

**OVERSEA-CHINESE BANKING CORPORATION LIMITED,
BANGKOK BRANCH**

FINANCIAL STATEMENTS

31 DECEMBER 2021



Independent Auditor's Report

To the management of Oversea-Chinese Banking Corporation Limited, Bangkok Branch

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Oversea-Chinese Banking Corporation Limited, Bangkok Branch (the Branch) as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the Bank of Thailand notifications in relation to the preparation and presentation of financial reporting as described in the notes to the financial statements no. 2.

What I have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in head office and other branches of the same juristic person for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs and the Bank of Thailand notifications in relation to the preparation and presentation of financial reporting as described in the notes to the financial statements no. 2, and for such internal control as management determine 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 Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Boonlert Kamolchanokkul', written in a cursive style.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
Bangkok
22 April 2022

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Financial Position
As at 31 December 2021

	Notes	2021 Thousand Baht	2020 Thousand Baht
Assets			
Cash		30	3,124
Interbank and money market items, net	8, 25	1,344,935	2,563,208
Financial assets measured at fair value through profit or loss	9	1,676,052	1,610,184
Derivative assets	10, 25	1,210,388	1,786,393
Investments, net	11	22,459,928	24,146,132
Loans to customers and accrued interest receivable, net	12	17,103,793	16,416,891
Premises and equipment, net	14	4,869	4,777
Right-of-use assets, net	15	5,691	9,774
Deferred tax assets, net	16	64,478	52,624
Other assets, net	17	81,161	134,419
Total assets		43,951,325	46,727,526

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Financial Position (Cont'd)
As at 31 December 2021

	Notes	2021 Thousand Baht	2020 Thousand Baht
Liabilities and accounts with head office and other branches of the same juristic person			
Liabilities			
Deposits	18	7,798,565	5,555,819
Interbank and money market items	19, 25	11,937,997	15,382,237
Liabilities payable on demand		2,164	6,972
Derivative liabilities	10, 25	941,141	2,438,863
Lease liabilities	15	5,804	9,947
Provisions for employee benefits	20	51,378	46,906
Provisions	21	96,438	88,372
Other liabilities	22	95,468	89,091
Total liabilities		20,928,955	23,618,207
Accounts with head office and other branches of the same juristic person			
Funds brought in to maintain assets under the Act	7, 25	11,709,270	11,032,710
Balance of inter-office accounts with head office and other branches of the same juristic person, net	7, 25	11,702,497	12,418,597
Other components of accounts with head office and other branches of the same juristic person	11.2	19,944	126,737
Deficits		(409,341)	(468,725)
Total accounts with head office and other branches of the same juristic person		23,022,370	23,109,319
Total liabilities and accounts with head office and other branches of the same juristic person		43,951,325	46,727,526

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Comprehensive Income
For the year ended 31 December 2021

	Notes	2021 Thousand Baht	2020 Thousand Baht
Interest income	25, 27	641,282	879,975
Interest expenses	25, 28	188,596	264,368
Net interest income		452,686	615,607
Fees and service income	25, 29	121,262	32,894
Fees and service expenses	25, 29	10,847	11,398
Net fees and service income		110,415	21,496
Net losses on financial instruments measured at fair value through profit or loss	25, 30	(32,006)	(161,230)
Net gains on investments		52,112	75,076
Other operating income	25	1,252	2,048
Total operating income		584,459	552,997
Other operating expenses			
Employee benefit expenses	25, 31	194,505	182,937
Premises and equipment expenses		20,210	21,347
Taxes and duties		16,995	16,802
Other expenses	25, 32	127,951	68,095
Total other operating expenses		359,661	289,181
Expected credit losses	33	149,587	148,104
Profit from operations before income tax		75,211	115,712
Income tax	34	15,041	23,234
Net profit for the year		60,170	92,478

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2021

	Notes	2021 Thousand Baht	2020 Thousand Baht
Other comprehensive income (expense)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
(Losses) gains on debt instruments classified at fair value through other comprehensive income		(133,491)	50,385
Income taxes relating to items that will be reclassified subsequently to profit or loss	34	26,698	(10,077)
Total items that will be reclassified subsequently to profit or loss		(106,793)	40,308
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Losses on remeasurement of defined benefit plans		(983)	(750)
Income taxes on items that will not be reclassified subsequently to profit or loss	34	197	150
Total items that will not be reclassified subsequently to profit or loss		(786)	(600)
Other comprehensive (losses) income for the year, net of income tax		(107,579)	39,708
Total comprehensive (losses) income for the year		(47,409)	132,186

