

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE YEARS-ENDED DECEMBER 31, 2021
(TRANSLATION)

AUDITOR'S REPORT

TO : MINISTER OF FINANCE

Opinion

The State Audit Office of the Kingdom of Thailand has audited the financial statements of Export-Import Bank of Thailand (the Bank), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. The State Audit Office of the Kingdom of Thailand is independent of the Bank in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the financial statements, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these standards and requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

error, and to issue an auditor's report that includes the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the State Audit Standards and Thai Standards on Auditing, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The State Audit Office of the Kingdom of Thailand communicates 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 the State Audit Office of the Kingdom of Thailand identifies during the audit.

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(Mrs. Ladawan Chotimanont)

Director of Financial and
Procurement Audit Office No.3

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(Ms. Jitprapat Tantiyawareong)

Auditor, Senior Professional Level

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Notes	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unit : Thousand Baht			
<u>Assets</u>			
Cash		715	3,792
Interbank and money market items, net	6.3	8,604,628	8,247,794
Financial assets measured at fair value through profit or loss		1,261	1,161
Derivatives assets	6.4	286,409	835,103
Investments, net	6.5	4,002,715	5,098,751
Loans to customers and accrued interest receivables, net	6.6	138,486,026	122,300,653
Loans to customers from public service account and accrued interest receivables, net	6.30.2	3,127,908	1,427,859
Receivable eligible for government reimbursement	6.30.4	52,459	7,441
Properties for sale, net	6.8	286,984	274,008
Premises and equipment, net	6.9	776,209	812,029
Intangible assets, net	6.10	242,327	244,995
Reinsurance assets	6.11	312,355	309,658
Prepaid public revenue		308,830	-
Prepaid expenses		57,543	60,555
Other assets, net	6.12	257,920	165,127
Total assets		156,804,289	139,788,926

Notes to the financial statements are an integral part of these financial statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Notes	<u>December 31, 2021</u>	<u>December 31, 2020</u>
			Unit : Thousand Baht
			<u>December 31, 2020</u>
<u>Liabilities and Equity</u>			
Deposits	6.13	48,150,034	44,391,403
Interbank and money market items	6.14	21,087,766	20,042,875
Liabilities payable on demand		233,027	421,878
Derivatives liabilities	6.4	748,135	577,812
Debt issued and borrowings	6.15	60,639,636	52,158,940
Provisions	6.16	619,021	694,340
Accrued interest payables		216,776	318,397
Reserves for insurance service	6.17	651,033	634,723
Other liabilities	6.18	779,024	635,722
Total liabilities		<u>133,124,452</u>	<u>119,876,090</u>
Equity			
Capital	6.19	14,998,000	12,800,000
Paid-up capital		14,998,000	12,800,000
Other components of equity		442	(1,562)
Retained earnings			
Appropriated			
Legal reserve		8,120,000	8,120,000
Unappropriated		561,395	(1,005,602)
Total equity		<u>23,679,837</u>	<u>19,912,836</u>
Total liabilities and equity		<u>156,804,289</u>	<u>139,788,926</u>

Notes to the financial statements are an integral part of these financial statements.

(Mr. Rak Vorrakitpokatorn)

President

(Mrs. Wanpen Unchundacha)

Executive Vice President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

Unit : Thousand Baht

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Interest income	6.24	4,658,813	4,928,977
Interest expenses	6.25	1,205,817	1,644,182
Interest income, net		<u>3,452,996</u>	<u>3,284,795</u>
Fees and service income		538,517	483,251
Fees and service expenses		180,003	151,315
Fees and service income, net	6.26	<u>358,514</u>	<u>331,936</u>
Gains on financial instruments measured at fair value through profit or loss, net	6.27	5,818	81,202
Other operating income		10,642	36,350
Income from public service account	6.30.5	90,248	14,919
Total operating income		<u>3,918,218</u>	<u>3,749,202</u>
Other operating expenses			
Employee's expenses		1,067,695	1,097,911
Directors' remuneration		6,991	8,679
Premises and equipment expenses		138,199	134,904
Loss on claims and reserves for insurance services	6.28	10,165	207,984
Loss on impairment of properties for sale		2,861	3,749
Doubtful account for contingent liabilities and other reserve		(80,519)	81,352
Others		277,882	293,445
Total other operating expenses		<u>1,423,274</u>	<u>1,828,024</u>
Expenses from public service account	6.30.6	113,106	24,989
Expected credit losses	6.29	850,364	3,235,926
Net profit (loss)		<u>1,531,474</u>	<u>(1,339,737)</u>
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to profit or loss			
Gains (Loss) on investments in equity instruments designated to be measured at fair value through other comprehensive income		2,004	(4,942)
Actuarial gains (loss) on defined benefit plans		35,523	(6,468)
Total net other comprehensive income (loss)		<u>37,527</u>	<u>(11,410)</u>
Total comprehensive income (loss)		<u>1,569,001</u>	<u>(1,351,147)</u>

Notes to the financial statements are an integral part of these financial statements.

(Mr. Rak Vorrakitpokatorn)
President

(Mrs. Wanpen Unchundacha)
Executive Vice President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Unit : Thousand Baht

<u>Notes</u>	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings (Deficits)	Total
		Revaluation Surplus (Deficit) on Investments			
Balance as at January 1, 2020	12,800,000	(886)	7,866,000	759,621	21,424,735
Cumulative effects of changes in accounting policies	-	4,266	-	87,775	92,041
Balance as at January 1, 2020 - as restated	12,800,000	3,380	7,866,000	847,396	21,516,776
Legal reserve	-	-	254,000	(254,000)	-
Remittance as the public revenue	-	-	-	(252,793)	(252,793)
Total comprehensive loss	-	(4,942)	-	(1,346,205)	(1,351,147)
Balance as at December 31, 2020	12,800,000	(1,562)	8,120,000	(1,005,602)	19,912,836
Balance as at January 1, 2021	12,800,000	(1,562)	8,120,000	(1,005,602)	19,912,836
Capital increase from the Ministry of Finance	6.19 2,198,000	-	-	-	2,198,000
Total comprehensive income	-	2,004	-	1,566,997	1,569,001
Balance as at December 31, 2021	14,998,000	442	8,120,000	561,395	23,679,837

Notes to the financial statements are an integral part of these financial statements.

(Mr. Rak Vorrakitpokatorn)
President

(Mrs. Wanpen Unchundacha)
Executive Vice President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unit : Thousand Baht	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Net profit (loss)	1,531,474	(1,339,737)
Adjustments to reconcile net profit to cash received (paid) from operating activities		
Depreciation and amortization	110,399	85,660
Expected credit losses	913,595	3,281,479
Gain on disposal of premises and equipment	(118)	(985)
Loss on write off of premises and equipment	30,288	-
Gain on financial instruments measured at fair value through profit or loss	(353,544)	(38,078)
Loss on impairment of properties for sale	2,861	3,749
Loss on foreign currency translation	842,411	151,545
Derivative revaluation	612,777	(259,060)
Amortization of discount on debt securities	(631)	(7,971)
Increase (Decrease) in provisions	(41,991)	109,133
Loss on claims and reserves for insurance service	10,165	207,984
Decrease in advance for other expenses	7	-
Decrease (Increase) in accrued income	1,344	(1,536)
Decrease (Increase) in other prepaid expenses	6,510	(1,413)
Increase (Decrease) in other accrued expenses	19,596	(1,519)
	3,685,143	2,189,251
Interest income, net	(3,511,472)	(3,294,460)
Dividend income	(57)	(10)
Proceeds from interest income	4,670,964	4,684,383
Interest paid	(1,341,028)	(1,695,102)
Proceeds from dividend income	57	10
	3,503,607	1,884,072
Income from operations before changes in operating assets and liabilities		
(Increase) Decrease in operating assets		
Interbank and money market items	(345,972)	(5,272,129)
Loans to customers	(14,641,387)	(14,998,301)
Properties for sale	1,806	56,920
Other assets	(59,749)	(284,779)

Notes to the financial statements are an integral part of these financial statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unit : Thousand Baht	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase (Decrease) in operating liabilities		
Deposits	3,729,399	11,589,782
Interbank and money market items	969,386	420,972
Liabilities payable on demand	(189,046)	(39,747)
Short-term debt issued and borrowings	(6,500,000)	6,500,000
Other liabilities	91,511	(105,589)
Net cash from operating activities	<u>(13,440,445)</u>	<u>(248,799)</u>
Cash flows from investing activities		
Purchases of equity securities measured at fair value		
through other comprehensive income	(1,149)	-
Purchases of debt securities measured at amortized cost	(6,100,000)	(9,524,000)
Proceeds from redemption of debt securities measured at amortised cost	7,200,000	6,924,000
Purchases of premises and equipment	(10,090)	(61,676)
Proceeds from disposal of premises and equipment	127	1,076
Purchases of intangible assets	(85,750)	(130,547)
Net cash from investing activities	<u>1,003,138</u>	<u>(2,791,147)</u>
Cash flows from financing activities		
Proceeds from debt issued and long-term borrowings	10,594,388	12,924,241
Repayments of debt issued and long-term borrowings	(39,353)	(9,823,974)
Proceeds from capital increase	2,198,000	-
Repayments of lease liabilities	(9,975)	(7,104)
Remittance as the public revenue	(308,830)	(49,593)
Net cash from financing activities	<u>12,434,230</u>	<u>3,043,570</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,077)</u>	<u>3,624</u>
Cash and cash equivalents at the beginning of the year	<u>3,792</u>	<u>168</u>
Cash and cash equivalents at the end of the year	<u><u>715</u></u>	<u><u>3,792</u></u>

Notes to the financial statements are an integral part of these financial statements.

(Mr. Rak Vorrakitpokatorn)
President

(Mrs. Wanpen Unchundacha)
Executive Vice President

EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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NOTES TO THE FINANCIAL STATEMENTS
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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

Export-Import Bank of Thailand (the Bank) was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended (Act), with the objective to promote and support export, imports, and investment, both domestic and overseas, for the purpose of national development by providing credit facilities, guarantee, risk insurance or other necessary services under the provisions of this Act. The Bank's head office is located at 1193 Phaholyothin Road, Phayathai, Phayathai, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation of the Financial Statements

The financial statements are prepared in accordance with generally accepted accounting standards by adopting Thai Financial Reporting Standards (TFRSs), which assigned by the Federation of Accounting Professions, presented and disclosed in accordance with the Notification of the Bank of Thailand, No. SorNorSor. 21/2561 dated October 31, 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups. Staging for impairment and allowance for expected credit losses are considered in accordance with the Bank of Thailand's circular No. TorPorTor.ForKorChor.(72) Wor.277/2563 dated February 28, 2020, regarding Guidelines on Providing Assistance to debtors impacted by situations that affect the Thai economy and the Bank of Thailand's circular No. TorPorTor.KorPorNor.Wor.480/2564 dated May 14, 2021, regarding Phase 3 of Relief Measures for Retail Borrowers during the Coronavirus Disease 2019 (COVID-19) Pandemic. The Federation of Accounting Professions under the Royal Patronage of His Majesty the King has announced an Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Affected by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures for entities providing assistance to debtors affected by the situation that affect the Thai economy in accordance with the assistance measures of government and the Bank of Thailand, which the Bank has complied with all the temporary relief measures specified in this guidance. Moreover, the debt restructuring is considered in accordance with the Bank of Thailand's circular No. TorPorTor.ForNorSor. (23) Wor. 1135/2563 dated October 16, 2020, regarding Operational Guidelines Related to Debt Restructuring to Assist Business Customers after the End of Loan Payment Holiday Program under the Emergency Decree.

