,625
Loans to customers net of						
deferred revenue	108,265	221,664	143,285	220,811	23,430 ⁽³⁾	717,455
Other financial assets - net	606	1,982	-	191	3,274	6,053
Total financial assets	211,864	402,521	206,396	221,909	201,475	1,244,165
Financial liabilities						
Deposits	802,461	51,146	6,657	-	-	860,264
Interbank and money market items	27,012	30,692	8,793	2	-	66,499
Liabilities payable on demand	4,075	-	-	-	-	4,075
Financial liabilities designated at						
fair value through profit or loss	-	-	300	136	-	436
Debts issued and borrowings	5	13,748	61,682	76	-	75,511
Other financial liabilities	998	1,781	-	233	6,771	9,783
Total financial liabilities	834,551	97,367	77,432	447	6,771	1,016,568
Net liquidity gap	(622,687)	305,154	128,964	221,462	194,704	227,597

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	Bank only 31 December 2020				No maturity	Total
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year		
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 AMC	-	-	-	-	-	-
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						
associate, 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 designated 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.

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6 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 30 June 2021 and 31 December 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	
			(in million Baht)		
At 30 June 2021					
Financial assets					
Financial assets measured at FVTPL	6,533	-	6,154	379	6,533
Derivative assets					
Foreign exchange rate	7,171	-	7,171	-	7,171
Interest rate	3,300	-	3,300	-	3,300
Total	10,471	-	10,471	-	10,471
Investments, net					
Investments in debt instruments measured at FVOCI	161,923	-	160,663	1,260	161,923
Investments in equity instruments designated at FVOCI	907	228	-	679	907
Total	162,830	228	160,663	1,939	162,830
Loans to customers and accrued interest receivables, net	1,311,477	-	921,637	392,736	1,314,373
Total financial assets	1,491,311	228	1,098,925	395,054	1,494,207
Financial liabilities					
Deposits	1,324,159	-	1,324,179	-	1,324,179
Financial liabilities designated at FVTPL	436	-	436	-	436
Derivative liabilities					
Foreign exchange rate	5,803	-	5,803	-	5,803
Interest rate	3,251	-	3,251	-	3,251
Total	9,054	-	9,054	-	9,054
Debts issued and borrowings	75,516	-	78,401	-	78,401
Total financial liabilities	1,409,165	-	1,412,070	-	1,412,070

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	Carrying amount	Level 1	Bank only Fair value Level 2 (in million Baht)	Level 3	Total
At 30 June 2021					
Financial assets					
Financial assets measured at FVTPL	6,305	-	6,154	151	6,305
Derivative assets					
Foreign exchange rate	6,852	-	6,852	-	6,852
Interest rate	2,861	-	2,861	-	2,861
Total	9,713	-	9,713	-	9,713
Investments, net					
Investments in debt instruments measured at FVOCI	79,623	-	79,623	-	79,623
Investments in equity instruments designated at FVOCI	515	-	-	515	515
Total	80,138	-	79,623	515	80,138
Loans to customers and accrued interest receivables, net	688,614	-	688,614	-	688,614
Total financial assets	784,770	-	784,104	666	784,770
Financial liabilities					
Deposits	860,264	-	860,248	-	860,248
Financial liabilities designated at FVTPL	436	-	436	-	436
Derivative liabilities					
Foreign exchange rate	5,423	-	5,423	-	5,423
Interest rate	2,823	-	2,823	-	2,823
Total	8,246	-	8,246	-	8,246
Debt issued and borrowings	75,511	-	78,396	-	78,396
Total financial liabilities	944,457	-	947,326	-	947,326
Consolidated					
	Carrying amount	Level 1	Fair value Level 2 (in million Baht)	Level 3	Total
At 31 December 2020					
Financial assets					
Financial assets measured at FVTPL	3,788	-	3,414	374	3,788
Derivative assets					
Foreign exchange rate	7,402	-	7,402	-	7,402
Interest rate	4,557	-	4,557	-	4,557
Total	11,959	-	11,959	-	11,959
Investments, net					
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

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For the three-month period ended 30 June 2021 (Unaudited)

	Carrying amount	Level 1	Consolidated Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
Financial liabilities					
Deposits	1,373,408	-	1,373,493	-	1,373,493
Financial liabilities designated at FVTPL	432	-	432	-	432
Derivative liabilities					
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

	Carrying amount	Level 1	Bank only Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
At 31 December 2020					
Financial assets					
Financial assets measured at FVTPL	1,126	-	979	147	1,126
Derivative assets					
Foreign exchange rate	6,118	-	6,118	-	6,118
Interest rate	3,895	-	3,895	-	3,895
Total	10,013	-	10,013	-	10,013
Investments, net					
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
Financial liabilities					
Deposits	815,678	-	815,693	-	815,693
Financial liabilities designated at FVTPL	432	-	432	-	432
Derivative liabilities					
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.

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- 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.

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 such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

- 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 designated 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.

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- 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.

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 six-month period ended 30 June 2021 and during the year ended 31 December 2020.

During the six-month period ended 30 June 2021, 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 1.3 billion, were included as Level 3 hierarchy as at 30 June 2021 (31 December 2020: Baht 1.6 billion).

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7 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 30 June 2021 and 31 December 2020, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	91,589	91,589
Share premium	43,322	43,322
Legal reserve	10,091	10,091
Net profits after appropriation	49,585	47,819
Other comprehensive income	4,781	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	14
Capital adjustment items on CET1	(51)	(65)
Capital deduction items on CET1	(26,362)	(25,949)
Total Common Equity Tier 1 Capital	172,969	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	2
Total Tier 1 Capital	185,060	183,815
<i>Tier 2 Capital</i>		
General provision	13,498	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	3
Total Tier 2 Capital	48,931	49,045
Total Capital Fund	233,991	232,860
Total Risk-Weighted Assets	1,193,305	1,188,683

	The BoT's regulatory minimum requirement*	30 June 2021 (%)	31 December 2020
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	19.61	19.59
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	15.51	15.46
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.49	14.45

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

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	Bank only		
	30 June 2021	31 December 2020	
	(in million Baht)		
<i>Tier 1 capital</i>			
Common Equity Tier 1 capital (CET1)			
Paid-up share capital	91,589	91,589	
Share premium	43,322	43,322	
Legal reserve	10,091	10,091	
Net profits after appropriation	48,351	45,914	
Other comprehensive income	5,140	5,293	
Capital adjustment items on CET1	(51)	(65)	
Capital deduction items on CET1	(8,850)	(7,965)	
Total Common Equity Tier 1 Capital	189,592	188,179	
Addition Tier 1 Capital			
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089	
Total Tier 1 Capital	201,681	200,268	
<i>Tier 2 capital</i>			
General provision	9,482	8,146	
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430	
Total Tier 2 Capital	44,912	43,576	
Total Capital funds	246,593	243,844	
Total Risk-Weighted Assets	840,600	833,315	
The BoT's regulatory minimum requirement*			
		30 June 2021	31 December 2020
		(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	29.34	29.26
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	23.99	24.03
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	22.55	22.58

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

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As at 30 June 2021 and 31 December 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	31 December 2020

The disclosure as at 30 June 2021 will be provided within October 2021 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.

8 Classification of financial assets and financial liabilities

	Consolidated				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated as at FVOCI		
	(in million Baht)					
At 30 June 2021						
Financial assets						
Cash	-	-	-	-	16,088	16,088
Interbank and money market items - net	-	-	-	-	169,648	169,648
Financial assets measured at FVTPL	6,533	-	-	-	-	6,533
Derivatives assets	8,835	-	1,636	-	-	10,471
Investments - net	-	-	161,923	907	-	162,830
Loans to customers and accrued interest receivables - net	-	-	-	-	1,311,477	1,311,477
Other financial assets - net	-	-	-	-	8,012	8,012
Total	15,368	-	163,559	907	1,505,225	1,685,059
Financial liabilities						
Deposits	-	-	-	-	1,324,159	1,324,159
Interbank and money market items	-	-	-	-	80,730	80,730
Liabilities payable on demand	-	-	-	-	5,564	5,564
Financial liabilities designated at FVTPL	-	436	-	-	-	436
Derivatives liabilities	8,558	-	496	-	-	9,054
Debts issued and borrowings	-	-	-	-	75,516	75,516
Other financial liabilities	-	-	-	-	16,944	16,944
Total	8,558	436	496	-	1,502,913	1,512,403

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	Bank only				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated as at FVOCI		
	(in million Baht)					
At 30 June 2021						
Financial assets						
Cash	-	-	-	-	12,480	12,480
Interbank and money market items, net	-	-	-	-	260,089	260,089
Financial assets measured at FVTPL	6,305	-	-	-	-	6,305
Derivatives assets	8,077	-	1,636	-	-	9,713
Investments, net	-	-	79,623	515	-	80,138
Loans to customers and accrued interest receivables, net	-	-	-	-	688,614	688,614
Other financial assets - net	-	-	-	-	6,053	6,053
Total	14,382	-	81,259	515	967,236	1,063,392
Financial liabilities						
Deposits	-	-	-	-	860,264	860,264
Interbank and money market items	-	-	-	-	66,499	66,499
Liabilities payable on demand	-	-	-	-	4,075	4,075
Financial liabilities designated measured at FVTPL	-	436	-	-	-	436
Derivatives liabilities	7,808	-	438	-	-	8,246
Debts issued and borrowings	-	-	-	-	75,511	75,511
Other financial liabilities	-	-	-	-	9,783	9,783
Total	7,808	436	438	-	1,016,132	1,024,814

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	Consolidated					
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortised cost	Total
	(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 designated at FVTPL	-	432	-	-	-	432
Derivatives liabilities	9,268	-	-	-	-	9,268
Debts issued and borrowings	-	-	-	-	88,965	88,965
Other financial liabilities	-	-	-	-	20,087	20,087
Total	9,268	432	-	-	1,562,264	1,571,964
Bank only						
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
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