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Changes in Accounts with Head Office and Other Branches of the Same Juristic Person
For the year ended 31 December 2021

	Other components of accounts with head office and other branches of the same juristic person					Total Thousand Baht
	Funds brought in to maintain assets under the Act Thousand Baht	Balance of inter-office accounts with head office and other branches of the same juristic person, net Thousand Baht	Gains on remeasurement of debt instruments classified at fair value through other comprehensive income Thousand Baht	Gains on remeasurement of available-for-sale investments Thousand Baht	Deficits Thousand Baht	
Balance at 1 January 2020	11,056,090	17,237,478	-	104,914	(574,712)	27,823,770
Impact of the first-time adoption of new accounting standards	-	-	86,429	(104,914)	14,109	(4,376)
Balance at 1 January 2020	11,056,090	17,237,478	86,429	-	(560,603)	27,819,394
Comprehensive income for the year	-	-	-	-	92,478	92,478
Profit for the year	-	-	-	-	-	-
Other comprehensive income (losses)	-	-	-	-	-	-
Gains on remeasurement of debt instruments classified at fair value through other comprehensive income, net of income tax	-	-	40,308	-	-	40,308
Losses on remeasurement of defined benefit plan, net of income tax	-	-	-	-	(600)	(600)
Total other comprehensive income	-	-	40,308	-	(600)	39,708
Total comprehensive income for the year	-	-	40,308	-	91,878	132,186
Adjustment for foreign currency translation	(23,380)	-	-	-	-	(23,380)
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	(4,818,881)	-	-	-	(4,818,881)
Balance at 31 December 2020	11,032,710	12,418,597	126,737	-	(468,725)	23,109,319

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Changes in Accounts with Head Office and Other Branches of the Same Juristic Person.(Cont'd)
For the year ended 31 December 2021

	Other components of accounts with head office and other branches of the same juristic person					Total Thousand Baht
	Funds brought in to maintain assets under the Act Thousand Baht	Balance of inter-office accounts with head office and other branches of the same juristic person, net Thousand Baht	Gains on remeasurement of debt instruments classified at fair value through other comprehensive income Thousand Baht	Gains on remeasurement of available-for-sale investments Thousand Baht	Deficits Thousand Baht	
Balance at 1 January 2021	11,032,710	12,418,597	126,737	-	(468,725)	23,109,319
Comprehensive income for the year	-	-	-	-	60,170	60,170
Profit for the year	-	-	-	-	-	-
Other comprehensive income (losses)	-	-	(106,793)	-	-	(106,793)
Losses on remeasurement of debt instruments classified at fair value through other comprehensive income, net of income tax	-	-	-	-	(786)	(786)
Losses on remeasurement of defined benefit plan, net of income tax	-	-	(106,793)	-	(786)	(107,579)
Total other comprehensive losses	-	-	(106,793)	-	(786)	(107,579)
Total comprehensive losses for the year	-	-	(106,793)	-	59,384	(47,409)
Adjustment for foreign currency translation	676,560	-	-	-	-	676,560
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	(716,100)	-	-	-	(716,100)
Balance at 31 December 2021	11,709,270	11,702,497	19,944	-	(409,341)	23,022,370

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch

Statement of Cash Flows

For the year ended 31 December 2021

	2021 Thousand Baht	2020 Thousand Baht
Cash flows from operating activities		
Profit from operations before income tax	75,211	115,712
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities:		
Depreciation and amortisation	7,475	7,496
Expected credit losses	149,587	148,104
Employee benefit expenses	5,739	6,107
Unrealised losses (gains) on foreign exchange transactions, net	676,560	(23,380)
Gains on revaluation of derivative contracts, net	(868,369)	(159,128)
Amortisation of premium on debt instruments	69,800	60,077
Gains on sales of investments, net	(52,112)	(75,076)
Gains on disposal of equipments	(3)	(3)
Net interest income	(452,686)	(615,607)
Proceeds from interest received	700,971	910,791
Interest paid	(169,896)	(263,868)
Income tax paid	(4,313)	(50,570)
Profit from operations before changes in operations assets and liabilities	137,964	60,655
Decrease (increase) in operating assets		
Interbank and money market items	1,218,179	(831,171)
Financial assets measured at fair value through profit or loss	(65,869)	447,973
Loans to customers	(835,280)	(5,090,352)
Other assets	(1)	(13,759)
Increase (decrease) in operating liabilities		
Deposits	2,242,746	(1,337,141)
Interbank and money market items	(3,444,094)	4,990,869
Liabilities payable on demand	(4,808)	1,506
Provisions for employee benefits	(2,250)	(5,265)
Other liabilities	4,820	(61,985)
Net cash used in operating activities	(748,593)	(1,838,670)