2.2 New or Revised Thai Financial Reporting Standards (TFRSs)

2.2.1 Revised Thai Financial Reporting Standards (TFRSs), effective for the financial statements beginning on or after January 1, 2021, which were revised about the conceptual framework for financial reporting, definition of a business, definition of material, and interest rate benchmark reform, are as follows:

Conceptual Framework for Financial Reporting

TAS 1	Presentation of Financial Statements
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 34	Interim Financial Reporting
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TFRS 2	Share-based Payment
TFRS 3	Business Combinations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TSIC 32	Intangible Assets-Web Site Costs
TFRIC 12	Service Concession Arrangements
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of TFRSs mentioned above has no material impact on the Bank's financial statements.

2.2.2 The Federation of Accounting Professions has issued TFRS 16 Leases, which have been announced in the Royal Gazette on May 13, 2021. This TFRS, which is effective for the financial statements beginning on or after April 1, 2021, was revised about the Covid-19 related rent concessions after June 30, 2021. The early adoption has allowed, including for the financial statements have not yet been authorized for issue as at March 31, 2021. However, there is no impact on the Bank's financial statements.

2.3 The Bank of Thailand's Regulations and Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Affected by Situations that Affect the Thai Economy announced by the Federation of Accounting Professions

2.3.1 The Bank of Thailand announced circular No. TorPorTor.ForKorChor.(72) Wor.277/2563 dated February 28, 2020, regarding Guidelines on Providing Assistance to debtors impacted by situations that affect the Thai economy and circular No.TorPorTor.ForNorSor.(01) Wor.380/2563 dated March 26, 2020 regarding

Additional Relief Measures to provide additional assistance to debtors during the COVID-19. These circulars provide temporary relief measures for Specialized Financial Institutions providing assistance to affected debtors in accordance with the Bank of Thailand guideline during the period from January 1, 2020 to December 31, 2021. In addition, the Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Affected by Situations that Affect the Thai Economy to provide temporary relief measures for entities providing assistance to debtors in accordance with measures or guidelines for assisting the debtors of the Bank of Thailand in considering expected credit losses. The practice as follows:

Loan Staging

1) Loans that are not yet non-performing (Non-NPL) are classified as performing loans immediately provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring. Such debt restructuring is considered a pre-emptive debt restructuring, rather than a troubled debt restructuring (TDR).

With the measure to assist the debtors in accordance with the Bank of Thailand's circular No.TorPorTor.ForNorSor.(01) Wor.380/2563 dated March 26, 2020, regarding Additional Relief Measures to provide additional assistance to debtors during the COVID-19, the debtor remains at the stage as before.

2) Non-performing loans (NPL) are classified as performing loans if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.

3) Additional working capital loans provided to a debtor in order to support liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support its repayment or if, considering other factors, the debtor has ability to repay its debts.

Provisioning

If the debtor has unused credit line, the expected credit losses are able to be considered on the outstanding balance of the drawn down portion only.

For measurement of expected credit losses, weight of forward - looking information arising from temporary crisis is taken into consideration which the Bank gives less weight to forward - looking information than historical information reflected the debtor's repayment ability.

2.3.2 The Bank of Thailand announced circular No.TorPorTor.ForNorSor.(23) Wor.1135/2563 dated October 16, 2020, regarding Operational Guidelines Related to Debt Restructuring to Assist Business Customers after the End of Loan Payment Holiday Program under the Emergency Decree. This circular provided regulations and operational guidelines for debt restructuring of customers under the loan payment

holiday program, according to the Bank of Thailand's Notification regarding the Loan Payment Holiday Program Offered to Small and Medium-sized Enterprises Affected by COVID-19 Pandemic. Major points can be summarized as follows:

1) Financial institutions shall consider debt restructuring with all the above debtors who cannot return to service their debt per the existing loan contract. While the debt restructuring is in the process, financial institutions can maintain the debtor's loan classification as before until December 31, 2020.

2) If the debtor's cash flow assessment cannot be undertaken, which prevents completion of the debt restructuring process by December 31, 2020, financial institutions may provide assistance to the debtor by deferment of principal and/or interest payment for a period appropriate for their debt servicing ability, which should not be more than six months from the end of 2020, while their loan classification can remain at the stage as before. In this regard, financial institutions action must be taken to find ways to restructure their debt without further delay.

However, during the debt restructuring process under 1) and loan payment holiday under 2), the financial institutions cannot charge interest at the default rate or service fees, penalties, or any other additional expenses from the debtor. For the collection of principal and interest calculated during the debt restructuring or loan payment holiday, financial institutions shall find ways that will not cause excessive burden on the debtor and not allow lump sum collection at the end of the payment holiday period.

2.4 Revised Thai Financial Reporting Standards (TFRSs) but not yet Effective

The Federation of Accounting Professions has issued the TFRSs, which revised from the 2020 version and have been announced in the Royal Gazette but are effective for the financial statements beginning on or after January 1, 2022. These TFRSs were revised about interest rate benchmark reform – phase 2 and extension of the temporary exemption from applying TFRS 9 Financial Instruments in TFRS 4 Insurance Contracts, consisting of 5 TFRSs as follows:

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 4	Insurance Contracts
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The adoption of TFRSs mentioned above has no material impact on the Bank's financial statements. However, the Bank has not early adopted these TFRSs before the effective date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Income Recognition

Interest income is recognized using the effective interest method, which is used in calculating amortized cost based on the effective interest rate of a financial assets or financial liabilities. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial assets or financial liabilities.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of that financial assets. If the financial assets are no longer credit-impaired, then the calculation of interest income reverts to the gross carrying amount.

Government and government agency grant related to compensation for interest or operating expense is recognized as revenue from public service account on an accrual basis.

Income from export credit insurance, investment insurance and stand-by claims purchase agreement are recognized as fee and service income upon the services performed.

3.2 Expenses Recognition

Interest expenses are recognized using the effective interest method. Any fees that are not an integral part of the effective interest rate are recognized on an accrual basis.

Expenses on reinsurance are recognized as fee and service expenses on an accrual basis.

3.3 Cash

Cash represents cash in hand and cash on collection.

3.4 Derivatives and Hedge Accounting

Derivatives are initially recorded at fair value in the statement of financial position and are classified as trading, except for derivatives designated as a part of an effective hedge relationship and classified as hedging derivatives. Derivatives are subsequently measured at fair value throughout the life of the contracts and presented as assets when fair values are positive and as liabilities when fair values are negative.

Hedge Accounting

The Bank designates certain derivatives as hedging instruments in qualifying hedging relationships, which can be applied hedge accounting.

At the inception of the hedging relationship, the Bank prepares a formal document indicating the relationship between the hedging instruments and hedged items, the risk management objectives, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of hedging

relationship. The Bank makes an assessment of the effectiveness, both at the inception of the hedge relationship and on an ongoing basis whether the hedging instruments remain effective in offsetting the change in fair value or cash flows of the hedged item.

1) Fair Value Hedge

When a derivative is designated as the hedging instruments of the change in fair value of a recognized asset or liability that could affect profit or loss, the changes in the fair value of the hedging instruments are recognized immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risks is recognized in profit or loss. If the hedged item would otherwise be measured at cost or amortized 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, fair value of hedged items will be new carrying amount for which the effective interest method is used to amortized to profit or loss (if hedged items are measured through other comprehensive income, then is used to amortized to retained earnings) over its remaining life.

2) Cash Flow Hedge

When a derivative is designated as the hedging instruments in the hedge of the variability in cash flows attributable to a particular risk associated with a recognized 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 recognized 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 recognized immediately in profit or loss. The amount recognized in the hedging reserve is classified from other comprehensive income to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and 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, then hedge accounting is discontinued prospectively. 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 occur. If the hedged cash flows are no longer expected to occur, then the Bank will reclassify the amount in the hedging reserve from other comprehensive income to profit or loss.

3.5 Net Gains (Losses) from Financial Instruments Measured at Fair Value through Profit or Loss

Net gains (losses) from financial instruments measured at fair value through profit or loss consist of gains (losses) on trading financial assets and trading financial liabilities as well as non-trading financial instruments that are assigned to measure at fair value through profit or loss. Profit or loss and net profit (loss) from hedge accounting which is changes in the fair value of the hedged instruments and fair value of

hedged items, Changes in the fair value of the ineffective portion of the cash flow hedge, net profit (loss) on the hedged instruments and the hedged item when the cash flow hedge is terminated. This includes gain (loss) from foreign exchange trading and translation of foreign currency assets and liabilities into Thai baht.

3.6 Financial Instruments

Classification of Financial Instruments

1) Financial Assets

The Bank classifies the financial assets, within the scope of TFRS 9 , in accordance with the Bank's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

1.1) Financial Assets Measured at Amortized Cost

Financial assets are classified as measured at amortized cost only if it meets both of the following conditions:

- The Bank holds the financial assets within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The above financial assets are initially recognized at fair value plus transaction costs directly attributable to its acquisition and subsequently measured at amortized cost using the effective interest method.

Financial assets measured at amortized cost are presented at the amount of net of allowance for expected credit losses (if any), which is based on its stage for impairment, in the statement of financial position. Gain or loss on disposal of those financial assets is recognized in profit or loss.

1.2) Financial Assets Measured at Fair Value through Other Comprehensive Income

Investment in Debt Instruments

Investment in debt instrument is measured at fair value through other comprehensive income only if it meets both of the following conditions:

- The Bank holds the financial assets within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The above investment in debt instruments is initially recognized at fair value plus transaction costs directly attributable to its acquisition and subsequently measured at fair value. Gain or loss from changes in fair value is reported through other comprehensive income (loss), after which gain or loss on disposal of the instruments will be recognized in the statement of profit or loss upon disposal. The Bank recognizes impairment loss, interest income, and gain or loss on exchange in the statement of profit or loss.

Investment in debt instruments measured at fair value through other comprehensive income is presented at the amount of net of allowance for expected credit losses (if any), which is based on its stage for impairment, in the statement of financial position.

Investment in Equity Securities

Investment in equity securities that is not held for trading is designated as measured at fair value through other comprehensive income on initial recognition, where an irrevocable election has been made by the management.

Gain or loss from change in fair value is recognized in other comprehensive income and not subsequently transferred to profit or loss when disposal. Dividend on this investment is recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

1.3) Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss consists of

- Financial assets held for trading
- Financial assets designated as measured at fair value through profit or loss on initial recognition; and
- Debt instruments that the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding

The above financial assets are initially recognized at fair value, which transaction costs directly attributable to its acquisition is recognized in statement of profit or loss, and subsequently measured at fair value in statement of profit or loss.

When a financial assets are measured at fair value, the change in credit risk, including the credit rating of counterparties, is considered in the fair value measurement of such financial assets. Therefore, the change in fair value includes the change in credit risk as well.

Financial Assets Held for Trading

The Bank classifies financial assets as held for trading when the business model is to sell or buyback in a near future, or are initially designated as part of a portfolio of financial instruments that are

managed together, for which there is an evidence of short-term profit making, or are derivatives (except where they are designated as part of an effective hedge relationship).

