

**The Siam Commercial Bank Public Company Limited
and its Subsidiaries**

Interim financial statements
for the three-month and six-month periods ended
30 June 2022
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of The Siam Commercial Bank Public Company Limited

Audit Report

Opinion

I have audited the interim consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries (the "Group") and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 30 June 2022, the consolidated and the Bank's 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's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 30 June 2022 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 the Bank of Thailand.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank's 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 is relevant to my audit of the interim consolidated and the Bank's 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's financial statements of the current period. These matters were addressed in the context of my audit of the interim consolidated and the Bank's 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 on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13.	
The key audit matter	How the matter was addressed in the audit
<p>As at 30 June 2022, loans to customers and accrued interest receivables, recorded in the interim consolidated and the Bank’s financial statements amounted to Baht 2,367 billion and Baht 2,370 billion, respectively (approximately 69.63% and 70.04% of total assets, respectively), against which allowance for expected credit loss on loans to customers and accrued interest receivables in the interim consolidated and the Bank’s financial statements amounted to Baht 151 billion and Baht 150 billion, respectively, were provided.</p> <p>TFRS 9 and the related Bank of Thailand (“BoT”) notifications requires the Group to recognise expected credit losses (“ECL”) on certain types of financial instruments including loans to customers and accrued interest receivables. The Group has developed methods and models in determining the allowance for ECL which involves significant judgment and estimation on relevant assumptions and data.</p> <p>The areas where management applied significant judgment and estimation include, but not limited to, the following:</p> <ul style="list-style-type: none"> • Selection of criteria to assess whether the financial instruments have a significant increase in credit risk (“SICR”); • Development techniques to develop ECL model parameters, including the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”); • Determination of forward looking macroeconomic variables and probability-weighted scenarios; and • Qualitative adjustments including management overlays made to incorporate identified credit risks not captured in the ECL models such as the change in trends and risks in underlying portfolios as well as the impact of the COVID-19 pandemic amongst other factors. <p>The impact of the COVID-19 pandemic, the related economic downturn and financial relief measures provided by the Group, have created higher estimation uncertainties in determining ECL.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors, customer segments, or which could influence the judgments and estimates. • Testing the design and/or operating effectiveness of relevant controls surrounding the credit and impairment process. The selected controls include but are not limited to the key controls over selection of criteria to assess SICR, ECL model risk management, determination of macroeconomics variables and the probability-weighted scenario and qualitative adjustments including the management overlay. • Testing the controls operating effectiveness over the criteria to assess whether the financial instruments have a SICR as well as improvement for credit risk consideration for those debtors under financial relief measures. • Testing a sample of credit reviews prepared by management for individual large exposures and loans to customers subject to restructuring and reschedule. I formed my own independent assessment based on the detailed review of the credit profile and other relevant information, which include but not limited to the reasonableness of the assumptions over ability to repay and collateral valuation, the appropriateness and accuracy of internal credit ratings and ECL parameters assigned for those customers. • Assessing and testing the reasonableness of the SICR and staging criteria applied by the Group for different types of loans to customers in order to evaluate whether the criteria applied are consistent with the Group credit risk management practices, requirements under TFRS 9 and related BoT notifications. • Involving my own credit specialists to assess key data, assumptions, method, models including mathematically theory to derive ECL model parameters on significant loans to customers portfolios. They also perform the test for reasonableness of macroeconomic factors used and probability-weighted multiple scenarios including the back-testing and assess methodology and data used by the management in the identification and estimation of qualitative adjustments including the management overlay.

Allowance for expected credit loss on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13.	
The key audit matter	How the matter was addressed in the audit
<p>The carrying amount of allowance for expected credit loss on loans to customers and accrued interest receivables is considered a key audit matter due to the significance of aforementioned judgments and estimates made.</p>	<ul style="list-style-type: none"> • Involving my own IT specialists to test reconciliations of data including ECL parameters among the underlying systems. • Testing the mathematical accuracy of the ECL calculation including qualitative adjustment on a sample basis. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.

Valuation of financial instruments in the statement of financial position	
Refer to notes 3.3.1, 3.3.2, 3.14, 8, 9, 10, 29.	
The key audit matter	How the matter was addressed in the audit
<p>As at 30 June 2022, financial assets measured at fair value in the interim consolidated and the Bank's financial statements amounted to Baht 303 billion and Baht 303 billion, respectively. Financial liabilities measured at fair value in the interim consolidated and the Bank's financial statements amounted to Baht 68 billion and Baht 68 billion, respectively. As at 30 June 2022, financial assets measured at fair value classified as level 2 and 3 in the interim consolidated and the Bank's financial statements amounted to Baht 302 billion and Baht 302 billion, respectively. Financial liabilities measured at fair value classified as level 2 and 3 in the interim consolidated and the Bank's financial statements amounted to Baht 68 billion and Baht 68 billion, respectively.</p> <p>There is a risk that financial instruments classified as level 2 and level 3 in the fair value hierarchy may be mispriced in the statement of financial position because they are not based on objective external prices or, where these are not easily observable, the best estimate of what they may be.</p> <p>The valuation of financial instruments is considered a key audit matter due to the degree of complexity involved in valuing certain level 2 and 3 instruments and the significance of judgments and estimates involved.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing 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. • Testing a sample of financial instruments that pricing inputs used were externally sourced and correctly input into pricing models for financial instruments, including the liquidity of prices, where applicable. Furthermore, I checked that the criteria used for determining the fair value measurement approach for financial instruments with significant unobservable inputs were appropriate. I used my own valuation specialists to assess that the models were appropriate and tested the fair value of a sample of the Group's financial instruments independently and compared their valuation to the Group's valuation. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.



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

Management is responsible for the preparation and fair presentation of the interim consolidated and the Bank's 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's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated and the Bank's 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's Financial Statements

My objectives are to obtain reasonable assurance about whether the interim consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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's 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's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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's 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's financial statements, including the disclosures, and whether the interim consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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's 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's statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2022 of the Group and the Bank, respectively. Management is responsible for the preparation and presentation of these interim consolidated and the Bank's statements of profit or loss and other comprehensive income in accordance with Thai Accounting Standard 34, "Interim Financial Reporting" and the regulations of the Bank of Thailand. My responsibility is to express a conclusion on these interim consolidated and the Bank's 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's statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2022 are not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting" and the regulations of the Bank of Thailand.

A handwritten signature in blue ink, appearing to read 'Orawan'.

(Orawan Chunchakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.
Bangkok
18 August 2022

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		The Bank	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
<i>(in thousand Baht)</i>					
Cash		43,482,054	50,420,794	43,226,837	50,218,021
Interbank and money market items, net	7	566,216,578	618,268,620	554,684,563	606,102,663
Financial assets measured at fair value through profit or loss	8	40,440,725	68,707,387	40,440,725	49,153,992
Derivative assets	9	72,608,548	57,579,088	73,247,119	57,617,292
Investments, net	10	298,956,250	222,634,338	298,622,715	222,587,104
Investments in subsidiaries, associates and joint venture, net	11	709,645	781,207	10,016,224	30,184,820
Loans to customers and accrued interest receivables, net	12, 13	2,212,000,064	2,165,455,869	2,216,152,196	2,160,069,924
Disposal groups classified as held for sale	16	42,981,478	-	25,499,393	-
Properties for sale, net	17	20,925,583	18,200,943	20,710,588	17,983,943
Investment properties, net		503,848	511,094	916,479	923,795
Premises and equipment, net	18	44,390,616	45,196,041	42,514,429	43,179,980
Goodwill and other intangible assets, net	19	16,019,560	18,384,743	16,781,591	17,346,287
Deferred tax assets	20	5,355,798	3,681,058	5,226,288	3,339,512
Other assets, net	21	34,862,445	44,743,711	36,370,560	41,306,633
Total assets		3,399,453,192	3,314,564,893	3,384,409,707	3,300,013,966

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		The Bank	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>(in thousand Baht)</i>					
Liabilities and shareholders' equity					
Liabilities					
Deposits	22	2,524,488,353	2,467,495,380	2,525,565,862	2,469,200,797
Interbank and money market items	23	157,267,641	180,961,455	159,041,096	182,306,436
Liabilities payable on demand		13,238,568	10,539,176	13,238,121	10,538,939
Financial liabilities measured at fair value through profit or loss		-	5,750	-	-
Derivative liabilities	9	67,903,376	49,200,116	68,481,724	49,645,817
Liabilities included in disposal groups					
classified as held for sale	16	14,274,378	-	-	-
Debt issued and borrowings	24	75,155,918	74,921,623	75,155,913	69,105,130
Provisions	25	19,619,669	20,342,267	19,045,600	19,715,987
Deferred tax liabilities	20	207,920	887,849	-	-
Other liabilities	26	73,630,697	67,596,366	74,484,949	62,530,400
Total liabilities		2,945,786,520	2,871,949,982	2,935,013,265	2,863,043,506
Shareholders' equity					
Share capital	30				
Authorised share capital					
3,582,649,480 preferred shares of Baht 10 each		35,826,495	35,826,672	35,826,495	35,826,672
3,417,350,520 common shares of Baht 10 each		34,173,505	34,173,328	34,173,505	34,173,328
Issued and paid-up share capital					
3,525,123 preferred shares of Baht 10 each		35,251	35,429	35,251	35,429
3,395,667,075 common shares of Baht 10 each		33,956,671	33,956,493	33,956,671	33,956,493
Premium on share capital					
Premium on preferred shares		13,786	13,855	13,786	13,855
Premium on common shares		11,110,405	11,110,336	11,110,405	11,110,336
Other reserves	31	21,833,361	22,837,505	20,202,648	21,633,291
Retained earnings					
Appropriated					
Legal reserve	31	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		377,685,634	366,052,563	377,077,681	363,221,056
Total owners of the company		451,635,108	441,006,181	449,396,442	436,970,460
Non-controlling interests		2,031,564	1,608,730	-	-
Total shareholders' equity		453,666,672	442,614,911	449,396,442	436,970,460
Total liabilities and shareholders' equity		3,399,453,192	3,314,564,893	3,384,409,707	3,300,013,966


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(Mr. Kris Chantanotoke)

Director and Chief Executive Officer

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income (Unaudited)

	Consolidated		The Bank	
	Three-month period ended		Three-month period ended	
	30 June		30 June	
<i>Note</i>	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Interest income	30,557,633	27,652,780	29,939,849	27,448,774
Interest expenses	4,487,647	4,178,163	4,405,356	4,153,945
Net interest income	26,069,986	23,474,617	25,534,493	23,294,829
Fee and service income	11,983,693	12,461,665	10,381,248	10,882,316
Fee and service expenses	2,636,978	2,649,842	2,175,909	2,208,763
Net fee and service income	9,346,715	9,811,823	8,205,339	8,673,553
Net gain on financial instruments measured at fair value through profit or loss	2,746,174	2,658,376	1,678,120	1,621,838
Net gain (loss) on investments	4,261	(5,635)	4,261	(5,635)
Share of profit from investment in associates and joint venture	52,775	38,212	-	-
Dividend income	77,781	77,540	4,021,728	1,524,430
Other operating income	406,145	414,018	361,490	366,893
Total operating income	38,703,837	36,468,951	39,805,431	35,475,908
Other operating expenses				
Employee expenses	7,232,528	7,072,283	6,087,322	6,066,476
Directors' remuneration	32,316	16,582	25,415	10,446
Premises and equipment expenses	2,764,798	2,452,541	2,541,129	2,288,963
Taxes and duties	980,115	922,413	955,481	913,948
Other expenses	4,792,880	4,912,614	4,487,450	5,289,098
Total operating expenses	15,802,637	15,376,433	14,096,797	14,568,931
Expected credit loss	10,256,457	10,027,635	9,691,686	9,998,418
Profit from operating before income tax expenses	12,644,743	11,064,883	16,016,948	10,908,559
Income tax expenses	2,676,872	2,303,852	2,349,346	1,910,838
Net profit	9,967,871	8,761,031	13,667,602	8,997,721

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income (Unaudited)

	Note	Consolidated		The Bank	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2022	2021	2022	2021
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
(Loss) gain on investments in debt instruments at fair value through other comprehensive income		(496,692)	81,396	(496,692)	81,396
(Loss) gain arising from translating the financial statements of a foreign operation		(195,422)	51,767	(651,081)	(113,411)
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	20	99,339	(16,280)	99,339	(16,280)
		<u>(592,775)</u>	<u>116,883</u>	<u>(1,048,434)</u>	<u>(48,295)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gain on investments designated at fair value through other comprehensive income		396	4,071	-	-
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	20	(80)	(814)	-	-
		<u>316</u>	<u>3,257</u>	<u>-</u>	<u>-</u>
Total other comprehensive (loss) income, net of income tax		<u>(592,459)</u>	<u>120,140</u>	<u>(1,048,434)</u>	<u>(48,295)</u>
Total comprehensive income		<u>9,375,412</u>	<u>8,881,171</u>	<u>12,619,168</u>	<u>8,949,426</u>
Net profit (loss) attributable to:					
Owners of the company		10,254,081	8,814,542	13,667,602	8,997,721
Non-controlling interests		(286,210)	(53,511)	-	-
Total comprehensive income (loss) attributable to:					
Owners of the company		9,661,264	8,933,829	12,619,168	8,949,426
Non-controlling interests		(285,852)	(52,658)	-	-
Earnings per share of the parent company					
Basic earnings per share <i>(in Baht)</i>	46	<u>3.02</u>	<u>2.59</u>	<u>4.02</u>	<u>2.65</u>



(Mr. Kris Chantanotoke)

Director and Chief Executive Officer

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
Interest income	39	59,576,711	55,372,141	58,451,179	55,019,281
Interest expenses	40	8,762,953	8,521,827	8,592,729	8,480,132
Net interest income		50,813,758	46,850,314	49,858,450	46,539,149
Fee and service income	41	24,096,198	25,213,992	20,783,518	21,939,561
Fee and service expenses	41	5,292,704	4,963,326	4,327,603	4,070,258
Net fee and service income	41	18,803,494	20,250,666	16,455,915	17,869,303
Net gain on financial instruments measured at fair value through profit or loss	42	5,398,917	5,813,301	2,506,128	3,428,877
Net gain on investments	43	5,092	93,505	5,567	93,505
Share of profit from investment in associates and joint venture		115,977	448,938	-	-
Dividend income		117,571	104,436	4,039,509	1,680,956
Other operating income		1,152,570	660,598	1,078,656	573,950
Total operating income		76,407,379	74,221,758	73,944,225	70,185,740
Other operating expenses					
Employee expenses		14,799,096	15,090,009	12,511,459	13,152,326
Directors' remuneration		63,055	46,082	49,255	33,771
Premises and equipment expenses		5,496,336	5,496,648	5,078,747	5,226,586
Taxes and duties		1,906,510	1,842,815	1,860,896	1,826,237
Other expenses	44	9,528,138	8,001,973	8,960,012	8,735,666
Total operating expenses		31,793,135	30,477,527	28,460,369	28,974,586
Expected credit loss	45	19,006,457	20,035,635	18,146,296	19,927,815
Profit from operating before income tax expenses		25,607,787	23,708,596	27,337,560	21,283,339
Income tax expenses	20	5,540,502	4,900,423	4,663,968	3,972,371
Net profit		20,067,285	18,808,173	22,673,592	17,310,968

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2022	2021	2022	2021
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Loss on investments in debt instruments at fair value through other comprehensive income		(730,865)	(609,136)	(730,865)	(609,136)
(Loss) gain arising from translating the financial statements of a foreign operation		(290,113)	153,453	(717,349)	(313,200)
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	20	146,173	121,827	146,173	121,827
		<u>(874,805)</u>	<u>(333,856)</u>	<u>(1,302,041)</u>	<u>(800,509)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on investments designated at fair value through other comprehensive income		(6,782)	(291,835)	(7,118)	(295,906)
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	20	1,356	58,367	1,424	59,181
		<u>(5,426)</u>	<u>(233,468)</u>	<u>(5,694)</u>	<u>(236,725)</u>
Total other comprehensive loss, net of income tax		<u>(880,231)</u>	<u>(567,324)</u>	<u>(1,307,735)</u>	<u>(1,037,234)</u>
Total comprehensive income		<u>19,187,054</u>	<u>18,240,849</u>	<u>21,365,857</u>	<u>16,273,734</u>
Net profit (loss) attributable to:					
Owners of the company		20,446,944	18,902,341	22,673,592	17,310,968
Non-controlling interests		(379,659)	(94,168)	-	-
Total comprehensive income (loss) attributable to:					
Owners of the company		19,566,476	18,333,134	21,365,857	16,273,734
Non-controlling interests		(379,422)	(92,285)	-	-
Earnings per share of the parent company					
Basic earnings per share <i>(in Baht)</i>	46	<u>6.02</u>	<u>5.56</u>	<u>6.67</u>	<u>5.09</u>

(Mr. Kris Chantanotoke)

Director and Chief Executive Officer

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated															
		Other reserves															
		Issued and paid-up share capital		Premium on share capital		Reserves for share-based payment	Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Loss arising from translating the financial statements of a foreign operation	Gain (loss) on investments designated at fair value through other comprehensive income	Changes in revaluation surplus	Total other reserves	Retained earnings		Total owners of the company	Non- controlling interests	Total	
Note	shares	Common shares	Preferred shares	Common shares	Legal reserve							Unappropriated					
<i>(in thousand Baht)</i>																	
Six-month period ended 30 June 2022																	
Balance at 1 January 2022		35,429	33,956,493	13,855	11,110,336	-	103,884	(418,367)	1,016,444	22,135,046	498	22,837,505	7,000,000	366,052,563	441,006,181	1,608,730	442,614,911
Transactions with owners, recorded directly in equity																	
	Dividend paid	32	-	-	-	-	-	-	-	-	-	-	-	(8,939,875)	(8,939,875)	-	(8,939,875)
	Conversion of preferred shares to common shares		(178)	178	(69)	69	-	-	-	-	-	-	-	-	-	-	-
	Capital contribution from a non-controlling interest of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	947,655	947,655
	Liquidation of subsidiary		-	-	-	-	-	-	-	-	-	-	472	472	(146,769)	(146,297)	
	Share-based payment		-	-	-	-	1,854	-	-	-	-	1,854	-	-	1,854	1,370	3,224
Total transactions with owners, recorded directly in equity			(178)	178	(69)	69	1,854	-	-	-	-	1,854	-	(8,939,403)	(8,937,549)	802,256	(8,135,293)
Comprehensive income (loss) for the period																	
	Net profit (loss)		-	-	-	-	-	-	-	-	-	-	-	20,446,944	20,446,944	(379,659)	20,067,285
	Other comprehensive income (loss)		-	-	-	-	(584,692)	(290,350)	(5,426)	-	-	(880,468)	-	-	(880,468)	237	(880,231)
Total comprehensive income (loss) for the period			-	-	-	-	(584,692)	(290,350)	(5,426)	-	-	(880,468)	-	20,446,944	19,566,476	(379,422)	19,187,054
	Transfer to retained earnings		-	-	-	-	-	-	-	(125,530)	-	(125,530)	-	125,530	-	-	-
Balance at 30 June 2022		35,251	33,956,671	13,786	11,110,405	1,854	(480,808)	(708,717)	1,011,018	22,009,516	498	21,833,361	7,000,000	377,685,634	451,635,108	2,031,564	453,666,672

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated																	
						Other reserves													
		Issued and paid-up share capital		Premium on share capital		Gain (loss) on investments in debt instruments at fair value through other comprehensive income		(Loss) gain arising from translating the financial statements of a foreign operation		Gain (loss) on investments designated at fair value through other comprehensive income surplus revaluation		Changes in Total Retained earnings		Total owners of the company		Non- controlling interests		Total	
Note		Preferred shares	Common shares	Preferred shares	Common shares	comprehensive income	of a foreign operation	comprehensive income	surplus revaluation	Total other reserves	Legal reserve	Unappropriated	Total owners of the company	Non- controlling interests	Total				
<i>(in thousand Baht)</i>																			
Six-month period ended 30 June 2021																			
Balance at 1 January 2021		36,015	33,955,907	14,085	11,110,106	833,790	(528,799)	1,329,935	15,272,071	16,906,997	7,000,000	342,406,796	411,429,906	399,142	411,829,048				
Transactions with owners, recorded directly in equity																			
	32	-	-	-	-	-	-	-	-	-	-	(7,818,142)	(7,818,142)	-	(7,818,142)				
		(319)	319	(125)	125	-	-	-	-	-	-	-	-	-	-				
		-	-	-	-	-	-	-	-	-	-	-	-	619,000	619,000				
Total transactions with owners, recorded directly in equity		(319)	319	(125)	125	-	-	-	-	-	-	(7,818,142)	(7,818,142)	619,000	(7,199,142)				
Comprehensive income (loss) for the period																			
		-	-	-	-	-	-	-	-	-	-	18,902,341	18,902,341	(94,168)	18,808,173				
		-	-	-	-	(487,309)	151,570	(233,468)	-	(569,207)	-	-	(569,207)	1,883	(567,324)				
Total comprehensive income (loss) for the period		-	-	-	-	(487,309)	151,570	(233,468)	-	(569,207)	-	18,902,341	18,333,134	(92,285)	18,240,849				
Transfer to retained earnings		-	-	-	-	-	-	-	(131,689)	(131,689)	-	131,689	-	-	-				
Balance at 30 June 2021		35,696	33,956,226	13,960	11,110,231	346,481	(377,229)	1,096,467	15,140,382	16,206,101	7,000,000	353,622,684	421,944,898	925,857	422,870,755				

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

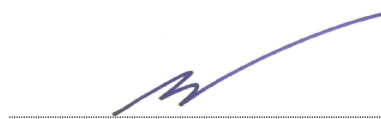
	The Bank														
					<u>Other reserves</u>										
	Issued and		Premium on		Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Loss arising from translating the financial statements of a foreign operation	Gain (loss) on investments designated at fair value through other comprehensive income	Changes in revaluation surplus	Total other reserves	<u>Retained earnings</u>			Total		
	Preferred	Common	Preferred	Common						Legal reserve	Unappropriated				
Note	shares	shares	shares	shares	income	operation	income	surplus	reserves	reserve	Unappropriated	Total			
<i>(in thousand Baht)</i>															
Six-month period ended 30 June 2022															
Balance at 1 January 2022	35,429	33,956,493	13,855	11,110,336	103,883	(649,567)	1,013,256	21,165,719	21,633,291	7,000,000	363,221,056	436,970,460			
Transactions with owners, recorded directly in equity															
Dividend paid	32	-	-	-	-	-	-	-	-	-	(8,939,875)	(8,939,875)			
Conversion of preferred shares to common shares		(178)	178	(69)	69	-	-	-	-	-	-	-			
Total transactions with owners, recorded directly in equity		(178)	178	(69)	69	-	-	-	-	-	(8,939,875)	(8,939,875)			
Comprehensive income (loss) for the period															
Net profit		-	-	-	-	-	-	-	-	-	22,673,592	22,673,592			
Other comprehensive loss		-	-	-	(584,692)	(717,349)	(5,694)	-	(1,307,735)	-	-	(1,307,735)			
Total comprehensive income (loss) for the period		-	-	-	(584,692)	(717,349)	(5,694)	-	(1,307,735)	-	22,673,592	21,365,857			
Transfer to retained earnings		-	-	-	-	-	-	(122,908)	(122,908)	-	122,908	-			
Balance at 30 June 2022		35,251	33,956,671	13,786	11,110,405	(480,809)	(1,366,916)	1,007,562	21,042,811	20,202,648	7,000,000	377,077,681	449,396,442		