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	Bank only					
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated as at FVOCI	Financial instruments measured at amortised cost	Total
	<i>(in million Baht)</i>					
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 designated measured at FVTPL	-	432	-	-	-	432
Derivatives liabilities	8,144	-	-	-	-	8,144
Debts issued and borrowings	-	-	-	-	88,960	88,960
Other financial liabilities	-	-	-	-	11,370	11,370
Total	8,144	432	-	-	970,055	978,631

9 Financial assets measured at fair value through profit or loss

	Consolidated	
	30 June 2021	31 December 2020
	<i>(in million Baht)</i>	
Government and state enterprise securities	6,154	3,414
Others	379	374
Total	6,533	3,788

	Bank only	
	30 June 2021	31 December 2020
	<i>(in million Baht)</i>	
Government and state enterprise securities	6,154	979
Others	151	147
Total	6,305	1,126

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10 Interbank and money market items, net (assets)

	Consolidated	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Domestic items</i>		
Bank of Thailand and Financial Institutions Development Fund	135,851	147,651
Commercial banks	8,251	26,720
Specialised financial institutions	3,680	16,690
Other financial institutions	14,484	10,987
Total	162,266	202,048
Add accrued interest and undue interest income	14	16
Less allowance for expected credit loss	(43)	(72)
Total domestic items	162,237	201,992
<i>Foreign items</i>		
US Dollar	6,088	7,957
Japanese Yen	264	297
Euro	195	177
Other currencies	861	760
Total	7,408	9,191
Add accrued interest and undue interest income	12	12
Less allowance for expected credit loss	(9)	(10)
Total foreign items	7,411	9,193
Total domestic and foreign items	169,648	211,185

	Bank only	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Domestic items</i>		
Bank of Thailand and Financial Institutions Development Fund	126,265	142,778
Commercial banks	108,705	57,020
Specialised financial institutions	3,680	4,190
Other financial institutions	14,484	9,075
Total	253,134	213,063
Add accrued interest and undue interest income	14	14
Less allowance for expected credit loss	(37)	(47)
Total domestic items	253,111	213,030
<i>Foreign items</i>		
US Dollar	5,819	7,240
Japanese Yen	260	212
Euro	100	133
Other currencies	796	645
Total	6,975	8,230
Add accrued interest and undue interest income	12	12
Less allowance for expected credit loss	(9)	(9)
Total foreign items	6,978	8,233
Total domestic and foreign items	260,089	221,263

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11 Derivatives

As at 30 June 2021 and 31 December 2020, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

Consolidated						
	30 June 2021			31 December 2020		
	Fair value			Fair value		
Type of risks	Assets	Liabilities	Notional amount <i>(in million Baht)</i>	Assets	Liabilities	Notional amount
Foreign currency related						
- Trading Book	5,429	5,306	398,467	4,997	4,772	376,568
- Banking Book	106	1	4,980	7	86	9,377
- Cash flow hedge	1,636	496	33,808	2,398	1	39,106
Interest rate related						
- Trading Book	3,232	3,251	192,481	4,444	4,374	236,396
- Fair value hedge	68	-	8,013	113	35	8,509
Total	10,471	9,054	637,749	11,959	9,268	669,956

Bank only						
	30 June 2021			31 December 2020		
	Fair value			Fair value		
Type of risks	Assets	Liabilities	Notional amount <i>(in million Baht)</i>	Assets	Liabilities	Notional amount
Foreign currency related						
- Trading Book	5,109	4,985	378,478	4,487	4,349	342,815
- Banking Book	107	-	4,981	7	86	9,377
- Cash flow hedge	1,636	438	30,602	1,624	1	30,095
Interest rate related						
- Trading Book	2,793	2,823	162,428	3,782	3,708	192,481
- Fair value hedge	68	-	8,013	113	-	7,509
Total	9,713	8,246	584,502	10,013	8,144	582,277

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12 Investments, net

12.1 Classified by type of investments

	Consolidated	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Investments in debt securities measured at amortised costs</i>		
Private debt securities	-	622
Total	-	622
Less allowances for expected credit loss	-	(1)
Net	-	621
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	136,253	108,268
Private debt securities	11,895	11,976
Foreign debt securities	13,706	11,900
Others	69	69
Total	161,923	132,213
Allowances for expected credit loss	(2,010)	(1,767)
<i>Investments in equity securities designated measured at FVOCI</i>		
Marketable equity securities - domestic	228	910
Non-marketable equity securities - domestic	675	603
Non-marketable equity securities - overseas	4	4
Total	907	1,517
Total investments - net	162,830	134,351
	Bank only	
	30 June 2021	31 December 2020
	(in million Baht)	
<i>Investments in debt securities measured at FVOCI</i>		
Government and state enterprise securities	61,204	64,221
Private debt securities	7,996	5,901
Foreign debt securities	10,354	2,673
Others	69	69
Total	79,623	72,864
Allowances for expected credit loss	(93)	(83)
<i>Investments in equity securities designated measured at FVOCI</i>		
Non-marketable equity securities - domestic	512	456
Non-marketable equity securities - overseas	3	3
Total	515	459
Total investments - net	80,138	73,323

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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 three-month and six-month periods ended 30 June 2021 in the amount of Baht 114 million and Baht 130 million, respectively (Bank only: Baht 50 million and Baht 50 million, respectively) and 30 June 2020 in the amount of Baht 40 million and Baht 248 million, respectively. (Bank only: Baht – million and Baht 29 million respectively).

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

As at 30 June 2021 and 31 December 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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Property development and construction	4	4	4	4
Public utilities and services	108	101	108	101
Mutual funds and financial services	246	199	245	198
Others	2	3	2	3
Total investments	360	307	359	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 30 June 2021 and 31 December 2020, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

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

As at 30 June 2021 and 31 December 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						
		30 June 2021			31 December 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
		(in million Baht)			(in million Baht)			
- Listed companies under delisting conditions / defaulted debt securities	1	12	-	-	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	1,260	1,890	11	3,854	1,563	1,597
Total	12	3,855	1,260	1,890	12	3,866	1,563	1,597

		Bank only						
		30 June 2021			31 December 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
		(in million Baht)			(in million Baht)			
- Listed companies under delisting conditions / defaulted debt securities	1	12	-	-	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	10	693	-	-	10	693	-	-
Total	11	705	-	-	11	705	-	-

During the six-month period ended 30 June 2021, there are contract modification of investments measured at fair value through other comprehensive income amounting to Baht 1,260 million.

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13 Investments in subsidiaries and associate, net

13.1 Detail of investments in subsidiaries and associate

Companies	Type of Business	Percentage of ownership interest		Paid-up capital		Equity		Consolidated		At Equity, net		Cost		Bank only		Dividend income for the six-month period ended			
								Allowance for						Allowance for					
								expected credit loss						expected credit loss					
		30	31	30	31	30	31	30	31	30	31	30	31	30	31				
		June 2021	December 2020	June 2021	December 2020	June 2021	December 2020	June 2021	December 2020	June 2021	December 2020	June 2021	December 2020	June 2021	December 2020	June 2021	June 2020		
		(%)		(in million Baht)															
Direct subsidiaries																			
Phahonyothin Asset Management Co., Ltd.	Asset management business	100.00	100.00	500	25	-	-	-	-	-	-	298	25	-	-	298	25	-	-
Thanachart Bank PCL**	Commercial bank	99.98	99.98	60,649	60,649	-	-	-	-	-	-	167,930	167,930	(6,800)	(9,300)	161,130	158,630	-	20,249
Indirect subsidiary																			
Thanachart Broker Co., Ltd.	Insurance broker business	99.99	99.99	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associate																			
TMB Asset Management Co., Ltd.*	Fund management business	35.00	35.00	100	100	4,180	4,487	-	-	4,180	4,487	197	197	-	-	197	197	81	324
Indirect associate																			
Thanachart Fund Management Co., Ltd.*	Fund management business	49.90	49.90	100	100	4,496	4,112	-	-	4,496	4,112	-	-	-	-	-	-	-	-
Total						8,676	8,599	-	-	8,676	8,599	168,425	168,152	(6,800)	(9,300)	161,625	158,852	81	20,573

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

Statement of cash flows		
Phahonyothin Assets Management		
Co., Ltd.		
Six-month periods ended		
30 June		
2021	2020	
(in million Baht)		
Cash flows from operating activities		
Profit from operations before income tax	16	2
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities		
Reversal of expected credit loss	(32)	(5)
Net interest income	(6)	-
Interest received	1	-
Interest paid	(2)	-
Income tax paid	(3)	-
Loss from operations before changes in operating assets and liabilities	(26)	(3)
Decrease (increase) in operating assets		
Intercompany and money market items	(279)	13
Loans to customers	(466)	5
Other assets	(3)	-
Increase (decrease) in operating liabilities		
Other payables	2	(15)
Accrued expenses	14	-
Other liabilities	2	-
Net cash used in operating activities	(756)	-
Cash flows from investing activities		
Purchase of premises and equipment	(1)	-
Net cash used in investing activities	(1)	-
Cash flows from financing activities		
Proceeds from borrowings	484	-
Proceeds from share issued	273	-
Net cash provided by financing activities	757	-
Net decrease in cash	-	-
Cash at 1 January	-	-
Cash at 30 June	-	-

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14 Loans to customers and accrued interest receivables, net

14.1 Classified by loan type

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Overdrafts	98,457	104,006	86,415	91,511
Loans	661,594	666,471	455,762	441,128
Bills	197,609	216,044	175,194	187,188
Hire purchase receivables	399,745	404,855	-	-
Finance lease receivables	1,145	1,268	-	-
Others	216	281	84	135
Total loans to customers	1,358,766	1,392,925	717,455	719,962
Add accrued interest receivables and undue interest income*	7,130	7,522	4,691	5,144
Total loans to customers and accrued interest receivables	1,365,896	1,400,447	722,146	725,106
Less allowances for expected credit loss	(54,419)	(51,967)	(33,532)	(31,331)
Total loans to customers and accrued interest receivables - net	1,311,477	1,348,480	688,614	693,775

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

14.2 Classified by currency and residency of debtors

	Consolidated					
	30 June 2021			31 December 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,328,222	3,082	1,331,304	1,369,088	3,298	1,372,386
US Dollars	20,466	5,012	25,478	14,091	4,606	18,697
Other currencies	1,261	723	1,984	1,154	688	1,842
Total	1,349,949	8,817	1,358,766	1,384,333	8,592	1,392,925

	Bank only					
	30 June 2021			31 December 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	690,444	3,082	693,526	699,232	3,298	702,530
US Dollars	18,492	4,211	22,703	12,474	3,856	16,330
Other currencies	1,226	-	1,226	1,102	-	1,102
Total	710,162	7,293	717,455	712,808	7,154	719,962

* Loans to customers net of deferred revenue.