2) Financial Liabilities

The Bank classifies financial liabilities as measured at amortized cost or fair value through profit or loss in the case of derivatives.

Recognition and Derecognition of Financial Instruments

The Bank initially recognizes investments, loans, and debts issued and borrowings on settlement date, and other financial instruments (under regular way purchases or sale of financial assets) on trade date, which is the date on which the Bank become a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities those are measured at fair value through profit or loss are initially recognized at fair value. Other financial assets are recognized at fair value plus transaction costs directly attributable to its acquisition or issuance.

When the transaction price differs from the fair values of the similar financial instruments in active market or the fair value measured using a valuation technique that uses observable inputs, the Bank recognizes such difference (at inception) in the statement of profit or loss. If the fair values are measured using unobservable market data, the difference between transaction price and fair value measured using a valuation technique is recognized in the statement of profit or loss when data used in valuation become observable or the Bank derecognizes such financial instruments.

The Bank derecognizes financial assets when the contractual cash flows from the asset expire or the Bank transfers its rights to receive contractual cash flows on the financial assets in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Bank, are recognized separately as asset or liability.

Moreover, the Bank derecognizes loan to customers when the contractual terms of a loan are substantially modified and such loan is recognized as a new loan, then the difference is recognized as gain or loss from derecognition financial instruments measured at amortized cost in the statement of profit or loss.

Financial liabilities are derecognized from the statement of financial position when the Bank has discharged its obligation, or the contract is cancelled or expired.

Modification of Financial Instruments

1) Financial Assets

If the terms of financial assets are modified, then the Bank evaluates whether the cash flows of the modified assets are substantially different from the original financial assets. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial assets are deemed

to have expired. Therefore, the Bank will derecognize the original financial assets and recognize a new financial assets at fair value.

If the modification of financial assets measured at amortized cost is not substantially different, which does not result in derecognition of the financial assets, then the Bank recalculates the gross carrying amount of the financial assets and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. 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 losses. In other cases, it is presented as interest income.

2) Financial Liabilities

The Bank derecognizes the financial liabilities when the original financial liabilities are replaced with a new substantially modified financial liabilities or its terms are modified and the cash flows of the modified financial liabilities are substantially different. A new financial liabilities based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liabilities extinguished and the new financial liabilities is recognized in the statement of profit or loss.

Write-down

The Bank writes off the financial assets either partially or in full when there is no reliable evidence that the Bank will collect cash flows from such financial assets. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off are still subjected to enforcement activities in order to comply with the Bank's procedures for recovery of amount due.

3.7 Allowance for Expected Credit Losses

As of the reporting date, the Bank assesses whether financial assets measured at amortized cost and investment in debt instruments measured at fair value through other comprehensive income are credit-impaired. Financial assets are assessed as credit impaired when one or more events those have a detrimental impact on the estimated future cash flows of those assets have occurred. Evidence that financial assets are credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower
- Breach of contract such as default or a past due event
- The consent to debt restructuring to the borrower who is in financial difficulties from the economics, which in other case the Bank does not consider the relaxation
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for the applicable financial assets due to financial difficulties of the borrower

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan with over 90 days past due is considered to be credit-impaired.

In order to assess whether the government bond investment is credit-paired or not, the Bank considers the following factors:

- Credit rating evaluated by the market, reflecting in the bonds' returns
- Credit rating evaluated by external credit rating agencies
- Ability to access the capital market of the issuing country, in case of new bond issuances
- Probability of the bond's restructuring, making the bondholders intentionally or forcibly forgo the debt
- Existing international measures to support the country issuing the bonds, the clear intention of the government to use such measures, as well as through evaluation on the effectiveness of such measures to mitigate the bond issuers' credit risk

3.8 Troubled Debt Restructuring

When the original contractual terms of a financial asset have been modified or an original financial assets are replaced with a new financial assets because of financial difficulties of the borrower, the Bank will consider whether the financial assets are derecognized, and measure the expected credit loss as follow:

- If the modification does not result in derecognition of the financial assets, then the Bank estimates cash flows from the modified financial assets to calculate loss from the original financial assets.
- If the modification results in derecognition of the financial assets, at the date of derecognition fair value of a new financial assets are considered as the final cash flows of original financial assets, which will be input in calculating loss from the original financial assets. Fair value of a new financial assets are discounted from the expected derecognition date till the reporting date using the loan's original effective interest rate.

The Bank's policy in monitoring the modified loans ensured that debtors regularly repay debt in the future, the Bank expects no loss on modification when the future cash flows are discounted by the loan's original effective interest rate . If there is loss on modification, such loan is recognized as troubled debt restructuring unless the Bank receives debt repayment or derecognizes the loan.

A loan determined as troubled debt restructuring will be classified as troubled debt restructuring for at least 12 months. When debtor repays loan with the new contractual terms for at least 12 months from the date of restructuring, such loan is moved from Stage 2 financial assets where there have been a significant increase in credit risk.

3.9 Properties for Sale

Properties for sale consist of movable and immovable properties, acquired as debt settlement and from purchase at a court-ordered auction sale, which are stated at the lower of cost or fair value less accumulated impairment loss. Loss on impairment or reversal of loss on impairment is recognized as other operating expenses or income in profit or loss.

Gain or loss on disposal of properties for sale is recognized as other operating income or expenses in profit or loss upon disposal.

The Bank regularly appraises properties for sale by external appraisers on a yearly basis.

3.10 Premises, Equipment and Depreciations

Premises and equipment are stated at cost less accumulated depreciation and accumulated impairment loss (if any).

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

- Buildings	20 - 50	years
- Building improvement	10	years
- Equipment	3 - 5	years

Gain or loss on disposal of premises and equipment is recognized as other operating income or expenses in profit or loss upon disposal.

3.11 Intangible Assets

Intangible assets consist of computer software and computer system development expense which are stated at cost less accumulated amortization and accumulated impairment loss (if any). Amortization is calculated by the straight-line method, based on the estimated useful life of the assets, which is between three to five years. The amortization is recognized as other operating expenses.

Gain or loss on disposal of intangible assets is recognized as other operating income or expenses in profit or loss upon disposal.

3.12 Right-of-use Assets and Lease Liabilities

The Bank recognizes lease agreements as right-of-use assets and lease liabilities in the statement of financial position, except for lease agreement with lease term less than 1 year and low-value lease agreement, which underlying assets are less than 500,000 baht.

Rental fee consists of interest expenses and payment of lease liabilities, which interest expenses are recognized as expenses in profit or loss.

Right-of-use is amortized over the straight-line method throughout the lease term and recognized as expenses in profit or loss.

3.13 Deposits, Liabilities Payable on Demand, Debt Issued and Borrowings

Deposits, liabilities payable on demand, debt issued and borrowings are initially recognized at fair value less transaction costs and are subsequently measured at amortized cost using effective interest method.

3.14 Assets and Liabilities in Foreign Currencies

3.14.1 Functional Currency and Presentation Currency

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

3.14.2 Translation of Foreign Currencies

The Bank translates items denominated in foreign currencies arising during the period into Thai Baht at the exchange rate prevailing at the transaction date and the foreign currency balances of monetary assets and liabilities at the reference exchange rate, which is the average rate between the average buying rate of money transfers and the average selling rate, announced by the Bank of Thailand as at the reporting date. Gain or loss on translation of foreign currencies is recognized and presented as gain (loss) on trading and foreign exchange transactions, net.

3.15 Export Credit Insurance Services and Reserves

Export credit insurance services are recorded as the contingent liabilities from export bills insured, which are off-the statement of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from foreign debtors.

Reserves for export credit insurance are as follows:

1) Reserves for future claims against the export credit insurance policies

The Bank provides reserves for future claims against the export credit insurance policies at the rate of 1% of the amount of export bills insured outstanding not yet claimed.

2) Reserves for the pending insurance claims payable

The Bank provides make reserves for the pending insurance claims payable at the rate of 50% of the exposures.

3) Allowance for doubtful accounts on the compensated claims

The Bank provides allowance for doubtful accounts on the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flows from the debtors after deduction of cash flow payable to reinsurer.

In case of any loss under the export credit insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended.

3.16 Investment Insurance Services and Reserves

Investment insurance services are recorded as the contingent liabilities from investment insurance, which are off-the statement of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from the government of the host countries or related parties.

Reserves for investment insurance are as follows:

1) Reserves for future claims against the investment insurance policies

The Bank provides reserves for future claims against investment insurance policies at the rate of 50% of the annual premium received until the provisions are equal to 10% of the total amount of contingent liabilities of investment insurance.

2) Reserves for the pending insurances claims payable

The Bank provides reserves for the pending insurance claims payable at the rate of 50% of the exposures.

3) Allowance for doubtful accounts on the compensated claims

The Bank provides allowance for doubtful accounts on the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flows from the debtors after deduction of cash flow payable to reinsurer.

In case of any loss under the investment insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended.

3.17 Stand-by Claims Purchase Agreement Services and Reserves

Stand-by claims purchase agreement services are recorded as the contingent liabilities from stand-by claims purchase agreement, which are off-the statement of financial position obligations. Any payment of such stand-by claims purchase agreement services is recorded as stand-by claims receivables and will subsequently be recovered from debtors.

Reserves for stand-by claims purchase agreement are as follows:

- 1) Reserves for the future service claims against the stand-by claims purchase agreement policies

The Bank provides reserves for future service claims against the stand-by claims purchase agreement policies at the rate of 1% of the amount of stand-by claims purchase agreement outstanding not yet claimed.

- 2) Reserves for the pending claims payable

The Bank provides reserves for the pending claims of such stand-by claims purchase agreement service at the rate of 50% of the exposures.

- 3) Allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement services

The Bank provides allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement service equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flows from the debtors after deduction of cash flow payable to reinsurer.

3.18 Provisions

The Bank recognizes provisions in the statement of financial position, when the Bank has a legal or constructive obligation as a result of a past events whereby it is probable that an outflow of economic benefits resource will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be determined. The provisions recognized in the statement of financial position are the provision for the employee benefits and other provisions.

3.19 Post-Employment Benefits

3.19.1 Defined Contribution Plans

The Bank established a provident fund under the Provident Fund Act, 1987 (B.E. 2530), which became a registered fund being approved by the Ministry of Finance on April 27, 1994. The provident fund is managed by external fund manager.

Contributions to the employee provident fund are made under the rule of "The Registered Provident Fund of Export-Import Bank of Thailand's Employee". Employees contribute to the provident fund at 3-15% of salary and the Bank's supplemental contribution is at 5.5%-10% of employee's salary according to the years of employment. Upon termination of employment, employees are entitled to receive this benefit.

3.19.2 Defined Benefit Plans

The Bank has a policy to provide its employees with post-retirement benefits, payable based on salary rate and years of service of the retired employees.

The provision for the employee benefits is determined by calculating present value of the cash flows of employee benefits to be paid in the future. The calculation is based on the Projected Unit Credit Method (an actuarial technique). The Components of this calculation include employee's salaries, turnover rate, mortality rate, years of service and other related factors, and the discount rate being the government bond yield as disseminated by the Thai Bond Market Association. The employee benefits are presented as part of provisions in the statement of financial position.

The actuarial gain or loss on defined benefit plans is recognized in other comprehensive income and recorded directly to the retained earnings in the period in which they arise.