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

Note	The Bank												
					Other reserves								
	Issued and paid-up share capital		Premium on share capital		Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Gain (loss) arising from translating the financial statements of a foreign operation	Gain (loss) on investments designated at fair value through other comprehensive income	Changes in revaluation surplus	Total other reserves	Retained earnings			
	Preferred shares	Common shares	Preferred shares	Common shares						Legal reserve	Unappropriated	Total	
<i>(in thousand Baht)</i>													
Six-month period ended 30 June 2021													
Balance at 1 January 2021	36,015	33,955,907	14,085	11,110,106	833,789	17,937	1,330,004	14,737,314	16,919,044	7,000,000	340,708,898	409,744,055	
Transactions with owners, recorded directly in equity													
Dividend paid	32	-	-	-	-	-	-	-	-	-	(7,818,142)	(7,818,142)	
Conversion of preferred shares to common shares		(319)	319	(125)	125	-	-	-	-	-	-	-	
Total transactions with owners, recorded directly in equity		(319)	319	(125)	125	-	-	-	-	-	(7,818,142)	(7,818,142)	
Comprehensive income (loss) for the period													
Net profit		-	-	-	-	-	-	-	-	-	17,310,968	17,310,968	
Other comprehensive loss		-	-	-	-	(487,309)	(313,200)	(236,725)	-	(1,037,234)	-	(1,037,234)	
Total comprehensive income (loss) for the period		-	-	-	-	(487,309)	(313,200)	(236,725)	-	(1,037,234)	17,310,968	16,273,734	
Transfer to retained earnings		-	-	-	-	-	-	-	(130,148)	(130,148)	130,148	-	
Balance at 30 June 2021		35,696	33,956,226	13,960	11,110,231	346,480	(295,263)	1,093,279	14,607,166	15,751,662	7,000,000	350,331,872	418,199,647



(Mr. Kris Chantanotoke)

Director and Chief Executive Officer

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		The Bank	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operating before income tax expense	25,607,787	23,708,596	27,337,560	21,283,339
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	4,402,010	4,574,884	4,139,866	4,353,557
Expected credit loss	20,999,113	21,225,937	20,129,637	21,116,897
Impairment loss on premises and equipment	8,279	8,553	8,279	8,553
Impairment loss on properties for sale	104,200	98,237	104,200	98,237
Impairment loss on intangible assets	-	4,257	-	-
Provision expenses	675,370	2,092,870	619,464	2,056,716
(Gain) loss on sale of premises and equipment	(922)	1,215	(915)	1,219
Gain on sale of properties for sale	(764,160)	(435,342)	(764,104)	(435,187)
Loss from write-off of premises and equipment	2,085	108,066	2,075	108,066
Loss from write-off of intangible assets	-	4,499	-	4,499
Net gain on financial instruments	(14,628,240)	(12,137,320)	(12,173,390)	(9,775,228)
Net gain on investments	(5,092)	(93,505)	(5,567)	(93,505)
Share of profit from investment in associates and joint venture	(115,977)	(448,938)	-	-
	36,284,453	38,712,009	39,397,105	38,727,163
Net interest income	(50,813,758)	(46,850,314)	(49,858,450)	(46,539,149)
Dividend income	(117,571)	(104,436)	(4,039,509)	(1,680,956)
Proceeds from interest	61,609,509	56,637,151	60,546,034	56,332,769
Interest paid	(8,540,525)	(9,211,892)	(8,344,833)	(9,166,646)
Proceeds from dividend	262,189	173,207	4,036,058	1,681,030
Income tax paid	(3,508,558)	(4,162,865)	(2,522,366)	(3,809,384)
Profit from operating before changes in operating assets and liabilities	35,175,739	35,192,860	39,214,039	35,544,827
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	52,051,979	47,564,089	51,482,485	48,119,326
Derivative assets	(15,664,562)	19,240,421	(15,358,631)	19,363,250
Investment in short-term securities	18,398,494	(10,164,876)	20,886,657	(4,197,597)
Loans to customers	(81,161,264)	(59,122,479)	(80,152,579)	(59,078,107)
Properties for sale	2,756,327	2,846,711	2,756,270	2,846,556
Other assets	5,277,304	(5,621,447)	5,544,478	(4,141,032)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	56,992,973	(51,412,692)	56,365,065	(57,179,326)
Interbank and money market items	(23,693,814)	(13,135,579)	(23,265,340)	(12,807,135)
Liabilities payable on demand	2,699,392	2,439,905	2,699,182	2,439,726
Financial liabilities measured at fair value through profit or loss	20,910	4,169	-	-
Derivative liabilities	18,709,108	(19,018,363)	18,835,907	(19,174,116)
Short-term debt issued and borrowings	2,168,621	1,593,470	598,610	(75,009)
Other liabilities	6,748,432	(12,951,149)	6,696,387	(12,748,930)
Net cash from (used in) operating activities	80,479,639	(62,544,960)	86,302,530	(61,087,567)

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		The Bank	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
Note	2022	2021	2022	2021
<i>(in thousand Baht)</i>				
Cash flows from investing activities				
Acquisition of instruments measured at fair value through other comprehensive income	(85,753,608)	(129,777,297)	(85,753,608)	(129,777,245)
Proceeds from sale of instruments measured at fair value through other comprehensive income	110,362,860	194,492,288	110,358,426	194,492,288
Acquisition of instruments at amortised cost	(106,711,126)	(360,825)	(105,660,461)	(208,530)
Proceeds from redemption of instruments at amortised cost	929,082	210,042	175,392	210,042
Payment for investments in subsidiaries	-	-	(5,330,800)	(829,000)
Proceeds from liquidation of subsidiaries	3	-	3	-
Acquisition of premises and equipment	(357,609)	(295,043)	(320,346)	(248,755)
Proceeds from sale of premises and equipment	1,185	7,416	1,125	1,052
Acquisition of intangible assets	(2,032,947)	(1,125,712)	(1,747,132)	(996,061)
Net cash (used in) from investing activities	(83,562,160)	63,150,869	(88,277,401)	62,643,791
Cash flows from financing activities				
Proceeds from long-term debt issued	5,156,000	-	5,156,000	-
Repayment of long-term debt issued	-	(1,031,865)	-	(1,031,865)
Proceeds from long-term borrowings	-	3,533	-	3,533
Repayment of long-term borrowings	(38,827)	(43,086)	(38,827)	(43,086)
Payment of lease liabilities	(544,290)	(862,248)	(476,263)	(797,049)
Dividend paid to equity holders of the Bank	32 (8,939,875)	(7,818,142)	(8,939,875)	(7,818,142)
Capital contribution from a non-controlling interest of the subsidiaries	947,652	619,000	-	-
Payment to a non-controlling interest from liquidation of subsidiaries	(146,766)	-	-	-
Net cash used in financing activities	(3,566,106)	(9,132,808)	(4,298,965)	(9,686,609)
(Loss) gain arising from translating the financial statements of a foreign operation	(290,113)	153,453	(717,348)	(313,200)
Net decrease in cash	(6,938,740)	(8,373,446)	(6,991,184)	(8,443,585)
Cash at 1 January	50,420,794	51,631,543	50,218,021	51,528,618
Cash at 30 June	43,482,054	43,258,097	43,226,837	43,085,033


 (Mr. Kris Chantanotoke)

Director and Chief Executive Officer

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2022
For the three-month period ended 30 June 2022 (Unaudited)

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 18 August 2022.

1 General information

The Siam Commercial Bank Public Company Limited, the “Bank”, is incorporated in Thailand and the Bank’s registered office at 9 Ratchadapisek Road, Jatujak, Bangkok.

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976. In April 2022, 99.06% of the Bank’s shares were acquired by SCB X Public Company Limited through the share swap transaction according to the Financial Business Group restructuring plan as mentioned in note 47. As a result, the controlling party of the Bank has changed to SCB X Public Company Limited and the Bank was delisted from the Stock Exchange of Thailand on 27 April 2022.

The principal activities of the Bank are the provision of financial products and services through its Head Office and branch network in Thailand, its branches in Singapore, Hong Kong, Laos, Vietnam, China and Cayman Islands and its subsidiaries in Thailand, Singapore, Cambodia and Myanmar. Details of the Bank’s subsidiaries as at 30 June 2022 and 31 December 2021 are given in note 11.

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting* on a complete basis and 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 (SEC). The interim financial statements are presented in accordance with the BoT notification number Sor Nor Sor 21/2561 dated 31 October 2018, 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.

From 1 January 2022, the Bank and its subsidiaries have adopted TFRS 9 *Financial Instruments* and TFRS 7 *Financial Instruments: Disclosures* which have been amended to reflect Interbank Offer Rate (IBOR) reform - Phase 2 (Phase 2 amendments).

The Phase 2 amendments are applicable when an existing interest rate benchmark is replaced by another interest rate benchmark. The Phase 2 amendments provide a practical expedient that modifications to asset and liability values as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change), can be accounted for by only updating the effective interest rate.

The Bank and its subsidiaries applied the Phase 2 amendments and elected to apply the exceptions for not to restate comparatives for the prior periods. As a result, the Bank and its subsidiaries have no impact on the opening retained earnings of 2022.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2022
For the three-month period ended 30 June 2022 (Unaudited)

The COVID-19 pandemic is still on going. Due to uncertainty of the situation since 2020, the BoT has provided measures, which are intended to support the financial institutions and to help the borrowers and industries that are affected by COVID-19 and by Thai economic situations. Additional measures continue to be provided. In 2021, the Bank and its subsidiaries applied accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the BoT optional treatments as follows:

- (1) The application of BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 dated 28 February 2020, regarding to *The relief programs for customers affected by Thai economic situations* and BoT circular letter number Tor Por Tor Kor Por Nor Wor 480/2564 dated 14 May 2021, regarding to *The assistance measures for retail customers during COVID-19 pandemic situations Phase 3* as follows:
 - Non-NPL customer can be classified as performing or stage 1 immediately if the Bank believes that such customer can perform according to the restructuring plans.
 - NPL customers can be classified as performing, or stage 1, immediately if they can adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer.
 - In case where the debt restructuring causes original effective interest rate (EIR) to no longer reflect the projected cashflows from the loans, the Bank uses new effective interest rate to recalculate the gross carrying amount of restructured loans under the relief measures.

In 2022, the Bank and its subsidiaries applied accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the BoT optional treatments as follows:

- (1) The application of BoT circular letter number Tor Por Tor For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution)* and accounting guidelines according to the announcement from Federation of Accounting Professions letter number 37/2564 dated 3 December 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19* as follows:
 - The Debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Bank and its subsidiaries will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)
 - The Debt restructuring by term extension only: Under this restructuring, the Bank and its subsidiaries are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)

The Bank and its subsidiaries will provide both forms of financial assistance and have chosen to apply temporary accounting relief measures, meanwhile ensuring appropriateness of staging and provisioning to the quality and credit worthiness of the loans for the 1st form of financial assistance:

- Non-NPL customers can be classified as performing loan immediately without having to see whether they are able to comply with new restructuring plan or not if the plan is clearly specified in the modification contract and the Bank believes that such customer can perform according to the restructuring plans.
- NPL customers can be classified as performing loan if they can adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
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- New loan can be provided to customers during the restructured period as for their financial support and enhance their business liquidity. It can be classified as performing loan immediately if the Bank believes that such customer can perform according to the conditions under new loan agreement.
- Loans which are more than 30 days past due or 1 month from the contract payment date will be classified as under performing loan.
- In case of restructuring where the effective interest rate (EIR) does not reflect the projected cash flows, the Bank can use the current EIR as the discounting rate of restructured loan under this relief measures.

As at 30 June 2022, approximately 11% of the Bank and its subsidiaries' loans to customers were under the comprehensive debt restructuring, blue scheme only (1st form of financial assistance) including various segments and industries. For non-retail customers, the amount is measured at the customer level. This includes some accounts that are not under the relief program. The Bank has additional internal processes and controls when applying the relief measures regarding loan's staging classification. (31 December 2021: 10% of the Bank and its subsidiaries' loans to customers)

The Bank has closely monitored the customer's ability to repay of the loans under the financial relief measures and proactively undertaken further debt restructuring according to the BoT's measures in order to be in line with the ability to repay of each affected borrower and the business recovery plan. The Bank has also considered the credit risk and expected credit losses in addition to the uncertainties that may arise from the COVID-19 pandemic including any other circumstances that have impact to economic situation by providing additional provision through management overlay and also considered management overlay for specific industries and customers based on behavior consideration and available data to cover uncertainties that may negatively affect credit quality.

2.2 Functional and presentation currency

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

2.3 Use of judgments and estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the Bank and its subsidiaries' accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.3.1 Judgments

Information about judgments 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 2.1	The application of BoT's COVID-19 related circular on loan staging relief measures.
Note 3.3.5, 4.1 and 13	Determining the criteria for assessing if there has been a significant increase in credit risk and expected credit loss models, including the choice of inputs relating to macroeconomic variables. This also involves expert credit judgment used by management in conjunction with internal and external information; and

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Note 8, 9, 10 and 29 Determining the criteria for selecting the most appropriate fair value measurement approach and technique for financial instruments with significant unobservable inputs.

2.3.2 Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 2022 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 3.3.5, 4.1 and 13 Impairment of financial instruments: determination of inputs into the ECL measurement models and management overlay, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; and

Note 8, 9, 10 and 29 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 except those stated in note 2.1.

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”) and the Bank and its subsidiaries’ interest in associates and joint venture.

Business combinations

The Bank and its subsidiaries apply the acquisition method and the acquisition date is the date on which control is transferred to the Bank and its subsidiaries, other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

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

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

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

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.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

When a business combination is achieved in stages, the Bank and its subsidiaries' previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method, by recognising 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 deficit from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

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

Subsidiaries

Subsidiaries are entities controlled by the Bank and its subsidiaries. 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.

Non-controlling interests

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

When there is a change in the Bank and its subsidiaries' interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control are accounted for as other surpluses or deficits in shareholders' equity.

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Loss of control

When the Bank and its subsidiaries lose control over a subsidiary, they derecognise the assets and liabilities, and any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss 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 and joint venture.

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. A joint venture is an arrangement in which the Bank and its subsidiaries have joint control, whereby the Bank and its subsidiaries have rights to the net assets of the arrangement.

The Bank and its subsidiaries recognised investments in associates and joint venture using the equity method in the consolidated financial statements except for those interests held by, or indirectly held through an entity that is a venture capital organisation in which the Bank and its subsidiaries elect to measure investments at fair value through profit or loss. Under 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 subsidiaries' dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint venture 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 gain, 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's subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

3.2 Cash

Cash includes cash in hand and cash on collection.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

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

Financial assets or financial liabilities that are not measured at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

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3.3.2 *Classification and subsequent measurement*

Classification of financial assets

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

A financial asset is measured at AMC 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 solely payments of principal and interest on the principal amount outstanding.

A debt instrument is 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 solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity investments held by, or indirectly held through an entity that is a venture capital organisation and all derivative financial assets. On initial recognition, the Bank and its 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.

Business model assessment of financial assets

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

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- the frequency, volume and timing of sales in prior years, 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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank and its subsidiaries' continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment,

- "Principal" is defined as the fair value of the financial asset on initial recognition.
- "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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 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).

Subsequent measurement and gain and loss of financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit loss. Interest income, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Other net gain and loss are recognised in OCI. On derecognition, gain and loss accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends income are recognised as income in profit or loss on the date on which the Bank and its subsidiaries' right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and loss are recognised in OCI and are never reclassified to profit or loss.

Classification, subsequent measurement and gain and loss of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and loss are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Bank and its subsidiaries record their obligations to return borrowed collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions in financial liabilities measured at FVTPL.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change their business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

3.3.3 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 they transfer 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 they do not retain control of the financial asset.

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

Any cumulative gain or loss recognised in other comprehensive income in respect of equity instruments 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.

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

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

In transactions in which the Bank and its subsidiaries neither retain nor transfer substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank and its subsidiaries continue to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank and its subsidiaries retain the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognised or a servicing liability if the fee to be received is not expected to compensate the entity adequately for performing the servicing.

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank and its subsidiaries also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received paid is recognised in profit or loss.

3.3.4 Modifications of financial assets and financial liabilities (see note 2.1 for application on loans to customers subject to relief programmes)

Modifications of financial assets

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

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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. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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

If the modification of a financial asset measured at 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 presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modifications of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, 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 and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

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3.3.5 Impairment of financial assets

The Bank and its subsidiaries recognise allowance for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

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

No impairment loss is recognised on equity investments.

Measurement of ECL

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

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.

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

Forward-looking macro-economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as Gross Domestic Product (GDP), unemployment rate, private consumption expenditure, farm income index and household debt to GDP. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank and its subsidiaries are exposed to credit risk where a behavioral life is estimated such as certain revolving and housing loans facilities.

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

Cash shortfalls are discounted using the effective interest rate.

When discounting the expected cash shortfalls to the present value, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate of an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;

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- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments and financial guarantee contracts: the approximation of the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

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

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

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

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

Staging (see note 2.1 for application on loans to customers subject to relief programmes)

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

- *Performing (Stage 1)*

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

The Bank and its subsidiaries consider government and state enterprise securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Bank and its subsidiaries do not apply the low credit risk exemption to any other financial instruments.

- *Under-performing (Stage 2)*

When financial assets have an SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. The Bank and its subsidiaries consider reasonable and supportable information that is relevant and available without undue cost or effort when assessing SICR. This includes both quantitative and qualitative information and analysis, based on the Bank and its subsidiaries’ historical experience and expert credit assessment and including forward-looking information.

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Financial assets that are more than 30 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 a significant increase in the probability of default (PD) since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade or behavior scoring deterioration. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

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

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

- *Non-performing (Stage 3)*

Financial assets that are credit-impaired or in default represent those that are more than 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 significant negative impact on the estimated future cash flows of the financial assets.

Inputs into the assessment of whether a financial instrument are credit-impaired or in default and their significant change may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank and its subsidiaries for regulatory capital purposes.

The Bank and its subsidiaries consider both qualitative and quantitative factors when determining a financial asset to be in default which can be evidenced by the observable data but not limited to the following events:

- The borrower is more than 90 days past due on any material credit obligation to the Bank and its subsidiaries. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding;
- The borrower is unlikely to repay its credit obligations to the Bank and its subsidiaries in full, without considering any payment that may be received from collateral, as a result of the customer's significantly reduced creditworthiness;
- The Bank consents to debt restructuring by material forgiveness or postponing principal, interest or fees as it deems that the financial condition of the debtor has deteriorated;
- The Bank has filed litigation against the debtor;
- The borrower has filed for protection under bankruptcy law or other creditors have filed bankruptcy against the debtor, therefore delaying debt repayment to the Bank; or
- The borrower is classified as a non-performing or a purchased or originated credit impaired asset under the BoT's notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions*.

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For individual qualitative consideration of large corporate loans that are credit-impaired, there will be additional procedures where the Bank's Special Business Function consolidates and presents the qualitative information and/or expected credit loss to the Quality Credit Assessment Committee to review and propose to the Credit Committee for approval for such staging and/or expected credit losses.

For retail loans which comprise of a large number of loans with the shared similar characteristics, statistical estimates are used through credit scoring analysis. The retail loans are considered to be credit-impaired when they are more than 90 days past due or if the borrower has been filed for bankruptcy or the borrower ceases or closes its operations or qualitative consideration by management.

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

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

Improvement in credit risk and staging (see note 2.1 for application on loans to customers subject to relief programmes)

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

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

For 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 transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, these factors must be resolved or operating results must be met by the conditions set by the Bank and its subsidiaries before loans are reclassified to stage 1.

- Loans to customers under modification (see note 2.1 for application on loans to customers subject to relief programmes)

For modified loans to customers, exposures under stage 3 can be transferred to stage 2 when the customer performs under the revised terms of the contract for 3 months or 3 periods, whichever is longer. A further 9 months or 9 periods, whichever is longer monitoring is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. When transferring to stage 1, credit risk will be reset at the transferring date.

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For modified loans to customers, exposures under stage 2 that were not previously credit-impaired can be transferred to stage 1 when the customer performs under the revised terms of the contract for 3 consecutive months or 3 periods, whichever is longer, and the customer is expected to repay its remaining obligations in full.

Financial guarantee contracts held

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

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

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

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

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

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

Presentation of allowance for ECL in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, the Bank and its subsidiaries separately present ECL of drawn component by deducting from the gross carrying amount while ECL of undrawn component is presented as a provision; and

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- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the other reserves.

Write-off and reversal of impairment

Loans and debt securities are written off (either partially or in full) after all the necessary procedures have been completed and the Bank and its subsidiaries have decided that there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case where the Bank and its subsidiaries determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. The applicable portion of the gross carrying amount is written off and included as expected credit loss line item in profit or loss.

Subsequent recoveries of amounts previously written off are recognised when cash is received and recorded as a decrease in the amount of the expected credit loss in profit or loss.

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

3.3.6 Derivatives and hedge accounting

Derivatives held for risk management purposes and hedge accounting

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

The Bank and its subsidiaries designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank and its subsidiaries formally document the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank and its subsidiaries make an assessment, both at inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be effective hedge in offsetting the changes in the fair value or cash flows of the respective hedged items during the year 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 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.

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These hedging relationships are described below:

Fair value hedges

When a derivative is designated as the hedging instrument in the 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.

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

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

Cash flow hedges

When a derivative is designated as the hedging instrument in the 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 other comprehensive income and presented in the hedging reserve within shareholders' 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 classified from other comprehensive income to profit or loss as a reclassification adjustment in the same year as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and other comprehensive income.

If the hedging derivative 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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3.3.7 Securities purchased under reverse sale-and-repurchase agreements / Securities sold under sale-and-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.

3.3.8 Liabilities to deliver security

Liabilities to deliver security represents the Bank and its subsidiaries’ liability to return collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining profit or loss. Fees for borrowing and lending are recognised on an accrual basis.