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14.3 Classified by stage

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables*				
Stage 1 (Performing)	1,204,736	1,237,638	640,300	642,301
Stage 2 (Under-performing)	116,984	122,135	58,318	60,347
Stage 3 (Non-performing)	44,176	40,674	23,528	22,458
Total	1,365,896	1,400,447	722,146	725,106

* Total loans to customers and accrued interest receivables in note 14.1

14.4 Non-performing loans

As at 30 June 2021 and 31 December 2020, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	30 June 2021			Elimination	Consolidated
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Thanachart Bank Public Company Limited		
NPLs (principal)					
NPLs <i>(in million Baht)</i>	23,430	536	20,083	(507)	43,542
Total loans <i>(in million Baht)</i>	961,566	536	641,766	(99,766)	1,504,102
Percentage of NPLs (%)	2.44	100.00	3.13		2.89

	31 December 2020			Elimination	Consolidated
	TMBThanachart Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Thanachart Bank Public Company Limited		
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 six-month period ended 30 June 2021 and 2020, the Bank and its subsidiaries sold non-performing loans, with principal totalling approximately Baht 2,800 million and Baht 7,200 million, respectively (Bank only: approximately Baht 2,400 million and Baht 6,800 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 six-month period ended 30 June 2021 and 2020, respectively.

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14.5 Modified loans to customers

During the six-month period ended 30 June 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:

<i>Six-month period ended 30 June</i>	Consolidated	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified during the period*		
Amortised cost before modification	5,350	9,036
Net modification loss	117	138

<i>Six-month period ended 30 June</i>	Bank only	
	2021	2020
	<i>(in million Baht)</i>	
Loans to customers modified during the period*		
Amortised cost before modification	4,435	3,961
Net modification loss	121	115

* This excluded loans to customers modified under relief program as mentioned in note 4. There is no modification gain (loss) on these groups of customers.

<i>Six-month period ended 30 June</i>	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 period from lifetime ECL to an amount equal to 12-month ECL	265	380

<i>Six-month period ended 30 June</i>	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 period from lifetime ECL to an amount equal to 12-month ECL	-	-

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

As at 30 June 2021 and 31 December 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							
	30 June 2021				31 December 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
			(in million Baht)				(in million Baht)	
Listed companies under delisting conditions in SET	1	3	-	1	1	3	-	1

	Bank only							
	30 June 2021				31 December 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
			(in million Baht)				(in million Baht)	
Listed companies under delisting conditions in SET	1	3	-	1	1	3	-	1

14.7 Hire purchase and finance lease receivables

	Consolidated			
	30 June 2021			
	Portion due within one year	Portion due after one year but within five years	Portion due after five years	Total
		(in million Baht)		
Hire purchase receivables	116,125	308,819	34,743	459,687
Finance lease receivables	496	730	-	1,226
Total gross investment under hire purchase contracts	116,621	309,549	34,743	460,913
Less unearned interest income	(20,975)	(37,360)	(1,688)	(60,023)
Present value of minimum lease payment receivables	95,646	272,189	33,055	400,890
Less allowance for expected credit loss				(11,050)
Lease receivables, net				389,840

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	Consolidated 31 December 2020			
	Portion due within one year	Portion due after one year but within five years <i>(in million Baht)</i>	Portion due after five years	Total
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	97,143	273,411	35,569	406,123
Less allowance for expected credit loss				(10,989)
Lease receivables, net				<u>395,134</u>

15 Allowance for expected credit loss

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

	Consolidated 30 June 2021			
	12-month ECL	Lifetime ECL, not credit impaired <i>(in million Baht)</i>	Lifetime ECL, credit impaired	Total
Investments				
Beginning balance	54	5	1,708	1,767
Changes from remeasurement of ECL	(1)	(2)	232	229
Purchased or acquired	40	-	-	40
Derecognition	(26)	-	-	(26)
Ending balance	<u>67</u>	<u>3</u>	<u>1,940</u>	<u>2,010</u>
Loans to customers and accrued interest				
Beginning balance	11,126	21,617	19,224	51,967
Changes from stage reclassification	(951)	380	8,181	7,610
Changes from remeasurement of ECL	1,736	(786)	2,096	3,046
Originated	995	151	42	1,188
Derecognition	(318)	(359)	(1,333)	(2,010)
Write-off	-	-	(7,382)	(7,382)
Ending balance	<u>12,588</u>	<u>21,003</u>	<u>20,828</u>	<u>54,419</u>

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Consolidated				
31 December 2020				
	12-month	Lifetime	Lifetime	
	ECL	ECL, not credit impaired	ECL, credit impaired	Total
(in million Baht)				
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

Bank only				
30 June 2021				
	12-month	Lifetime	Lifetime	
	ECL	ECL, not credit impaired	ECL, credit impaired	Total
	(in million Baht)			
Investments				
Beginning balance	33	-	50	83
Changes from remeasurement of ECL	(1)	-	-	(1)
Purchased or acquired	23	-	-	23
Derecognition	(12)	-	-	(12)
Ending balance	43	-	50	93
Loans to customers and accrued interest				
Beginning balance	4,904	14,495	11,932	31,331
Changes from stage reclassification	(315)	(534)	4,275	3,426
Changes from remeasurement of ECL	2,187	(222)	1,537	3,502
Originated	344	37	1	382
Derecognition	(146)	(197)	(1,015)	(1,358)
Write-off	-	-	(3,751)	(3,751)
Ending balance	6,974	13,579	12,979	33,532

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	Bank only			
	31 December 2020			
	12-month	Lifetime	Lifetime	
	ECL	ECL, not credit impaired	ECL, credit impaired	Total
	(in million Baht)			
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

16 Properties for sale, net

As at 30 June 2021 and 31 December 2020, changes to the properties for sale, net were as follows:

	Consolidated			
	30 June 2021			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)			
Assets foreclosed in settlement of debts				
- Immovable assets	3,720	150	(267)	3,603
- Movable assets	565	3,667	(3,779)	453
Assets for sales	2,066	425	(358)	2,133
Total	6,351	4,242	(4,404)	6,189
Add (less) allowance for impairment losses	(314)	(451)	438	(327)
Net	6,037	3,791	(3,966)	5,862

	Consolidated			
	31 December 2020			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)			
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

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	Bank only 30 June 2021			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
		(in million Baht)		
Assets foreclosed in settlement of debts				
- Immovable assets	2,372	88	(240)	2,220
Assets for sales	942	108	(89)	961
Total	3,314	196	(329)	3,181
Add (less) allowance for impairment losses	(164)	(20)	15	(169)
Net	3,150	176	(314)	3,012

	Bank only 31 December 2020			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
		(in million Baht)		
Assets foreclosed in settlement of debts				
- Immovable assets	2,378	157	(163)	2,372
Assets for sales	494	757	(309)	942
Total	2,872	914	(472)	3,314
Add (less) allowance for impairment losses	(134)	(39)	9	(164)
Net	2,738	875	(463)	3,150

As 31 December 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 331 million.

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 30 June 2021 and 31 December 2020 as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(in million Baht)			
Assets foreclosed in settlement of debts				
Immovable assets				
- Appraised by external appraisers	3,603	3,649	2,220	2,301
- Appraised by internal appraisers	-	71	-	71
Total	3,603	3,720	2,220	2,372

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17 Premises and equipment, net

As at 30 June 2021 and 31 December 2020, changes in premises and equipment were as follows:

	Consolidated 30 June 2021													
	Cost					Accumulated depreciation					Allowance for impairment losses			
	Net book value as at 1 January 2021	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation (in million Baht)	Ending balance	Beginning balance	Loss on impairment during the period	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 30 June 2021
Land														
- Cost	5,101	5,252	-	(179)	5,073	-	-	-	-	(151)	-	6	(145)	4,928
- Incremental revaluation*	7,063	7,063	-	(226)	6,837	-	-	-	-	-	-	-	-	6,837
Building under construction	59	59	133	(124)	68	-	-	-	-	-	-	-	-	68
Building														
- Cost	3,130	6,565	98	(79)	6,584	(3,434)	(154)	40	(3,548)	(1)	-	1	-	3,036
- Incremental revaluation*	2,965	6,231	-	(125)	6,106	(3,266)	(122)	65	(3,323)	-	-	-	-	2,783
Right-of-use assets														
- premise	1,151	1,808	289	(305)	1,792	(657)	(337)	255	(739)	-	-	-	-	1,053
Leasehold improvements	222	1,169	38	(109)	1,098	(947)	(41)	99	(889)	-	(10)	10	-	209
Equipment under construction and installation	107	107	153	(149)	111	-	-	-	-	-	-	-	-	111
Equipment	3,195	7,078	166	(1,046)	6,198	(3,883)	(775)	1,339	(3,319)	-	-	2	2	2,881
Right-of-use assets - equipment	1,046	1,816	15	(22)	1,809	(770)	(380)	19	(1,131)	-	-	-	-	678
Total	24,039	37,148	892	(2,364)	35,676	(12,957)	(1,809)	1,817	(12,949)	(152)	(10)	19	(143)	22,584

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For the three-month period ended 30 June 2021 (Unaudited)

	Cost						Consolidated 31 December 2020 Accumulated depreciation				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 (in million Baht)	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
Land															
- Cost	5,766	5,928	-	-	(676)	5,252	-	-	-	-	(162)	-	11	(151)	5,101
- Incremental revaluation*	7,835	7,835	-	-	(772)	7,063	-	-	-	-	-	-	-	-	7,063
Building under construction	172	172	-	335	(448)	59	-	-	-	-	-	-	-	-	59
Building															
- Cost	3,119	6,517	-	463	(415)	6,565	(3,396)	(300)	262	(3,434)	(2)	(4)	5	(1)	3,130
- Incremental revaluation*	3,523	7,047	-	-	(816)	6,231	(3,524)	(272)	530	(3,266)	-	-	-	-	2,965
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 30 June 2021 amounted to Baht 6,365 million (31 December 2020: Baht 6,622 million).