3.20 Appropriation of Annual Net Profit

Section 27 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended, the Bank shall appropriate no less than half of the annual net profit as a reserve for its operations while the remainder of the net profit shall be appropriated to the capital fund and/or remitted as the public revenue.

3.21 Loan Commitments and Financial Guarantee Contracts

Loan commitments are the undrawn amount on the loan commitments.

The Bank issues guarantee contracts to customers for operating business. Financial guarantee contracts are initially recognized at fair value, which is the fee received unless there is other evidences. The Bank measures the value of financial guarantee contracts at the higher amount between the expected payment to reimburse the holder for a loss incurred and the initial amount less the accumulated income recognized in profit or loss.

The Bank recognizes expected credit loss for loan commitments and financial guarantee contracts as liabilities in the statement of financial position.

4. RISK MANAGEMENT

4.1 Risk Profile

4.1.1 Credit Risk

The Bank has managed credit risk arising from failure by a debtor or counterparty to perform in compliance with the agreement relating to credit provision, investment and incurrence of commitments (including export credit and investment insurance). It is aimed to ensure that the quality of the Bank's credit and export credit and investment insurance is in line with that required by the EXIM Thailand Act and its missions, key financial laws, risk management best practice and sustainable banking principles. A particular emphasis is put on credit lending in accordance with the government policy, including public service account (PSA), and promotion of international trade to enhance competitiveness of Thai exporters and importers, Thai investment overseas, and domestic investment toward national development in line with the relevant domestic business support framework.

The Bank has a clear framework of its credit process based on the principle of three lines of defence. The main functional duties and responsibilities are assigned to (1) perform credit transactions; (2) manage risks associated with credit transactions and (3) examine credit transactions. The persons in charge and the delegation of duties in relation to the credit process are as follows:

(1) Perform credit transactions (First Line of Defence) comprising:

- Credit analysis : the person in charge analyses credit lines, financial data and other necessary information, in order to assess the borrower's status and repayment ability, and screens and concludes risk issues before submission to the approval authority.

- Approval of credit transactions also including debt restructuring : the Board of Directors considers and approves the structure, composition and authority in credit underwriting and approval as well as debt correction of each committee. The persons with approval authority shall have appropriate qualifications i.e. relevant expertise and experience and capability to make good and reasonable judgment among other skills.

- Post-approval process and verification of post-approval proceeding : the person in charge reviews the post-approval operation e.g. legal documentation, collateral registration to ensure compliance with credit approval conditions and payment or incurrence of commitments to ensure correctness and completeness.

(2) Manage risks associated with credit transactions (Second Line of Defence) the person in charge follows up and reports on the risks associated with the credit transaction such as credit transaction information, quality of credit and insurance portfolio, and operational performance as well as other financial data to support the Bank's administration and credit risk management. Also monitoring the bank operation to ensure compliance with the relevant laws, rules and regulation.

(3) **Examine credit transactions (Third Line of Defence)** the person in charge examines and reviews the overall performance of operational systems and the performance of the persons in charge in the first and second lines of defence, monitors the operational performance according to the action plans or projects, and reports the results of the examination directly to the Audit Committee.

In 2020, the Bank started calculation of provisions for expected credit loss (ECL) according to the TFRS 9 and conduct of reasonableness test of the calculation model on a regular basis.

4.1.2 Market Risk

The Bank has put in place a market risk management policy, which is reviewed annually, for use as its guidelines to ensure sound market risk management.

The Bank's major market risk can be classified into three types as follows:

1. Interest Rate Risk

It refers to the risk of an adverse impact on the Bank's earnings or capital funds as a result of changes in interest rates on assets, liabilities and all off-balance sheet items that could affect the Bank's net interest income (NII), market value of trading account items, and other income and expense items associated with interest rates;

2. Foreign Exchange Rate Risk

It refers to the risk of an adverse impact on the Bank's earnings or capital funds as a result of fluctuations in foreign exchange rates relating to foreign currency transactions or holding of foreign currency assets or liabilities;

3. Equity Price Risk

It refers to the risk of an adverse impact on the Bank's earnings or capital funds as a result of changes in equity instrument prices.

In this regard, the Bank focuses on implementing the strategy of managing market risk with appropriate cost and returns taken into account. There is clear segregation of authority and delegation of authority among business units relating to market risk management. The Bank has defined and delegated approval authority together with relevant criteria in writing, as well as designated the use of market risk assessment, monitoring and management approaches that cover both banking book and trading book positions in alignment with the complexity of the respective transactions so as to ensure that the Bank's market risk is contained within the acceptable level in line with, and in response to, the public-sector equity holder and the Bank's vision and mission.

Moreover, in 2020, the Bank recorded risk hedging transactions and conducted hedge effectiveness test on a regular basis in accordance with the Thai Financial Reporting Standard No. 9 (TFRS 9).

4.1.3 Liquidity Risk

The Bank has established a liquidity risk management policy, which is reviewed on a yearly basis, for use as guidelines in preventing risks incurred from the Bank's inability to repay debts or obligations upon due dates as a consequence of its failure to convert assets into cash or to procure sufficient funds, or obtaining adequate funds but at exorbitant costs, which could affect the Bank's earnings and capital funds both at present and in the future. It also aims to prevent liquidity risk from the Bank's inability to mitigate or offset risk with the assets it is holding, forcing it to dispose of the assets at prices lower than the acquisition costs due to low liquidity of the assets or market liquidity shortage.

The Bank has managed liquidity with proper acquisition and distribution of short, medium and long-term borrowings that match its respective asset structure. Major applications of funds are credit provisions to debtors and investments in liquid assets, while sources of funds are mainly from fund raisings or issuances of financial instruments both onshore and offshore such as issuance of debt securities to the government entities and public sector, US dollar bond issues under the EURO Medium Term Note (EMTN), as well as business partners, that are its funding sources on a regular and consistent basis as part of its liquidity management.

In 2021, the Bank maintained its liquidity position to serve its net funds requirement at the level higher than its internal criteria and average liquid assets higher than that specified by the Bank of Thailand. The main liquid assets held by the Bank included government bonds, Bank of Thailand bonds, and treasury bills. Holdings of liquid assets have been reviewed as appropriate to sufficiently accommodate settlements of debts and obligations, and ensure smooth operation under both normal and crisis situations. Moreover, reports on liquidity position and operational results are made on a regular basis.

The Bank has conducted liquidity stress testing on a quarterly basis in three scenarios comprising : 1.institution-specific crisis 2.market-wide crisis and 3.a combination of institution-specific and market-wide crises. It has also identified specific risk factors, both internally and externally, that may affect its liquidity according to the Bank of Thailand's guidelines. In 2021, the Bank conducted stress testing which additionally covered the principal and interest debt suspension measure for customers affected by the COVID-19, both directly and indirectly. In addition, a liquidity contingency plan has been developed to safeguard the Bank against any liquidity crisis. The plan outlines the roles, duties and responsibilities of the management and business units concerned, early warning signals, and the execution process to timely cope with stress conditions.

As at December 31, 2021 and 2020, the Bank had significant asset and liability items classified by maturity as follows:

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Up to</u>	<u>Over</u>	<u>Total</u>	<u>Up to</u>	<u>Over</u>	<u>Total</u>
	<u>1 Year</u>	<u>1 Year</u>		<u>1 Year</u>	<u>1 Year</u>	
Assets						
Interbank and money						
items, net	8,604.63	-	8,604.63	8,247.79	-	8,247.79
Investments, net	3,994.77	7.95	4,002.72	5,093.96	4.79	5,098.75
Loans to customers	53,461.06	96,157.12	149,618.18	52,580.33	81,209.90	133,790.23
Loans to customers from						
public service account	<u>739.63</u>	<u>2,415.50</u>	<u>3,155.13</u>	<u>300.37</u>	<u>1,137.69</u>	<u>1,438.06</u>
Total	<u>66,800.09</u>	<u>98,580.57</u>	<u>165,380.66</u>	<u>66,222.45</u>	<u>82,352.38</u>	<u>148,574.83</u>
Liabilities						
Deposits	32,065.03	16,085.00	48,150.03	29,673.40	14,718.00	44,391.40
Interbank and money						
Items	8,711.13	12,376.64	21,087.77	11,684.92	8,357.96	20,042.88
Debt issued and borrowings	<u>9,186.94</u>	<u>51,452.70</u>	<u>60,639.64</u>	<u>6,540.27</u>	<u>45,618.67</u>	<u>52,158.94</u>
Total	<u>49,963.10</u>	<u>79,914.34</u>	<u>129,877.44</u>	<u>47,898.59</u>	<u>68,694.63</u>	<u>116,593.22</u>

Unit: Million Baht

4.2. CAPITAL ADEQUACY UNDER BASEL II STANDARD

As at December 31, 2021 and 2020 the Bank's capital adequacy ratio under Basel II standard were as follows:

Capital Structure Based on Basel II Standard		Unit: Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Tier 1 Capital			
Paid-up capital	14,998.00	12,800.00	
Legal reserve	8,120.00	8,120.00	
Net loss after appropriation	<u>(959.05)</u>	<u>(959.05)</u>	
Total Tier 1 Capital	22,158.95	19,960.95	
Tier 2 Capital			
Provision for asset classification as normal	2,193.63	2,037.35	
Revaluation surplus on investments in equity securities designated at fair value through other comprehensive income, net	<u>2.59</u>	<u>1.55</u>	
Total Tier 2 Capital	2,196.22	2,038.90	
<u>Less</u> Revaluation deficit on investments in equity securities designated at fair value through other comprehensive income, net	<u>-</u>	<u>(0.99)</u>	
Total capital under Basel II standard	<u>24,355.17</u>	<u>21,998.86</u>	
Capital Adequacy Ratio			
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Tier 1 capital adequacy ratio	12.19%	12.25%	
Total capital adequacy ratio	13.40%	13.50%	
Unit: Million Baht			
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Total capital after deducting capital add-on arising from single lending limit	23,840.38	21,398.02	
Total capital adequacy ratio after deducting capital add-on arising from single lending limit	13.12%	13.13%	

5. ESTIMATES AND ASSUMPTIONS

In preparation of the financial statements in conformity with Thai Financial Reporting Standards, the Bank has to set up estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. However, the actual results may differ from the estimates.

The Bank reviews the estimates and assumptions on a regular basis. Changes in accounting estimates are recognized in the period in which estimates are revised. If the change in accounting estimate affects only that period, and recognized both in the period in which such estimates are reviewed and future periods. If the change in accounting estimate has an effect on both the current and future periods.