3.4 Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture in the Bank’s financial statements are measured at cost less impairment losses (if any).

The measurement of investments in subsidiaries, associates and joint venture in the consolidated financial statements is described in note 3.1.

Disposal of investments in the Bank’s financial statements

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

3.5 Disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale

Disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

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3.6 Properties for sale

Properties for sale consist of movable and immovable properties, are measured at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value, less estimated cost to sell in accordance with the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions*. Impairment losses are recognised as expenses in profit or loss.

The Bank also followed BoT notification number Sor Nor Sor 22/2552 dated 11 December 2009, regarding to *Foreclosed Properties* and Sor Nor Sor 23/2552 dated 11 December 2009, regarding to *Guidelines on Purchase or Possession of Real Estate Used as a Site for Business Operation or Employees or Workers of Financial Institutions*.

Gain or loss on sales of properties for sale are recognised as income or expenses in profit or loss based on condition stipulated in BoT notification number Sor Nor Sor 20/2561 dated 31 October 2018, regarding to *Regulations on Accounting of Financial Institutions*.

3.7 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses except for land and buildings which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. 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.

Any gain and loss on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss.

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Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date. Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in shareholders' equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not considered in calculating the gain or loss on disposal.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item when 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 amortised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which comprises the cost of an asset, or other amount substituted for cost, less its residual value and recognised in profit or loss using a straight-line basis over the estimated useful lives of each component of an asset. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. No depreciation is provided on freehold land or assets under construction.

The estimated useful lives are as follows:

Premises	Appraised by independent professional appraisers	20 - 75 years
Building improvement		3 - 20 years
Furniture, fixtures, office equipment, equipment and vehicles		3 - 20 years
Others		3 - 5 years

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3.8 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value prospectively, with any change recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

3.9 Goodwill and other intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment. Internally generated goodwill and brands is recognised in profit or loss as incurred.

Research and development

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Bank and its subsidiaries intend to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Subsequent expenditure is capitalised only when it increases the future economic benefits.

Other intangible assets

Other intangible assets which are software licenses that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value, and 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. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. No amortisation is provided on software under installation.

The estimated useful lives are as follows:

Software licenses	3 - 10 years
Others	5 years

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3.10 Impairment of non-financial assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the 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 shareholders' equity, in which case it is charged to shareholders' 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.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior year 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.

3.11 Contract liabilities

A contract liability is the obligation to transfer services to the customer. A contract liability is recognised when the Bank and its subsidiaries receive or has an unconditional right to receive non-refundable consideration from the customer before the Bank and its subsidiaries recognise the related revenue.

3.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans such as the provident fund are expensed as the related service is provided.

Defined benefit plans

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The defined benefit obligations is discounted to the present value which performed by a qualified actuary using the projected unit credit method.

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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Bank and its subsidiaries determine the interest expenses on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligations, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gain and loss on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the year in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank and its subsidiaries can no longer withdraw the offer of those benefits and when the Bank and its subsidiaries recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.13 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.

3.14 Fair value measurement

Fair value is the price that would be received to sell an asset or pay 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 have access at that date.

A number of the Bank and its subsidiaries accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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When one is available, the Bank and its subsidiaries measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank and its subsidiaries use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank and its subsidiaries measure assets at a bid price and liabilities at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank and its subsidiaries determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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’s Audit Committee.

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 year during which the change has occurred.

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3.15 Share capital

Preferred shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within shareholders' equity upon approval by the Bank's shareholders.

Common shares

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity, net of any tax effects.

3.16 Interest

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
- the AMC of the financial liability.

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

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 AMC 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 AMC 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 AMC of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

3.17 Fee and service income

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.

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. For the fee and service income that contain variable consideration, the Bank and its subsidiaries estimate and measure the amount of variable consideration based on the method established under TFRS 15. In determining the amount of variable consideration, the Bank and its subsidiaries also considers whether the extent of the amount recognised is highly probable that a significant reversal in the amount of cumulative fee and service income recognised will not occur.

Where the Bank and its subsidiaries act in the capacity of an agent and it recognises the net amount of consideration as commission revenue.

3.18 Long-term advances received from customer

Long-term advances received from customer is recognised as revenue when the Bank and its subsidiaries transferred control over the services to the customer.

3.19 Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established.

3.20 Net gain on financial instruments measured at FVTPL

Net gain on financial instruments comprises gain less loss related to trading, fair value changes, transfer of financial assets measured at FVTPL, foreign exchange differences or translation of assets and liabilities denominated in foreign currency into the functional currency.

3.21 Contributions to the Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

3.22 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank and its subsidiaries currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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3.23 Financial guarantee and loan commitments

Financial guarantees are contracts that require the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with TFRS 9.

3.24 Income tax

Income tax expense for the period 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 shareholders' equity or in other comprehensive income.

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

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 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 and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset if there is a legally enforceable right to offset.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.25 Earnings per share

Since 10 May 2009, the conversion option of the preferred shares expired. Therefore, the preferred shares' rights are equivalent to the common shares. Basic earnings per share is calculated by dividing the profit attributable to common shareholders of the Bank by the number of common shares and preferred shares outstanding.

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3.26 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 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.

3.27 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.28 Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate announced by the BoT 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 other comprehensive income:

- Equity instruments that has been elected to measure 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 approximating exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income until disposal of the business.

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3.29 Leases

At inception of a contract, the Bank and its subsidiaries assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Bank and its subsidiaries uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank and its subsidiaries allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank and its subsidiaries has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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 lease liability is initially measured at the present value of the lease payments that shall be paid under the lease, discounted using the Bank's marginal funding rate to the present value. The Bank and its subsidiaries derive their marginal funding rates from the average cost of funding in the prevailing market which reflects the respective terms of the lease payments.

The lease liability is measured at amortised cost using effective interest method. It is remeasured when there is a lease modification or a change in the assessment of options specified in the lease. 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 that do not meet the definition of investment properties in premises and equipment and lease liabilities in other liabilities in the statement of financial position.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Bank and its subsidiaries allocates the consideration in the contract to each component on the basis of their relative standalone prices.

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

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When the Bank and subsidiaries is an intermediate lessor, the Bank and its subsidiaries classify the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease. Those right-of-use assets are presented as investment properties.

The Bank and its subsidiaries recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the accounting year in which they are earned.

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

The Bank and its subsidiaries derecognise, modified cashflow and determine impairment on the finance lease receivables or hire purchase receivables as disclosed in note 3.3.3 to 3.3.5.

4 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries, the sub-board committees, e.g. Risk Oversight Committee, Executive Committee, Audit Committee and Technology Committee, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries' risk management policies in specified areas.

The Bank's Risk Oversight Committee is responsible for overseeing the adequacy and effectiveness of the overall risk management framework in relation to the risks faced by the Bank and its subsidiaries.

The Bank's Audit Committee is responsible for reviewing the adequacy of the Bank's internal control as well as the effectiveness of the Bank and its subsidiaries. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

In addition, the management committees, which are Risk Management Committee, Credit Committee, Model Risk Management Committee, Asset and Liability Management Committee (ALCO) and Equity Investment Management Committee, have been established to oversee the Bank's risk management processes and reporting regularly to sub-board committees and the Board of Directors on their activities. Risk Management Committee is responsible for reviewing risk management policies and frameworks for risk management and control. Credit Committee is responsible for approving loans within their approval authority. Model Risk Management Committee is responsible for overseeing all internal risk models including TFRS 9 ECL models employed by the Bank to ensure that models remain effective for assessing risks and model risk is under control. Asset and Liability Committee (ALCO) is responsible for managing risk in the Bank's statement of financial position. Equity Investment Management Committee is responsible for managing risk in the Bank's equity investment portfolio.

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The Bank and its subsidiaries' risk management policies, Internal Capital Adequacy Assessment Policy (ICAAP Policy) and Recovery Plan Policy are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk arising from a borrower and/or counterparty to financial instruments fails to meet its contractual obligations or to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange and other types of debts; and those off-financial reporting such as derivatives trading, letters of guarantee etc.

The Bank and its subsidiaries have significant credit risk management policies and frameworks which have been approved by the Board of Directors. For example:

- Credit Policy Guide
- Asset Classification and Provisioning for Financial Asset and Obligations that may be irrevocable and Write Off Policy
- Collateral and NPA Appraisal Policy
- Counterparty Risk Management Policy
- Country Risk Management Policy
- Model Risk Management Policy
- TFRS 9 Governance Policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, or using individual risk assessment of expert credit judgment, to appropriately reflect the credit risk of each type of product/ transaction.

The Bank and its subsidiaries have credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including but not limited to loan growth, credit quality, credit concentration, is presented to the Risk Management Committee and Risk Oversight Committee on a monthly basis.

Credit approval/ credit review

The Bank attaches great importance to proper checks and balances in credit underwriting by establishing a clear separation between business origination and credit approval functions.

Business origination units are responsible for managing relationships to expand business, acquiring new clients, creating new markets and proposing for lending. Credit approval units provide independent advice and recommendations in accordance with the Credit Policy Guide to support authorised approvers in making credit decisions.

In addition, credit approval authority has been assigned to reflect different risk profiles and governed by the three-signature rule.

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For the Bank's retail customers and SSMEs, credit approval will be carried out in accordance with product programs/ test programs which have been approved by the Executive Committee or the Retail Credit Committee. Credit approval authority and criteria, including exceptions, have been clearly and explicitly specified.

After a loan has been approved, the Bank will monitor the customer's account regularly as well as conducting periodic customer reviews with an objective that goes beyond ex-post rationalisation. The Bank focuses on forward-looking analysis to gain insight on both positive and negative changes in a specific industry or business related to each customer, as well as the customer's future financial status. This approach enables the Bank to review and monitor risk of each customer in order to formulate appropriate business strategies and action plans going forward.

Relationship manager/ Special business officer is responsible for conducting routine customer reviews within a specified timeframe at least once a year as well as conducting additional reviews when warranted by events that have material impacts on customers. Reports on customer reviews shall be prepared according to a specified format and submitted for approval from authorised persons.

For non-retail customers, the Bank reviews customer risk rating to gain insight on customer behavior and formulate an appropriate strategy for portfolio management by using an early warning system or using payment behavior to determine the risk level via PD Pool segmentation. The review is conducted at least once a year or more frequently if warranted by material changes in customers' risk rating. For retail customers and SSMEs, the Bank reviews customer risk rating by using National Credit Bureau (NCB) and payment behavior to determine the risk level via PD pool segmentation.

COVID-19 pandemic including other factors has continued to impact the creditworthiness of the customers. The Bank offers assistances to retail and business customers depending on the severity of the impact by providing restructuring programmes and additional credit lines to support liquidity (see note 2.1 for application on loans to customers subject to relief programmes). The Bank has closely monitored the customer under relief measures by measuring credit risk by its characteristics e.g., industry, remaining tenor, types of measures as well as qualitative factors. In addition, the Bank has adopted both BoT's loan classification criteria and the Bank's internal criteria to ensure that loans under relief measures are classified appropriately to the loan qualities and the provision level is sufficient to cover potential credit losses. The Bank also considers management overlay adjustment to the ECL models, where possible, if the risk parameters deviate.

4.1.1 Maximum Exposure to Credit Risk

The following table presents the Bank and its subsidiaries' maximum exposure to credit risk of on-financial reporting and off-financial reporting items, without taking into account of any collateral held or other credit enhancements. For on-financial reporting items, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank and its subsidiaries would have to pay if the obligations of the instruments issued are called upon. For loan commitments, the maximum exposure to credit risk is the full amount of the undrawn credit loan facilities granted to customers.

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As at 30 June 2022 and 31 December 2021, consolidated carrying amount and average maximum exposure to credit risk were summarised as follows:

	Consolidated			
	Carrying amount		Average	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Credit risk exposure of on-financial reporting items*				
Interbank and money market items, net	566,217	618,269	590,944	541,057
Derivative assets	72,609	57,579	59,764	73,002
Loans to customers and accrued interest receivables, net	2,212,000	2,165,456	2,189,130	2,151,030
Government and state enterprise securities	294,450	224,431	274,819	262,111
Corporate debt instruments	7,856	7,017	7,701	7,150
Foreign debt instruments	22,756	31,602	33,651	22,267
Credit risk exposure of off-financial reporting items				
Financial guarantee contracts	259,934	247,164	252,598	234,656
Unused bank overdrafts	191,640	200,003	195,188	202,091
Loan commitments	19,875	36,057	26,051	39,430
Total maximum credit risk exposure	<u>3,647,337</u>	<u>3,587,578</u>	<u>3,629,846</u>	<u>3,532,794</u>

* The exposure to credit risk is net of allowance for expected credit loss.

The Bank does not present the Bank only maximum exposure to credit risk since the exposure does not materially differ from the consolidated figures.

4.1.2 Collateral held and other credit enhancements

The Bank and its subsidiaries hold collateral and other credit enhancements against certain of its credit exposures. The main types of collateral held by the Bank and its subsidiaries are land, building and financial securities. Upon granting credit decision, the Bank assesses the Loss Given Default (LGD), which is dependent on loan-to-value (LTV) ratio (ratio of the gross amount of loan to the value of collateral). The value of collateral is appraised and reviewed in accordance to risk of each collateral type and staging of the borrowers. This will be appraised by either internal collateral valuation experts or external collateral valuation experts (approved by Securities Exchange Commission (SEC)) which is approved by the Collateral Appraisal Committee to ensure that the value is reliable and up to date. The collateral value used also takes into account the expected loss from legal execution and public auction, which vary based on risk of each collateral type. The Bank also set up a discount rate based on collateral type to calculate LTV ratio. According to the underwriting criteria, higher the risk of the customer, higher amount of collateral will be required. It would help to offer the risk of the customers in the view of risk-return of the program, or the Bank may lower the credit limit to an appropriate risk level.

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Derivatives and reverse sale-and-repurchase agreements

The Bank and its subsidiaries mitigate the credit risk of derivative transactions and reverse sale-and-repurchase agreements by entering into master netting agreements and the bank's counterparty collateral agreement, of which collateral are held in the form of cash or marketable securities. Quantification of the collateral arrangements relating to these transactions is disclosed in note 28.

Residential mortgage loans

Mortgage loans is one of the types of loans, which is secured by collateral. However, the level of required collateral might be different by customer characteristics. Moreover, the BoT also considers LTV as one of the factors to calculate the Risk Weighted Asset (RWA) for Standardised Approach. The Bank manages the risk of higher LTV by allowing loans to customers who have a good scorecard rating.

As at 30 June 2022, consolidated and the Bank's LTV ratio of mortgage loan is approximately 71% (31 December 2021: 71%).

Loans to corporate customers

The general creditworthiness of a non-retail customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional creditworthiness and reduces the credit risk of this group of customers. The Bank and its subsidiaries generally consider it as one of the credit enhancements tools where the collateral are in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Since there are several types of collaterals and guarantees, the haircut of the collaterals and guarantees might be different based on the liquidity and quality of each collateral and guarantee, as reflected in the haircut in the Credit Policy Guide. This is to ensure that appropriate level of credit enhancement is considered in the credit approval and review processes.

4.1.3 Information relating to ECL

Inputs, assumptions and techniques used for estimating ECL are disclosed in note 3.3.5 and note 2.1 for application on loans to customers subject to relief programmes.

Incorporation of forward-looking information

The Bank and its subsidiaries incorporate forward-looking information into the measurement of ECL.

The Bank and its subsidiaries formulate three economic scenarios: a base case, which is the central scenario, developed internally, and two less likely scenarios, one upside and one downside scenario. External information considered includes economic data and forecasts published by governmental bodies, selected private-sector and academic.

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The scenario probability weightings applied in the model when measuring ECL are as follows:

Scenario probability weighting	Consolidated						
	Upside	30 June 2022			31 December 2021		
		Base	Downside	Upside	Base	Downside	
	20	60	20	20	60	20	

Scenario probability weighting	The Bank						
	Upside	30 June 2022			31 December 2021		
		Base	Downside	Upside	Base	Downside	
	20	60	20	20	60	20	

The Bank and its subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, by estimating relationships between macroeconomic variables, credit risk and credit losses. A broad range of forward-looking information are incorporated into the credit risk factors. The key drivers may include Gross Domestic Product (GDP), unemployment rate and private consumption expenditure, farm income index and household debt to GDP, etc. These variables and scenario probability weighting are produced by the Bank's Economic Intelligence Center.

The future uncertain events from the impact of the COVID-19 are partly reflected in the forward-looking information of the Bank and its subsidiaries' ECL models since this impact remains uncertain and represents a material downside risk to the economy with mitigation from government and other support measures. The Bank and its subsidiaries apply long-term macroeconomic forward-looking information according to regulatory guidelines, including management overlay as a buffer against economic uncertainty.

Management Overlay

Management overlay are adjustment to the ECL balance as part of financial reporting process to reflect late updates adjustment including current market information, known model insufficiencies, expert credit judgment adjustment on forward-looking information, and economic risk.

The Bank and its subsidiaries have internal governance frameworks and controls in place to assess the appropriateness and completeness of management overlay. The aim of the Bank and its subsidiaries is to incorporate the management overlay adjustment to the ECL models, where possible, as part of the periodic model monitoring, model validation, and recalibration procedures.

The Bank and its subsidiaries monitor the COVID-19 impact on credit risk exposures and uncertainties arising from the COVID-19 situation which could negatively affect the credit quality. As a result, management considered the impact from these uncertain events based on available information for individual customers and industry level and has recorded additional ECL as a management overlay. As 30 June 2022 and 31 December 2021, management overlay primarily covered macroeconomic downside risks and related possible future deterioration in credit risk of loans to customers.

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4.1.4 Concentrations of credit risk

The Bank and its subsidiaries monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans to customers is given in note 12.2 and 12.4.

4.1.5 Credit quality analysis

The Bank and its subsidiaries allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined and calibrated such that the risk of default occurring accelerates as the credit risk grade deteriorates so, for example, the difference in risk of default between strong grade is smaller than the difference between higher risk grade.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Payment record - this includes overdue status as well as payment behaviour
- Existing and forecast changes in business, financial and economic conditions
- Information obtained during periodic review of customer files - e.g. audited financial statements, management accounts, budgets and projections.
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour e.g. historical past due information, transaction data
- Parental support and/or guarantors
- Information from National Credit Bureau (NCB)
- Credit covenants
- Requester for and granting of forbearance

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank and its subsidiaries collect performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower as well as by credit risk grading. Also, information purchased from external credit reference agencies is also used.

The Bank and its subsidiaries employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures.

Credit quality is ranked from credit grades that are grouped as Strong to Impaired. This quality is used to reflect the ability for customers to meet financial obligation where:

- Strong customers are those that have a good capacity to meet financial obligations.
- Fair customers are those that have a fairly acceptable capacity to meet financial obligations.
- Weak customers are those that have uncertain capability to meet financial obligations.
- Impaired customers are those whose credit were impaired primarily from owing more than 90 days overdue payments or have other indications which reflect the inability to repay.

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The following tables set out information about the credit quality as at 30 June 2022 and 31 December 2021 of loans to customers without taking into account collateral or other credit enhancement. (see note 2.1 for application and amount of loans to customers subject to relief programmes)

	Consolidated 30 June 2022			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
Loans to customers				
Strong	1,010,933	1,466	-	1,012,399
Fair	809,090	23,854	-	832,944
Weak	281,137	122,066	-	403,203
Impaired	-	-	102,256	102,256
Total	2,101,160	147,386	102,256	2,350,802

	Consolidated 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
Loans to customers				
Strong	946,468	2,536	-	949,004
Fair	803,374	46,201	-	849,575
Weak	253,265	140,876	-	394,141
Impaired	-	-	109,114	109,114
Total	2,003,107	189,613	109,114	2,301,834

	The Bank 30 June 2022			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
Loans to customers				
Strong	1,010,874	1,466	-	1,012,340
Fair	814,232	23,792	-	838,024
Weak	280,841	121,681	-	402,522
Impaired	-	-	101,203	101,203
Total	2,105,947	146,939	101,203	2,354,089

	The Bank 31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
Loans to customers				
Strong	943,888	2,536	-	946,424
Fair	801,520	46,023	-	847,543
Weak	252,838	140,512	-	393,350
Impaired	-	-	108,051	108,051
Total	1,998,246	189,071	108,051	2,295,368

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4.2 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank and its subsidiaries.

In order to manage liquidity risk, the Bank and its subsidiaries established the Liquidity Risk Management Policy. The policy has been approved by the Board of Directors, with the Assets and Liabilities Management Committee (ALCO) taking an oversight responsibility to ensure compliance with the policy.

The Bank manages and controls liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain sufficient future cash flows to cover its activities during both normal and stress situations by using cash flow reports or liquidity gap reports to monitor and control the Bank's overall liquidity risk. The Bank's policy is to maintain its Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity ratio (liquid assets to deposits) at the appropriate level and to monitor net cash outflows over different time horizons to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

Additionally, the Bank conducts stress testing on a regular basis under scenarios of BoT and the Bank own scenarios. Stress test results are incorporated into the Bank's contingency funding plan, which establishes scenario-specific action plans and explicit roles and responsibilities for liquidity management in the event of crisis.

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as liquid assets to deposits. As at 30 June 2022, the Bank's liquidity ratio stood at 32.6% of deposits (*31 December 2021: 33.0%*).

The Bank will disclose the Liquidity Coverage Ratio (LCR) information under the BoT notification number Sor Nor Sor 2/2561 dated 25 January 2018, regarding to *Liquidity coverage ratio disclosure standards* as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Disclosure period requirement	Within 4 months after the period end date as indicated in the BoT's notification.
Latest information as at	31 December 2021

The disclosure for the six-month period ended 30 June 2022 will be provided on or before 31 October 2022 on the Bank's website as noted above.

Loans to deposits ratio

As at 30 June 2022, Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 93.1% in the consolidated financial statements (*31 December 2021: 93.3%*).

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As at 30 June 2022 and 31 December 2021, the expected cash flows to maturity counted from the date of statements of financial position (excluding derivatives contractual undiscounted cashflows which are disclosed in note 9) were summarised as follows:

	Consolidated						Total
	30 June 2022						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	43,482	43,482
Interbank and money market items*	18,627	546,995	-	701	-	-	566,323
Financial assets measured at FVTPL	-	2	3,661	8,625	-	28,153	40,441
Investments, net	-	158,272	83,648	55,415	-	1,621	298,956
Loans to customers	189,875	605,744	813,205	639,722	102,256	-	2,350,802
Accrued interest receivables and undue interest receivables	-	16,119	-	-	158	-	16,277
Total financial assets	208,502	1,327,132	900,514	704,463	102,414	73,256	3,316,281
Financial liabilities							
Deposits	2,028,838	480,961	14,689	-	-	-	2,524,488
Interbank and money market items	11,837	110,571	24,860	10,000	-	-	157,268
Debt issued and borrowings	-	34,781	22,855	17,520	-	-	75,156
Other financial liabilities	2	2,135	38	-	-	-	2,175
Total financial liabilities	2,040,677	628,448	62,442	27,520	-	-	2,759,087
Net liquidity gap**	(1,832,175)	698,684	838,072	676,943	102,414	73,256	557,194

* Before deducting allowance for expected credit loss amounting to Baht 106 million.