Depreciation presented in the consolidated profit or loss for the six-month periods ended 30 June 2021 and 2020 amounted to Baht 1,809 million and Baht 1,675 million, respectively.

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	Bank only 30 June 2021													
	Cost					Accumulated depreciation				Allowance for impairment losses				
	Net book value as at 1 January 2021	Beginning balance	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 period	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 30 June 2021
	(in million Baht)													
Land														
- Cost	1,623	1,777	-	(41)	1,736	-	-	-	-	(154)	-	5	(149)	1,587
- Incremental revaluation*	4,348	4,348	-	(61)	4,287	-	-	-	-	-	-	-	-	4,287
Building under construction	59	59	133	(124)	68	-	-	-	-	-	-	-	-	68
Building														
- Cost	2,219	5,574	98	(41)	5,631	(3,353)	(116)	33	(3,436)	(2)	-	-	(2)	2,193
- Incremental revaluation*	1,867	4,960	-	(82)	4,878	(3,093)	(49)	61	(3,081)	-	-	-	-	1,797
Right-of-use assets														
- premise	700	1,028	195	(76)	1,147	(328)	(192)	76	(444)	-	-	-	-	703
Leasehold improvements	222	1,169	38	(109)	1,098	(947)	(41)	99	(889)	-	(10)	10	-	209
Equipment under construction and installation	77	77	112	(79)	110	-	-	-	-	-	-	-	-	110
Equipment	2,369	6,504	126	(454)	6,176	(4,135)	(591)	703	(4,023)	-	-	-	-	2,153
Right-of-use assets														
- equipment	271	487	13	(3)	497	(216)	(105)	3	(318)	-	-	-	-	179
Total	13,755	25,983	715	(1,070)	25,628	(12,072)	(1,094)	975	(12,191)	(156)	(10)	15	(151)	13,286

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	Cost						Bank only 31 December 2020 Accumulated depreciation				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 (in million Baht)	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 30 June 2021 amounted to Baht 2,424 million (31 December 2020: Baht 2,642 million).

Depreciation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2021 and 2020 amounted to Baht 1,094 million and Baht 771 million, respectively.

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18 Goodwill and other intangible assets, net

As at 30 June 2021 and 31 December 2020, changes in goodwill and other intangible assets were as follows:

	Consolidated 30 June 2021										
	Cost						Accumulated amortisation				
	Net book value as at 1 January 2021	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance <i>(in million Baht)</i>	Beginning balance	Amortisation during the period	Accumulated amortisation on transfer out	Ending balance	Net book value as at 30 June 2021
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	14,105
Computer software	3,966	10,615	6	(3,566)	614	7,669	(6,649)	(761)	3,585	(3,825)	3,844
Computer software under development	746	746	921	(106)	(627)	934	-	-	-	-	934
Right-of-use assets - software	48	112	209	-	-	321	(64)	(54)	-	(118)	203
Other intangible assets	3,681	3,964	-	-	-	3,964	(283)	(142)	-	(425)	3,539
Total	22,546	29,542	1,136	(3,672)	(13)	26,993	(6,996)	(957)	3,585	(4,368)	22,625

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	Consolidated 31 December 2020												Net book value as at 31 December 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) (in million Baht)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
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 30 June 2021 amounted to Baht 1,736 million (31 December 2020: Baht 4,797 million).

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2021 and 2020 amounted to Baht 957 million and Baht 665 million, respectively.

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	Bank only 30 June 2021										
	Net book value as at 1 January 2021	Beginning balance	Additions	Cost Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning balance	Amortisation during the period	Accumulated amortisation on transfer out	Ending balance	Net book value as at 30 June 2021
Computer software	3,085	9,243	1	(3,584)	614	6,274	(6,158)	(414)	3,584	(2,988)	3,286
Computer software under development	592	592	918	-	(627)	883	-	-	-	-	883
Right-of-use assets - software	47	112	209	-	-	321	(65)	(54)	-	(119)	202
Total	3,724	9,947	1,128	(3,584)	(13)	7,478	(6,223)	(468)	3,584	(3,107)	4,371

	Bank only 31 December 2020										
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Cost Additions	Written-off	Transfers in/ (out) (in million Baht)	Ending balance	Beginning balance	Amortisation during the year	Ending balance	Net book value as at 31 December 2020
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 30 June 2021 amounted to Baht 756 million (31 December 2020: Baht 4,094 million).

Amortisation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2021 and 2020 amounted to Baht 468 million and Baht 421 million, respectively.

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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 (k_e). The terminal growth rate derived from long term GDP is applied for cash flow beyond 5 years period.

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

As at 30 June 2021, the recoverable amount was greater than the carrying value of goodwill; hence, no impairment loss on goodwill was required.

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19 Deferred tax and income tax

19.1 Deferred tax

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

	Consolidated		Bank only	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	(in million Baht)			
Deferred tax assets	2,346	1,980	3,089	2,818
Deferred tax liabilities	3,184	3,501	-	-
Net	(838)	(1,521)	3,089	2,818

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2021 and 2020 were as follows:

	Consolidated (Charged) / Credited to:			
	At 1 January 2021	Profit or loss (note 19.2)	Other comprehensive income Others	At 30 June 2021
	(in million Baht)			
Deferred tax assets				
Interbank and money market items	40	(31)	-	6
Financial assets measured at fair value				
through profit or loss	139	(2)	-	137
Investments	407	54	(19)	442
Loans to customers and accrued				
interest receivables	2,581	349	-	2,930
Properties for sale	82	2	-	84
Premises and equipment	35	53	-	88
Provisions for employee benefits	681	(329)	(34)	318
Provisions for other liabilities	564	14	-	515
Deferred revenue and other liabilities	1,273	59	-	1,332
Others	353	37	(1)	389
Total	6,155	206	(54)	6,241
Deferred tax liabilities				
Financial liabilities measured at fair value				
through profit or loss	34	(2)	-	32
Investments	1,816	(5)	(17)	1,794
Properties for sale	37	10	-	47
Premises and equipment	3,334	(74)	(6)	3,254
Others	2,455	(481)	(22)	1,952
Total	7,676	(552)	(45)	7,079
Net	(1,521)	758	(9)	(838)

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	Consolidated				
	(Charged) / Credited to:				
	At 1 January 2020*	Profit or loss (note 19.2) (in million Baht)	Other comprehensive income	Others	At 30 June 2020
<i>Deferred tax assets</i>					
Interbank and money market items	50	(3)	-	-	47
Financial assets measured at fair value					
through profit or loss	137	3	-	-	140
Investments	156	344	28	-	528
Loans to customers and accrued					
interest receivables	3,024	98	-	(489)	2,633
Properties for sale	86	(18)	-	-	68
Premises and equipment	42	(7)	-	-	35
Provisions for employee benefits	1,030	(165)	16	-	881
Provisions for other liabilities	602	8	-	-	610
Deferred revenue and other liabilities	1,220	(107)	-	-	1,113
Others	411	(81)	3	5	338
Total	6,758	72	47	(484)	6,393
<i>Deferred tax liabilities</i>					
Financial liabilities measured at fair value					
through profit or loss	33	1	-	-	34
Investments	1,898	(18)	(29)	-	1,851
Properties for sale	1	7	-	-	8
Premises and equipment	3,581	(70)	(18)	-	3,493
Others	3,540	(306)	9	-	3,243
Total	9,053	(386)	(38)	-	8,629
Net	(2,295)	458	85	(484)	(2,236)

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

		Bank only			
		(Charged) / Credited to:			
	At 1 January 2021	Profit or loss	Other comprehensive income (note 19.2) (in million Baht)	Others	At 30 June 2021
<i>Deferred tax assets</i>					
Interbank and money market items	8	-	-	(3)	5
Financial assets measured at fair value					
through profit or loss	139	(2)	-	-	137
Investments	6	2	-	-	8
Loans to customers and accrued					
interest receivables	2,385	178	-	-	2,563
Properties for sale	52	-	-	-	52
Premises and equipment	32	5	-	-	37
Provisions for employee benefits	313	22	(33)	-	302
Provisions for other liabilities	289	19	-	(63)	245
Deferred revenue and other liabilities	912	108	-	-	1,020
Others	208	36	(13)	-	231
Total	4,344	368	(46)	(66)	4,600

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	At 1 January 2021	Bank only (Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other comprehensive income (note 19.2) (in million Baht)	Others
Deferred tax liabilities				
Investments	121	-	(25)	-
Premises and equipment	1,350	19	(6)	-
Others	55	(3)	-	-
Total	1,526	16	(31)	-
Net	2,818	352	(15)	(66)