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2021

	2021 Thousand Baht	2020 Thousand Baht
Cash flows from investing activities		
Purchases of debt securities measured at fair value through other comprehensive income	(7,600,164)	(5,741,005)
Proceeds from sales and maturity of debt securities measured at fair value through other comprehensive income	9,051,431	12,499,100
Purchases of debt securities measured at amortised cost	(5,752,068)	(1,957,142)
Proceeds from maturity of debt securities measured at amortised cost	5,783,000	1,853,000
Purchases of equipment	(2,709)	(981)
Proceeds from sale of equipment	3	3
Net cash provided by investing activities	1,479,493	6,652,975
Cash flows used in financing activities		
Payment on principal elements of lease liabilities	(5,079)	(5,081)
Decrease in balance of inter-office accounts with head office and other branches of the same juristic person, net	(728,915)	(4,808,994)
Net cash used in financing activities	(733,994)	(4,814,075)
Net (decrease) increase in cash and cash equivalents	(3,094)	230
Cash and cash equivalents at the beginning of the year	3,124	2,894
Cash and cash equivalents at the end of the year	30	3,124

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Notes to the Financial Statements
For the year ended 31 December 2021

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1 General information

Oversea-Chinese Banking Corporation Limited (“the Head Office”) is incorporated and domiciled in Singapore.

Oversea-Chinese Banking Corporation Limited, Bangkok Branch (“the Branch”) has its registered office located at Unit 2501-2, 25th floor, Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok, Thailand.

The operations of the Branch are the Domestic Banking Activities (Full Branch). The Branch received approval from the Ministry of Finance to undertake Full Branch banking activities on 29 August 1994.

The Branch’s financial statements have been approved for issue by the Branch’s management on 22 April 2022.

2 Significant accounting policies

The principal accounting policies applied in the preparation of the Branch financial statements are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance with Thai financial reporting standards (“TFRS”) under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Professions Act B.E. 2547. The primary financial statements are prepared in the full format as required by the Notification of the Bank of Thailand (“BoT”), no. Sor Nor Sor 21/2561 Re: The preparation and announcement of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group dated 31 October 2018.

The Branch’s financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The Branch is a part of Oversea-Chinese Banking Corporation Limited and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 which are relevant and have impacts to the Branch

Certain amended financial reporting standards have been issued that are not mandatory for current reporting period and have not been early adopted by the Branch.

a) Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

c) Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

The Branch has already assessed that these new and amended financial reporting standards have no impact to the Branch.

2.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and have significant impacts to the Branch.

Certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Branch.

Interest rate benchmark (IBOR) reform – phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance for insurance business provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments which are relevant to the Bank are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.

TFRS 7 requires additional disclosure about:

- The nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- How the entity manages those risks
- The entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") as Thai Baht.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions or the date of remeasurement. Gains and losses on settlement of foreign currency or translation of monetary assets and liabilities are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash

Cash consists of cash on hand and cash on collection according to the BoT's Notification.

2.6 Financial instruments

(a) Recognition and derecognition

The Branch initially recognises loans to customers, deposits and debts issued on the date of origination. Investments in debt securities are recognised on the settlement date. All other financial instruments are recognised on the trade date.

Financial assets are de-recognised when the Branch's contractual rights to the cash flows from the financial assets expire or when the Branch transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. Financial liabilities are derecognised when the Branch's obligations specified in the contract expire or are discharged or cancelled.

(b) Classification and measurement

Financial assets

The Branch classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Branch has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Branch reclassifies debt investments only when its business model for managing those assets changes.

Financial liabilities and equity instruments

Financial instruments issued by the Branch must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Branch has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Branch's own equity instruments.
- Where the Branch has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

The Branch subsequently measured all financial liabilities at amortised cost, except for:

- Financial liabilities measured at fair value through profit or loss including derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gain or losses on financial liabilities designated at fair value through profit or loss are presented 'Net gains (losses) on financial instruments measured at fair value through profit or loss'.
- Financial guarantee contracts and loan commitments

(c) Financial instruments measured at amortised cost

A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the asset until maturity to collect contractual cash flows; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

The Branch accounts for amortised cost financial instruments using trade date accounting. Such financial assets include most loans to customers, interbank and money market items and some investments in debt securities. In addition, most financial liabilities are measured at amortised cost.