** Excluded disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale (see note 16)

	Consolidated						Total
	31 December 2021						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	50,421	50,421
Interbank and money market items*	39,531	578,172	-	738	-	-	618,441
Financial assets measured at FVTPL	-	394	2,871	9,020	-	56,422	68,707
Investments, net	-	156,163	63,659	1,176	-	1,636	222,634
Loans to customers	178,004	552,756	746,339	715,621	109,114	-	2,301,834
Accrued interest receivables and undue interest receivables	-	14,807	-	-	224	-	15,031
Total financial assets	217,535	1,302,292	812,869	726,555	109,338	108,479	3,277,068
Financial liabilities							
Deposits	1,958,997	493,282	15,216	-	-	-	2,467,495
Interbank and money market items	21,136	124,686	24,483	10,656	-	-	180,961
Debt issued and borrowings	-	21,872	34,634	18,416	-	-	74,922
Other financial liabilities	2	2,097	38	-	-	-	2,137
Total financial liabilities	1,980,135	641,937	74,371	29,072	-	-	2,725,515
Net liquidity gap	(1,762,600)	660,355	738,498	697,483	109,338	108,479	551,553

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

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	The Bank 30 June 2022						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	43,227	43,227
Interbank and money market items*	13,126	541,629	-	-	-	-	554,755
Financial assets measured at FVTPL	-	2	3,661	8,625	-	28,153	40,441
Investments, net	-	157,954	83,648	55,409	-	1,612	298,623
Loans to customers	189,875	611,011	812,608	639,392	101,203	-	2,354,089
Accrued interest receivables and undue interest receivables	-	16,111	-	-	147	-	16,258
Total financial assets	203,001	1,326,707	899,917	703,426	101,350	72,992	3,307,393
Financial liabilities							
Deposits	2,030,738	480,139	14,689	-	-	-	2,525,566
Interbank and money market items	13,855	110,326	24,860	10,000	-	-	159,041
Debt issued and borrowings	-	34,781	22,855	17,520	-	-	75,156
Other financial liabilities	-	2,142	38	-	-	-	2,180
Total financial liabilities	2,044,593	627,388	62,442	27,520	-	-	2,761,943
Net liquidity gap**	(1,841,592)	699,319	837,475	675,906	101,350	72,992	545,450

* Before deducting allowance for expected credit loss amounting to Baht 70 million.

** Excluded disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale (see note 16)

	The Bank 31 December 2021						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	50,218	50,218
Interbank and money market items*	34,092	572,147	-	-	-	-	606,239
Financial assets measured at FVTPL	-	369	2,782	8,907	-	37,096	49,154
Investments, net	-	156,138	63,659	1,170	-	1,620	222,587
Loans to customers	175,782	550,930	745,309	715,296	108,051	-	2,295,368
Accrued interest receivables and undue interest receivables	-	14,724	-	-	197	-	14,921
Total financial assets	209,874	1,294,308	811,750	725,373	108,248	88,934	3,238,487
Financial liabilities							
Deposits	1,961,248	492,737	15,216	-	-	-	2,469,201
Interbank and money market items	22,750	124,417	24,483	10,656	-	-	182,306
Debt issued and borrowings	-	16,055	34,634	18,416	-	-	69,105
Other financial liabilities	-	2,078	38	-	-	-	2,116
Total financial liabilities	1,983,998	635,287	74,371	29,072	-	-	2,722,728
Net liquidity gap	(1,774,124)	659,021	737,379	696,301	108,248	88,934	515,759

* Before deducting allowance for expected credit loss amounting to Baht 136 million.

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4.3 Market risk

Market risk is the risk that the Bank and its subsidiaries income and/or shareholders' equity may be affected from the fluctuations of interest rates, foreign exchange rates and equity prices. The Bank and its subsidiaries classify market risk positions into Trading books and Non-Trading book. Trading books comprise trading transactions in the financial markets and short-term positions held for sale and/or trading or arbitrage, while Non-Trading book mainly comprise positions from Interest Rate Risk in Banking Book (IRRBB) and from Investment Risk Management.

The Bank and its Financial Group with material market risk exposures are required to have a Market Risk Policy or Trading Book Policy or Investment Policy for managing market risk. The policies must be submitted to the Group Risk Management Committee for reviewing prior to seek approval from Boards of Directors of respective companies. These policies must be reviewed at least once a year, or when deemed appropriate and/or upon any significant strategy or market change and materially affect these policies' compliance. The Bank and its Financial Group with material market risk exposure are required to set up an independent market risk management function which is responsible for measuring, evaluating, controlling, monitoring, and reporting market risk, as well as ensuring that market risk exposure stays below the predetermined limits.

To manage market risk exposures, the Bank and its Financial Group have adopted appropriate statistical and non-statistical tools for market risk assessment which depend on individual market risk characteristics and market risk positions. These tools include Value-at-Risk (VaR), stress testing, position size, sensitivity analysis, management action trigger, and others.

4.3.1 Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses as well as economic value of equity. Four main sub-types of interest rate risk are defined as follow:

- Repricing risk is the risk from maturity / timing mismatches of the Bank's assets and liabilities, which cause interest rates at reset to differ due to yield curve movements. For example, assuming all other factors are constant, if the Bank's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Bank's ability to reprice assets is slower than liabilities (negative gap), then interest margins narrow when interest rates rise.
- Yield curve risk arises from interest rates at different maturities changing differently.
- Basis risk occurs when the Bank's assets and liabilities are based on different reference interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFIX interest rates, etc. Therefore, any change in reference rates will affect interest rates tied with assets and liabilities differently.
- Options risk arises from implicit and explicit options in the Bank's assets and liabilities and off-financial reporting items, where exercising these options might affect the Bank's revenue and costs. For example, an option on three-month deposit that allows early withdrawal before maturity will, if exercised, cause the Bank's costs to rise sooner than expected.

The Bank and its subsidiaries adopt various tools for interest rate risk management which includes risk tolerance limits for both the Trading book and non-Trading book. For Trading book exposures, there are limits on Value-at-Risk (VaR), sensitivities to yield curve and basis shifts (basis point value), and stress testing. For Non-Trading book exposures, limits are determined based on impact assessment on Net Interest Income (NII) and Economic Value of Equity (EVE).

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As at 30 June 2022 and 31 December 2021, the Bank's interest rate risk exposures based on the results of the aforementioned tools are as follows:

Risk of interest rate portfolio in Trading book

	The Bank	
	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Aggregate 1-year historical Value-at-Risk (VaR)*	27.7	21.7

* With 99% confidence level and 1-day holding period (in normal market situations)

The Bank has disclosed the VaR figures for interest rate risk in Trading book at the Bank level only as the VaR for interest rate risk in Trading book of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

Interest rate risk in Banking book

Impact on Net interest Income (NII) in the event that interest rates rise by 1%

	The Bank	
	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Currency		
THB	(4,931)	(3,961)
USD	(96)	(265)
EURO and other foreign currencies	66	91
Total impact on net interest income	<u>(4,961)</u>	<u>(4,135)</u>
Change in net interest income (%)	(5.88)	(4.90)

Impact on Economic Value of Equity (EVE) in the event that interest rates rise by 1%

	The Bank	
	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Currency		
THB	(20,383)	(24,163)
USD	44	(34)
EURO and other foreign currencies	(109)	4
Total impact on economic value of equity	<u>(20,448)</u>	<u>(24,193)</u>
Change in total capital (%)	(4.78)	(5.74)

The Bank has disclosed the NII and EVE figures for interest rate risk in Banking book at the Bank level only as the NII and EVE for interest rate risk in Banking book of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

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Interest rate repricing analysis

As at 30 June 2022 and 31 December 2021, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated								Total
	30 June 2022								
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non- Performing Loans	Non- interest bearing		
	<i>(in million Baht)</i>								
Financial assets									
Cash	-	-	-	-	-	-	43,482	43,482	
Interbank and money market items *	8,548	497,302	11,858	-	-	-	48,615	566,323	
Financial assets measured at FVTPL	-	-	2	3,661	8,625	-	28,153	40,441	
Investments, net	-	63,600	94,672	83,648	55,415	-	1,621	298,956	
Loans to customers	897,964	423,857	319,507	560,823	46,395	102,256	-	2,350,802	
Total financial assets	906,512	984,759	426,039	648,132	110,435	102,256	121,871	3,300,004	
Financial liabilities									
Deposits	1,951,599	217,383	256,247	11,282	-	-	87,977	2,524,488	
Interbank and money market items	12,654	98,999	10,669	24,860	-	-	10,086	157,268	
Debt issued and borrowings	-	73,964	1,114	-	-	-	78	75,156	
Total financial liabilities	1,964,253	390,346	268,030	36,142	-	-	98,141	2,756,912	
Difference	(1,057,741)	594,413	158,009	611,990	110,435	102,256	23,730	543,092	

* Before deducting allowance for expected credit loss amounting to Baht 106 million.

	Consolidated								Total
	31 December 2021								
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non- Performing Loans	Non- interest bearing		
	<i>(in million Baht)</i>								
Financial assets									
Cash	-	-	-	-	-	-	50,421	50,421	
Interbank and money market items *	11,996	573,151	890	-	251	-	32,153	618,441	
Financial assets measured at FVTPL	-	14	380	2,871	9,020	-	56,422	68,707	
Investments, net	-	30,288	135,262	54,272	1,176	-	1,636	222,634	
Loans to customers	914,294	433,860	153,831	518,996	171,739	109,114	-	2,301,834	
Total financial assets	926,290	1,037,313	290,363	576,139	182,186	109,114	140,632	3,262,037	
Financial liabilities									
Deposits	1,873,950	219,337	264,868	11,725	-	-	97,615	2,467,495	
Interbank and money market items	13,421	100,052	35,044	24,483	656	-	7,305	180,961	
Debt issued and borrowings	-	69,594	5,211	-	-	-	117	74,922	
Total financial liabilities	1,887,371	388,983	305,123	36,208	656	-	105,037	2,723,378	
Difference	(961,081)	648,330	(14,760)	539,931	181,530	109,114	35,595	538,659	

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

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	The Bank							Total
	30 June 2022							
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non- Performing Loans	Non- interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	43,227	43,227
Interbank and money market items *	8,549	494,890	10,648	-	-	-	40,668	554,755
Financial assets measured at FVTPL	-	-	2	3,661	8,625	-	28,153	40,441
Investments, net	-	63,061	94,893	83,648	55,409	-	1,612	298,623
Loans to customers	900,464	426,762	319,368	560,227	46,065	101,203	-	2,354,089
Total financial assets	909,013	984,713	424,911	647,536	110,099	101,203	113,660	3,291,135
Financial liabilities								
Deposits	1,954,561	216,762	256,046	11,282	-	-	86,915	2,525,566
Interbank and money market items	13,855	99,701	10,322	24,860	-	-	10,303	159,041
Debt issued and borrowings	-	73,964	1,114	-	-	-	78	75,156
Total financial liabilities	1,968,416	390,427	267,482	36,142	-	-	97,296	2,759,763
Difference	(1,059,403)	594,286	157,429	611,394	110,099	101,203	16,364	531,372

* Before deducting allowance for expected credit loss amounting to Baht 70 million.

	The Bank							Total
	31 December 2021							
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non- Performing Loans	Non- interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	50,218	50,218
Interbank and money market items *	11,970	571,474	593	-	-	-	22,202	606,239
Financial assets measured at FVTPL	-	-	369	2,782	8,907	-	37,096	49,154
Investments, net	-	30,050	135,475	54,272	1,170	-	1,620	222,587
Loans to customers	913,172	432,593	152,171	517,967	171,414	108,051	-	2,295,368
Total financial assets	925,142	1,034,117	288,608	575,021	181,491	108,051	111,136	3,223,566
Financial liabilities								
Deposits	1,877,509	218,894	264,765	11,725	-	-	96,308	2,469,201
Interbank and money market items	14,372	100,655	34,672	24,483	656	-	7,468	182,306
Debt issued and borrowings	-	67,504	1,484	-	-	-	117	69,105
Total financial liabilities	1,891,881	387,053	300,921	36,208	656	-	103,893	2,720,612
Difference	(966,739)	647,064	(12,313)	538,813	180,835	108,051	7,243	502,954

* Before deducting allowance for expected credit loss amounting to Baht 136 million.

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Managing interest rate benchmark reform (IBOR reform)

The risk management committee monitors and manages the Bank and subsidiaries' transition to alternative rates and provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

The Bank and its subsidiaries' main IBOR exposure at 30 June 2022 was indexed to LIBOR and THBFIX. The Bank and its subsidiaries have finished the process of amending contractual terms for all of the LIBOR and THBFIX indexed exposures to incorporate with economically equivalent interest rate by 30 June 2023.

The Bank and its subsidiaries hold interest rate swaps for risk management purposes that are designated in fair value hedging relationships. The interest rate swaps have floating legs that are indexed to USD LIBOR. The Bank and its subsidiaries' derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The Bank and its subsidiaries monitor the progress of transition from IBOR to new benchmark rate by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause.

The following table shows the total amounts of financial instruments which are subject to IBOR reform and have yet to transition to an alternative benchmark rates. The amounts of financial assets are shown at their carrying amounts and derivatives are shown at their notional amounts.

<i>Key reference rate under the existing contracts</i>	The Bank	
	LIBOR	THBFIX
	<i>(in million Baht)</i>	
At 30 June 2022		
Loan to customers	46,306	77,044
Derivative	461,841	521,764

The Bank has disclosed the key reference rate under the existing contracts figures for managing interest rate benchmark reform at the Bank level only as the key reference rate under the existing contracts figures for Managing interest rate benchmark reform of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

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4.3.2 Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank and its subsidiaries foreign currency-denominated assets and liabilities. Transactions exposed to foreign exchange risk include proprietary trading transactions and money transfers as well as payments related to international trade and foreign investment, which may result in the Bank and its subsidiaries net currency position being short or long at any point in time. Thai Baht appreciation against the currency in which the Bank and its subsidiaries have a net long position will result in foreign exchange losses, whereas Baht depreciation will result in foreign exchange gain. On the other hand, if the Bank and its subsidiaries are in a net short position, the Bank and its subsidiaries will make a gain on the position when the Baht strengthens but a loss when the Baht weakens.

The Bank and its subsidiaries control foreign exchange risk by setting risk limits on foreign exchange risk exposure both in terms of statistical limits, such as Value at Risk (VaR), and monetary limits, such as net open position (Intra-day Position and Overnight Position), and management action triggers, etc.

As at 30 June 2022 and 31 December 2021, the Bank's foreign exchange risk based on the results of the aforementioned tools are as follows:

	The Bank	
	30 June 2022	31 December 2021
	<i>(in million US Dollars)</i>	
Net open long (short) position (US Dollar equivalent)	17.3	43.3

Risk of foreign exchange rate portfolio in Trading book

	The Bank	
	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Aggregate 1-year historical Value-at-Risk (VaR)*	17.9	9.6

* With 99% confidence level and 1-day holding period (in normal market situations)

As at 30 June 2022 and 31 December 2021, majority of the Bank's foreign currency exposures is in US Dollar.

The Bank has disclosed the Net open long (short) position and VaR for foreign exchange risk at the Bank level only as the Net open long (short) position and VaR for foreign exchange risk of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

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4.3.3 Equity price risk

Equity price risk is the risk arising from changes in the price of equities or common stock that may cause volatility in earning or fluctuations in the value of financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can initiate action with respect to equity investments, as allowed under applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank. (Further details of equity investments are provided under note 8 and 10 and further details on fair value of equity investments and framework are provided under note 29).

5 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by BoT. As announced by BoT in circulars dated 8 November 2012 and 7 May 2019, the Bank is required to calculate its Capital Fund in accordance with Basel III.

As at 30 June 2022 and 31 December 2021, the Bank's total capital funds were categorised as follows:

	Basel III	
	The Bank	
	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	354,281	345,471
Other comprehensive income	18,692	20,131
Capital deduction items on CET1	<u>(22,008)</u>	<u>(20,686)</u>
Total Tier 1 capital	<u>403,081</u>	<u>397,032</u>
Tier 2 capital		
General provisions	<u>25,065</u>	<u>24,612</u>
Total Tier 2 capital	<u>25,065</u>	<u>24,612</u>
Total capital funds	<u>428,146</u>	<u>421,644</u>
Total risk-weighted assets	2,282,813	2,238,352

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	30 June 2022		31 December 2021	
	The BoT's regulation minimum requirement*	Capital ratio of the Bank	The BoT's regulation minimum requirement* (%)	Capital ratio of the Bank
Total capital funds / Total risk-weighted assets	12.0	18.8	12.0	18.8
Total Tier 1 capital / Total risk-weighted assets	9.5	17.7	9.5	17.7
Total CET 1 / Total risk-weighted assets	8.0	17.7	8.0	17.7
Total Tier 2 capital / Total risk-weighted assets		1.1		1.1

* The BoT requires commercial banks to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%

	30 June 2022	31 December 2021
	<i>(in million Baht)</i>	
Capital after deducting capital add-on arising from Single Lending Limit	428,146	421,644
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	18.8	18.8

Disclosures of capital maintenance information under the BoT notification number Sor Nor Sor 4/2556 dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Commercial Bank*, BoT notification number Sor Nor Sor 14/2562 dated 7 May 2019, regarding to *Disclosure requirement on Capital Adequacy for a Commercial Bank (Volume 2)*, the BoT notification number Sor Nor Sor 5/2556 dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Financial Group* and the BoT notification number Sor Nor Sor 15/2562 dated 7 May 2019, regarding to *Disclosure Requirement on Capital Adequacy for a Financial group (Volume 2)*, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Disclosure period requirement	Within 4 months after the period end date as indicated in the BoT's notification
Latest information as at	31 December 2021

The disclosure for the six-month period ended 30 June 2022 will be provided on or before 31 October 2022 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries' policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Furthermore, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries complied with the BoT's imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

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6 Classification of financial assets and financial liabilities

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 30 June 2022 Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
Financial assets					
Cash	-	-	-	43,482	43,482
Interbank and money market items, net	-	-	-	566,217	566,217
Financial assets measured at FVTPL	40,441	-	-	-	40,441
Derivative assets	72,609	-	-	-	72,609
Investments, net	-	188,009	1,621	109,326	298,956
Loans to customers and accrued interest receivables, net	-	-	-	2,212,000	2,212,000
Total	113,050	188,009	1,621	2,931,025	3,233,705

Financial liabilities					
Deposits	-	-	-	2,524,488	2,524,488
Interbank and money market items	-	-	-	157,268	157,268
Liabilities payable on demand	-	-	-	13,239	13,239
Derivative liabilities	67,903	-	-	-	67,903
Debt issued and borrowings	-	-	-	75,156	75,156
Total	67,903	-	-	2,770,151	2,838,054

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 31 December 2021 Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
Financial assets					
Cash	-	-	-	50,421	50,421
Interbank and money market items, net	-	-	-	618,269	618,269
Financial assets measured at FVTPL	68,707	-	-	-	68,707
Derivative assets	57,579	-	-	-	57,579
Investments, net	-	213,450	1,636	7,548	222,634
Loans to customers and accrued interest receivables, net	-	-	-	2,165,456	2,165,456
Total	126,286	213,450	1,636	2,841,694	3,183,066

Financial liabilities					
Deposits	-	-	-	2,467,495	2,467,495
Interbank and money market items	-	-	-	180,961	180,961
Liabilities payable on demand	-	-	-	10,539	10,539
Financial liabilities measured at FVTPL	6	-	-	-	6
Derivative liabilities	49,200	-	-	-	49,200
Debt issued and borrowings	-	-	-	74,922	74,922
Total	49,206	-	-	2,733,917	2,783,123

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	The Bank				
	30 June 2022				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
	<i>(in million Baht)</i>				
Financial assets					
Cash	-	-	-	43,227	43,227
Interbank and money market items, net	-	-	-	554,685	554,685
Financial assets measured at FVTPL	40,441	-	-	-	40,441
Derivative assets	73,247	-	-	-	73,247
Investments, net	-	188,009	1,613	109,001	298,623
Loans to customers and accrued interest receivables, net	-	-	-	2,216,152	2,216,152
Total	113,688	188,009	1,613	2,923,065	3,226,375
Financial liabilities					
Deposits	-	-	-	2,525,566	2,525,566
Interbank and money market items	-	-	-	159,041	159,041
Liabilities payable on demand	-	-	-	13,238	13,238
Derivative liabilities	68,482	-	-	-	68,482
Debt issued and borrowings	-	-	-	75,156	75,156
Total	68,482	-	-	2,773,001	2,841,483
The Bank					
31 December 2021					
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
	<i>(in million Baht)</i>				
Financial assets					
Cash	-	-	-	50,218	50,218
Interbank and money market items, net	-	-	-	606,103	606,103
Financial assets measured at FVTPL	49,154	-	-	-	49,154
Derivative assets	57,617	-	-	-	57,617
Investments, net	-	213,450	1,620	7,517	222,587
Loans to customers and accrued interest receivables, net	-	-	-	2,160,070	2,160,070
Total	106,771	213,450	1,620	2,823,908	3,145,749
Financial liabilities					
Deposits	-	-	-	2,469,201	2,469,201
Interbank and money market items	-	-	-	182,306	182,306
Liabilities payable on demand	-	-	-	10,539	10,539
Derivative liabilities	49,646	-	-	-	49,646
Debt issued and borrowings	-	-	-	69,105	69,105
Total	49,646	-	-	2,731,151	2,780,797

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7 Interbank and money market items, net (Assets)

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Domestic items				
Bank of Thailand and Financial Institutions Development Fund	505,568	550,843	505,568	550,843
Commercial banks	18,170	29,138	17,656	28,720
Specialised financial institutions*	-	3,000	-	3,000
Other financial institutions**	13,964	1,419	13,964	1,269
Total	537,702	584,400	537,188	583,832
Add accrued interest receivables and undue interest receivables	81	79	81	76
Less allowance for expected credit loss	(62)	(84)	(62)	(69)
Total domestic items	537,721	584,395	537,207	583,839
Foreign items***				
US Dollar	22,326	28,587	11,407	17,257
Japanese Yen	445	455	445	455
Euro	227	157	227	157
Other currencies	5,529	4,753	5,404	4,458
Total	28,527	33,952	17,483	22,327
Add accrued interest receivables and undue interest receivables	13	10	3	4
Less allowance for expected credit loss	(44)	(88)	(8)	(67)
Total foreign items	28,496	33,874	17,478	22,264
Total domestic and foreign items	566,217	618,269	554,685	606,103

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

*** Certain amount under this item are under restrictions (Note 33).

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8 Financial assets measured at fair value through profit or loss

	Consolidated		The Bank	
	30 June 2022 Fair value	31 December 2021 Fair value	30 June 2022 Fair value	31 December 2021 Fair value
	<i>(in million Baht)</i>			
Financial assets held for trading				
Government and state enterprise securities	4,056	4,886	4,056	4,861
Corporate debt instruments	7,479	6,521	7,479	6,506
Foreign debt instruments	-	17	-	-
Domestic equity instruments	-	4,895	-	-
Total	11,535	16,319	11,535	11,367
Others				
Corporate debt instruments	377	496	377	387
Foreign debt instruments	15,830	30,149	15,830	30,088
Domestic equity instruments	1,025	1,396	1,025	1,272
Foreign equity instruments	11,674	20,347	11,674	6,040
Total	28,906	52,388	28,906	37,787
Total financial assets measured at fair value through profit and loss	40,441	68,707	40,441	49,154

Financial assets measured at fair value through profit or loss in the consolidated financial statements at 30 June 2022 is the balance after the reclassification of amounts treated as held for sale in relation to the Financial Business Group restructuring plan. (see note 16)

9 Derivatives

Derivatives are financial instruments whose characteristics are derived from fair value of underlying assets, or from interest and exchange rates or indices. The following derivatives are currently used and outstanding by the Bank and its subsidiaries:

1. Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.