	At 1 January 2020*	Bank only (Charged) / Credited to:		At 30 June 2020
		Profit or loss	Other comprehensive income (note 19.2) (in million Baht)	Others
Deferred tax assets				
Interbank and money market items	3	3	-	-
Financial assets measured at fair value				
through profit or loss	137	3	-	-
Investments	134	11	-	-
Loans to customers and accrued				
interest receivables	2,911	(10)	-	(489)
Properties for sale	43	3	-	-
Premises and equipment	33	(1)	-	-
Provisions for employee benefits	346	(13)	7	-
Provisions for other liabilities	285	16	-	-
Deferred revenue and other liabilities	753	(94)	-	-
Others	170	17	3	-
Total	4,815	(65)	10	(489)
Net	3,216	(65)	(2)	(489)
Deferred tax liabilities				
Financial liabilities measured at fair value				
through profit or loss	1	-	-	-
Investments	112	-	30	-
Premises and equipment	1,451	(20)	(18)	-
Others	35	20	-	-
Total	1,599	-	12	-
Net	3,216	(65)	(2)	(489)

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

As at 30 June 2021 and 31 December 2020, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 1,360 million and Baht 1,860 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

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19.2 Income tax

Income tax recognised in profit or loss

For the three-month periods ended 30 June	Note	Consolidated		Bank only	
		2021	2020	2021	2020
		(in million Baht)			
Current tax expense					
Current period		978	1,358	161	367
Under (over) provided in prior years		31	(7)	(15)	(7)
		<u>1,009</u>	<u>1,351</u>	<u>146</u>	<u>360</u>
Deferred tax expense					
Movements in temporary differences	19.1	(537)	(627)	(426)	(264)
		<u>(537)</u>	<u>(627)</u>	<u>(426)</u>	<u>(264)</u>
Total		472	724	(280)	96

For the six-month periods ended 30 June	Note	Consolidated		Bank only	
		2021	2020	2021	2020
		(in million Baht)			
Current tax expense					
Current period		1,852	2,130	161	367
Under (over) provided in prior years		31	(7)	(15)	(7)
		<u>1,883</u>	<u>2,123</u>	<u>146</u>	<u>360</u>
Deferred tax expense					
Movements in temporary differences	19.1	(758)	(458)	(352)	65
		<u>(758)</u>	<u>(458)</u>	<u>(352)</u>	<u>65</u>
Total		1,125	1,665	(206)	425

Income tax recognised in other comprehensive income

<i>For the three-month periods ended 30 June</i>	Consolidated					
	2021		2020			
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Investments	204	(41)	163	(252)	50	(202)
Premises and equipment	(11)	2	(9)	(85)	17	(68)
Provisions for employee benefits	(103)	20	(83)	(80)	16	(64)
Others	(80)	17	(63)	15	(3)	12
Total	<u>10</u>	<u>(2)</u>	<u>8</u>	<u>(402)</u>	<u>80</u>	<u>(322)</u>

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<i>For the three-month periods ended 30 June</i>	Bank only					
	2021			2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	21	(4)	17	72	(14)	58
Premises and equipment	(11)	2	(9)	(85)	17	(68)
Provisions for employee benefits	(54)	11	(43)	(33)	7	(26)
Others	(28)	6	(22)	(51)	10	(41)
Total	(72)	15	(57)	(97)	20	(77)

<i>For the six-month periods ended 30 June</i>	Consolidated					
	2021			2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	14	(3)	11	(284)	57	(227)
Premises and equipment	(29)	6	(23)	(90)	18	(72)
Provisions for employee benefits	169	(34)	135	(80)	16	(64)
Others	(108)	22	(86)	30	(6)	24
Total	46	(9)	37	(424)	85	(339)

<i>For the six-month periods ended 30 June</i>	Bank only					
	2021			2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(127)	25	(102)	152	(30)	122
Premises and equipment	(29)	6	(23)	(90)	18	(72)
Provisions for employee benefits	165	(33)	132	(33)	7	(26)
Others	67	(13)	54	(16)	3	(13)
Total	76	(15)	61	13	(2)	11

Reconciliation of effective tax rate

<i>For the three-month period ended 30 June</i>	Consolidated			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		3,007		3,820
Income tax using the Thai corporation tax rate	20	601	20	764
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(1)	(19)	-	(11)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	-	-	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(5)	(141)	(1)	(22)
Under (over) provided in prior periods	1	31	-	(7)
Total	15	472	19	724

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	Bank only			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		1,443		880
Income tax using the Thai corporation tax rate	20	289	20	175
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(1)	(19)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	(35)	(500)	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(2)	(35)	(8)	(72)
Over provided in prior periods	(1)	(15)	(1)	(7)
Total	(19)	(280)	11	96

	Consolidated			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		6,443		8,925
Income tax using the Thai corporation tax rate	20	1,288	20	1,785
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(1)	(42)	(1)	(118)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	-	-	-	1
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(2)	(152)	-	4
Under (over) provided in prior periods	-	31	-	(7)
Total	17	1,125	19	1,665

	Bank only			
	2021		2020	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		2,032		22,868
Income tax using the Thai corporation tax rate	20	406	20	4,573
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(2)	(42)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	(25)	(500)	-	1
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(3)	(55)	(18)	(4,142)
Over provided in prior periods	(1)	(15)	-	(7)
Total	(11)	(206)	2	425

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20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Current	95,786	83,291	82,414	70,895
Savings	1,084,061	1,103,241	719,979	687,298
Term	144,357	186,930	57,916	57,539
Total	1,324,204	1,373,462	860,309	815,732
Less prepaid interest expenses	(45)	(54)	(45)	(54)
Total	1,324,159	1,373,408	860,264	815,678

20.2 Classified by currency and residency of depositors

	Consolidated					
	30 June 2021			31 December 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	1,308,189	7,357	1,315,546	1,358,581	6,765	1,365,346
US Dollar	7,954	213	8,167	7,093	275	7,368
Other currencies	437	9	446	683	11	694
Total	1,316,580	7,579	1,324,159	1,366,357	7,051	1,373,408

	Bank only					
	30 June 2021			31 December 2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	845,047	7,356	852,403	801,839	6,763	808,602
US Dollar	7,260	190	7,450	6,207	255	6,462
Other currencies	404	7	411	605	9	614
Total	852,711	7,553	860,264	808,651	7,027	815,678

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21 Interbank and money market items (liabilities)

Interbank and money market (liabilities) as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	(in million Baht)			
Domestic items				
Bank of Thailand and Financial Institutions Development Fund	12,777	7,124	9,885	5,101
Commercial banks	29,480	26,147	29,839	26,184
Specialised financial institutions	20,032	11,725	18,276	9,750
Other financial institutions	17,295	29,245	7,841	9,575
Total domestic items	79,584	74,241	65,841	50,610
Foreign items				
US Dollar	597	341	210	177
Other currencies	549	1,327	448	362
Total foreign items	1,146	1,668	658	539
Total domestic and foreign items	80,730	75,909	66,499	51,149

22 Financial liabilities designated at fair value through profit or loss

	Consolidated and Bank only	
	30 June 2021	31 December 2020
	(in million Baht)	
Debt issued	436	432
Total	436	432

In case that the entity presents changes in all risks in profit or loss, disclose the following details:

	Consolidated and Bank only	
	30 June 2021	31 December 2020
	(in million Baht)	
Changes in fair value during the period / year	(4)	(2)

23 Debts issued and borrowings, net

	Consolidated							
	Interest rates as at		30 June 2021			31 December 2020		
	30 June 2021	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	(%)		(in million Baht)					
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	12,821	48,251	35,430	12,099	47,529
Senior debentures	3.108, 6mLibor+1.05 and 0.22-0.85	2021 - 2025	-	27,165	27,165	-	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	2021 - 2031	23	67	90	27	68	95
Total			35,463	40,053	75,516	35,467	53,498	88,965

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	Bank only							
	Interest rates		30 June 2021			31 December 2020		
	as at	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	30 June 2021 (%)							
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	12,821	48,251	35,430	12,099	47,529
Senior debentures	3.108, 6mLibor+1.05 and 0.22-0.85	2021 - 2025	-	27,165	27,165	-	41,331	41,331
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	5	-	5
Other borrowings	0.00-0.75	2021 - 2031	23	67	90	27	68	95
Total			35,458	40,053	75,511	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 7)

⁽²⁾ The years 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.

23.1 Subordinated debentures

23.1.1 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.

23.1.2 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.

23.1.3 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.

23.1.4 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.

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23.2 Senior debentures

23.2.1 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.

23.2.2 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.

23.2.3 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.

23.2.4 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.

On 12 November 2020, a series of the unsecured Senior Debentures (Euro Bond) with 1 year maturity, amounting to EUR 150 million was matured which has already paid. Remaining balance is EUR 375 million.

23.2.5 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.

23.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 30 June 2021 and 31 December 2020 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		30 June 2021		31 December 2020	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 23 million	23	Baht 27 million	27
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	67	EUR 2 million	68
Total			90		95

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24 Provisions for employee benefits

24.1 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 six-month periods ended 30 June 2021 and 2020, the Bank and its subsidiaries contributed Baht 392 million and Baht 395 million, respectively, to the funds (Bank only: Baht 344 million and Baht 227 million, respectively).

24.2 Defined benefit plans

24.2.1 Detail of defined benefit plans

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Post-employment benefit plans	3,705	4,356	3,614	2,507
Other long-term employee benefit plans	11	10	11	10
Total	3,716	4,366	3,625	2,517

24.2.2 Movement in post-employment benefit obligations

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Beginning balance	4,356	5,142	2,507	1,720
Employee benefits obligations transferred in/ (out)	(4)	(14)	1,249	970
Included in profit or loss				
Current service cost	505	435	210	261
Past service cost	(342)	(195)	127	93
Interest on obligation	23	94	19	46
	186	334	356	400
Included in other comprehensive income				
Actuarial gain	(169)	(683)	(165)	(252)
Others				
Benefits paid	(664)	(423)	(333)	(331)
	(664)	(423)	(333)	(331)
Ending balance	3,705	4,356	3,614	2,507

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Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Demographic assumptions	(2)	(80)	-	102
Financial assumptions	(169)	(282)	(165)	(27)
Experience adjustments	2	(321)	-	(327)
Total	(169)	(683)	(165)	(252)

24.2.3 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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(%)</i>			
Discount rate	1.21, 1.46, 1.89	1.21, 1.46	1.89	1.21
Future salary growth	3.00	3.00	3.00	3.00
Staff turnover rates	0.00 - 26.00	0.00 - 26.00	0.00 - 26.00	0.00 - 26.00

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

24.2.4 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.