Financial assets classified as amortised cost are subject to the expected credit loss requirements in accordance with TFRS 9.

Interest earned whilst holding the financial assets or financial liabilities is included in interest income and expense.

(d) Debt instruments measured at fair value through other comprehensive income

A financial assets is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets measured at FVOCI comprise primarily investment in debt securities. They are recognised on the settlement date when the Branch enters into contractual arrangements to purchase and are normally derecognised when they are either sold or matured. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold or matured. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Net gains (losses) on investments'.

Financial assets classified as FVOCI are subject to the expected credit loss requirements in accordance with TFRS 9.

Interest earned whilst holding the financial assets is included in interest income.

(e) Financial instruments measured at fair value through profit or loss

Financial instruments that do not meet the requirements to be measured at amortised cost or at FVOCI are measured at FVTPL. At the balance sheet date, the Branch recognises realised and unrealised gains and losses as 'Net gains (losses) on financial instruments measured at fair value through profit or loss' in the statement of comprehensive income. Interest earned while holding the assets are included in interest income.

Financial assets measured at FVTPL comprise primarily investment in debt securities, which are recognised on the settlement date

(f) Derivatives

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value by using the market price. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The Branch enters into derivative transactions for trading purposes, for which the realised and unrealised gain or loss is recognised in profit or loss. The Branch also enters into hedging derivative transactions to manage exposures to foreign exchange and interest rate arising from its core banking activities of the Branch. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is based on their market price at the reporting date, being the present value of the quoted forward price.

The fair value of interest rate swaps is calculated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of credit default swaps is based on their market price at the reporting date, being the present value of the credit default swaps.

(g) Hedge accounting

Fair value hedges

Where a derivative hedge the changes in fair value of a recognised asset, any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying amount of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in accounts with head office and other branches of the same juristic person. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in accounts with head office and other branches of the same juristic person and is reclassified from accounts with head office and other branches of the same juristic person to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

(h) Modification

Where the terms of contractual cash flows of a financial asset are renegotiated or modified, the Branch assesses whether the new terms are substantially different from the original terms. For instance, the change in cash flows and the change in interest rate.

If the terms are not substantially different, the Branch recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

If the terms are substantially different, the Branch derecognises the original financial asset and recognises a new financial asset at fair value and recalculates a new effective interest rate for the asset. At the date of renegotiation, the difference between the carrying amount allocated to the part derecognised and the consideration received for the part derecognised is recognised in profit or loss.

(i) Impairment of financial assets

Impairment allowances for financial assets are assessed using a forward-looking expected credit loss ("ECL") model in accordance with the requirements of TFRS 9.

Scope

Under TFRS 9, the ECL model is applied to debt financial assets measured at amortised cost or FVOCI and most off-balance sheet loan commitments and financial guarantees.

Expected Credit Loss Impairment Model

Under TFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 - On initial recognition, expected credit loss will be that resulting from default events that are possible over the next 12 months
- Stage 2 - Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that resulting from default events that are possible over the expected life of the asset.
- Stage 3 - When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, the credit loss allowance will be the full lifetime expected credit loss.

Measurement

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

- (a) Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Branch expects to receive;
- (b) Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- (c) Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Branch if the commitment is drawn down and the cash flows that the Branch expects to receive; and
- (d) Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Branch expects to recover.

The key inputs used in the measurement of ECL are:

- Probability of default ("PD") - This is an estimate of the likelihood of default over a given time horizon
- Exposure at default ("EAD") - This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities
- Loss given default ("LGD") - This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying lifetime PD by LGD and EAD.

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on three macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The three macroeconomic scenarios represent a most likely "Base" outcome, and two other less likely "Upside" and "Downside" scenarios. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations.

Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables used in the models for the lifetime period, reverting to long-run averages generally after 3 to 5 years periods. Depending on their usage in the models, macroeconomic variables are projected at a country or more granular level which differ by portfolio. The primary macroeconomic variables adopted are Gross Domestic Product, Unemployment rate, Property Price Index and Interest rate.

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout Branch's expected credit loss calculations.

The Branch considers a financial asset to be in default by assessing both quantitative and qualitative criteria such as days past due and the terms of financial covenants. A default occurs when the borrower or bond issuer is unlikely to pay its credit obligations to the Branch in full, without recourse by the Branch to actions such as realising security (if any is held) or when the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Branch is exposed to credit risk.