2. Interest rate swaps which are agreements that involve the exchange of interest obligations for a specified period without exchanging the underlying or notional principal.
3. Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.
4. Commodity derivatives which are a purchase or a sale of an underlying product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

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The notional amount of derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 30 June 2022 and 31 December 2021, on a consolidated and the Bank basis, 100% and 100% of derivatives are over-the-counter derivative transactions. The notional amount of derivatives based on types of contracts were as follows:

	Consolidated			
	30 June 2022			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,575,427	10,149	-	1,585,576
Interest rate swap contracts	816,979	950,747	469,455	2,237,181
Equity derivatives	8,286	2,687	593	11,566
Commodity derivatives	181	-	-	181

	Consolidated			
	31 December 2021			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,422,086	8,909	-	1,430,995
Interest rate swap contracts	590,306	1,011,455	504,492	2,106,253
Equity derivatives	12,819	3,419	562	16,800

	The Bank			
	30 June 2022			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,575,906	10,149	-	1,586,055
Interest rate swap contracts	816,979	950,747	469,455	2,237,181
Equity derivatives	13,516	5,375	593	19,484
Commodity derivatives	181	-	-	181

	The Bank			
	31 December 2021			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,421,941	9,124	-	1,431,065
Interest rate swap contracts	590,306	1,011,454	504,492	2,106,252
Equity derivatives	11,556	5,097	562	17,215

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9.1 Derivatives held for trading

Type of risk	Consolidated					
	30 June 2022			31 December 2021		
	Fair value		Notional amount <i>(in million Baht)</i>	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	25,736	24,149	1,448,054	14,778	13,436	1,317,873
Interest rate	45,121	40,658	2,170,117	38,432	34,415	2,042,755
Equity derivatives	606	1,162	11,566	771	496	16,800
Commodity derivatives	3	3	181	-	-	-
Total	71,466	65,972	3,629,918	53,981	48,347	3,377,428

Type of risk	The Bank					
	30 June 2022			31 December 2021		
	Fair value		Notional amount <i>(in million Baht)</i>	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	25,734	24,148	1,448,533	14,780	13,439	1,317,942
Interest rate	45,121	40,658	2,170,117	38,432	34,415	2,042,755
Equity derivatives	1,246	1,742	19,484	807	939	17,215
Commodity derivatives	3	3	181	-	-	-
Total	72,104	66,551	3,638,315	54,019	48,793	3,377,912

9.2 Derivatives held for risk management in designated of hedge relationship

Fair value hedges

Type of risk	Consolidated and the Bank		
	30 June 2022		
	Fair value		Notional amount
Assets	Liabilities		
Interest rate	149	274	67,064
Total	149	274	67,064

Type of risk	Consolidated and the Bank		
	31 December 2021		
	Fair value		Notional amount
Assets	Liabilities		
Interest rate	3,150	-	63,498
Total	3,150	-	63,498

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The Bank and its subsidiaries use interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate debt issued. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to USD LIBOR 3M. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

The Bank and its subsidiaries establish a hedge ratio by aligning the par amount of the fixed-rate debt issued and the notional amount of the interest rate swap designated as a hedging instrument. The Bank and its subsidiaries apply a hedge ratio of 1:1.

As at 30 June 2022 and 31 December 2021, there were no significant ineffectiveness in these hedging relationships and there is no net gain (loss) hedging.

9.3 Derivatives held for risk management not designated in a hedge relationship

Type of risk	Consolidated and the Bank					
	30 June 2022			31 December 2021		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities	Notional amount
	<i>(in million Baht)</i>					
Foreign exchange rate	994	1,657	137,522	448	853	113,122
Total	994	1,657	137,522	448	853	113,122

10 Investments, net

10.1 Classified by type of investments

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	AMC			
	<i>(in million Baht)</i>			
Investments in debt instruments measured at AMC				
Government and state enterprise securities	108,578	7,052	108,572	7,046
Corporate debt instruments	-	-	311	310
Foreign debt instruments	778	524	148	189
Less allowance for expected credit loss	(30)	(28)	(30)	(28)
Total	109,326	7,548	109,001	7,517

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	Consolidated		The Bank	
	30 June 2022 Fair value	31 December 2021 Fair value <i>(in million Baht)</i>	30 June 2022 Fair value	31 December 2021 Fair value
Investments in debt instruments measured at FVOCI				
Government and state enterprise securities	181,840	212,510	181,840	212,510
Foreign debt instruments	6,169	940	6,169	940
Total	188,009	213,450	188,009	213,450
Allowance for expected credit loss	(15)	(17)	(15)	(17)
Investments in equity instruments designated at FVOCI				
Domestic equity instruments	1,616	1,631	1,609	1,616
Foreign equity instruments	5	5	4	4
Total	1,621	1,636	1,613	1,620
Total investments, net	298,956	222,634	298,623	222,587

Dividend income from investments in equity instruments designated at FVOCI recognised in the consolidated and the Bank's statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022 amounting to Baht 20 million and 19 million, respectively. (30 June 2021: Baht 16 million and Baht 15 million, respectively).

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

	Consolidated			
	30 June 2022		31 December 2021	
	Number of Companies	Fair value <i>(in million Baht)</i>	Number of Companies	Fair value <i>(in million Baht)</i>
Others *	9	3,275	16	3,735
The Bank				
	30 June 2022		31 December 2021	
	Number of Companies	Fair value <i>(in million Baht)</i>	Number of Companies	Fair value <i>(in million Baht)</i>
Others *	9	3,275	8	1,516

* Includes certain investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1.

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

As at 30 June 2022, the consolidated and the Bank's aggregate cost of investments in companies with problems in their financial position and operating results which were reported as part of investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1 were amounting to Baht 247 million and Baht 245 million, respectively. These investments have zero fair value at reporting date. (31 December 2021: aggregate cost of Baht 285 million and Baht 245 million, respectively with zero fair value).

11 Investments in subsidiaries, associates and joint venture, net

11.1 Material movements of investment in subsidiaries, associates and joint venture

Material movements for the six-month period ended 30 June 2022

	Note	Consolidated (in million Baht)	The Bank
Subsidiaries			
Transfer to disposal groups classified as held for sale	16	-	25,424
Joint ventures			
Transfer to disposal groups classified as held for sale	16	39	75
		39	25,499

11.2 Classified by type of investments in subsidiaries, associates and joint venture

	Type of business	Type of share	Direct shareholding		Consolidated Investment value			
			30 June 2022		Cost method		Equity method	
			31 December 2021	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Associates								
Blockchain Community Initiative (Thailand) Co., Ltd.	Blockchain platform	Common	22.2	22.2	117	117	79	85
National ITMX Co., Ltd.	Payment system service provider	Common	22.9	22.9	104	104	631	623
Dean & DeLuca Inc.	Retailer of premium gourmet and delicatessen business	Common	26.5	26.5	-	-	-	-
Sahaviriya Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	-	-
Joint venture								
Alpha X Co., Ltd. ¹	Hire purchase, leasing, and refinancing business	Common	50.0	50.0	-	75	-	73
Total investments in associates and joint venture, net					221	296	710	781

¹ Transfer to disposal groups classified as held for sale in 2022

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	Type of business	Type of share	Direct shareholding		Investment value		The Bank	
			30	31	Cost method		Dividend income for the six-month periods ended	
			June	December	June	December	June	June
			2022	2021	2022	2021	2022	2021
			(%)			(in million Baht)		
Subsidiaries								
Siam Commercial Bank Myanmar Ltd.	Banking	Common	100.0	100.0	4,513	4,513	-	-
Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688	-	142
SCB-Julius Baer Securities Co., Ltd.	Securities	Common	60.0	60.0	1,590	1,590	-	-
SCB Protect Co., Ltd.	Insurance broker	Common	100.0	100.0	513	303	-	-
SCB Training Centre Co., Ltd.	Training center	Common	100.0	100.0	390	390	-	-
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	921	908
Rutchayothin Assets Management Co., Ltd.	Asset management	Common	100.0	100.0	25	25	-	-
SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1	140	87
SCB 10X Co., Ltd. ¹	Venture capital, venture builder and strategic investments	Common	100.0	100.0	-	17,250	2,770	-
SCB Securities Co., Ltd. ¹	Securities	Common	100.0	100.0	-	2,207	-	400
MONIX Co., Ltd. ¹	Digital lending	Common	57.5	60.0	-	396	-	-
AISCB Co., Ltd. ¹	Digital lending	Common	50.0	50.0	-	300	-	-
SCB Tech X Co., Ltd. ¹	Specialised technology services provider	Common	60.0	100.0	-	151	-	-
Indirect subsidiaries								
Mahisorn Co., Ltd. ²	Property management	Common	-	-	-	-	-	-
Digital Ventures Co., Ltd. ³	Financial technology	Common	-	-	-	-	-	-
Purple Ventures Co., Ltd. ³	E-Commerce and digital services	Common	-	-	-	-	-	-
Token X Co., Ltd. ³	Initial Coin Offering Portal	Common	-	-	-	-	-	-
SCB Abacus Co., Ltd. ⁴	Data analytics and digital lending	Common	-	-	-	-	-	-
Trex Ventures Co., Ltd. ⁵	Digital financial services	Common	-	-	-	-	-	-
SCB-Julius Baer (Singapore) Pte. Ltd. ⁶	Securities	Common	-	-	-	-	-	-
Associates								
Blockchain Community Initiative (Thailand) Co., Ltd.	Blockchain platform	Common	22.2	22.2	117	117	-	-
National ITMX Co., Ltd.	Payment system service provider	Common	22.9	22.9	104	104	148	72
Dean & DeLuca Inc.	Retailer of premium gourmet and delicatessen business	Common	26.5	26.5	-	-	-	-
Sahaviriya Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	-	-
Joint venture								
Alpha X Co., Ltd. ¹	Hire purchase, leasing, and refinancing business	Common	50.0	50.0	-	75	-	-
Total					10,163	30,332	3,979	1,609
Less allowance for impairment					(147)	(147)	-	-
Total investments in subsidiaries, associates and joint venture, net					10,016	30,185	3,979	1,609

¹ Transfer to disposal groups classified as held for sale in 2022

² Subsidiary of SCB Plus Co., Ltd. (100% shareholding)

³ Subsidiary of SCB 10X Co., Ltd. (100% shareholding)

⁴ Subsidiary of SCB 10X Co., Ltd. (45% shareholding)

⁵ The Company completed the registration of liquidation with the Department of Business Development, the Ministry of Commerce on 17 February 2022

⁶ Subsidiary of SCB-Julius Baer Securities Co., Ltd. (100% shareholding)

All subsidiaries, associates and joint venture are registered and operated in Thailand except for the Siam Commercial Bank Myanmar Ltd., Cambodian Commercial Bank Ltd., SCB-Julius Baer (Singapore) Pte. Ltd. and Dean & DeLuca, Inc. which are registered and operate in Myanmar, Cambodia, Singapore and United States of America, respectively.

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11.3 Interest in unconsolidated structured entities arising in the normal course of business

The Bank and its asset management subsidiary have transactions with unconsolidated structured entities, through various activities such as involvement in the establishment process, fund management, acting as the trustee, as well as providing source of funds. These structured entities are normally in the form of mutual funds.

The provision of funds is in the form of loans which are on normal business terms. These loans are managed in the same way as all other loans. The outstanding loans to these structured entities as at 30 June 2022 and 31 December 2021 amounted to Baht 6,266 million and Baht 6,449 million, respectively.

12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Overdrafts	81,277	73,570	80,881	73,174
Loans	1,641,454	1,604,603	1,639,362	1,597,704
Bills	348,027	322,588	353,802	325,698
Hire purchase receivables	203,470	220,650	203,470	220,650
Others	76,574	80,423	76,574	78,142
Total loans to customers	<u>2,350,802</u>	<u>2,301,834</u>	<u>2,354,089</u>	<u>2,295,368</u>
Add accrued interest receivables and undue interest receivables	16,277	15,031	16,258	14,921
Total loans to customers and accrued interest receivables and undue interest receivables	<u>2,367,079</u>	<u>2,316,865</u>	<u>2,370,347</u>	<u>2,310,289</u>
Less unamortised modification loss	(4,232)	(5,756)	(4,232)	(5,756)
Less allowance for expected credit loss	<u>(150,847)</u>	<u>(145,653)</u>	<u>(149,963)</u>	<u>(144,463)</u>
Total	<u>2,212,000</u>	<u>2,165,456</u>	<u>2,216,152</u>	<u>2,160,070</u>

12.2 Classified by residence of customer

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Domestic	2,258,345	2,218,776	2,264,365	2,215,213
Foreign	92,457	83,058	89,724	80,155
Total	<u>2,350,802</u>	<u>2,301,834</u>	<u>2,354,089</u>	<u>2,295,368</u>

12.3 Classified by stages

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Stage 1	2,116,056	2,016,140	2,120,836	2,011,206
Stage 2	148,609	191,387	148,161	190,835
Stage 3	102,414	109,338	101,350	108,248
Total *	<u>2,367,079</u>	<u>2,316,865</u>	<u>2,370,347</u>	<u>2,310,289</u>

* Includes accrued interest receivables and undue interest receivables.

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12.4 Classified by business types and stages

	30 June 2022				31 December 2021			
	Stage 1	Stage 2	Stage 3	Total *	Stage 1	Stage 2	Stage 3	Total *
	Consolidated							
	(in million Baht)							
Agriculture and mining	8,546	593	3,804	12,943	8,855	975	3,768	13,598
Manufacturing and commercial	591,478	42,369	43,682	677,529	536,571	47,292	47,887	631,750
Real estate and construction	153,959	6,767	18,276	179,002	152,034	7,685	18,458	178,177
Utilities and services	384,446	25,525	12,441	422,412	357,218	37,491	13,468	408,177
Housing loans	545,913	21,629	13,787	581,329	526,856	34,336	15,221	576,413
Others	416,818	50,503	10,266	477,587	421,573	61,834	10,312	493,719
Total *	2,101,160	147,386	102,256	2,350,802	2,003,107	189,613	109,114	2,301,834

* Excludes accrued interest receivables and undue interest receivables.

	30 June 2022				31 December 2021			
	Stage 1	Stage 2	Stage 3	Total *	Stage 1	Stage 2	Stage 3	Total *
	The Bank							
	(in million Baht)							
Agriculture and mining	8,546	593	3,804	12,943	8,855	975	3,768	13,598
Manufacturing and commercial	596,407	41,922	43,429	681,758	538,852	46,876	47,783	633,511
Real estate and construction	153,907	6,767	17,476	178,150	151,986	7,685	17,658	177,329
Utilities and services	384,427	25,525	12,441	422,393	357,197	37,491	13,468	408,156
Housing loans	545,843	21,629	13,787	581,259	526,783	34,336	15,221	576,340
Others	416,817	50,503	10,266	477,586	414,573	61,708	10,153	486,434
Total *	2,105,947	146,939	101,203	2,354,089	1,998,246	189,071	108,051	2,295,368

* Excludes accrued interest receivables and undue interest receivables.

12.5 Non-Performing Loans

The Bank used the guidelines specified in the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations Asset Classification and Provisioning of a Financial Institution*, in determining Non-Performing Loans. As at 30 June 2022 and 31 December 2021, the Bank and its subsidiaries have Non-Performing Loans (including loans to interbank and money market items) base on BoT's guidelines as follow:

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(in million Baht)			
Non-Performing Loans* (gross)	102,256	109,114	101,203	108,051
% of Non-Performing Loans to total loans	3.6	3.8	3.5	3.8

* See note 2.1 for application on loans to customers subject to relief programmes.

During the six-month period ended 30 June 2022, the Bank sold and transferred right to receive debt payments of Non-Performing Loans to an Asset Management Companies with a total principal amount of Baht 3,012 million (30 June 2021: 4,244 million).

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

	Consolidated and the Bank							
	30 June 2022				31 December 2021			
	No. of companies	Loans and accrued interest receivables	Collateral	Allowance for expected credit loss	No. of companies	Loans and accrued interest receivables	Collateral	Allowance for expected credit loss
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies identified for delisting	2	7,457	4,953	5,132	2	7,457	5,559	5,153
Delisted company	1	8,294	3,775	3,118	1	8,153	3,775	3,037

12.7 Hire purchase receivables

	Consolidated and the Bank			
	30 June 2022			
	Portion due		Total	
	Within 1 year	Over 5 years		
	<i>(in million Baht)</i>			
Total gross investment under hire purchase contracts	54,185	144,439	39,895	238,519
Less unearned interest income				(35,049)
Present value of minimum lease payments				203,470
Less allowance for expected credit loss				(8,702)
Hire purchase receivables, net				194,768

	Consolidated and the Bank			
	31 December 2021			
	Portion due		Total	
	Within 1 year	Over 5 years		
	<i>(in million Baht)</i>			
Total gross investment under hire purchase contracts	60,368	159,898	36,447	256,713
Less unearned interest income				(36,063)
Present value of minimum lease payments				220,650
Less allowance for expected credit loss				(8,743)
Hire purchase receivables, net				211,907

13 Allowance for expected credit loss

	Consolidated			Total
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	
	<i>(in million Baht)</i>			
Interbank and money market items				
As at 1 January 2022	155	17	-	172
Changes from remeasurement of ECL	37	-	-	37
New interbank and money market items	2	1	-	3
Derecognition	(88)	(17)	-	(105)
Others	(1)	-	-	(1)
As at 30 June 2022	105	1	-	106

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	Consolidated			
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	Total
	<i>(in million Baht)</i>			
<i>Investments in debt instruments</i>				
As at 1 January 2022	45	-	-	45
Changes from remeasurement of ECL	28	-	-	28
New investments in debt instruments	9	-	-	9
Derecognition	(33)	-	-	(33)
Others	(4)	-	-	(4)
As at 30 June 2022	45	-	-	45
<i>Loans to customers</i>				
As at 1 January 2022	43,603	40,039	62,011	145,653
Changes from stage reclassification	14,838	(19,874)	5,036	-
Changes from remeasurement of ECL	(4,059)	21,550	9,935	27,426
New loan to customers	3,187	526	43	3,756
Derecognition	(1,805)	(5,736)	(5,902)	(13,443)
Write-off	-	-	(12,099)	(12,099)
Others	14	5	309	328
Transfer to disposal groups classified as held for sale	(264)	(207)	(303)	(774)
As at 30 June 2022	55,514	36,303	59,030	150,847
<i>Interbank and money market items</i>				
As at 1 January 2021	107	7	-	114
Changes from remeasurement of ECL	72	3	-	75
New interbank and money market items	63	14	-	77
Derecognition	(89)	(7)	-	(96)
Others	2	-	-	2
As at 31 December 2021	155	17	-	172
<i>Investments in debt instruments</i>				
As at 1 January 2021	41	46	-	87
Changes from remeasurement of ECL	7	-	-	7
New investments in debt instruments	23	-	-	23
Derecognition	(24)	(46)	-	(70)
Others	(2)	-	-	(2)
As at 31 December 2021	45	-	-	45
<i>Loans to customers</i>				
As at 1 January 2021	48,378	30,616	58,324	137,318
Changes from stage reclassification	22,711	(37,659)	14,948	-
Changes from remeasurement of ECL	(26,832)	49,667	19,918	42,753
New loan to customers	4,452	2,793	770	8,015
Derecognition	(5,153)	(5,535)	(12,528)	(23,216)
Write-off	-	-	(19,855)	(19,855)
Others	47	157	434	638
As at 31 December 2021	43,603	40,039	62,011	145,653

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	The Bank			Total
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	
	<i>(in million Baht)</i>			
<i>Interbank and money market items</i>				
As at 1 January 2022	133	3	-	136
Changes from remeasurement of ECL	22	-	-	22
New interbank and money market items	6	1	-	7
Derecognition	(91)	(3)	-	(94)
Others	(1)	-	-	(1)
As at 30 June 2022	69	1	-	70
<i>Investments in debt instruments</i>				
As at 1 January 2022	45	-	-	45
Changes from remeasurement of ECL	28	-	-	28
New investments in debt instruments	9	-	-	9
Derecognition	(33)	-	-	(33)
Others	(4)	-	-	(4)
As at 30 June 2022	45	-	-	45
<i>Loans to customers</i>				
As at 1 January 2022	43,384	39,870	61,209	144,463
Changes from stage reclassification	14,864	(19,753)	4,889	-
Changes from remeasurement of ECL	(4,034)	21,393	9,258	26,617
New loan to customers	3,067	436	8	3,511
Derecognition	(1,789)	(5,717)	(5,756)	(13,262)
Write-off	-	-	(11,683)	(11,683)
Others	12	3	302	317
As at 30 June 2022	55,504	36,232	58,227	149,963

	The Bank			Total
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	
	<i>(in million Baht)</i>			
<i>Interbank and money market items</i>				
As at 1 January 2021	89	7	-	96
Changes from remeasurement of ECL	69	3	-	72
New interbank and money market items	62	-	-	62
Derecognition	(89)	(7)	-	(96)
Others	2	-	-	2
As at 31 December 2021	133	3	-	136
<i>Investments in debt instruments</i>				
As at 1 January 2021	41	46	-	87
Changes from remeasurement of ECL	7	-	-	7
New investments in debt instruments	23	-	-	23
Derecognition	(24)	(46)	-	(70)
Others	(2)	-	-	(2)
As at 31 December 2021	45	-	-	45