Consolidated 30 June 2021				
	Change (+) in assumption	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%	436
Future salary growth	+1%	419	-1%	(373)
Turnover rate	+1%	(399)	-1%	259
Future mortality	+1 year	21	-1 year	(21)

Consolidated 31 December 2020				
	Change (+) in assumption	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%	436
Future salary growth	+1%	419	-1%	(373)
Turnover rate	+1%	(399)	-1%	259
Future mortality	+1 year	21	-1 year	(21)

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Bank only 30 June 2021				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(371)	-1%	426
Future salary growth	+1%	409	-1%	(364)
Turnover rate	+1%	(390)	-1%	254
Future mortality	+1 year	21	-1 year	(20)

Bank only 31 December 2020				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
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.

25 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 34.2)	Consolidated Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			(in million Baht)		
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
Provision increase (decrease)	18	22	(232)	172	(20)
Paid during the period	-	(1)	-	(225)	(226)
At 30 June 2021	150	759	1,371	294	2,574

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	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 34.2)	Bank only Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			<i>(in million Baht)</i>		
Beginning balance	-	12	1,103	309	1,424
Provisions increase	-	49	186	302	537
Paid during the year	-	(45)	-	(471)	(516)
At 31 December 2020	-	16	1,289	140	1,445
Provision increase (decrease)	-	5	(289)	116	(168)
Paid during the period	-	(1)	-	(48)	(49)
At 30 June 2021	-	20	1,000	208	1,228

26 Deferred revenue

	Consolidated	
	30 June 2021	31 December 2020
	<i>(in million Baht)</i>	
Deferred revenue		
- Funds and Bancassurance	19,123	19,785
- Credit card	266	168
- Hire purchase	888	702
- Others	244	230
Total	20,521	20,885

	Bank only	
	30 June 2021	31 December 2020
	<i>(in million Baht)</i>	
Deferred revenue		
- Funds and Bancassurance	18,234	18,865
- Credit card	266	168
- Others	242	229
Total	18,742	19,262

After negotiations between FWD Life Insurance Public Company Limited (FWD), the current bancassurance partner of TMBThanachart Bank Public Company Limited (the Bank), and Prudential Life Assurance (Thailand) Public Company Limited (Prudential), the current bancassurance partner of Thanachart Public Company Limited (TBANK), a mutual conclusion has been reached that Prudential has agreed to acquire the rights to sell life insurance products through the Bank from FWD and the original bancassurance agreement between the Bank and FWD would be revised to reflect the new partnership.

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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, TBANK 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 onboard the products of Prudential through the various channels operated by the Bank. The transition period lasted between 1 April 2020 and 31 December 2020. Nevertheless, TBANK will continue selling the life insurance products of Prudential exclusively.

Revenue which were recognised in 2020 from Prudential's acquisition of rights under the original bancassurance agreement between the Bank and FWD is valued at Baht 1.3 billion. 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.

27 Other liabilities

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Accrued expenses	4,967	5,566	3,469	3,587
Accrued interest expenses	565	762	233	282
Deposits and guarantees received	350	287	296	231
Collateral on derivative transactions	1,682	3,846	1,434	3,205
Suspense accounts electronic money and money transferred	497	512	251	212
Suspense accounts - others	2,099	2,511	1,673	1,827
Other payables	1,380	829	361	180
Corporate income tax payable	92	1,758	92	268
Others	5,528	4,063	2,076	1,677
Total	17,160	20,134	9,885	11,469

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28 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					Net amount
Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts		
At 30 June 2021					
Financial assets					
Reverse sale-and-repurchase	46,425	-	46,425	(46,425)	-
Derivatives assets	6,672	-	6,672	(1,682)	4,990
Total	53,097	-	53,097	(48,107)	4,990
Financial liabilities					
Sale-and-repurchase	33,000	-	33,000	(33,000)	-
Derivatives liabilities	7,398	-	7,398	(2,963)	4,435
Total	40,398	-	40,398	(35,963)	4,435
Bank only					Net amount
Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts		
At 30 June 2021					
Financial assets					
Reverse sale-and-repurchase	46,425	-	46,425	(46,425)	-
Derivatives assets	6,213	-	6,213	(1,434)	4,779
Total	52,638	-	52,638	(47,859)	4,779
Financial liabilities					
Sale-and-repurchase	33,000	-	33,000	(33,000)	-
Derivatives liabilities	6,696	-	6,696	(2,477)	4,219
Total	39,696	-	39,696	(35,477)	4,219

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

Consolidated					
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 (in million Baht)
At 30 June 2021					
Financial assets					
Reverse sale-and-repurchase	46,425	Interbank and money market items (Assets)	10	169,648	123,223
Derivatives assets	6,672	Derivatives assets	11	10,471	3,799
Total	53,097			180,119	127,022
Financial liabilities					
Sale-and-repurchase	33,000	Interbank and money market items (Liabilities)	21	80,730	47,730
Derivatives liabilities	7,398	Derivatives liabilities	11	9,054	1,656
Total	40,398			89,784	49,386
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 (in million Baht)
At 30 June 2021					
Financial assets					
Reverse sale-and-repurchase	46,425	Interbank and money market items (Assets)	10	260,089	213,664
Derivatives assets	6,213	Derivatives assets	11	9,713	3,500
Total	52,638			269,802	217,164
Financial liabilities					
Sale-and-repurchase	33,000	Interbank and money market items (Liabilities)	21	66,499	33,499
Derivatives liabilities	6,696	Derivatives liabilities	11	8,246	1,550
Total	39,696			74,745	35,049

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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.

29 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 2020 (TTB Stock Retention Program 2020) (formerly TMB Stock Retention Program 2020)

On 18 December 2019, the Board of Directors Meeting No.11/2562 approved the TTB Stock Retention Program 2020 (TTB TSRP 2020) which offered newly issued ordinary shares of the Bank to employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2020. The employees under TTB TSRP 2020 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2020. 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 197,700,000 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 2020 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.

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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 2020 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 2020 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).

29.1 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 2020 and TSRP 2021 respectively. Details were as follows:

The offering of new ordinary shares	Par value	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾	Balance of new ordinary shares unissued as at 30 June 2021
	(Baht/ shares)		shares	(shares)	
The first offering, 2020	0.95	0.95	198,750,000	(50,062,500)	148,687,500
The second offering, 2021	0.95	1.15	293,797,800	-	293,797,800

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

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

Consolidated and Bank only				Other reserve -
30 June 2021				share-based
	Issued and paid-up ordinary share capital	Share premium		payments
	(No. of shares)	(Baht)	(Baht)	
Balance - beginning of the period	96,409,416,880	91,588,946,036	43,321,601,048	69,562,996
Expenses in relation shares-base payment	-	-	-	93,464,685
Balance - end of the period	96,409,416,880	91,588,946,036	43,321,601,048	163,027,681

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30 Share capital

	Par value per share (in Baht)	30 June 2021		31 December 2020	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised shares at 30 June / 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>-</u>	<u>-</u>	<u>50</u>	<u>48</u>
At 30 June / 31 December					
- ordinary shares	0.95	<u>96,409</u>	<u>91,589</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 the 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.

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.

31 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.

32 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 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.

33 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Interbank and money market items				
- Placed at insurance registrar	1	1	-	-
Investments in securities				
- Investments used to guarantee electricity usage	5	5	-	-
- Placed at court	1	2	-	-
- Pledged as collateral against repurchase transactions	15,373	16,058	15,373	16,058
Property foreclosed under restriction	223	35	-	-
Total	15,603	16,101	15,373	16,058

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34 Commitments and contingent liabilities

34.1 Commitments

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Avals to bills	291	240	239	159
Guarantees of loans	2,432	2,382	38	38
Liability under unmatured import bills	2,653	1,935	2,599	1,878
Letters of credit	15,395	13,358	15,213	13,042
Other commitments				
- Other guarantees	70,316	63,324	70,316	63,324
- Amount of unused bank overdrafts	102,423	105,942	84,451	86,104
- Committed line	45,111	42,892	38,072	78,239
- Others ⁽¹⁾	39,625	29,236	28,263	17,029
Total	278,246	259,309	239,191	259,813

⁽¹⁾ As at 30 June 2021, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 27,364 million (31 December 2020: 15,924 million). The Bank and its subsidiaries is obliged to return those securities in equivalent amount.

As at 30 June 2021 and 31 December 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.

As at 30 June 2021 and 31 December 2020, the Bank and its subsidiaries had purchase and sales of investment in debt securities with net sales amounting to Baht 296 million and *net purchase amounting to Baht 551 million respectively (Bank only: net sales amounting to Baht 296 million and net purchase amounting to Baht 551 million, respectively)*, for which the settlement was not due at the reporting date.

34.2 Litigation

(a) As at 30 June 2021 and 31 December 2020, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 121 cases and 120 cases, respectively (Bank only: claims for 43 cases and 45 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 3,575 million ⁽¹⁾ and Baht 3,010 million ⁽¹⁾, respectively (Bank only: Baht 204 million ⁽¹⁾ and Baht 89 million ⁽¹⁾, respectively).

(b) As at 30 June 2021 and 31 December 2020, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 759 million and Baht 738 million, respectively (Bank only: Baht 20 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 30 June 2021 and 31 December 2020 of Baht 1,014 million and Baht 1,009 million, respectively (Bank only: Baht 1,011 million and Baht 994 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

35 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. Associate
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
 - 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 holds over 10% of paid-up share capital (excluding subsidiaries and associate)

The additional information on investments in subsidiaries and associate is disclosed in note 13.