Financial assets are written off against their related impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

Movement Between Stages

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly since its initial recognition.

In accordance with TFRS 9, financial assets are classified in Stage 2 where there is a significant increase in credit risk since initial recognition, where the credit loss allowance will be measured using lifetime ECL.

The Branch considers both qualitative and quantitative parameters in the assessment of whether this is a significant increase in credit risk. These include the following:

- (a) The Branch has established thresholds for significant increases in credit risk based on both a relative and absolute change in lifetime PD relative to initial recognition.
- (b) The Branch conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
- (c) The Branch uses days past due as a further indication of significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under TFRS 9 will be based on objective evidence of impairment.

The assessments for a significant increase in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1. A modification of the terms of a financial asset that does not result in derecognition will result in the financial asset being transferred out of Stage 3 if the indicators of it being identified as credit-impaired is no longer met and that the evidence for its transfer out of Stage 3 solely relates to events such as up-to-date and timely payment occurring in the subsequent periods.

If a modified financial asset results in derecognition, the new financial asset will be recognised under Stage 1, unless it is assessed to be credit-impaired at time of the modification.

Surplus reserve

The Branch measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Branch had on 31 December 2019. In which, the Branch will amortised the surplus reverse using straight-line method by 5 years consecutively in accordance with notification to utilise surplus reserve from Bank of Thailand dated on 6 November 2019.

(j) Financial guarantee contract and loan commitment

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised.

Loan commitments are measured at the amount of allowance for expected credit losses. The Branch has not provided any commitment at a below-market interest rate, or that can be settled net in cash or by delivering or issuing other financial instruments.

Expected credit losses on loan commitments and financial guarantee contract are recognised as provisions.

(k) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Branch has a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Branch has not entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.7 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

Condominium	20 years
Furniture, fixtures and office equipment	5 years
Computer equipment	3 - 10 years
Vehicles	5 years

No depreciation is provided on assets under construction.

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

2.8 Leases

At the inception of a contract, the Branch assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-Use Assets ("ROU")

The Branch recognises a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Branch shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when there is modification in the scope or the consideration of the lease that was not part of the original term.

Short Term Leases and Low-Value Assets

The Branch has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.9 Impairment

The carrying amounts of the Branch's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to the accounts with head office and other branches of the same juristic person, in which case it is charged to the accounts with head office and other branches of the same juristic person.

Calculation of recoverable amount

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

Reversals of impairment

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

2.10 Employee benefits

Defined contribution plans

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

Defined benefit plans

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

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Branch, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Branch determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Legal severance payment and Retirement gratuity

The severance payment plan covers on the requirements of Thai Labour Protection Act B.E. 2541 (1998).

The retirement gratuity plan covers certain employees who joined the Branch before 1 July 1987 and is based on the length of service. The employees are entitled to receive this benefit upon resignation, retirement or death.

Other long-term employee benefits

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

Long service award

The Branch provides other long-term benefits to the eligible employees in return for their long service to the Branch.

Short-term employee benefits

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

2.11 Provisions

A provision is recognised if, as a result of a past event, the Branch has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Liabilities under financial guarantee are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable.

2.12 Recognition of interest income and expense

Interest income or expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.13 Recognition of fees and commission income

Fees and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Branch expects to be entitled.

Fees and service income are recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

2.14 Income taxes

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in the accounts with head office and other branches of the same juristic person or in other comprehensive income.

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

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities.

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

3 Financial risk management

The Branch adopts a comprehensive approach to risk management in order to manage its risk profile within pre-defined limits and to protect the Branch against severe losses from unlikely but plausible stress events. The Board Risk Committee is the principal committee that supports in the oversight of the credit, market, operational and any other category of risks as may be deemed necessary. It is responsible for ensuring effective risk oversight of the Branch. Various risk management committees have been set up to manage specific areas of risks.

3.1 Credit risk

Credit risk is the risk of losing principal and/or interest income due to the failure of an obligor or counterparty to meet its financial or contractual obligations as originally scheduled or a change in the credit profile of the obligor or counterparty. Credit risk arises from lending activities to corporate and institutional customers. It also includes counterparty and issuer credit risks arising from trading activities.

The Branch's credit risk management approaches for corporate and institutional customers are as follows:

- Credits extended are individually assessed, risk-rated and further evaluated by experienced credit officers.
- Credit extensions are guided by predefined target market and risk acceptance criteria.
- Credit decisions are made after comprehensive qualitative and quantitative risk assessment, including a thorough understanding of the customer and customer group's interdependencies.
- Credits are jointly approved by business and credit risk units to ensure objectivity and shared risk ownership.