6. ADDITIONAL INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Increase (Decrease) in revaluation surplus on investments in equity	2.00	(4.94)
Increase in properties for sale from loan payment	18.79	23.80

6.2 Classification of Financial Assets and Liabilities

Unit : Million Baht

	<u>December 31, 2021</u>			Total
	Financial instruments measured at fair value through profit or loss	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	
Financial assets				
Cash	-	-	0.71	0.71
Interbank and money market items, net	-	-	8,604.63	8,604.63
Financial assets measured at fair value				
through profit or loss	1.26	-	-	1.26
Derivatives assets	286.41	-	-	286.41
Investments, net	-	7.95	3,994.77	4,002.72
Loans to customers and accrued interest receivables, net	-	-	138,486.03	138,486.03
Loans to customers from public service account and accrued interest receivables, net	-	-	3,127.91	3,127.91
Receivable eligible for government reimbursement	-	-	52.46	52.46
Financial liabilities				
Deposits	-	-	48,150.03	48,150.03
Interbank and money market items	-	-	21,087.77	21,087.77
Liabilities payable on demand	-	-	233.03	233.03
Derivatives liabilities	748.13	-	-	748.13
Debt issued and borrowings	-	-	60,639.64	60,639.64
Allowance for expected credit losses on loan commitments and financial guarantee contracts	-	-	205.61	205.61
Accrued interest payable	-	-	216.78	216.78

Unit : Million Baht

	<u>December 31, 2020</u>			
	Financial instruments measured at fair value through profit or loss	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortized cost	Total
Financial assets				
Cash	-	-	3.79	3.79
Interbank and money market items, net	-	-	8,247.79	8,247.79
Financial assets measured at fair value				
through profit or loss	1.16	-	-	1.16
Derivatives assets	835.10	-	-	835.10
Investments, net	-	4.79	5,093.96	5,098.75
Loans to customers and accrued interest				
receivables, net	-	-	122,300.65	122,300.65
Loans to customers from public service account				
and accrued interest receivables, net	-	-	1,427.86	1,427.86
Other assets, net	-	-	7.44	7.44
Financial liabilities				
Deposits	-	-	44,391.40	44,391.40
Interbank and money market items	-	-	20,042.88	20,042.88
Liabilities payable on demand	-	-	421.88	421.88
Derivatives liabilities	577.81	-	-	577.81
Debt issued and borrowings	-	-	52,158.94	52,158.94
Allowance for expected credit losses on loan				
commitments and financial guarantee contracts	-	-	203.42	203.42
Accrued interest payable	-	-	318.40	318.40

6.3 Interbank and Money Market Items, Net (Assets)

Unit : Million Baht

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	21.62	-	21.62	19.92	-	19.92
Commercial banks	616.20	3,570.00	4,186.20	412.82	4,680.70	5,093.52
Specialized financial institutions	<u>0.01</u>	<u>900.00</u>	<u>900.01</u>	<u>0.01</u>	<u>1,650.00</u>	<u>1,650.01</u>
Total	637.83	4,470.00	5,107.83	432.75	6,330.70	6,763.45
<u>Add</u> Accrued interest receivables	-	-	-	-	0.03	0.03
<u>Less</u> Allowance for expected credit losses	<u>(0.46)</u>	<u>(1.16)</u>	<u>(1.62)</u>	<u>(0.36)</u>	<u>(5.96)</u>	<u>(6.32)</u>
Total domestic items	<u>637.37</u>	<u>4,468.84</u>	<u>5,106.21</u>	<u>432.39</u>	<u>6,324.77</u>	<u>6,757.16</u>
Foreign items						
US Dollars	353.24	2,954.82	3,308.06	657.50	675.95	1,333.45
Yen	46.01	-	46.01	25.25	-	25.25
Euro	80.83	-	80.83	74.99	-	74.99
Other currencies	<u>64.80</u>	<u>-</u>	<u>64.80</u>	<u>57.64</u>	<u>-</u>	<u>57.64</u>
Total	544.88	2,954.82	3,499.70	815.38	675.95	1,491.33
<u>Add</u> Accrued interest receivables	-	0.01	0.01	-	0.04	0.04
<u>Less</u> Allowance for expected credit losses	<u>(0.24)</u>	<u>(1.05)</u>	<u>(1.29)</u>	<u>(0.29)</u>	<u>(0.45)</u>	<u>(0.74)</u>
Total foreign items	<u>544.64</u>	<u>2,953.78</u>	<u>3,498.42</u>	<u>815.09</u>	<u>675.54</u>	<u>1,490.63</u>
Total domestic and foreign items	<u>1,182.01</u>	<u>7,422.62</u>	<u>8,604.63</u>	<u>1,247.48</u>	<u>7,000.31</u>	<u>8,247.79</u>

6.4 Derivatives

6.4.1 Derivatives Held for Trading

As at December 31, 2021 and 2020, the fair value and notional amount classified by type of risk were as follows:

Unit : Million Baht

<u>Type of Risk</u>	<u>December 31, 2021</u>		
	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amount</u>
Exchange rate	263.56	385.45	34,420.42

Unit : Million Baht

<u>Type of Risk</u>	<u>December 31, 2020</u>		
	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>
Exchange rate	811.55	569.11	29,409.72
Interest rate	<u>9.10</u>	<u>8.70</u>	<u>1,600.00</u>
Total	<u>820.65</u>	<u>577.81</u>	<u>31,009.72</u>

6.4.2 Derivatives for Hedging

As at December 31, 2021 and 2020, hedging instrument classified by type of hedge accounting and risk were as follows:

Fair value hedge

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

Unit : Million Baht

Type of risk	<u>December 31, 2021</u>			Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for measuring hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
	<u>Notional amount</u>	<u>Carrying amount</u>					
		<u>Assets</u>	<u>Liabilities</u>				
Interest rate risk							
Interest rate swap							Gain (loss) on financial instruments measured at fair value through profit or loss
- hedge of USD fixed – rate debt securities	5,012.99	22.85	-	Derivative assets	22.85	-	Gain (loss) on financial instruments measured at fair value through profit or loss
Interest rate swap							Gain (loss) on financial instruments measured at fair value through profit or loss
- hedge of USD fixed – rate debt securities	<u>10,025.97</u>	<u>-</u>	<u>362.68</u>	Derivative Liabilities	<u>(362.68)</u>	<u>-</u>	Gain (loss) on financial instruments measured at fair value through profit or loss
Total	<u>15,038.96</u>	<u>22.85</u>	<u>362.68</u>		<u>(339.83)</u>	<u>-</u>	

Unit : Million Baht

December 31, 2020

Type of risk	Notional amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for measuring hedge ineffectiveness	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
		Assets	Liabilities				
Interest rate risk							
Interest rate swap - hedge of THB fixed - rate borrowings	1,500.00	14.45	-	Derivative assets	14.45	-	Gains on financial instruments measured at fair value through profit or loss

The amounts relating to items designated as hedged items were as follows:

Unit : Million Baht

December 31, 2021

Type of risk	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Change in fair value used for measuring hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
	Assets	Liabilities	Assets	Liabilities			
Interest rate risk							
- USD fixed-rate debt securities	-	(5,035.83)	-	(22.85)	Debt issued and borrowings	(22.85)	-
- USD fixed-rate debt securities	-	(9,663.29)	362.68	-	Debt issued and borrowings	362.68	-
Total	-	(14,699.12)	362.68	(22.85)		339.83	-

Unit : Million Baht

December 31, 2020

Type of risk	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Change in fair value used for measuring hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses	
	Assets	Liabilities	Assets	Liabilities			Assets	Liabilities
Interest rate risk								
THB fixed-rate borrowings	-	(1,514.45)	-	(14.45)	Interbank and money market items	(14.45)	-	-

6.5 Investments, Net

As at December 31, 2021 and, 2020, the Bank had Investments as follows:

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in debt securities measured at amortized cost	3,994.77	5,093.96
Investments in equity securities designated at fair value through other comprehensive income	<u>7.95</u>	<u>4.79</u>
Total	<u>4,002.72</u>	<u>5,098.75</u>

6.5.1 Investments in Debt Securities Measured at Amortized Cost

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Government and state enterprises securities	3,995.33	5,094.69
<u>Less</u> Allowance for expected credit losses	<u>(0.56)</u>	<u>(0.73)</u>
Total	<u>3,994.77</u>	<u>5,093.96</u>

6.5.2 Investments in Equity Securities Designated at Fair Value Through Other Comprehensive Income

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Domestic marketable equity securities	5.77	3.53
Domestic non-marketable equity securities	0.80	-
Foreign non-marketable equity securities	<u>1.38</u>	<u>1.26</u>
Total	<u>7.95</u>	<u>4.79</u>

6.6 Loans to Customers and Accrued Interest Receivables, Net

6.6.1 Classified by Type of Loan

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Overdrafts	155.41	180.81
Loans	149,272.69	133,502.77
Others	<u>118.69</u>	<u>16.95</u>
Total loans to customers	149,546.79	133,700.53
<u>Less</u> Deferred revenue	<u>(119.08)</u>	<u>(73.99)</u>
Total loans to customers net of deferred revenue	149,427.71	133,626.54
<u>Add</u> Accrued interest receivables	<u>699.53</u>	<u>639.62</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	150,127.24	134,266.16
<u>Less</u> Allowance for expected credit losses	<u>(11,641.21)</u>	<u>(11,965.51)</u>
Total loans to customers and accrued interest receivables, net	<u>138,486.03</u>	<u>122,300.65</u>

Overseas loans to foreign government agencies, extended in accordance with the Thai government monetary and fiscal policy, but not defined as loans to customers from public service account (PSA), were as follows:

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loan for National Road No.67 Construction Project (Anlong Veng – Siem Reap) The Kingdom of Cambodia	904.34	968.34

The Bank signed an agreement to sell non-performing loans with Sukhumvit Asset Management Company Limited (SAM) on November 30, 2021, Choyo JV Asset Management Company Limited and THAI (A) Asset Management Company Limited on December 1, 2021, which as at September 30, 2021, the outstanding of such loans was 1,573.23 million baht. The Bank has transferred any claims and benefits including the relevant

documents to those three companies on December 29, 2021. The selling price in excess of the carrying value of those non-performing loans, is presented as a deduction from the expected credit loss in profit or loss.

6.6.2 Classified by Residency

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Domestic	98,009.14	90,721.40
Foreign	<u>51,537.65</u>	<u>42,979.13</u>
Total	<u>149,546.79</u>	<u>133,700.53</u>

6.6.3 Classified by Loan Classification

	Unit : Million Baht			
	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Loans to</u>	<u>Allowance for</u>	<u>Loans to</u>	<u>Allowance for</u>
	<u>customers</u>	<u>expected credit</u>	<u>customers</u>	<u>expected credit</u>
	<u>and accrued</u>	<u>losses</u>	<u>and accrued</u>	<u>losses</u>
	<u>interest</u>		<u>interest</u>	
	<u>receivables</u>		<u>receivables</u>	
Financial assets where there has not been a significant increase in credit risk	139,203.86	4,044.43	116,776.38	1,221.21
Financial assets where there has been a significant increase in credit risk	6,760.19	3,990.89	12,338.82	6,591.86
Financial assets that are credit-impaired	<u>4,163.19</u>	<u>3,605.89</u>	<u>5,150.96</u>	<u>4,152.44</u>
Total	<u>150,127.24</u>	<u>11,641.21</u>	<u>134,266.16</u>	<u>11,965.51</u>

6.6.4 Troubled Debt Restructuring

The Bank restructured debts during the year 2021 and 2020 were as follows:

<u>Type of Restructuring</u>	<u>Cases</u>	Unit : Million Baht	
		<u>2021</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Asset transfer	1	14.04	14.04
Change of repayment conditions	8	347.38	362.57

The average tenure of the above-mentioned debt restructuring was 9.92 years. As at December 31, 2021, the outstanding of such restructured loans was 328.39 million baht.

<u>Type of Restructuring</u>	<u>Cases</u>	Unit : Million Baht	
		<u>2020</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Change of repayment conditions	2	10.02	10.02

The average tenure of the above-mentioned debt restructuring was 4.50 years. As at December 31, 2020, the outstanding of such restructured loans was 9.50 million baht.