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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
Thanachart Bank PCL	Thailand	Subsidiary, 99.98% shareholding, more than 50% of directors are representatives of the Bank
Thanachart Broker Co., Ltd.	Thailand	Indirect subsidiary, 99.99% shareholding by Thanachart Bank PCL
Thanachart Fund Management Co., Ltd.	Thailand	Associated, 49.9% shareholding by the Group, less than 50% of directors are representatives of the Group
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 associate 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.
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
Dividend income	At declared

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

Significant related parties transactions for the six-month periods ended 30 June 2021 and 2020 with key management and other related parties were as follows:

	Consolidated					
	Six-month period ended 30 June 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	85	16	-	-	1	22
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	1,169	-	5	-
4. Key management personnel of the Bank	1	3	-	-	-	-
5. Other related parties	577	149	335	-	116	526

	Consolidated					
	Six-month period ended 30 June 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	-	7	-	-	4	33
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	560	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-
5. Other related parties	1,222	581	965	-	118	544

	Bank only					
	Six-month period ended 30 June 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	85	-	-	-	-	17
2. Subsidiaries	278	-	393	196	1,219	37
3. Associate	-	-	633	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-
5. Other related parties	248	58	24	-	50	163

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	Bank only					
	Six-month period ended 30 June 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	-	-	-	-	-	25
2. Subsidiaries	72	68	1	-	20,409	4
3. Associate	-	-	560	-	324	-
4. Key management personnel of the Bank	1	2	-	-	-	-
5. Other related parties	224	126	5	-	31	79

During the six-month period ended 30 June 2021, the Bank and its subsidiaries have progress on the integration according to the entire business transfer plan, which include balance sheet optimisation, product and service readiness, people integration, and facility management.

During the six-month period ended 30 June 2021, the Bank sold written-off non-performing loans to a subsidiary at selling price of Baht 527 million which presented as a deduction from "Expected credit loss" in the Bank only statement of profit or loss for the six-month period ended 30 June 2021.

35.2 Outstanding balances with related parties

As at 30 June 2021 and 31 December 2020, significant outstanding balances with related persons or parties were as follows:

- 35.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net				
Ministry of Finance	10,025	39,030	10,025	39,030
Other assets				
Ministry of Finance	1	1	-	-
Thanachart Capital PCL.	1	2	-	-
Deposits (including interbank and money market items - liabilities)				
ING Bank N.V.	4	4	4	4
Thanachart Capital PCL.	1,055	177	4	-
Other liabilities				
Thanachart Capital PCL.	1	-	-	-
Commitments - Derivatives ⁽¹⁾				
ING Bank N.V.	4,808	4,506	4,808	4,506

⁽¹⁾ Presented in notional amount

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35.2.2 Significant balances between the Bank and its subsidiaries and associate as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Loans to customers and accrued				
Interest receivables, net (including interbank and money market items - assets)				
Thanachart Bank Public Company Limited	-	-	98,775	56,000
Phahonyothin Asset Management Co., Ltd.	-	-	484	-
Other assets				
Thanachart Bank Public Company Limited		-	44	412
Thanachart Broker Co., Ltd.	-	-	13	-
Phahonyothin Asset Management Co., Ltd.	-	-	11	-
TMB Asset Management Co., Ltd.	77	125	77	125
Thanachart Asset Management Co., Ltd.	47	127	-	-
Total	124	252	145	537
Interbank and market items - assets				
Thanachart Bank Public Company Limited	-	-	1,836	1,241
Deposits (including interbank and money market items - liabilities)				
Thanachart Bank Public Company Limited	-	-	446	304
Thanachart Broker Co., Ltd.	-	-	8	7
Phahonyothin Asset Management Co., Ltd.	-	-	310	31
TMB Asset Management Co., Ltd.	80	155	80	155
Thanachart Asset Management Co., Ltd.	535	524	506	419
Total	615	679	1,350	916
Other liabilities				
Thanachart Bank Public Company Limited	-	-	42	217
Phahonyothin Asset Management Co., Ltd.	-	-	6	-
Commitments - Derivatives ⁽¹⁾				
Thanachart Bank Public Company Limited	-	-	-	1,085
TMB Asset Management Co., Ltd.	242	297	242	297

⁽¹⁾ Presented in notional amount

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35.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	72	91	31	31
Deposits	739	692	461	418

35.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 30 June 2021 and 31 December 2020 were as follows:

	Consolidated		Bank only	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to customers and accrued interest receivables, net	32,134	73,794	22,531	24,192
Other assets	58	79	7	-
Deposits (including interbank and money market items - liabilities)	38,139	34,670	16,588	9,865
Debts issued and borrowings (including interbank and money market items - liabilities)	18,176	9,741	18,176	9,741
Other liabilities	45	83	2	2
Commitments - Derivatives ⁽¹⁾	30,840	57,006	30,840	57,006
⁽¹⁾ Presented in notional amount				
Other commitments	3,445	2,284	3,131	1,957

35.3 Senior management personnel compensation

For the six-month periods ended 30 June 2021 and 2020, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>Six-month periods ended 30 June</i>	<i>(in million Baht)</i>			
Short-term employee benefits - directors	50	23	42	18
Short-term employee benefits - management	427	557	414	496
Post-employment benefits	45	41	44	38
Total	522	621	500	552

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.

35.4 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 35.3 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.

36 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.

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Information about reportable segments:

*For the three-month period ended
30 June 2021*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,130	9,580	409	(337)	12,782
Net non-interest income	1,403	1,343	3,682	(3,308)	3,120
Total operating income	4,533	10,923	4,091	(3,645)	15,902
Operating expenses	(258)	(1,230)	(6,599)	713	(7,374)
Profits from operation	4,275	9,693	(2,508)	(2,932)	8,528
Expected credit loss					(5,521)
Profit before income tax					3,007
Income tax					(472)
Profit for the period					2,535

*For the three-month period ended
30 June 2020*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,641	9,737	129	(461)	13,046
Net non-interest income	1,100	1,891	1,289	(735)	3,545
Total operating income	4,741	11,628	1,418	(1,196)	16,591
Operating expenses	(953)	(4,624)	(2,260)	112	(7,725)
Profits from operation	3,788	7,004	(842)	(1,084)	8,866
Expected credit loss					(5,046)
Profit before income tax					3,820
Income tax					(724)
Profit for the period					3,096

*For the six-month period ended
30 June 2021*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	6,462	19,374	487	(668)	25,655
Net non-interest income	2,891	3,471	4,495	(3,768)	7,089
Total operating income	9,353	22,845	4,982	(4,436)	32,744
Operating expenses	(1,165)	(4,775)	(10,420)	1,081	(15,279)
Profits from operation	8,188	18,070	(5,438)	(3,355)	17,465
Expected credit loss					(11,022)
Profit before income tax					6,443
Income tax					(1,125)
Profit for the period					5,318

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For the three-month period ended 30 June 2021 (Unaudited)

For the six-month period ended

30 June 2020

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	8,015	19,373	654	(983)	27,059
Net non-interest income	2,143	4,588	22,127	(21,143)	7,715
Total operating income	10,158	23,961	22,781	(22,126)	34,774
Operating expenses	(1,905)	(9,550)	(4,703)	159	(15,999)
Profits from operation	8,253	14,411	18,078	(21,967)	18,775
Expected credit loss					(9,850)
Profit before income tax					8,925
Income tax					(1,665)
Profit for the period					7,260

Reconciliation of reportable segment profit or loss

For the three-month period ended

30 June 2021

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	12,782	3,120	(7,374)	(5,521)
Expected credit loss	-	-	(30)	30
Others	-	(2)	2	-
Consolidated financial statements	12,782	3,118	(7,402)	(5,491)

For the three-month period ended

30 June 2020

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	13,046	3,545	(7,725)	(5,046)
Expected credit loss	-	-	(73)	73
Others	-	(22)	22	-
Consolidated financial statements	13,046	3,523	(7,776)	(4,973)

For the six-month period ended

30 June 2021

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	25,655	7,089	(15,279)	(11,022)
Expected credit loss	-	-	(51)	51
Consolidated financial statements	25,655	7,089	(15,330)	(10,971)

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For the six-month period ended

30 June 2020

	Net interest income	Net non- interest income	Consolidated Operating expenses	Expected credit loss
			(in million Baht)	
Segment reporting	27,059	7,715	(15,999)	(9,850)
Expected credit loss	-	-	(118)	118
Others	-	(10)	10	-
Consolidated financial statements	<u>27,059</u>	<u>7,705</u>	<u>(16,107)</u>	<u>(9,732)</u>

	Commercial Banking	Retail Banking	Other segments	Elimination	Total
			(in million Baht)		
Loan to customers	<u>503,424</u>	<u>826,604</u>	<u>25,531</u>	<u>3,207</u>	<u>1,358,766</u>
Deposits	<u>276,902</u>	<u>806,711</u>	<u>241,219</u>	<u>(673)</u>	<u>1,324,159</u>

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

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

37.1 As at 30 June 2021 and 31 December 2020, the financial position classified by domestic and foreign business was as follows:

	30 June 2021		Consolidated			31 December 2020	
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total	
			(in million Baht)				
Total assets	1,748,059	414	1,748,473	1,807,914	418	1,808,332	
Interbank and money market items, net (assets)	169,267	381	169,648	210,809	376	211,185	
Financial assets measured at fair value through profit or loss	6,533	-	6,533	3,788	-	3,788	
Investments, net	162,830	-	162,830	134,351	-	134,351	
Investments in subsidiaries and associate, net	8,676	-	8,676	8,599	-	8,599	
Loans to customers and accrued interest receivables, net	1,311,477	-	1,311,477	1,348,480	-	1,348,480	
Deposits	1,324,159	-	1,324,159	1,373,405	3	1,373,408	
Interbank and money market items (liabilities)	80,730	-	80,730	75,909	-	75,909	
Debts issued and borrowings, net	54,681	20,835	75,516	69,441	19,524	88,965	