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	The Bank			Total
	Performing (Stage 1)	Under- performing (Stage 2)	Non- performing (Stage 3)	
	<i>(in million Baht)</i>			
<i>Loans to customers</i>				
As at 1 January 2021	48,270	30,537	57,500	136,307
Changes from stage reclassification	22,712	(37,639)	14,927	-
Changes from remeasurement of ECL	(26,784)	49,645	19,830	42,691
New loan to customers	4,272	2,694	586	7,552
Derecognition	(5,126)	(5,519)	(12,383)	(23,028)
Write-off	-	-	(19,666)	(19,666)
Others	40	152	415	607
As at 31 December 2021	<u>43,384</u>	<u>39,870</u>	<u>61,209</u>	<u>144,463</u>

14 Modified loans to customers

During the six-month periods ended 30 June 2022 and 2021, the Bank and its subsidiaries have modified loans that have not resulted in derecognition, while they had a loss allowance measured at an amount equal to lifetime ECL, which excluded loans to customers modified under relief program that apply temporary accounting relief measures as mentioned in note 2.1, as follows:

	Consolidated and the Bank	
	2022	2021
	<i>(in million Baht)</i>	
<i>Loans modified during the six-month period ended 30 June</i>		
Outstanding before modification*	18,035	3,710
Net modification loss*	(271)	(157)
	<u>17,764</u>	<u>3,553</u>
<i>Loans modified since initial recognition</i>		
Outstanding of loans to customers at the end of reporting date that have previously modified for which loss allowance has changed during the period from measured amount equal to lifetime expected credit losses to an amount equal to 12-month expected credit losses	<u>1,561</u>	<u>470</u>

* In 2022, this included 2nd form of financial assistance based on sustainable debt resolution as mentioned in note 2.1

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

Rutchayothin Assets Management Co., Ltd.
Statement of cash flows

	Six-month period ended 30 June	
	2022	2021
	(Unaudited)	(Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Loss from operating before income tax expense	(2)	(23)
<i>Adjustments to reconcile loss from operating before income tax to cash payments from operating activities</i>		
Expected credit loss	-	21
Net interest expenses	2	1
Loss from operating before changes in operating assets and liabilities	-	(1)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	-	(3)
Investments	-	4
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 30 June	-	-

16 Disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale

At the Board of Directors' meeting of the Bank held on 22 September 2021, the Board of Directors resolved to propose to the Extraordinary General Meeting of the shareholders to consider and approve the Bank to transfer its direct and indirect subsidiaries, and joint venture to SCB X Public Company Limited ("the Company") or a subsidiary of the Company according to Financial Business Group restructuring plan. The transaction was subsequently approved by the shareholders at the Extraordinary General Meeting of the shareholder held on 15 November 2021 and by the BoT on 12 April 2022. The details of subsidiaries and joint venture to be transferred are as follows:

Company	Note	% Shareholding	Investment cost <i>(in Million Baht)</i>
Direct Subsidiaries			
SCB 10X Co.,Ltd.		100	21,000
SCB Securities Co., Ltd.		100	3,422
SCB TECH X Co.,Ltd.		60	306
Monix Co.,Ltd.		58	396
AISCB Co., Ltd.		50	300
	<i>11</i>		<u>25,424</u>
Indirect Subsidiaries			
Digital Ventures Co., Ltd.		100	104
Purple Venture Co., Ltd.		100	3,000
Token X Co.,Ltd.		100	221
SCB Abacus Co.,Ltd.		45	246
			<u>3,571</u>
Direct Joint Venture			
Alpha X Co., Ltd.		50	75
	<i>11</i>		<u>75</u>

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The Bank and its subsidiaries classify assets and liabilities as held for sale because it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Identifiable disposal assets and liabilities classified as held for sale as at 30 June 2022 as follows:

	<i>Note</i>	Consolidated <i>(in Million Baht)</i>
Interbank and money market items, net		65
Financial assets measured at fair value through profit or loss		24,496
Derivative assets		887
Investments, net		18
Investments in subsidiaries, associates and joint venture, net	<i>11</i>	39
Loans to customers and accrued interest receivables, net		9,810
Properties for sale, net	<i>17</i>	2
Premises and equipment, net	<i>18</i>	186
Goodwill and other intangible assets, net	<i>19</i>	1,955
Deferred tax assets	<i>20</i>	358
Other assets, net		5,165
Total assets		42,981
Financial liabilities measured at fair value through profit or loss		15
Derivative liabilities		6
Debt issued and borrowings		7,387
Provisions	<i>25</i>	163
Deferred tax liabilities	<i>20</i>	1,087
Other liabilities		5,616
Total liabilities		14,274
Net assets and liabilities		28,707
		The Bank <i>(in Million Baht)</i>
	<i>Note</i>	
Investment in subsidiaries, associates and joint venture, net	<i>11</i>	25,499

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17 Properties for sale, net

	Consolidated 30 June 2022				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to disposal groups classified as held for sale	Ending balance
	<i>(in million Baht)</i>				
Foreclosed assets					
- Immovable assets	17,734	3,483	(914)	(5)	20,298
- Movable assets	384	2,212	(1,994)	-	602
Total foreclosed assets	18,118	5,695	(2,908)	(5)	20,900
Others	1,705	133	(221)	-	1,617
Total properties for sale	19,823	5,828	(3,129)	(5)	22,517
Less allowance for impairment	(1,622)	(106)	134	3	(1,591)
Total properties for sale, net	18,201	5,722	(2,995)	(2)	20,926

	Consolidated 31 December 2021			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
- Immovable assets	15,344	4,137	(1,747)	17,734
- Movable assets	412	1,966	(1,994)	384
Total foreclosed assets	15,756	6,103	(3,741)	18,118
Others	1,877	341	(513)	1,705
Total properties for sale	17,633	6,444	(4,254)	19,823
Less allowance for impairment	(1,497)	(649)	524	(1,622)
Total properties for sale, net	16,136	5,795	(3,730)	18,201

	The Bank 30 June 2022			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
- Immovable assets	17,420	3,483	(912)	19,991
- Movable assets	384	2,212	(1,994)	602
Total foreclosed assets	17,804	5,695	(2,906)	20,593
Others	1,736	133	(221)	1,648
Total properties for sale	19,540	5,828	(3,127)	22,241
Less allowance for impairment	(1,556)	(106)	132	(1,530)
Total properties for sale, net	17,984	5,722	(2,995)	20,711

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	The Bank			
	31 December 2021			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
- Immovable assets	15,027	4,137	(1,744)	17,420
- Movable assets	412	1,966	(1,994)	384
Total foreclosed assets	15,439	6,103	(3,738)	17,804
Others	1,908	341	(513)	1,736
Total properties for sale	17,347	6,444	(4,251)	19,540
Less allowance for impairment	(1,429)	(649)	522	(1,556)
Total properties for sale, net	15,918	5,795	(3,729)	17,984

For the six-month period ended 30 June 2022, the Bank and its subsidiaries recognised gain on sale of properties for sale in the consolidated and the Bank's statement of profit or loss and other comprehensive income amounting to Baht 764 million and Baht 764 million, respectively (30 June 2021: the Bank and its subsidiaries recognised gain on sale of properties for sale in the consolidated and the Bank's statement of profit or loss and other comprehensive income amounting to Baht 435 million and Baht 435 million, respectively).

At 30 June 2022, the Bank and its subsidiaries have properties for sale which contain buy-back rights or first refusal rights from other debtors within the certain period and prices as specified in the debt restructuring agreements with the cost amounting to Baht 4,492 million. (31 December 2021: Baht 4,005 million).

As at 30 June 2022, the Bank had properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing) amounting to Baht 2,514 million.

At 30 June 2022 and 31 December 2021, all of the foreclosed immovable assets were appraised by internal appraisers.

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18 Premises and equipment, net

	Cost						Consolidated 30 June 2022						Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to disposal groups classified as asset held for sale	Ending balance		Beginning balance	Depreciation	Disposals	Transfer to disposal groups classified as asset held for sale	Ending balance			
	<i>(in million Baht)</i>													
Land														
Cost	5,368	2	-	-	5,370	-	-	-	-	-	-	(77)	5,293	
Appraisal increase*	18,384	-	-	-	18,384	-	-	-	-	-	-	-	18,384	
Appraisal decrease*	(3)	-	-	-	(3)	-	-	-	-	-	-	-	(3)	
Premises and building improvements														
Cost	19,725	54	(8)	(57)	19,714	(10,014)	(356)	8	32	(10,330)	(49)		9,335	
Appraisal increase*	9,652	-	-	-	9,652	(287)	(33)	-	-	(320)	-		9,332	
Appraisal decrease*	(1,693)	-	-	-	(1,693)	113	(108)	-	-	5	-		(1,688)	
Equipment	19,224	226	(50)	(185)	19,215	(16,940)	(504)	48	100	(17,296)	-		1,919	
Others	175	361	(448)	(24)	64	(61)	(14)	-	11	(64)	-		-	
Right-of-use assets														
Office building	631	82	(122)	(71)	520	(315)	(101)	122	15	(279)	-		241	
ATM	246	7	-	-	253	(148)	(43)	-	-	(191)	-		62	
Vehicle	881	548	(29)	(13)	1,387	(383)	(86)	29	6	(434)	-		953	
Booth	35	-	-	-	35	(22)	(6)	-	-	(28)	-		7	
Branch	1,186	100	-	-	1,286	(446)	(289)	-	-	(735)	-		551	
Others	8	-	(1)	-	7	(2)	-	-	-	(2)	-		5	
Total	73,819	1,380	(658)	(350)	74,191	(28,505)	(1,540)	207	164	(29,674)	(126)		44,391	

* Appraisal values are based on valuations completed in 2021 for the Bank and its subsidiaries.

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	Cost					Consolidated 31 December 2021 Accumulated depreciation						
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to Investment properties	Ending balance	Beginning balance	Depreciation <i>(in million Baht)</i>	Disposals	Transfer to Investment properties	Ending balance	Allowance for impairment	Net balance
Land												
Cost	5,427	-	(59)	-	5,368	-	-	-	-	-	(77)	5,291
Appraisal increase*	12,287	6,136	(39)	-	18,384	-	-	-	-	-	-	18,384
Appraisal decrease*	-	(3)	-	-	(3)	-	-	-	-	-	-	(3)
Premises and building improvements												
Cost	20,048	335	(274)	(384)	19,725	(9,568)	(871)	259	166	(10,014)	(41)	9,670
Appraisal increase*	8,752	1,221	(23)	(298)	9,652	(3,051)	(505)	3,265	4	(287)	-	9,365
Appraisal decrease*	-	(1,693)	-	-	(1,693)	-	113	-	-	113	-	(1,580)
Equipment	18,889	674	(339)	-	19,224	(15,565)	(1,672)	297	-	(16,940)	-	2,284
Others	530	531	(886)	-	175	(14)	(47)	-	-	(61)	-	114
Right-of-use assets												
Office building	1,110	77	(556)	-	631	(475)	(227)	387	-	(315)	-	316
ATM	1,113	28	(895)	-	246	(741)	(302)	895	-	(148)	-	98
Vehicle	683	358	(160)	-	881	(307)	(235)	159	-	(383)	-	498
Booth	76	2	(43)	-	35	(23)	(22)	23	-	(22)	-	13
Branch	3,066	435	(2,315)	-	1,186	(1,447)	(926)	1,927	-	(446)	-	740
Others	7	1	-	-	8	(1)	(1)	-	-	(2)	-	6
Total	71,988	8,102	(5,589)	(682)	73,819	(31,192)	(4,695)	7,212	170	(28,505)	(118)	45,196

* Appraisal values are based on valuations completed in 2021 for the Bank and its subsidiaries.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 30 June 2022 amounted to Baht 23,142 million (31 December 2021: Baht 22,230 million).

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For the three-month period ended 30 June 2022 (Unaudited)

	Beginning balance	Additions/ Transfer in	Cost Disposals/ Transfer out	Ending balance	The Bank 30 June 2022		Ending balance	Allowance for impairment	Net balance
					Accumulated depreciation				
					Beginning balance	Depreciation			
Land									
Cost	5,284	-	-	5,284	-	-	-	(77)	5,207
Appraisal increase*	17,226	-	-	17,226	-	-	-	-	17,226
Appraisal decrease*	(3)	-	-	(3)	-	-	-	-	(3)
Premises and building improvements									
Cost	19,103	34	(8)	19,129	(9,594)	(336)	8	(9,922)	9,158
Appraisal increase*	9,531	-	-	9,531	(286)	(30)	-	(316)	9,215
Appraisal decrease*	(1,693)	-	-	(1,693)	113	(108)	-	5	(1,688)
Equipment	18,762	209	(45)	18,926	(16,666)	(484)	44	(17,106)	1,820
Others	120	352	(448)	24	-	-	-	-	24
Right-of-use assets									
Office building	262	1	-	263	(121)	(59)	-	(180)	83
ATM	245	7	-	252	(146)	(43)	-	(189)	63
Vehicle	711	505	-	1,216	(308)	(62)	-	(370)	846
Booth	35	-	-	35	(22)	(6)	-	(28)	7
Branch	1,186	100	-	1,286	(446)	(288)	-	(734)	552
Others	6	-	(1)	5	(1)	-	-	(1)	4
Total	70,775	1,208	(502)	71,481	(27,477)	(1,416)	52	(28,841)	42,514

* Appraisal values are based on valuations completed in 2021.

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	The Bank											
	31 December 2021											
	Cost					Accumulated depreciation						
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Transfer to Investment properties	Ending balance	Beginning balance	Depreciation	Disposals	Transfer to Investment properties	Ending balance	Allowance for impairment	Net balance
						<i>(in million Baht)</i>						
Land												
Cost	5,346	-	(62)	-	5,284	-	-	-	-	-	(77)	5,207
Appraisal increase*	11,573	5,692	(39)	-	17,226	-	-	-	-	-	-	17,226
Appraisal decrease*	-	(3)	-	-	(3)	-	-	-	-	-	-	(3)
Premises and building improvements												
Cost	19,518	221	(252)	(384)	19,103	(9,242)	(765)	247	166	(9,594)	(41)	9,468
Appraisal increase*	8,656	1,196	(23)	(298)	9,531	(3,014)	(500)	3,224	4	(286)	-	9,245
Appraisal decrease*	-	(1,693)	-	-	(1,693)	-	113	-	-	113	-	(1,580)
Equipment	18,390	610	(238)	-	18,762	(15,217)	(1,622)	173	-	(16,666)	-	2,096
Others	534	472	(886)	-	120	-	-	-	-	-	-	120
Right-of-use assets												
Office building	553	42	(333)	-	262	(338)	(116)	333	-	(121)	-	141
ATM	1,112	28	(895)	-	245	(740)	(301)	895	-	(146)	-	99
Vehicle	587	282	(158)	-	711	(266)	(200)	158	-	(308)	-	403
Booth	76	2	(43)	-	35	(23)	(22)	23	-	(22)	-	13
Branch	3,066	435	(2,315)	-	1,186	(1,447)	(926)	1,927	-	(446)	-	740
Others	6	-	-	-	6	(1)	-	-	-	(1)	-	5
Total	69,417	7,284	(5,244)	(682)	70,775	(30,288)	(4,339)	6,980	170	(27,477)	(118)	43,180

* Appraisal values are based on valuations completed in 2021.

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 30 June 2022 amounted to Baht 22,598 million (31 December 2021: Baht 21,696 million).

The fair values of land and premises are determined by using the market approach for land and the replacement cost approach for premises. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience. The fair values of land and premises are categorised as Level 3 in the fair value hierarchy.

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19 Goodwill and other intangible assets, net

Consolidated
30 June 2022

	Cost					Accumulated amortisation					Net balance	
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to disposal groups classified as held for sale	Ending balance	Beginning balance	Amortisation	Transfer to disposal groups classified as held for sale	Ending balance	Allowance for impairment		
						<i>(in million Baht)</i>						
Goodwill	1,270	-	-	-	1,270	-	-	-	-	-	-	1,270
Software licenses	33,894	1,773	(1)	(1,598)	34,068	(18,977)	(2,825)	744	(21,058)	(3)	3	13,010
Software under installation	2,140	651	(6)	(1,093)	1,692	-	-	-	-	-	-	1,692
Others	119	15	-	(17)	117	(58)	(17)	6	(69)	-	-	48
Total	37,423	2,439	(7)	(2,708)	37,147	(19,035)	(2,842)	750	(21,127)	(3)	3	16,020

Consolidated
31 December 2021

	Cost				Accumulated amortisation				Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisation	Disposals	Ending balance		
					<i>(in million Baht)</i>					
Goodwill	1,270	-	-	1,270	-	-	-	-	-	1,270
Software licenses	28,221	5,790	(117)	33,894	(14,020)	(4,963)	6	(18,977)	(3)	14,914
Software under installation	3,017	395	(1,272)	2,140	-	-	-	-	-	2,140
Others	116	3	-	119	(35)	(23)	-	(58)	-	61
Total	32,624	6,188	(1,389)	37,423	(14,055)	(4,986)	6	(19,035)	(3)	18,385

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2022 amounted to Baht 7,150 million (31 December 2021: Baht 6,254 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2022

For the three-month period ended 30 June 2022 (Unaudited)

					The Bank 30 June 2022				
	Cost				Accumulated amortisation				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance <i>(in million Baht)</i>	Amortisation	Disposals	Ending balance	Net balance
Goodwill	1,270	-	-	1,270	-	-	-	-	1,270
Software licenses	32,093	2,016	(1)	34,108	(18,175)	(2,688)	-	(20,863)	13,245
Software under installation	2,158	115	(6)	2,267	-	-	-	-	2,267
Total	35,521	2,131	(7)	37,645	(18,175)	(2,688)	-	(20,863)	16,782

					The Bank 31 December 2021				
	Cost				Accumulated amortisation				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance <i>(in million Baht)</i>	Amortisation	Disposals	Ending balance	Net balance
Goodwill	1,270	-	-	1,270	-	-	-	-	1,270
Software licenses	26,989	5,210	(106)	32,093	(13,467)	(4,711)	3	(18,175)	13,918
Software under installation	2,887	1	(730)	2,158	-	-	-	-	2,158
Total	31,146	5,211	(836)	35,521	(13,467)	(4,711)	3	(18,175)	17,346

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 30 June 2022 amounted to Baht 6,972 million (31 December 2021: Baht 6,093 million).

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For the three-month period ended 30 June 2022 (Unaudited)

20 Deferred tax

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Deferred tax assets	5,356	3,681	5,226	3,340
Deferred tax liabilities	(208)	(888)	-	-
Net	5,148	2,793	5,226	3,340

	Consolidated					At 30 June 2022
	<u>Credited / (Charged) to:</u>					
	At 1 January 2022	Profit or loss	Other Comprehensive income	Transfer to disposal groups classified as held for sale	Transfer to liabilities included in disposal groups classified as held for sale	
	<i>(in million Baht)</i>					
Deferred tax assets						
Financial assets measured at						
FVTPL	41	85	-	(126)	-	-
Derivative assets	48	(9)	-	-	-	39
Investments in subsidiaries, associates and joint venture	309	11	-	-	-	320
Loans to customers and accrued interest receivables	4,524	2,273	-	(141)	-	6,656
Properties for sale	147	26	-	(1)	-	172
Other intangible assets	9	(3)	-	(5)	(1)	-
Provisions	4,053	(125)	-	(31)	(2)	3,895
Other liabilities	1,483	(388)	-	(54)	(10)	1,031
Total	10,614	1,870	-	(358)	(13)	12,113
Deferred tax liabilities						
Financial assets measured at						
FVTPL	(963)	(353)	-	-	1,100	(216)
Investments	(271)	-	147	-	-	(124)
Properties for sale	(24)	-	-	-	-	(24)
Investment properties	(85)	-	-	-	-	(85)
Premises and equipment	(6,293)	(12)	-	-	-	(6,305)
Other intangible assets	(3)	-	-	-	-	(3)
Other assets	(182)	(26)	-	-	-	(208)
Total	(7,821)	(391)	147	-	1,100	(6,965)
Net	2,793	1,479	147	(358)	1,087	5,148

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For the six-month period ended 30 June 2022
For the three-month period ended 30 June 2022 (Unaudited)

	At 1 January 2021	Consolidated (Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other Comprehensive income	
<i>(in million Baht)</i>				
Deferred tax assets				
Financial assets measured at FVTPL	31	(18)	-	13
Derivative assets	47	(1)	-	46
Investments in subsidiaries, associates and joint venture	44	1	-	45
Loans to customers and accrued interest receivables	4,956	1,112	-	6,068
Properties for sale	129	(14)	-	115
Other intangible assets	17	(1)	-	16
Other assets	29	(29)	-	-
Provisions	3,562	517	-	4,079
Other liabilities	1,189	(220)	-	969
Total	10,004	1,347	-	11,351
Deferred tax liabilities				
Financial assets measured at FVTPL	(342)	(502)	-	(844)
Investments	(494)	(5)	180	(319)
Properties for sale	(24)	-	-	(24)
Investment properties	(66)	-	-	(66)
Premises and equipment	(4,534)	(13)	-	(4,547)
Other intangible assets	(3)	-	-	(3)
Other assets	(168)	(23)	-	(191)
Total	(5,631)	(543)	180	(5,994)
Net	4,373	804	180	5,357
The Bank (Charged) / Credited to:				
	At 1 January 2022	Profit or loss	Other Comprehensive income	At 30 June 2022
<i>(in million Baht)</i>				
Deferred tax assets				
Derivative assets	48	(9)	-	39
Investments in subsidiaries, associates and joint venture	309	11	-	320
Loans to customers and accrued interest receivables	4,443	2,204	-	6,647
Properties for sale	147	25	-	172
Provisions	3,943	(134)	-	3,809
Other liabilities	1,348	(362)	-	986
Total	10,238	1,735	-	11,973
Deferred tax liabilities				
Financial assets measured at FVTPL	(259)	42	-	(217)
Investments	(270)	-	147	(123)
Investment properties	(129)	-	-	(129)
Premises and equipment	(6,055)	(12)	-	(6,067)
Other intangible assets	(3)	-	-	(3)
Other assets	(182)	(26)	-	(208)
Total	(6,898)	4	147	(6,747)
Net	3,340	1,739	147	5,226

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For the three-month period ended 30 June 2022 (Unaudited)