Debt restructuring during the year 2021 and 2020, compared to outstanding loans and accrued interest receivables net of deferred revenue were as follows:

	Unit : Million Baht			
	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Debt restructuring during the period	9	361.42	2	10.02
Loans to customers net of deferred revenue, plus accrued interest receivables	3,036	150,127.24	2,541	134,266.16

As at December 31, 2021 and 2020, the Bank had outstanding restructured loans for 37 cases amounting to 1,237.48 million baht and for 50 cases amounting to 1,151.80 million baht, respectively.

For the years ended December 31, 2021 and 2020, the Bank recognized interest income from debt restructuring in the amount of 111.92 million baht and 136.86 million baht, respectively.

As at December 31, 2021 and 2020, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of 0.08 million baht and 16.48 million baht, respectively.

6.7 Allowance for Expected Credit Losses

As at December 31, 2021 and 2020, the Bank had allowance for expected credit losses and allowance for doubtful accounts as follows:

Unit : Million Baht

	<u>December 31, 2021</u>			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items (assets)				
Beginning balance	2.88	4.18	-	7.06
Changes due to remeasurement of allowance for expected credit losses	(0.64)	(0.32)	-	(0.96)
New financial assets purchased or acquired	0.64	-	-	0.64
Derecognition of financial assets	<u>-</u>	<u>(3.83)</u>	<u>-</u>	<u>(3.83)</u>
Ending balance	<u>2.88</u>	<u>0.03</u>	<u>-</u>	<u>2.91</u>
Investments in debt securities measured at amortized cost				
Beginning balance	0.73	-	-	0.73
New financial assets purchased or acquired	0.56	-	-	0.56
Derecognition of financial assets	<u>(0.73)</u>	<u>-</u>	<u>-</u>	<u>(0.73)</u>
Ending balance	<u>0.56</u>	<u>-</u>	<u>-</u>	<u>0.56</u>

Unit : Million Baht

December 31, 2021

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Loans to customers and accrued interest receivables				
Beginning balance	1,221.21	6,591.86	4,152.44	11,965.51
Changes due to staging of financial assets	2,824.94	(2,917.72)	92.78	-
Changes due to remeasurement of allowance for expected credit losses	(73.00)	519.84	416.59	863.43
New financial assets purchased or acquired	124.41	4.12	6.99	135.52
Derecognition of financial assets	<u>(53.13)</u>	<u>(207.21)</u>	<u>(1,062.91)</u>	<u>(1,323.25)</u>
Ending balance	<u>4,044.43</u>	<u>3,990.89</u>	<u>3,605.89</u>	<u>11,641.21</u>
Loans to customers from public service account and accrued interest receivables				
Beginning balance	11.19	-	-	11.19
Changes due to remeasurement of allowance for expected credit losses	6.27	-	-	6.27
New financial assets purchased or acquired	12.01	-	-	12.01
Derecognition of financial assets	<u>(0.27)</u>	<u>-</u>	<u>-</u>	<u>(0.27)</u>
Ending balance	<u>29.20</u>	<u>-</u>	<u>-</u>	<u>29.20</u>

Unit : Million Baht

December 31, 2020

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)					
Beginning balance	-	-	-	15.77	15.77
Changes due to the adoption of new accounting standards *	<u>1.23</u>	<u>14.03</u>	<u>-</u>	<u>(15.77)</u>	<u>(0.51)</u>
Total	1.23	14.03	-	-	15.26
Changes due to staging of financial assets	0.01	(0.01)	-	-	-
Changes due to remeasurement of allowance for expected credit losses	0.30	(3.81)	-	-	(3.51)
New financial assets purchased or acquired	2.15	0.31	-	-	2.46
Derecognition of financial assets	<u>(0.81)</u>	<u>(6.34)</u>	<u>-</u>	<u>-</u>	<u>(7.15)</u>
Ending balance	<u>2.88</u>	<u>4.18</u>	<u>-</u>	<u>-</u>	<u>7.06</u>
Investments in debt securities measured at amortized cost					
Beginning balance	-	-	-	-	-
Changes due to the adoption of new accounting standards *	<u>0.34</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.34</u>
Total	0.34	-	-	-	0.34
New financial assets purchased or acquired	0.73	-	-	-	0.73
Derecognition of financial assets	<u>(0.34)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.34)</u>
Ending balance	<u>0.73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.73</u>

* Allowance for doubtful accounts at the beginning of the period is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment.

Unit : Million Baht

December 31, 2020

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Loans to customers and accrued interest receivables					
Beginning balance	-	-	-	11,044.97	11,044.97
Changes due to the adoption of new accounting standards *	<u>1,565.72</u>	<u>5,106.17</u>	<u>4,151.15</u>	<u>(11,044.97)</u>	<u>(221.93)</u>
Total	1,565.72	5,106.17	4,151.15	-	10,823.04
Changes due to staging of financial assets	840.57	(937.69)	97.12	-	-
Changes due to remeasurement of allowance for expected credit losses	(1,185.20)	2,363.46	1,806.31	-	2,984.57
New financial assets purchased or acquired	110.73	144.14	1.30	-	256.17
Derecognition of financial assets	<u>(110.61)</u>	<u>(84.22)</u>	<u>(1,903.44)</u>	<u>-</u>	<u>(2,098.27)</u>
Ending balance	<u>1,221.21</u>	<u>6,591.86</u>	<u>4,152.44</u>	<u>-</u>	<u>11,965.51</u>
Loans to customers from public service account and accrued interest receivables					
Beginning balance	-	-	-	-	-
New financial assets purchased or acquired	<u>11.19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11.19</u>
Ending balance	<u>11.19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11.19</u>

* Allowance for doubtful accounts at the beginning of the period is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment.

6.8 Properties for Sale, Net

As at December 31, 2021 and 2020, the Bank had properties for sale, net as follows:

	Unit : Million Baht			
	<u>December 31, 2021</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets acquired from debt repayment				
- Immovable properties	425.46	18.84	4.18	440.12
- Movable properties	<u>23.44</u>	<u>-</u>	<u>-</u>	<u>23.44</u>
Total properties for sale	448.90	18.84	4.18	463.56
<u>Less</u> accumulated impairment loss	<u>(174.89)</u>	<u>(2.86)</u>	<u>(1.17)</u>	<u>(176.58)</u>
Total properties for sale, net	<u>274.01</u>	<u>15.98</u>	<u>3.01</u>	<u>286.98</u>

	Unit : Million Baht			
	<u>December 31, 2020</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets acquired from debt repayment				
- Immovable properties	459.25	23.80	57.59	425.46
- Movable properties	<u>23.44</u>	<u>-</u>	<u>-</u>	<u>23.44</u>
Total properties for sale	482.69	23.80	57.59	448.90
<u>Less</u> accumulated impairment loss	<u>(171.81)</u>	<u>(3.75)</u>	<u>(0.67)</u>	<u>(174.89)</u>
Total properties for sale, net	<u>310.88</u>	<u>20.05</u>	<u>56.92</u>	<u>274.01</u>

As at December 31, 2021 and 2020, the Bank had immovable properties from debt repayment in the amount 440.12 million baht and 425.46 million baht, respectively, which were appraised by external appraisers.

For the years ended December 31, 2021 and 2020, the Bank generated gain on sale of properties for sale in the amount of 1.45 million baht and 25.23 million baht, respectively.

6.9 Premises and Equipment, Net

As at December 31, 2021 and 2020, the Bank had premises and equipment, net as follows:

Unit : Million Baht

	December 31, 2021								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposals/ Transfer out	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	415.41	10.66	-	426.07	257.18
- Building improvement	144.01	0.11	-	144.12	124.05	3.02	-	127.07	17.05
Equipment									
- Office equipment and fixtures	344.90	9.83	0.39	354.34	263.95	26.92	0.39	290.48	63.86
- Vehicles	110.88	-	-	110.88	58.86	5.16	-	64.02	46.86
Assets under construction*	-	-	-	-	-	-	-	-	-
Total	<u>1,674.30</u>	<u>9.94</u>	<u>0.39</u>	<u>1,683.85</u>	<u>862.27</u>	<u>45.76</u>	<u>0.39</u>	<u>907.64</u>	<u>776.21</u>

* Assets under construction-disposal/ transfer out are assets recognized during the year

Unit : Million Baht

	December 31, 2020								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposals/ Transfer out	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	404.71	10.70	-	415.41	267.84
- Building improvement	142.01	6.84	4.84	144.01	126.00	2.89	4.84	124.05	19.96
Equipment									
- Office equipment and fixtures	305.35	51.66	12.11	344.90	251.17	24.88	12.10	263.95	80.95
- Vehicles	110.88	-	-	110.88	51.80	7.06	-	58.86	52.02
Assets under construction*	-	14.41	14.41	-	-	-	-	-	-
Total	<u>1,632.75</u>	<u>72.91</u>	<u>31.36</u>	<u>1,674.30</u>	<u>833.68</u>	<u>45.53</u>	<u>16.94</u>	<u>862.27</u>	<u>812.03</u>

* Assets under construction-disposal/ transfer out are assets recognized during the year

6.10 Intangible Assets, Net

As at December 31, 2021 and 2020, the Bank had intangible assets as follows:

Unit : Million Baht

	<u>December 31, 2021</u>								<u>Premises and Equipment, Net</u>
	<u>Cost</u>				<u>Accumulated Depreciation</u>				
	<u>Beginning</u>	<u>Additions/</u>	<u>Disposals/</u>	<u>Ending</u>	<u>Beginning</u>	<u>Depreciation</u>	<u>Disposals/</u>	<u>Ending</u>	
	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>		<u>Transfer out</u>	<u>Balance</u>	
Computer software	355.60	60.54	-	416.14	174.05	51.49	-	225.54	190.60
Software under installation*	<u>63.44</u>	<u>73.90</u>	<u>85.61</u>	<u>51.73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51.73</u>
Total	<u>419.04</u>	<u>134.44</u>	<u>85.61</u>	<u>467.87</u>	<u>174.05</u>	<u>51.49</u>	<u>-</u>	<u>225.54</u>	<u>242.33</u>

Unit : Million Baht

	<u>December 31, 2020</u>								<u>Premises and Equipment, Net</u>
	<u>Cost</u>				<u>Accumulated Depreciation</u>				
	<u>Beginning</u>	<u>Additions/</u>	<u>Disposals/</u>	<u>Ending</u>	<u>Beginning</u>	<u>Depreciation</u>	<u>Disposals/</u>	<u>Ending</u>	
	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>		<u>Transfer out</u>	<u>Balance</u>	
Computer software	223.17	132.97	0.54	355.60	143.18	31.40	0.53	174.05	181.55
Software under installation*	<u>72.83</u>	<u>96.99</u>	<u>106.38</u>	<u>63.44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63.44</u>
Total	<u>296.00</u>	<u>229.96</u>	<u>106.92</u>	<u>419.04</u>	<u>143.18</u>	<u>31.40</u>	<u>0.53</u>	<u>174.05</u>	<u>244.99</u>

* Software under installation-disposal/transfer out are assets recognized during the year

6.11 Reinsurance Assets

As at December 31, 2021 and 2020, the Bank had intangible assets as follows:

Unit : Million Baht

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Insurance reserves from reinsurance	312.35	309.66