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For the three-month period ended 30 June 2021 (Unaudited)

37.2 The results of operations classified by domestic and foreign business for three-month and six-month periods ended 30 June 2021 and 2020 were as follows:

For the three-month period end

30 June	Consolidated					
	2021			2020		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
<i>(in million Baht)</i>						
Interest income	16,064	-	16,064	17,994	2	17,996
Interest expenses	(3,064)	(218)	(3,282)	(4,728)	(222)	(4,950)
Net interest income (expenses)	13,000	(218)	12,782	13,266	(220)	13,046
Net fees and service income	2,198	-	2,198	2,158	-	2,158
Total other operating income	939	(19)	920	1,351	14	1,365
Total other operating expenses	(7,401)	(1)	(7,402)	(7,772)	(4)	(7,776)
Profit (loss) from operations before expected credit loss and income tax	8,736	(238)	8,498	9,003	(210)	8,793

For the six-month period end

30 June	Consolidated					
	2021			2020		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
<i>(in million Baht)</i>						
Interest income	32,414	-	32,414	37,597	4	37,601
Interest expenses	(6,335)	(424)	(6,759)	(10,102)	(440)	(10,542)
Net interest income (expenses)	26,079	(424)	25,655	27,495	(436)	27,059
Net fees and service income	5,231	-	5,231	4,973	-	4,973
Total other operating income	1,909	(51)	1,858	2,728	4	2,732
Total other operating expenses	(15,327)	(3)	(15,330)	(16,100)	(7)	(16,107)
Profit (loss) from operations before expected credit loss and income tax	17,892	(478)	17,414	19,096	(439)	18,657

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For the six-month period ended 30 June 2021

For the three-month period ended 30 June 2021 (Unaudited)

38 Interest income

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month periods ended 30 June</i>				
	<i>(in million Baht)</i>			
Interbank and money market items	276	559	370	394
Investments and trading transactions	17	26	11	14
Investments in debt securities	334	513	170	189
Loans to customers	9,795	11,337	6,820	7,175
Hire purchase and finance leases	5,641	5,561	-	-
Others	1	-	1	-
Total	16,064	17,996	7,372	7,772
<i>For the six-month periods ended 30 June</i>				
	<i>(in million Baht)</i>			
Interbank and money market items	601	1,207	751	722
Investments and trading transactions	33	65	22	50
Investments in debt securities	610	1,169	317	397
Loans to customers	20,064	23,852	13,820	15,279
Hire purchase and finance leases	11,104	11,308	-	-
Others	2	-	2	-
Total	32,414	37,601	14,912	16,448

39 Interest expenses

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month periods ended 30 June</i>				
	<i>(in million Baht)</i>			
Deposits	1,754	3,205	1,164	1,376
Interbank and money market items	68	147	58	65
Contribution to Deposits Protection Agency and BoT	827	889	517	451
Debts issued				
- Debentures and subordinated debentures	472	455	472	478
- Others	147	241	147	240
Borrowings	9	10	9	10
Others	5	3	5	3
Total	3,282	4,950	2,372	2,623
<i>For the six-month periods ended 30 June</i>				
	<i>(in million Baht)</i>			
Deposits	3,669	6,838	2,403	2,791
Interbank and money market items	141	378	113	260
Contribution to Deposits Protection Agency and BoT	1,652	1,746	1,013	848
Debts issued				
- Debentures and subordinated debentures	935	1,122	935	982
- Others	335	432	335	432
Borrowings	18	20	18	20
Others	9	6	9	6
Total	6,759	10,542	4,826	5,339

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For the three-month period ended 30 June 2021 (Unaudited)

40 Net fees and service income

<i>For the three-month period ended 30 June</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	151	145	117	117
- ATM, Debit card, Credit card and other banking electronic	971	967	694	578
- Funds and Bancassurance	1,712	1,103	1,547	1,015
- Others	734	1,191	433	175
Total	3,568	3,406	2,791	1,885
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(759)	(774)	(507)	(494)
- Others	(611)	(474)	(305)	(123)
Total	(1,370)	(1,248)	(812)	(617)
Net	2,198	2,158	1,979	1,268

<i>For the six-month period ended 30 June</i>	Consolidated		Bank only	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	296	273	233	225
- ATM, Debit card, Credit card and other banking electronic	1,934	2,117	1,339	1,287
- Funds and Bancassurance	4,171	2,481	3,609	2,160
- Others	1,489	2,944	858	684
Total	7,890	7,815	6,039	4,356
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(1,499)	(1,785)	(1,006)	(1,107)
- Others	(1,160)	(1,057)	(564)	(236)
Total	(2,659)	(2,842)	(1,570)	(1,343)
Net	5,231	4,973	4,469	3,013

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For the three-month period ended 30 June 2021 (Unaudited)

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

<i>For the three-month period ended 30 June</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	334	248	283	240
- Interest rates derivatives	(36)	14	(37)	12
- Debt securities	16	163	10	31
- Equity securities	4	(1)	4	(1)
- Others	1	27	-	-
Total	319	451	260	282
Gain (losses) on financial instruments designated at FVTPL				
- Borrowings	(3)	(6)	(3)	(6)
- Gains on hedge accounting	72	2	-	-
Total	388	447	257	276

<i>For the six-month period ended 30 June</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	718	706	595	583
- Interest rates derivatives	16	18	9	11
- Debt securities	(19)	152	(14)	67
- Equity securities	4	(1)	4	(1)
- Others	1	27	-	-
Total	720	902	594	660
Gain (losses) on financial instruments designated at FVTPL				
- Borrowings	(4)	(12)	(4)	(12)
- Gains on hedge accounting	94	-	-	-
Total	810	890	590	648

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42 Net gain on investments

Net gain on investments included in profit or loss for the three-month and six-month periods ended 30 June 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month period ended 30 June</i>	<i>(in million Baht)</i>			
Gains on sales				
- Investment in debt instruments measured at FVOCI	81	445	91	214
Total	81	445	91	214

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the six-month period ended 30 June</i>	<i>(in million Baht)</i>			
Gains on sales				
- Investment in debt instruments measured at FVOCI	107	783	142	366
Total	107	783	142	366

43 Expected credit loss

Expected credit loss for the three-month and six-month period ended 30 June 2021 and 2020 were as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month period ended 30 June</i>	<i>(in million Baht)</i>			
Interbank and money market items	(25)	(47)	5	18
Investment in debt instruments measured at FVOCI	11	1,679	4	53
Investments in debt securities measured at amortised costs	(1)	-	-	-
Loans to customers and accrued interest receivables	5,620	3,242	3,616	2,386
Loan commitments and financial guarantee contracts	(114)	98	(220)	106
Total	5,491	4,972	3,405	2,563

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the six-month period ended 30 June</i>	<i>(in million Baht)</i>			
Interbank and money market items	(29)	(46)	(10)	27
Investment in debt instruments measured at FVOCI	346	1,681	9	55
Investments in debt securities measured at amortised costs	(1)	-	-	-
Loans to customers and accrued interest receivables	10,887	8,030	6,843	4,822
Loan commitments and financial guarantee contracts	(232)	67	(289)	86
Total	10,971	9,732	6,553	4,990

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44 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2021 and 2020 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month periods ended 30 June</i>				
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	2,534	3,095	1,724	784
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	96,409	96,359	96,409	96,359
Basic earnings per share (<i>in Baht</i>)	0.0263	0.0321	0.0179	0.0081
<i>For the six-month periods ended 30 June</i>				
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	5,316	7,258	2,239	22,443
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	96,409	96,359	96,409	96,359
Basic earnings per share (<i>in Baht</i>)	0.0551	0.0753	0.0232	0.2329

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 2021 and 2020 were based on the profit for the periods attributable to equity holders of the Bank and the number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated		Bank only	
	2021	2020	2021	2020
<i>For the three-month periods ended 30 June</i>				
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	2,534	3,095	1,724	784
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	96,409	96,359	96,409	96,359
Effect of dilutive potential ordinary shares from TTB TSRP 2020 Scheme (<i>in million shares</i>)	291	198	291	198
Weighted average number of diluted ordinary shares outstanding (<i>in million shares</i>)	96,700	96,557	96,700	96,557
Diluted earnings per share (<i>in Baht</i>)	0.0262	0.0321	0.0178	0.0081

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<i>For the six-month periods ended 30 June</i>	Consolidated		Bank only	
	2021	2020	2021	2020
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	<u>5,316</u>	<u>7,258</u>	<u>2,239</u>	<u>22,443</u>
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	96,409	96,359	96,409	96,359
Effect of dilutive potential ordinary shares from TTB TSRP 2020 Scheme (<i>in million shares</i>)	<u>221</u>	<u>163</u>	<u>221</u>	<u>163</u>
Weighted average number of diluted ordinary shares outstanding (<i>in million shares</i>)	<u>96,630</u>	<u>96,522</u>	<u>96,630</u>	<u>96,522</u>
Diluted earnings per share (<i>in Baht</i>)	<u>0.0550</u>	<u>0.0752</u>	<u>0.0232</u>	<u>0.2325</u>

45 Events after the reporting period

On 3 July 2021 (“business transfer date”), Thanachart Bank 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 undertakings under Thanachart Bank’s umbrella, including commercial banking business and retail banking business, all asset and liabilities, and rights and obligation as of the transferring date. The total price of the Business is determined of Baht 161,412 million and the payment will be made on the dates mutually agreed within 2021.

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 (<i>Million Baht</i>)
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

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On 8 July 2021, the Board of Directors Meeting of Thanachart Bank Public Company Limited passed a resolution to approve interim dividend payment of Baht 12.92 per share to the ordinary shareholders, or a total of Baht 78,332 million.

On 23 August 2021, the Board of Directors Meeting of Thanachart Bank Public Company Limited passed a resolution to approve interim dividend payment of Baht 2.35 per share to the ordinary shareholders, or a total of Baht 14,266 million.