	At 1 January 2021	The Bank (Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other Comprehensive income	
<i>(in million Baht)</i>				
Deferred tax assets				
Derivative assets	47	(1)	-	46
Investments in subsidiaries, associates and joint venture	44	1	-	45
Loans to customers and accrued interest receivables	4,939	1,090	-	6,029
Properties for sale	128	(14)	-	114
Provisions	3,466	512	-	3,978
Other liabilities	1,069	(165)	-	904
Total	9,693	1,423	-	11,116
Deferred tax liabilities				
Financial assets measured at FVTPL	(310)	(57)	-	(367)
Investments	(492)	(7)	181	(318)
Investment properties	(110)	-	-	(110)
Premises and equipment	(4,370)	(16)	-	(4,386)
Other intangible assets	(3)	-	-	(3)
Other assets	(168)	(23)	-	(191)
Total	(5,453)	(103)	181	(5,375)
Net	4,240	1,320	181	5,741

Income tax recognised in profit or loss

	Consolidated		The Bank	
	2022	2021	2022	2021
<i>(in million Baht)</i>				
Three-month period ended 30 June				
Current tax expense				
Current period	3,788	4,066	3,401	3,827
Deferred tax expense				
Movements in temporary differences	(1,111)	(1,762)	(1,052)	(1,916)
Total income tax expense	2,677	2,304	2,349	1,911

	Consolidated		The Bank	
	2022	2021	2022	2021
<i>(in million Baht)</i>				
Six-month period ended 30 June				
Current tax expense				
Current period	7,020	5,704	6,403	5,292
Deferred tax expense				
Movements in temporary differences	(1,479)	(804)	(1,739)	(1,320)
Total income tax expense	5,541	4,900	4,664	3,972

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For the three-month period ended 30 June 2022 (Unaudited)

Income tax recognised in other comprehensive income

<i>Three-month period ended 30 June</i>	Consolidated					
	Before tax	2022 Tax income	Net of tax <i>(in million Baht)</i>	Before tax	2021 Tax expense	Net of tax
(Loss) gain on investments in debt instruments at FVOCI	(497)	99	(398)	81	(16)	65
Gain on investments designated at FVOCI	-	-	-	4	(1)	3
Total	(497)	99	(398)	85	(17)	68

<i>Three-month period ended 30 June</i>	The Bank					
	Before tax	2022 Tax income	Net of tax <i>(in million Baht)</i>	Before tax	2021 Tax expense	Net of tax
(Loss) gain on investments in debt instruments at FVOCI	(497)	99	(398)	81	(16)	65
Total	(497)	99	(398)	81	(16)	65

<i>Six-month period ended 30 June</i>	Consolidated					
	Before tax	2022 Tax income	Net of tax <i>(in million Baht)</i>	Before tax	2021 Tax income	Net of tax
Loss on investments in debt instruments at FVOCI	(731)	146	(585)	(609)	122	(487)
Loss on investments designated at FVOCI	(7)	1	(6)	(292)	58	(234)
Total	(738)	147	(591)	(901)	180	(721)

<i>Six-month period ended 30 June</i>	The Bank					
	Before tax	2022 Tax income	Net of tax <i>(in million Baht)</i>	Before tax	2021 Tax income	Net of Tax
Loss on investments in debt instruments at FVOCI	(731)	146	(585)	(609)	122	(487)
Loss on investments designated at FVOCI	(7)	1	(6)	(296)	59	(237)
Total	(738)	147	(591)	(905)	181	(724)

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Reconciliation of effective tax rate

<i>Three-month period ended 30 June</i>	Consolidated			
	2022	2021	2022	2021
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>12,645</u>		<u>11,065</u>
Income tax using the Thai corporation tax rate	20.0	2,529	20.0	2,213
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>148</u>		<u>91</u>
Total	<u>21.2</u>	<u>2,677</u>	<u>20.8</u>	<u>2,304</u>

<i>Three-month period ended 30 June</i>	The Bank			
	2022	2021	2022	2021
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>16,017</u>		<u>10,909</u>
Income tax using the Thai corporation tax rate	20	3,203	20.0	2,182
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(854)</u>		<u>(271)</u>
Total	<u>14.7</u>	<u>2,349</u>	<u>17.5</u>	<u>1,911</u>

<i>Six-month period ended 30 June</i>	Consolidated			
	2022	2021	2022	2021
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>25,608</u>		<u>23,709</u>
Income tax using the Thai corporation tax rate	20.0	5,122	20.0	4,742
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>419</u>		<u>158</u>
Total	<u>21.6</u>	<u>5,541</u>	<u>20.7</u>	<u>4,900</u>

<i>Six-month period ended 30 June</i>	The Bank			
	2022	2021	2022	2021
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>27,338</u>		<u>21,283</u>
Income tax using the Thai corporation tax rate	20.0	5,468	20.0	4,257
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(804)</u>		<u>(285)</u>
Total	<u>17.1</u>	<u>4,664</u>	<u>18.7</u>	<u>3,972</u>

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21 Other assets, net

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	21,011	16,149	21,011	16,149
Securities business receivables and receivables from clearing house	-	3,301	-	-
Accrued service income	1,435	10,955	1,751	10,846
Receivable from purchase of investment in debt securities pending for settlement	9	1,629	9	1,629
Prepaid expenses	2,048	1,903	2,220	2,378
Receivables from sale of NPL	151	723	151	723
Sundry receivables	393	413	1,642	1,021
Accrued interest on investment and interest rate derivatives	1,267	1,053	1,267	1,052
Others	8,548	8,618	8,320	7,509
Total	34,862	44,744	36,371	41,307

22 Deposits

22.1 Classified by type of deposits

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
At call	111,375	118,954	110,314	117,866
Savings	1,917,463	1,840,043	1,920,424	1,843,382
Fixed				
- Less than 6 months	102,241	108,205	101,620	107,669
- 6 months and less than 1 year	160,836	157,551	160,636	157,543
- Over 1 year	232,573	242,742	232,572	242,741
Total	2,524,488	2,467,495	2,525,566	2,469,201

22.2 Classified by currency and residence of customer

	Consolidated					
	30 June 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,476,372	1,911	2,478,283	2,424,118	1,250	2,425,368
US Dollar	24,762	13,347	38,109	24,180	12,135	36,315
Other currencies	3,426	4,670	8,096	2,390	3,422	5,812
Total	2,504,560	19,928	2,524,488	2,450,688	16,807	2,467,495

	The Bank					
	30 June 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,484,217	1,833	2,486,050	2,433,318	1,196	2,434,514
US Dollar	24,762	7,309	32,071	24,180	5,245	29,425
Other currencies	3,426	4,019	7,445	2,390	2,872	5,262
Total	2,512,405	13,161	2,525,566	2,459,888	9,313	2,469,201

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23 Interbank and money market items (Liabilities)

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Domestic items				
Bank of Thailand and Financial Institutions Development Fund	29,041	35,504	29,041	35,504
Commercial banks	67,354	60,753	67,354	60,753
Specialised financial institutions*	24,282	45,646	24,282	45,646
Other financial institutions**	25,185	27,448	26,602	28,583
Total domestic items	145,862	169,351	147,279	170,486
Foreign items				
US Dollar	2,372	5,143	3,016	5,704
Japanese Yen	38	-	38	-
Euro	327	325	328	325
Chinese Yuan	4,355	3,886	4,355	3,886
Other currencies	4,314	2,256	4,025	1,905
Total foreign items	11,406	11,610	11,762	11,820
Total domestic and foreign items	157,268	180,961	159,041	182,306

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited.

24 Debt issued and borrowings

	Interest rate (%)	Year of maturity	30 June 2022		Consolidated		31 December 2021	
			Domestic	Foreign	Total	Domestic	Foreign	Total
<i>(in million Baht)</i>								
Debentures								
- US Dollar	2.75 - 4.40	2022 - 2029	-	67,026	67,026	-	63,442	63,442
Structured notes								
- US Dollar	0.07 - 1.7	2022 - 2023	605	-	605	246	-	246
- Baht	floating* - 0.45	2022 - 2024	7,572	-	7,572	7,967	-	7,967
Others	-	2022 - 2028	78	-	78	117	-	117
Total			8,255	67,026	75,281	8,330	63,442	71,772
Hedge accounting adjustment			-	(125)	(125)	-	3,150	3,150
Total			8,255	66,901	75,156	8,330	66,592	74,922

* Compounded THOR Backward shift 5 Business day - 0.20%

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	Interest rate (%)	Year of maturity	The Bank					
			30 June 2022		31 December 2021			
			Domestic	Foreign	Total (in million Baht)	Domestic	Foreign	Total
Debentures								
- US Dollar	2.75 - 4.40	2022 - 2029	-	67,026	67,026	-	63,442	63,442
Structured notes								
- US Dollar	0.07 - 1.7	2022 - 2023	605	-	605	246	-	246
- Baht	floating* - 0.45	2022 - 2024	7,572	-	7,572	2,150	-	2,150
Others	-	2022 - 2028	78	-	78	117	-	117
Total			8,255	67,026	75,281	2,513	63,442	65,955
Hedge accounting adjustment			-	(125)	(125)	-	3,150	3,150
Total			8,255	66,901	75,156	2,513	66,592	69,105

* Compounded THOR Backward shift 5 Business day - 0.20%

25 Provisions

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(in million Baht)			
Allowance for expected credit loss of loan commitments and financial guarantee contracts	5,509	6,307	5,373	6,236
Employee benefit obligations	9,408	9,232	8,970	8,677
Reserve for reward points	4,584	4,658	4,584	4,658
Others	119	145	119	145
Total	19,620	20,342	19,046	19,716

Allowance for expected credit loss of loan commitments and financial guarantee contracts

As of 30 June 2022, the allowance for expected credit loss of loan commitments and financial guarantee contracts increased from the net remeasurement and new loan commitments and financial guarantee contracts of Baht 1,490 million and Baht 1,403 million in the consolidated and the Bank's financial statements, respectively, while it decreased from the derecognition of loan commitments and financial guarantee of Baht 2,288 million and 2,266 million in the consolidated and the Bank's financial statements, respectively. (31 December 2021: increased from net remeasurement and new loan commitments and financial guarantee contracts of Baht 2,074 million and Baht 2,036 million in the consolidated and the Bank's financial statements, respectively, while it decreased from the derecognition of loan commitments and financial guarantee of Baht 1,166 million and 1,103 million).

Employee benefits obligations

The Bank and its subsidiaries operate a number of post-employment benefit and other long-term employee benefits. All benefit plans are unfunded.

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(in million Baht)			
Severance Payment benefits scheme ("SP")	7,640	7,507	7,292	7,035
Other schemes ("Others")	1,768	1,725	1,678	1,642
Total	9,408	9,232	8,970	8,677

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Defined benefit plan and other long-term employee benefits

The Bank and its subsidiaries operate a defined benefit plan and other long-term employee benefits based on the requirement of Thai Labour Protection Act B.E 2541 (1998) and the Bank and its subsidiaries' policy. These benefits will be provided once the employees fulfill the policy requirements or when employees retire based on pensionable remuneration and length of service.

The defined benefit plans and other long-term employee benefits expose actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit plan and other long-term employee benefits

	Consolidated			
	30 June 2022		31 December 2021	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	7,507	1,725	7,591	1,414
Included in profit or loss:				
Current service cost	320	39	803	37
Interest on obligation	81	18	118	22
Actuarial loss	-	-	-	2
	401	57	921	61
Included in other comprehensive income:				
Actuarial (gain) loss				
- Financial assumptions	-	-	(578)	213
- Experience adjustment	-	-	(190)	61
	-	-	(768)	274
Others				
Benefits paid	(105)	(14)	(237)	(24)
Transfer to liabilities included in disposal groups classified as held for sale	(163)	-	-	-
	(268)	(14)	(237)	(24)
Ending balance	7,640	1,768	7,507	1,725

	The Bank			
	30 June 2022		31 December 2021	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	7,035	1,642	7,180	1,355
Included in profit or loss:				
Current service cost	279	30	735	28
Interest on obligation	76	18	113	21
Employees transfer to subsidiaries	-	-	(28)	(2)
Actuarial loss	-	-	-	2
	355	48	820	49

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	The Bank			
	30 June 2022		31 December 2021	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Included in other comprehensive income:				
Actuarial (gain) loss				
- Financial assumptions	-	-	(550)	207
- Experience adjustment	-	-	(191)	54
	<u>-</u>	<u>-</u>	<u>(741)</u>	<u>261</u>
Others				
Benefits paid	<u>(98)</u>	<u>(12)</u>	<u>(224)</u>	<u>(23)</u>
Ending balance	<u>7,292</u>	<u>1,678</u>	<u>7,035</u>	<u>1,642</u>

Principal actuarial assumptions

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
			(%)	
Discount rate	0.3 - 2.2	0.3 - 2.8	2.2	2.2
Future salary growth	2.0 - 11.0	2.0 - 11.0	5.0 - 7.0	5.0 - 7.0
Medical cost trend rate	5.0	5.0	5.0	5.0
Employee turnover	0.0 - 20.0	0.0 - 20.0	2.0 - 12.0	2.0 - 12.0

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

Sensitivity analysis

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

	Consolidated			
	1% increase in assumption		1% decrease in assumption	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<i>Effect to the employee benefit obligation</i>				
	<i>(in million Baht)</i>			
Discount rate	(1,144)	(1,123)	1,391	1,365
Future salary growth	988	970	(850)	(834)
	The Bank			
	1% increase in assumption		1% decrease in assumption	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021

<i>Effect to the employee benefit obligation</i>				
	<i>(in million Baht)</i>			
Discount rate	(1,098)	(1,062)	1,336	1,293
Future salary growth	941	910	(808)	(782)

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Post-employee benefit and other long-term employee benefits expenses included in the statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022 and 2021 were as follows:

	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Defined contribution plans	615	605	532	543
Defined benefit plans and other long-term employee benefits	458	435	403	397
Total	1,073	1,040	935	940

26 Other liabilities

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Accrued expenses	18,825	18,655	20,086	16,899
Deferred income from Distribution Agreement	14,471	15,062	14,471	15,062
Other payable per Credit Support Annex	11,086	3,571	11,086	3,571
Other payables	5,251	6,993	5,222	6,962
Advance contingent bonus	3,384	-	3,384	-
Unsettled remittance transaction	3,396	4,258	3,396	4,258
Accrued interest payable	2,185	2,138	2,189	2,117
Securities business payables and payables to clearing house	-	2,581	-	-
Lease liabilities*	1,849	1,698	1,571	1,415
Withholding tax payable	589	868	559	698
Marginal deposits	385	376	385	377
Others	12,210	11,396	12,136	11,171
Total	73,631	67,596	74,485	62,530

* As at 30 June 2022, the amount recorded was calculated from total undiscounted lease liabilities of Baht 1,931 million and Baht 1,637 million in the consolidated and the Bank's financial statements, respectively (31 December 2021: Baht 1,780 million and Baht 1,444 million in the consolidated and the Bank's financial statements, respectively).

27 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, regarding to *Regulations on Service Business relating to Electronic Money (E-Money)* and Sor Nor Chor 2/2562 dated 20 December 2019 regarding to *Regulations on Service Business relating to Electronic Fund Transfer (EFT)*, the Bank had advances received from electronic transactions as at 30 June 2022, presented as liabilities in the amount of Baht 3,922 million (31 December 2021: Baht 1,275 million).

The Bank has kept advance received from electronic transactions which is a part of cash in the statements of financial position as at 30 June 2022 in the amount of Baht 6,851 million (31 December 2021: Baht 2,251 million).

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28 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold financial instruments agreements which do not meet the criteria for offsetting in the Consolidated and the Bank'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 and event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call collateral 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 of significant offsetting of financial assets and financial liabilities are as follow:

	Consolidated						
	30 June 2022						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position (in million Baht)	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
Financial assets							
Reverse sale-and-repurchase	320,624	-	320,624	320,624	-	Interbank and money market items, net (Assets)	7
Derivative assets	43,541	-	43,541	11,086	32,455	Derivative assets	9
Total	364,165	-	364,165	331,710	32,455		
Financial liabilities							
Sale-and-repurchase	69,477	-	69,477	69,477	-	Interbank and money market items (Liabilities)	23
Derivatives liabilities	46,362	-	46,362	20,999	25,363	Derivative liabilities	9
Total	115,839	-	115,839	90,476	25,363		

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	Consolidated						
	31 December 2021						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position (in million Baht)	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
Financial assets							
Reverse sale-and-repurchase	369,423	-	369,423	369,423	-	Interbank and money market items, net (Assets)	7
Derivative assets	28,267	-	28,267	3,571	24,696	Derivative assets	9
Securities business receivables	6,496	(1,789)	4,707	-	4,707	Other assets, net	21
Total	404,186	(1,789)	402,397	372,994	29,403		
Financial liabilities							
Sale-and-repurchase	59,303	-	59,303	59,303	-	Interbank and money market items (Liabilities)	23
Derivatives liabilities	34,959	-	34,959	16,145	18,814	Derivative liabilities	9
Securities business payables	4,193	(1,789)	2,404	-	2,404	Other liabilities	26
Total	98,455	(1,789)	96,666	75,448	21,218		

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	The Bank						
	30 June 2022						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position (in million Baht)	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
Financial assets							
Reverse sale-and-repurchase	320,624	-	320,624	320,624	-	Interbank and money market items, net (Assets)	7
Derivative assets	44,220	-	44,220	11,086	33,134	Derivative assets	9
Total	364,844	-	364,844	331,710	33,134		
Financial liabilities							
Sale-and-repurchase	69,477	-	69,477	69,477	-	Interbank and money market items (Liabilities)	23
Derivatives liabilities	46,938	-	46,938	20,999	25,939	Derivative liabilities	9
Total	116,415	-	116,415	90,476	25,939		

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	The Bank						
	31 December 2021						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position (in million Baht)	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
<i>Financial assets</i>							
Reverse sale-and-repurchase	369,423	-	369,423	369,423	-	Interbank and money market items, net (Assets)	7
Derivative assets	28,283	-	28,283	3,571	24,712	Derivative assets	9
Total	397,706	-	397,706	372,994	24,712		
<i>Financial liabilities</i>							
Sale-and-repurchase	59,303	-	59,303	59,303	-	Interbank and money market items (Liabilities)	23
Derivatives liabilities	35,410	-	35,410	16,145	19,265	Derivative liabilities	9
Total	94,713	-	94,713	75,448	19,265		

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29 Fair value of financial assets and financial liabilities

29.1 Financial assets and financial liabilities measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

	30 June 2022			Consolidated		31 December 2021		Total
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	
	Fair value			(in million Baht)		Fair value		
Financial assets								
Financial assets measured at FVTPL	1,025	27,136	12,280	40,441	6,167	41,594	20,946	68,707
Derivative assets								
- Foreign exchange rate	-	26,730	-	26,730	-	15,226	-	15,226
- Interest rate	-	45,270	-	45,270	-	41,582	-	41,582
- Others	-	609	-	609	-	771	-	771
Total	-	72,609	-	72,609	-	57,579	-	57,579
Investments, net								
- Investments in debt instruments measured at FVOCI	-	188,009	-	188,009	-	213,450	-	213,450
- Investments in equity instruments designated at FVOCI	-	-	1,621	1,621	-	-	1,636	1,636
Total	-	188,009	1,621	189,630	-	213,450	1,636	215,086
Total financial assets	1,025	287,754	13,901	302,680	6,167	312,623	22,582	341,372
Financial liabilities								
Financial liabilities measured at FVTPL	-	-	-	-	6	-	-	6
Derivative liabilities								
- Foreign exchange rate	-	25,806	-	25,806	-	14,289	-	14,289
- Interest rate	-	40,932	-	40,932	-	34,415	-	34,415
- Others	-	1,165	-	1,165	-	496	-	496
Total	-	67,903	-	67,903	-	49,200	-	49,200
Total financial liabilities	-	67,903	-	67,903	6	49,200	-	49,206

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	The Bank							
	30 June 2022 Fair value			Total		31 December 2021 Fair value		
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	<i>(in million Baht)</i>							
Financial assets								
Financial assets measured at FVTPL	1,025	27,136	12,280	40,441	1,272	41,537	6,345	49,154
Derivative assets								
- Foreign exchange rate	-	26,728	-	26,728	-	15,228	-	15,228
- Interest rate	-	45,270	-	45,270	-	41,582	-	41,582
- Others	-	1,249	-	1,249	-	807	-	807
Total	-	73,247	-	73,247	-	57,617	-	57,617
Investments, net								
- Investments in debt instruments measured at FVOCI	-	188,009	-	188,009	-	213,450	-	213,450
- Investments in equity instruments designated at FVOCI	-	-	1,613	1,613	-	-	1,620	1,620
Total	-	188,009	1,613	189,622	-	213,450	1,620	215,070
Total financial assets	1,025	288,392	13,893	303,310	1,272	312,604	7,965	321,841
Financial liabilities								
Derivative liabilities								
- Foreign exchange rate	-	25,805	-	25,805	-	14,292	-	14,292
- Interest rate	-	40,932	-	40,932	-	34,415	-	34,415
- Others	-	1,745	-	1,745	-	939	-	939
Total	-	68,482	-	68,482	-	49,646	-	49,646
Total financial liabilities	-	68,482	-	68,482	-	49,646	-	49,646

Reconciliation of Level 3 fair values

	Consolidated	The Bank
	<i>(in million Baht)</i>	
Financial assets measured at FVTPL		
At 1 January 2022	20,946	6,345
Acquisitions	6,668	5,069
Disposal	(110)	(5)
Transfers from Level 2	230	230
Transfers out of Level 3	(3,883)	-
Net change in fair value (including unrealised transactions and foreign currency translation)	2,018	641
Transfer to disposal groups classified as held for sale	(13,589)	-
At 30 June 2022	12,280	12,280
Financial assets measured at FVTPL		
At 1 January 2021	6,489	3,794
Acquisitions	10,615	6,681
Disposal	(800)	(4,794)
Net change in fair value (including unrealised transactions and foreign currency translation)	4,642	664
At 31 December 2021	20,946	6,345

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29.2 Financial assets and financial liabilities not measured at fair value

Fair value of financial assets and financial liabilities which are not measured at fair value and for which there is a significant difference with carrying amount as at 30 June 2022 and 31 December 2021 were as follows:

	Consolidated					
	30 June 2022			31 December 2021		
	Carrying amount	Fair value Level 2	Fair value Level 3	Carrying amount	Fair value Level 2	Fair value Level 3
	<i>(in million Baht)</i>					
Financial assets						
Investments in debt instruments measured at AMC	109,326	105,718	763	7,548	7,593	502

	The Bank					
	30 June 2022			31 December 2021		
	Carrying amount	Fair value Level 2	Fair value Level 3	Carrying amount	Fair value Level 2	Fair value Level 3
	<i>(in million Baht)</i>					
Financial assets						
Investments in debt instruments measured at AMC	109,001	106,028	127	7,517	7,903	161

The following methods and assumptions are used in estimating fair values of financial instruments as disclosed herein:

Interbank and money market items (Assets): Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market. The fair value has no significant difference with the carrying amount.