6.12 Other Assets, Net

Unit : Million Baht

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Collateral under Credit Support Annex contract	174.12	119.25
Revenue receivables, net	3.36	2.98
Insurance claim receivables, net of reinsurance	451.16	455.20
Allowance for insurance claim receivables	(451.16)	(455.20)
Right-of use assets, net	70.88	37.83
Advance deposits	3.08	3.03
Others	<u>6.48</u>	<u>2.04</u>
Total	<u>257.92</u>	<u>165.13</u>

6.13 Deposits

6.13.1 Classified by Type of Deposits

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Demand	2,472.24	2,918.12
Savings	215.29	144.91
Time	6,763.36	6,532.21
Certificates of deposit	<u>38,699.14</u>	<u>34,796.16</u>
Total	<u>48,150.03</u>	<u>44,391.40</u>

6.13.2 Classified by Currency and Residency of Depositors

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	46,503.07	581.03	47,084.10	42,446.94	567.34	43,014.28
US Dollar	785.30	230.10	1,015.40	1,034.02	269.78	1,303.80
Other currencies	<u>40.85</u>	<u>9.68</u>	<u>50.53</u>	<u>64.20</u>	<u>9.12</u>	<u>73.32</u>
Total	<u>47,329.22</u>	<u>820.81</u>	<u>48,150.03</u>	<u>43,545.16</u>	<u>846.24</u>	<u>44,391.40</u>

6.14 Interbank and Money Market Items (Liabilities)

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Domestic items		
Bank of Thailand	6,165.54	1,893.21
Commercial banks	10,400.11	7,161.38
Specialized financial institutions	1,799.54	1,616.42
Other financial institutions	<u>1,000.00</u>	<u>6,150.00</u>
Total domestic items	<u>19,365.19</u>	<u>16,821.01</u>
Foreign items		
US Dollar	1,702.58	3,187.88
Euro	17.97	17.51
Other currencies	<u>2.03</u>	<u>2.03</u>
Total foreign items	1,722.58	3,207.42
<u>Add Allowance for revaluation</u>	<u>-</u>	<u>14.45</u>
Total domestic and foreign items	<u>21,087.77</u>	<u>20,042.88</u>

6.15 Debt Issued and Borrowings

6.15.1 Classified by Type of Instrument and Source of Fund

		Unit : Million Baht		
		<u>December 31, 2021</u>		
		<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds		13,000.00	47,957.56	60,957.56
Others		<u>21.91</u>	<u>-</u>	<u>21.91</u>
Total		13,021.91	47,957.56	60,979.47
Less Allowance for revaluation		<u>-</u>	<u>(339.83)</u>	<u>(339.83)</u>
Total debt issued and borrowings		<u>13,021.91</u>	<u>47,617.73</u>	<u>60,639.64</u>

		Unit : Million Baht		
		<u>December 31, 2020</u>		
		<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds		7,000.00	38,597.67	45,597.67
Promissory notes		6,500.00	-	6,500.00
Others		<u>61.27</u>	<u>-</u>	<u>61.27</u>
Total debt issued and borrowings		<u>13,561.27</u>	<u>38,597.67</u>	<u>52,158.94</u>

6.15.2 Classified by Type of Instrument, Currency, Maturity and Interest Rate

		Unit : Million Baht			
	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate /</u>	<u>Amount</u>	
			<u>Interest Rate Index</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds	USD	2022-2024	LIBOR ± MARGIN	31,247.61	28,084.69
Bonds	USD	2025-2031	1.457% - 2.607%	16,370.12	10,512.98
Bonds	THB	2022-2031	1.30% - 2.84%	13,000.00	7,000.00
Promissory notes	THB	2021	1.17%	-	6,500.00
Others	THB	2024-2027	0%	<u>21.91</u>	<u>61.27</u>
Total debt issued and borrowings				<u>60,639.64</u>	<u>52,158.94</u>

6.16 Provisions

As at December 31, 2021 and 2020, the Bank had set up provisions as follows:

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Allowance for expected credit losses on loan commitments and financial guarantee contracts	205.61	203.42
Provision for short-term employee benefits	29.70	-
Provisions for employee benefits – post employment	338.52	365.21
Provisions for contingent liabilities	17.97	99.99
Other provisions	<u>27.22</u>	<u>25.72</u>
Total provisions	<u>619.02</u>	<u>694.34</u>

6.16.1 Allowance for Expected Credit Losses on Loan Commitments and Financial Guarantee Contracts

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets where there has not been a significant increase in credit risk (Performing)	156.04	137.13
Financial assets where there has been a significant increase in credit risk (Under-Performing)	49.57	51.53
Financial assets that are credit-impaired (Non-Performing)	<u>-</u>	<u>14.76</u>
Total	<u>205.61</u>	<u>203.42</u>

The changes in the allowance for expected credit losses on loan commitments and financial guarantee contracts were as follows:

	Unit : Million Baht			
	<u>December 31, 2021</u>			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Beginning balance	137.13	51.53	14.76	203.42
Allowance for expected credit losses during period	<u>18.91</u>	<u>(1.96)</u>	<u>(14.76)</u>	<u>2.19</u>
Ending balance	<u>156.04</u>	<u>49.57</u>	<u>-</u>	<u>205.61</u>

Unit : Million Baht

December 31, 2020

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Beginning balance	-	-	-	19.78	19.78
Changes due to the adoption of new accounting standards *	<u>192.02</u>	<u>41.27</u>	<u>8.59</u>	<u>(19.78)</u>	<u>222.10</u>
Total	192.02	41.27	8.59	-	241.88
Allowance for expected credit losses during period	<u>(54.89)</u>	<u>10.26</u>	<u>6.17</u>	<u>-</u>	<u>(38.46)</u>
Ending balance	<u>137.13</u>	<u>51.53</u>	<u>14.76</u>	<u>-</u>	<u>203.42</u>

* Allowance for doubtful accounts at the beginning of the period is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment.

6.16.2 Provisions for Employee Benefits

The Bank assessed the provision for the post-employment benefits by using the Projected Unit Credit method. The details of the Bank's provisions for employee benefits were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Beginning balance	365.21	330.96
Current service cost*	16.02	27.97
Interest cost*	9.68	5.86
Employee benefits paid during the year	(16.87)	(6.05)
Actuarial (gain) loss on defined benefit plans	<u>(35.52)</u>	<u>6.47</u>
Ending Balance	<u>338.52</u>	<u>365.21</u>

* These items are presented as employee's expenses in profit or loss.

Principal actuarial assumptions for the Bank's post-employment benefits were as follows:

	<u>2021</u>	<u>2020</u>
Average salary increase rate	0.25% - 12.25%	4% - 12.75%
Average staff turnover rate	0% - 19.23%	0% - 22.50%
Discount rate	0.51% - 2.91%	0.36% - 2.06%
Mortality rate	TMO17	TMO17

The Bank's defined benefit plans were sensitive to changes in each significant actuarial assumptions as follows:

	Unit : Million Baht	
	<u>Increase (Decrease) in Defined Benefit Plan</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Average discount rate		
- Increase of 1%	(36.15)	(41.27)
- Decrease of 1%	42.46	47.60
Average future salary increase rate		
- Increase of 1%	0.54	0.67
- Decrease of 1%	(0.68)	(1.15)
Average staff turnover rate		
- Increase of 1%	(2.95)	(4.33)
- Decrease of 1%	2.95	2.03

6.17 Reserves for Insurance Service

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Reserves for export credit insurance	385.11	371.44
Reserves for investment insurance	163.13	133.47
Reserves for stand-by claims purchase agreement	<u>102.79</u>	<u>129.81</u>
Total	<u>651.03</u>	<u>634.72</u>

6.18 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payable per Credit Support Annex	16.04	-
Advance deposits	17.43	26.67
Accrued expenses	75.80	73.08
Account payables	29.43	21.54
Reinsurance payables	31.93	26.43
Lease liabilities	68.71	34.31
Deferred revenue	49.19	35.39
Withholding tax payable	15.93	11.58
Suspense liabilities	473.45	404.32
Others	<u>1.11</u>	<u>2.40</u>
Total	<u>779.02</u>	<u>635.72</u>

6.19 Capital

The Bank had an initial capital of 2,500 million baht and received additional capital from the Ministry of Finance in the amount of 4,000 million baht on July 31, 1998, 1,300 million baht on December 30, 2008 and 5,000 million baht on September 21, 2009. On November 17, 2021, the Bank received the first capital increase from the Ministry of Finance in the amount of 2,198 million baht from total capital increase of 4,198 million baht according to resolution of the Cabinet meeting on August 24, 2021. The Bank has total capital amounting to 14,998 million baht.

6.20 Contingent Liabilities

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantees of loans	2,093.70	1,119.33
Liabilities under immature import bills	1,056.90	198.66
Letters of credit	1,081.85	686.84
Export bills insured	31,286.38	28,596.65
Other contingencies		
Unused overdraft credit lines	681.08	682.79
Other guarantees	5,046.11	5,127.27
Investment Insurance	2,986.74	1,531.89
Stand-by claims purchase agreement	<u>10,269.58</u>	<u>12,966.03</u>
Total other contingencies	<u>18,983.51</u>	<u>20,307.98</u>
Total	<u>54,502.34</u>	<u>50,909.46</u>

As at December 31, 2021 the Bank has six cases of legitimate claims, which are on trial in the court proceedings, classified into one case has already been recognized as a provision, one cases with total claims amounting to 0.80 million baht were dismissed or judged that the Bank was not liable to make payment to the plaintiff by the Court of First Instance or the Appeal Court, and four cases with total claims amounting to 45.30 million baht are on trail of the Court of First Instance. However, the Bank considers that there will be no material impact to the Bank's financial position or operating results upon the case finalization.

6.21 Other Benefits to Directors and Executives

The Bank paid no further benefits to directors and executives other than normal remuneration such as monthly allowance, meeting allowance and bonus for directors (if any), salary for executives, special monthly allowance for executives (if any).

6.22 Leases

6.22.1 Long-Term Leases

The Bank has entered into the lease agreements of the Bank's branch offices and equipment as follows:

	<u>Maturity</u>	<u>Carrying Amount</u>		<u>Depreciation</u>	
				Unit : Million Baht	
		<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>For the Years ended</u>	
				<u>December 31, 2021</u>	<u>December 31, 2020</u>
Right-of-use land and building	2024 - 2029	39.00	34.53	7.94	5.42
Right-of-use equipment	2022	0.66	3.29	2.63	2.63
Right-of-use vehicle	2025 - 2026	<u>31.22</u>	<u>-</u>	<u>1.82</u>	<u>-</u>
Total		<u>70.88</u>	<u>37.82</u>	<u>12.39</u>	<u>8.05</u>

For the years ended December 31, 2021 and 2020, the Bank paid the rental of the above contract in the amount of 12.61 million baht and 7.77 million baht, respectively and recognized interest expenses from lease liabilities in the amount of 0.96 million baht and 0.65 million baht, respectively.

The Bank entered into a sublease agreement for part of the branch office. For the years ended December 31, 2021 and 2020, the Bank recognized sublease revenue in the amount of 0.30 million baht and 0.29 million baht, respectively.

6.22.2 Leases of Low-Value Assets

The Bank has entered into the lease agreements of office equipment. The Bank recognized the rental as expenses on a straight-line basis over the lease term. For the years ended December 31, 2021 and 2020, the Bank recognized the rental of office equipment of 12.95 million baht and 12.39 million baht, respectively.

6.23 Financial Position and Operational Performance Classified by Domestic and Foreign Operations

The Bank established representative office to promote and support international trade and investments. The Bank currently has four representative offices including, representative office in Yangon, the Republic of the Union of Myanmar, representative office in Vientiane, Laos People's Democratic Republic, representative office in Phnom Penh, Kingdom of Cambodia and representative office in Ho Chi Minh City, Socialist Republic of Vietnam.

6.23.1 Financial Position Classified by Business

	Unit : Million Baht		
	<u>December 31, 2021</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	156,790.87	13.42	156,804.29
Interbank and money market items, net (assets)	8,603.67	0.96	8,604.63
Financial assets measured at fair value through			
profit or loss	1.26	-	1.26
Investments, net	4,002.72	-	4,002.72
Loans to customers and accrued interest receivables, net	138,486.03	-	138,486.03
Deposits	48,150.03	-	48,150.03
Interbank and money market items (liabilities)	21,087.77	-	21,087.77
Debt issued and borrowings	60,639.64	-	60,639.64

	Unit : Million Baht		
	<u>December 31, 2020</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	139,786.61	2.32	139,788.93
Interbank and money market items, net (assets)	8,246.84	0.95	8,247.79
Financial assets measured at fair value through			
profit or loss	1.16	-	1.16
Investments, net	5,098.75	-	5,098.75
Loans to customers and accrued interest receivables, net	122,300.65	-	122,300.65
Deposits	44,391.40	-	44,391.40
Interbank and money market items (liabilities)	20,042.88	-	20,042.88
Debt issued and borrowings	52,158.94	-	52,158.94

6.23.2 Operations Classified by Business

Unit : Million Baht

. For the Years Ended December 31, 2021

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	4,658.81	-	4,658.81
Interest expenses	<u>(1,205.65)</u>	<u>(0.17)</u>	<u>(1,205.82)</u>
Interest income, net	3,453.16	(0.17)	3,452.99
Fees and service income, net	358.51	-	358.51
Other operating income	106.71	-	106.71
Other operating expenses	<u>(1,520.76)</u>	<u>(15.62)</u>	<u>(1,536.38)</u>
Operating profit before expected credit losses	2,397.62	(15.79)	2,381.83
Expected credit losses	<u>(850.36)</u>	<u>-</u>	<u>(850.36)</u>
Net (loss) profit	<u>1,547.26</u>	<u>(15.79)</u>	<u>1,531.47</u>

Unit : Million Baht

. For the Years Ended December 31, 2020

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	4,928.98	-	4,928.98
Interest expenses	<u>(1,644.18)</u>	<u>-</u>	<u>(1,644.18)</u>
Interest income, net	3,284.80	-	3,284.80
Fees and service income, net	331.94	-	331.94
Other operating income	132.47	-	132.47
Other operating expenses	<u>(1,839.08)</u>	<u>(13.94)</u>	<u>(1,853.02)</u>
Operating profit before expected credit losses	1,910.13	(13.94)	1,896.19
Expected credit losses	<u>(3,235.93)</u>	<u>-</u>	<u>(3,235.93)</u>
Net loss	<u>(1,325.80)</u>	<u>(13.94)</u>	<u>(1,339.74)</u>

6.24 Interest Income

Interest income for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Interbank and money market items	75.35	144.83
Investment in debt securities	17.83	28.69
Loans	<u>4,565.63</u>	<u>4,755.46</u>
Total interest income	<u>4,658.81</u>	<u>4,928.98</u>

6.25 Interest Expenses

Interest expenses for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Deposits	426.62	467.41
Interbank and money market items	173.61	357.35
Lease liabilities	0.96	0.65
Debt issued		
- Bonds	554.94	756.59
- Promissory note	30.00	45.84
- Borrowings fee	<u>19.69</u>	<u>16.34</u>
Total interest expenses	<u>1,205.82</u>	<u>1,644.18</u>

6.26 Fees and Service Income, Net

Net fees and service income for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Fees and service income		
- Acceptance aval and guarantee	72.82	56.75
- Income from insurance	300.63	252.02
- Others	<u>165.06</u>	<u>174.48</u>
Total fees and service income	<u>538.51</u>	<u>483.25</u>
Fees and service expenses		
- Expense on insurance	158.93	137.73
- Others	<u>21.07</u>	<u>13.58</u>
Total fees and service expenses	<u>180.00</u>	<u>151.31</u>
Total fees and service income, net	<u>358.51</u>	<u>331.94</u>

6.27 Gains on Financial Instruments Measured at Fair Value Through Profit or Loss, Net

Gains on financial instruments measured at fair value through profit or loss, net for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies, debt securities and foreign exchange derivatives	6.12	82.66
- Interest rate derivative	(0.40)	(1.30)
- Equity securities	<u>0.10</u>	<u>(0.16)</u>
Total gains on financial instruments measured at fair value through profit or loss, net	<u>5.82</u>	<u>81.20</u>

6.28 Loss on Claims and Reserves for Insurance Services

Loss on claims and reserves for insurance services for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Doubtful account for export credit insurance	0.22	188.37
Doubtful account for investment insurance	20.44	6.61
Doubtful account for stand-by claims purchase agreement	<u>(10.50)</u>	<u>13.00</u>
Total	<u>10.16</u>	<u>207.98</u>

6.29 Expected Credit Losses

Expected credit losses for financial assets for the years ended December 31, 2021 and 2020 were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Interbank and money market items	(4.15)	(8.19)
Investment in debt securities measured at amortized cost	(0.17)	0.40
Loans to customers and accrued interest receivables*	827.70	3,262.72
Loans to customers and accrued interest receivables from public service account	18.02	11.19
Other receivables	<u>6.77</u>	<u>8.27</u>
Total	848.17	3,274.39
Loan commitments and financial guarantee contracts	<u>2.19</u>	<u>(38.46)</u>
Total expected credit losses	<u>850.36</u>	<u>3,235.93</u>

* Includes written-down debt recovery and bad debt recovery.

6.30 Public Service Account

6.30.1 Summary of Public Service Account

As at December 31, 2021 and 2020, the assets from public service account were as follows:

	Unit : Million Baht	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loans to customers from public service account and accrued interest receivables, net	3,127.91	1,427.86
Receivable eligible for government reimbursement	<u>52.46</u>	<u>7.44</u>
Total assets	<u>3,180.37</u>	<u>1,435.30</u>

For the year ended December 31, 2021 and 2020, the Bank recognized income and expenses from public service account were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Income from public service account	90.25	14.92
<u>Less</u> Expenses from public service account	(113.11)	(24.99)
<u>Less</u> Expected credit losses from public service account	<u>(18.02)</u>	<u>(11.19)</u>
Net Loss	<u>(40.88)</u>	<u>(21.26)</u>

6.30.2 Loans to Customers from Public Service Account and Accrued Interest Receivables, Net

		Unit : Million Baht		
<u>Project</u>	<u>Project Summary</u>	<u>Duration</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
1. Investment and Production Efficiency Enhancement Credit Scheme	To encourage entrepreneurs to purchase and improve their machinery and equipment or factories in order to uplift production efficiency and cost reduction	2020 - 2028	3,078.31	1,427.86
2. EXIM Biz Transformation Loan	To support entrepreneurs affected by COVID-19 that wish to acquire or improve machinery and equipment or make new investment for efficiency enhancement, as well as the entrepreneurs who gradually recover to continue their business, with the competitive interest rate	2021 – 2029	49.60	-

6.30.3 Loan Classification and Provision for Public Service Account

As at December 31, 2021 and 2020, loan classification and provision for the investment and production efficiency enhancement credit scheme were as follows:

Unit : Million Baht

<u>December 31, 2021</u>			
<u>Loan Classification</u>	<u>Cases</u>	<u>Outstanding</u>	<u>Allowance for expected credit losses</u>
Financial assets where there has not been a significant increase in credit risk (Performing)	167	3,157.11	29.20

Unit : Million Baht

<u>December 31, 2020</u>			
<u>Loan Classification</u>	<u>Cases</u>	<u>Outstanding</u>	<u>Allowance for expected credit losses</u>
Financial assets where there has not been a significant increase in credit risk (Performing)	82	1,439.05	11.19

6.30.4 Receivable Eligible for Government Reimbursement

As at December 31, 2021 and 2020, the Bank is eligible for government reimbursement for the interest spread for the investment and production efficiency enhancement credit scheme amounting to 52.46 million baht and 7.44 million baht, respectively.

6.30.5 Income from Public Service Account

Income from public service account for the years ended December 31, 2021 and 2020, were as follows:

Unit : Million Baht

	<u>2021</u>	<u>2020</u>
Interest income from public service account	45.23	7.48
Compensation for public service account	45.02	7.44
Total income from public service account	<u>90.25</u>	<u>14.92</u>

6.30.6 Expenses from Public Service Account

Expenses from public service account for the years ended December 31, 2021 and 2020, were as follows:

	Unit : Million Baht	
	<u>2021</u>	<u>2020</u>
Interest expenses	31.77	5.25
Fees and service expenses	1.11	0.11
Operating expenses	<u>80.23</u>	<u>19.63</u>
Total expenses from public service account	<u>113.11</u>	<u>24.99</u>

6.31 Fair Value of Assets and Liabilities

As at December 31, 2021 and 2020, the Bank determined level of the fair value hierarchy of financial assets and financial liabilities as follows:

	Unit : Million Baht		
	<u>December 31, 2021</u>		
	Fair Value		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial Assets			
Financial assets measured at fair value through profit or loss	1.26	-	1.26
Derivative assets	-	286.41	286.41
Investment in equity securities designated at fair value through other comprehensive income	<u>5.77</u>	<u>2.18</u>	<u>7.95</u>
Total financial assets	<u>7.03</u>	<u>288.59</u>	<u>295.62</u>
Financial Liabilities			
Derivative liabilities	<u>-</u>	<u>748.14</u>	<u>748.14</u>
Total financial liabilities	<u>-</u>	<u>748.14</u>	<u>748.14</u>

Unit : Million Baht

	<u>December 31, 2020</u>		
	<u>Fair Value</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial Assets			
Financial assets measured at fair value through profit or loss	1.16	-	1.16
Derivative assets	-	835.10	835.10
Investment in equity securities designated at fair value through other comprehensive income	<u>3.53</u>	<u>1.26</u>	<u>4.79</u>
Total financial assets	<u>4.69</u>	<u>836.36</u>	<u>841.05</u>
Financial Liabilities			
Derivative liabilities	<u>-</u>	<u>577.81</u>	<u>577.81</u>
Total financial liabilities	<u>-</u>	<u>577.81</u>	<u>577.81</u>

Fair values were determined according to the following hierarchy :

- Level 1 - quoted prices in active market for identical assets or liabilities.
- Level 2 - value derived from valuation techniques for which the significant input used for the fair value measurement is directly or indirectly observable in the market.
- Level 3 - value derived from valuation techniques for which the significant input used for the fair value measurement is unobservable in the market.

Level 2 fair values of derivatives are the prices based on market prices, broker or dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data adjusted with counterparty credit risk.

Level 2 fair value of investments in equity securities designated at fair value through other comprehensive income, which are non-marketable equity securities, is determined by comparing their share price with their book value.

6.32 Approval of the Financial Statements

These financial statements have been authorized to issue by President and Executive Vice President on April 18, 2022.