Financial assets measured at FVTPL and investments: The following methodologies are used to determine the fair value of securities held by the Bank.

- The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price for identical or similar instruments in active markets or other inputs that are observable market data. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt instruments with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium.
- The fair value of listed private sector equity instruments and listed unit trust is estimated by using the bidding prices at The Stock Exchange of Thailand on the last business day of the year.
- The fair value of non-marketable equity instruments is measured based on different measurement approach that is most appropriate to the investee's business i.e. current adjusted book value, latest round funding price and other valuation models.
- The fair value of non-listed unit trusts is estimated based on the net asset value at the reporting date.

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- The fair value of foreign debt and equity instruments listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity instruments is determined based on values quoted by reliable international financial institutions.
- Derivatives:
- The fair values of derivatives are obtained from quoted market prices in active markets, where available. Fair values for over-the-counter derivatives are derived using broker quotes in active markets. Fair values of derivatives in an illiquid market are obtained using an average price quoted from several reliable sources, valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate. In the case of derivative assets, fair values are also reflected the credit risk of counterparty.
- Loans to customers and accrued interest receivables:
- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount.
 - The fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount.
- Deposits:
- The fair value of deposits which are payable on demand by the depositor are equal to the carrying amount.
 - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits.
- Interbank and money market items (Liabilities):
- The fair value has no significant difference with the carrying amount.
- Liabilities payable on demand:
- The fair value is approximated based on its carrying amount.
- Financial liabilities measured at FVTPL:
- The fair value is calculated based on valuation models using market data obtained from reliable sources.
- Debt issued and borrowings:
- The fair value of short-term borrowings maturing within 90 days approximated its carrying amount.
 - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

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30 Share capital

All preferred shares had a period of 10 years, which expired on 10 May 2009. Hence, rights of preferred shareholders have been the same as those of the common shareholders since then.

Holders of preferred shares are entitled to convert the shares they hold into common shares, with the conversion ratio of 1:1. The holders of common shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

31 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires the Bank and its subsidiaries which are public companies shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of net profit until the reserve fund not less than 10% of the registered capital of the Company. Such reserve fund is not available for distribution as dividend.

Other components of equity

Translation differences

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

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32 Dividends

The dividends paid by the Bank to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2022</i>				
Annual dividend 2021	4 April 2022	22 April 2022	2.63	8,940
Total			2.63	8,940
<i>2021</i>				
Annual dividend 2020	8 April 2021	7 May 2021	2.30	7,818
Interim dividend 2021	24 August 2021	23 September 2021	1.43	4,861
Total			3.73	12,679

33 Assets pledged as collateral and under restriction

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Securities pledged as collateral	54,468	58,544	54,468	58,544
Deposits under restriction of overseas subsidiaries and branch	1,407	1,557	490	506
Others	81	81	75	75
Total	55,956	60,182	55,033	59,125

34 Contingent liabilities

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Avals to bills	6,018	6,624	6,018	6,624
Guarantees of loans	3,061	538	2,636	179
Liability under unmatured import bills	49,782	47,976	49,712	47,888
Letters of credit	30,453	30,280	30,472	30,158
Other contingencies				
- Unused bank overdrafts	191,640	200,003	190,727	199,168
- Other guarantees	170,620	161,746	169,440	160,580
- Receivables / payables from investments	4,227	22,972	4,227	22,972
- Others	45,429	56,867	45,399	56,867
Total	501,230	527,006	498,631	524,436

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35 Related parties

In April 2022, 99.06% of the Bank's shares were acquired by SCB X Public Company Limited. As a result, the controlling party of the Bank has changed to SCB X Public Company Limited.

In addition, relationships with subsidiaries, associates and joint ventures that have material changes are described in note 11. Other related parties which have material changes in relationships and with which the Bank and subsidiaries had significant transactions during the period were as follows:

Name of entities	Country of incorporation	Nature of relationships
Auto X Co., Ltd.	Thailand	Subsidiary of parent company
Card X Co., Ltd.	Thailand	Subsidiary of parent company
Card X Asset Management Co.,Ltd.	Thailand	Indirect subsidiary of parent company

35.1 Assets, liabilities, and contingencies

	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Parent company				
Loans*	1,250	-	1,250	-
Other assets	139	-	139	-
Subsidiaries				
Investments	-	-	311	310
Loans*	-	-	6,820	4,520
Other assets	-	-	2,347	2,079
Deposits	-	-	7,845	9,200
Interbank and money market items (liabilities)	-	-	2,129	1,748
Other liabilities	-	-	1,920	997
Contingencies (Notional amount)	-	-	8,603	7,918
Associates				
Loans*	8,693	8,531	8,693	8,531
Deposits	337	345	337	345
Contingencies (Notional amount)	378	555	378	555
Joint venture				
Loans*	1,400	-	1,400	-
Deposits	177	137	177	137
Other related parties				
Deposits	1,173	-	1,173	-
Major shareholders (more than 10% ownership)				
Deposits	14,740	13,955	14,740	13,955
Directors and key executive officers of the Bank and Parent company				
Loans*	109	227	109	122
Deposits	1,930	1,416	1,929	1,416

* Before deducting allowance for expected credit loss.

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	Consolidated		The Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	<i>(in million Baht)</i>			
Entities in which the directors, management of the Bank and Parent company or close members of their families have significant influence				
Loans*	17,768	28,225	17,768	28,225
Deposits	40,886	19,995	40,886	19,995
Contingencies (Notional amount)	932	817	932	817

* Before deducting allowance for expected credit loss.

35.2 Income and expenses

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Parent company				
Interest income	2	-	2	-
Subsidiaries				
Interest income	-	-	89	18
Interest expenses	-	-	208	36
Fee and service income and other income	-	-	1,842	2,288
Fee and service expenses and other expenses	-	-	2,371	1,410
Dividend income	-	-	3,831	1,537
Net gain (loss) on financial instruments measured at fair value through profit or loss	-	-	565	122
Associates				
Interest income	19	21	19	21
Dividend income	148	72	148	72
Joint Venture				
Interest income	7	-	7	-
Major shareholders (more than 10% ownership)				
Interest expenses	55	63	55	63
Directors and key executive officers of the Bank and Parent company				
Interest income	1	1	1	1
Interest expenses	4	3	4	3
Entities in which the directors, management of the Bank and Parent company or close members of their families have significant influence				
Interest income	189	91	189	91
Interest expenses	83	51	83	51
Other expenses	46	154	46	154

During the six-month period end 30 June 2022, the Bank did not transfer any non-marketable equity instrument to subsidiary. (30 June 2021: the Bank transferred non-marketable equity instruments to subsidiary at fair value on the date of transfer amounting to Baht 2,653 million).

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36 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiaries, holding the position of Executive Vice President or higher.

The Bank and its subsidiaries have not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Bank and its subsidiaries regulations.

<i>Three-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Short-term employee benefits	574	459	441	364
Post-employment benefits and others	34	15	10	11
Other long-term employee benefits	-	3	-	-
Termination benefits	6	-	6	-
Total	614	477	457	375

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2022
	<i>(in million Baht)</i>			
Short-term employee benefits	1,329	1,026	728	712
Post-employment benefits and others	48	31	19	22
Other long-term employee benefits	-	3	-	-
Termination benefits	36	-	36	-
Total	1,413	1,060	783	734

37 Segment information

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has three main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers and small businesses; the Retail Segment which serves individuals.

Others segment includes the income from the Banks' interbank and money market and investments that is not allocated to a specific business unit and the results of subsidiaries business. Operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses. The pricing policy among business units are in line with the normal course of business.

<i>Three-month period ended 30 June 2022</i>	Consolidated					
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	Total
	<i>(in million Baht)</i>					
Net interest income	5,197	4,640	12,717	3,516	-	26,070
Non-interest income, net	2,167	955	7,102	8,148	(5,738)	12,634
Total operating income	7,364	5,595	19,819	11,664	(5,738)	38,704
Total operating expenses	(1,997)	(2,165)	(7,034)	(6,341)	1,734	(15,803)
Profit before expected credit loss and income tax expense	5,367	3,430	12,785	5,323	(4,004)	22,901
Expected credit loss						(10,256)
Income tax expense						(2,677)
Net profit						9,968

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<i>Three-month period ended</i> <i>30 June 2021</i>	Consolidated					Total
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	
			<i>(in million Baht)</i>			
Net interest income	3,776	4,369	11,768	3,562	-	23,475
Non-interest income, net	1,798	945	7,400	5,187	(2,336)	12,994
Total operating income	5,574	5,314	19,168	8,749	(2,336)	36,469
Total operating expenses	(2,376)	(2,088)	(8,450)	(3,348)	886	(15,376)
Profit before expected credit loss and income tax expense	3,198	3,226	10,718	5,401	(1,450)	21,093
Expected credit loss						(10,028)
Income tax expense						(2,304)
Net profit						<u>8,761</u>

<i>Six-month period ended</i> <i>30 June 2022</i>	Consolidated					Total
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	
			<i>(in million Baht)</i>			
Net interest income	9,460	9,791	24,865	6,698	-	50,814
Non-interest income, net	4,057	2,233	14,631	11,455	(6,783)	25,593
Total operating income	13,517	12,024	39,496	18,153	(6,783)	76,407
Total operating expenses	(4,636)	(4,232)	(15,570)	(10,053)	2,698	(31,793)
Profit before expected credit loss and income tax expense	8,881	7,792	23,926	8,100	(4,085)	44,614
Expected credit loss						(19,006)
Income tax expense						(5,541)
Net profit						<u>20,067</u>

<i>Six-month period ended</i> <i>30 June 2021</i>	Consolidated					Total
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	
			<i>(in million Baht)</i>			
Net interest income	8,252	8,346	22,838	7,414	-	46,850
Non-interest income, net	3,322	1,955	15,322	9,717	(2,944)	27,372
Total operating income	11,574	10,301	38,160	17,131	(2,944)	74,222
Total operating expenses	(4,857)	(4,082)	(17,191)	(6,111)	1,763	(30,478)
Profit before expected credit loss and income tax expense	6,717	6,219	20,969	11,020	(1,181)	43,744
Expected credit loss						(20,036)
Income tax expense						(4,900)
Net profit						<u>18,808</u>

	Consolidated					Total
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	
			30 June 2022			
			<i>(in million Baht)</i>			
Loans to customers	879,296	414,521	1,060,272	13,957	(17,244)	2,350,802
Total assets	844,160	381,035	1,106,065	1,131,138	(62,945)	3,399,453
Total liabilities	664,904	270,938	1,608,453	424,890	(23,398)	2,945,787

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	Consolidated					Total
	31 December 2021					
	Corporate Segment	SME Segment	Retail Segment	Others	Elimination	
	<i>(in million Baht)</i>					
Loans to customers	841,372	383,831	1,046,289	34,862	(4,520)	2,301,834
Total assets	815,501	348,092	1,052,115	1,151,289	(52,432)	3,314,565
Total liabilities	662,528	224,431	1,474,624	530,294	(19,927)	2,871,950

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

38.1 Financial position classified by domestic and foreign business

	Consolidated					
	30 June 2022			31 December 2021		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	3,376,492	22,961	3,399,453	3,281,212	33,353	3,314,565
Interbank and money market items, net (Assets)	550,403	15,814	566,217	599,983	18,286	618,269
Financial assets measured at FVTPL	40,441	-	40,441	68,707	-	68,707
Investments, net *	297,913	1,753	299,666	221,978	1,438	223,416
Loans to customers and accrued interest receivables, net	2,191,476	20,524	2,212,000	2,144,390	21,066	2,165,456
Deposits	2,509,997	14,491	2,524,488	2,454,891	12,604	2,467,495
Interbank and money market items (Liabilities)	150,889	6,379	157,268	174,993	5,968	180,961
Debt issued and borrowings	8,255	66,901	75,156	8,330	66,592	74,922

	The Bank					
	30 June 2022			31 December 2021		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	3,375,972	8,438	3,384,410	3,281,752	18,262	3,300,014
Interbank and money market items, net (Assets)	549,932	4,753	554,685	599,412	6,691	606,103
Financial assets measured at FVTPL	40,441	-	40,441	49,154	-	49,154
Investments, net *	307,517	1,122	308,639	251,671	1,101	252,772
Loans to customers and accrued interest receivables, net	2,198,083	18,069	2,216,152	2,141,756	18,314	2,160,070
Deposits	2,517,843	7,723	2,525,566	2,464,091	5,110	2,469,201
Interbank and money market items (Liabilities)	153,017	6,024	159,041	176,741	5,565	182,306
Debt issued and borrowings	8,255	66,901	75,156	2,513	66,592	69,105

* Includes net investments in subsidiaries, associates and joint venture

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38.2 Results of operations classified by domestic and foreign business

<i>Three-month period ended 30 June</i>	Consolidated							
	2022			2021				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	30,190	661	(293)	30,558	27,441	290	(78)	27,653
Interest expenses	(3,824)	(957)	293	(4,488)	(3,591)	(665)	78	(4,178)
Net interest income (expense)	26,366	(296)	-	26,070	23,850	(375)	-	23,475
Net fee and service income	9,328	19	-	9,347	9,800	12	-	9,812
Other operating income	2,636	664	(13)	3,287	3,034	161	(13)	3,182
Other operating expenses	(15,642)	(174)	13	(15,803)	(15,220)	(169)	13	(15,376)
Expected credit loss	(10,064)	(192)	-	(10,256)	(9,620)	(408)	-	(10,028)
Profit (loss) before income tax expense	12,624	21	-	12,645	11,844	(779)	-	11,065
Income tax expense	(2,659)	(18)	-	(2,677)	(2,285)	(19)	-	(2,304)
Net profit (loss)	9,965	3	-	9,968	9,559	(798)	-	8,761

<i>Three-month period ended 30 June</i>	The Bank							
	2022			2021				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	29,633	600	(293)	29,940	27,285	242	(78)	27,449
Interest expenses	(3,761)	(937)	293	(4,405)	(3,578)	(654)	78	(4,154)
Net interest income (expense)	25,872	(337)	-	25,535	23,707	(412)	-	23,295
Net fee and service income	8,201	4	-	8,205	8,673	1	-	8,674
Other operating income	5,434	632	-	6,066	3,352	155	-	3,507
Other operating expenses	(13,993)	(104)	-	(14,097)	(14,476)	(93)	-	(14,569)
Expected credit loss	(9,672)	(20)	-	(9,692)	(9,507)	(491)	-	(9,998)
Profit (loss) before income tax expense	15,842	175	-	16,017	11,749	(840)	-	10,909
Income tax expense	(2,334)	(15)	-	(2,349)	(1,902)	(9)	-	(1,911)
Net profit (loss)	13,508	160	-	13,668	9,847	(849)	-	8,998

<i>Six-month period ended 30 June</i>	Consolidated							
	2022			2021				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	58,949	1,019	(391)	59,577	54,965	570	(163)	55,372
Interest expenses	(7,465)	(1,689)	391	(8,763)	(7,379)	(1,306)	163	(8,522)
Net interest income (expense)	51,484	(670)	-	50,814	47,586	(736)	-	46,850
Net fee and service income	18,767	36	-	18,803	20,219	32	-	20,251
Other operating income	6,165	647	(22)	6,790	6,711	433	(23)	7,121
Other operating expenses	(31,457)	(358)	22	(31,793)	(30,152)	(349)	23	(30,478)
Expected credit loss	(18,980)	(26)	-	(19,006)	(19,642)	(394)	-	(20,036)
Profit (loss) before income tax expense	25,979	(371)	-	25,608	24,722	(1,014)	-	23,708
Income tax expense	(5,517)	(24)	-	(5,541)	(4,868)	(32)	-	(4,900)
Net profit (loss)	20,462	(395)	-	20,067	19,854	(1,046)	-	18,808

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<i>Six-month period ended 30 June</i>	The Bank							
	2022			2021				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	57,938	904	(391)	58,451	54,705	477	(163)	55,019
Interest expenses	(7,336)	(1,648)	391	(8,593)	(7,357)	(1,286)	163	(8,480)
Net interest income (expense)	50,602	(744)	-	49,858	47,348	(809)	-	46,539
Net fee and service income	16,450	6	-	16,456	17,861	8	-	17,869
Other operating income	7,015	615	-	7,630	5,367	411	-	5,778
Other operating expenses	(28,246)	(214)	-	(28,460)	(28,779)	(196)	-	(28,975)
Expected credit loss	(18,323)	177	-	(18,146)	(19,481)	(447)	-	(19,928)
Profit (loss) before income tax expense	27,498	(160)	-	27,338	22,316	(1,033)	-	21,283
Income tax expense	(4,648)	(16)	-	(4,664)	(3,958)	(14)	-	(3,972)
Net profit (loss)	22,850	(176)	-	22,674	18,358	(1,047)	-	17,311

39 Interest income

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Interbank and money market items	1,543	1,308	1,533	1,300
Investments and trading transactions	238	245	232	221
Investments in debt instruments	1,343	1,064	1,325	1,063
Loans	50,611	46,590	49,519	46,270
Hire purchase	5,811	6,150	5,811	6,150
Others	31	15	31	15
Total	59,577	55,372	58,451	55,019

40 Interest expenses

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Deposits	4,624	4,858	4,570	4,830
Interbank and money market items	501	363	385	349
Contributions to Deposit Protection Agency and Financial Institutions Development Fund	3,017	2,856	3,017	2,856
Debt issued	599	440	599	440
Others	22	5	22	5
Total	8,763	8,522	8,593	8,480

On 8 April 2020, BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020. On 19 August 2021, BoT extend the period of a reduction in rate of contribution from FIDF to end of the year 2022 which is effective from 1 January 2022.

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41 Net fee and service income

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Fee and service income				
- ATM cards, Debit cards, Credit cards and other banking electronic	6,167	5,457	6,136	5,454
- Acceptances, avals and guarantees	713	802	705	796
- Insurance commission and bancassurance related income	6,891	6,784	6,462	6,708
- Others	10,325	12,171	7,481	8,981
Total fee and service income	24,096	25,214	20,784	21,939
Fee and service expenses	(5,293)	(4,963)	(4,328)	(4,070)
Net fee and service income	18,803	20,251	16,456	17,869

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

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Gain (loss) on trading and foreign exchange transactions				
Foreign currencies and foreign exchange derivatives	5,913	4,600	4,973	4,168
Interest rate derivatives	840	379	840	379
Debt instruments	(915)	(473)	(943)	(479)
Equity instruments	(327)	199	-	19
Other derivatives	678	158	(17)	220
Total	6,189	4,863	4,853	4,307
Gain (loss) on others				
Derivatives held for risk management not designated in a hedge relationship				
- Foreign exchange derivatives	(638)	(1,723)	(638)	(1,723)
- Equity derivatives	-	13	-	13
Debt instruments	(1,467)	68	(1,462)	68
Equity instruments	1,315	2,592	(247)	764
Total	(790)	950	(2,347)	(878)
Total net gain on financial instruments measured at fair value through profit or loss	5,399	5,813	2,506	3,429

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43 Net gain on investments

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Investment in debt instruments measured at FVOCI	6	94	6	94
Investments in subsidiaries	(1)	-	-	-
Total	5	94	6	94

44 Other expenses

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Marketing expenses	3,170	3,361	2,032	3,146
Other service fees	1,912	1,337	2,791	2,512
Amortisation of intangible assets	2,842	2,361	2,688	2,238
Others	1,604	943	1,449	840
Total	9,528	8,002	8,960	8,736

45 Expected credit loss

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht)</i>			
Expected credit loss				
- Interbank and money market items	(66)	(26)	(66)	(35)
- Investment in debt instruments measured at FVOCI	(2)	(10)	(2)	(10)
- Investment in debt instruments measured at AMC	2	(16)	2	(16)
- Loans to customers and accrued interest receivables *	19,776	18,659	18,980	18,519
- Loan commitments and financial guarantee contracts	(798)	947	(862)	988
Modification loss	94	482	94	482
Total	19,006	20,036	18,146	19,928

* Net of bad debts recovery

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46 Basic earnings per share

<i>Three-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	10,254	8,815	13,668	8,998
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	3.02	2.59	4.02	2.65

<i>Six-month period ended 30 June</i>	Consolidated		The Bank	
	2022	2021	2022	2021
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	20,447	18,902	22,674	17,311
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	6.02	5.56	6.67	5.09

47 Financial Business Group restructuring plan

At the Extraordinary General Meeting of Shareholders of the Bank held on 15 November 2021, the resolution approved Financial Business Group Restructuring Plan of the Bank and other related processes (the “Shareholding Restructuring Plan”).

The completed phases of the Shareholding Restructuring Plan

SCB X Public Company Limited (“the Company”) made a tender offer for all of the Bank’s securities to the shareholders of the Bank by issuing and offering newly-issued ordinary shares of the Company in exchange for the Bank’s ordinary shares and preferred shares, at a swap ratio of 1 ordinary share of the Bank for 1 ordinary share of the Company, and 1 preferred share of the Bank for 1 ordinary share of the Company (at present, the Bank's preferred shares have the same rights as the Bank's ordinary shares). The tender offer period ended on 18 April 2022 and the shareholder of the Bank accepted the tender offer in the total number of 3,367,107,286 shares which was equivalent to 99.06% of the total issued and outstanding shares of the Bank. On 22 April 2022, the Company allocated 3,367,107,286 newly issued ordinary shares, at the par value of Baht 10 per share to shareholders of the Bank who accepted the tender offer. The Company, consequently, acquired the ordinary shares and preferred shares of the Bank in the total number of 3,367,107,286 shares, at the par value of Baht 10 per share from the shareholders of the Bank who accepted the tender offer as part of the share swap. The Company registered for the amendment of the paid-up capital with the Department of Business Development, Ministry of Commerce on the same day.

On 27 April 2022, the Company’s ordinary shares are listed securities on the Stock Exchange of Thailand (the “SET”), in place of the securities of the Bank, which were delisted from the SET on the same day.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
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For the three-month period ended 30 June 2022 (Unaudited)

Following phases of the Shareholding Restructuring Plan

The Bank will transfer the subsidiaries within the Bank's group to the Company or a subsidiary of the Company, including the transfer of the credit card and unsecured personal loan businesses to Card X Company Limited and Card X Asset Management Company Limited, which are either direct and indirect subsidiaries of the Company after the Bank and/or Company obtains relevant approvals from the BoT.

Furthermore, the Bank will pay interim dividends, subject to the approval by BoT to the Company and other shareholders of the Bank. The Bank expects that the majority of such dividends that the Bank pays to the Company will be mainly used as consideration for receiving the transfer of the subsidiaries and the credit card and unsecured personal loan businesses. This consideration amount will also be used by the Company to invest for business expansion in the future, as well as dividend to be paid to the shareholders of the Company. The payment of such dividend will depend on various factors including the BoT's policies in relation to the dividend payment at that time and the Company's dividend policy.