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Concentration of exposure

As at 31 December 2021 and 2020, concentrations of credit risk relative to the loans and receivables net of deferred revenue summarised by type of industry are as follows:

	2021	2020
	Thousand Baht	Thousand Baht
Manufacturing and commerce	6,491,548	5,229,911
Property development and construction	729,855	823,715
Infrastructure and service	3,985,930	4,729,886
Other financial intermediaries	6,171,098	5,016,942
Others	232	1,000,449
Total	17,378,663	16,800,903

Maximum Exposure to Credit Risk

The following table presents our maximum exposure before taking account of any collateral held or other credit enhancements unless such enhancements meet accounting offsetting requirements. The table excludes financial instruments whose carrying amount best represents the net exposure to credit risk. For the financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their carrying amount; for financial guarantees and other guarantees granted, it is the maximum amount that the Branch would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the facilities.

As at 31 December 2021 and 2020, the maximum exposure to credit risk are as follows:

	2021	2020
	Thousand Baht	Thousand Baht
Financial assets measured at fair value through profit or loss	1,680,615	1,592,444
Investments	22,153,344	23,721,302
Total	23,833,959	25,313,746

Credit quality of financial instruments

Loans and advances

The following table sets out the credit analysis for loans and advances measured at amortised cost at 31 December 2021 and 2020.

	2021	2020
	Thousand Baht	Thousand Baht
Neither past due nor impaired	17,379,377	16,481,880
Past due loans:		
- Non-impaired	-	-
- Impaired	-	326,068
Impaired but not past due	-	-
Gross loans	17,379,377	16,807,948
Allowance for expected credit losses		
Impaired loans	-	(131,576)
Non-impaired loans	(275,584)	(259,481)
Net loans	17,103,793	16,416,891

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Financial assets other than loans and advances

The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost, other than loans and advances measured at amortised cost.

	31 December 2021				
	Investment grade (BBB to AAA) Thousand Baht	Non-investment grade (C to BB) Thousand Baht	Not rated Thousand Baht	Not subject to credit risk Thousand Baht	Total carrying amount Thousand Baht
Cash	-	-	-	30	30
Interbank and money market items, net	244,494	-	1,100,441	-	1,344,935
Financial assets measured at fair value through profit or loss	1,676,052	-	-	-	1,676,052
Derivative assets	-	-	1,210,388	-	1,210,388
Investments, net	22,459,928	-	-	-	22,459,928
Other assets, net	-	-	63,141	-	63,141
Total	24,380,474	-	2,373,970	30	26,754,474
	31 December 2020				
	Investment grade (BBB to AAA) Thousand Baht	Non-investment grade (C to BB) Thousand Baht	Not rated Thousand Baht	Not subject to credit risk Thousand Baht	Total carrying amount Thousand Baht
Cash	-	-	-	3,124	3,124
Interbank and money market items, net	185,208	-	2,378,000	-	2,563,208
Financial assets measured at fair value through profit or loss	1,610,184	-	-	-	1,610,184
Derivative assets	-	-	1,786,393	-	1,786,393
Investments, net	24,146,132	-	-	-	24,146,132
Other assets, net	-	-	123,417	-	123,417
Total	25,941,524	-	4,287,810	3,124	30,232,458

Collateral and other credit enhancements obtained

Assets amounting to Baht 6,221.1 million (2020: Baht 6,043.6 million) were obtained by the Branch during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Branch generally does not occupy the premises repossessed for its business use.

Expected credit losses

The Branch maintains sufficient impairment allowances to absorb credit losses inherent in the loan portfolios. Allowance for Expected Credit Losses ("ECL") is recognised for credit-impaired and non credit-impaired exposures in accordance with TFRS 9 through a forward-looking ECL model. ECL allowances are assessed based on the stages of asset quality.

For details of our impairment policies on financial assets, see Note 2.5 (i).

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Financial instruments to which the impairment requirements in TFRS 9 are applied are summarised as follows:

	2021		2020	
	Gross carrying / notional amount Thousand Baht	Allowance for ECL Thousand Baht	Gross carrying/ notional amount Thousand Baht	Allowance for ECL Thousand Baht
Cash	30	-	3,124	-
Interbank and money market items	1,347,389	(2,454)	2,565,213	(2,005)
Investments (Amortised cost)	10,265,278	(258)	10,409,081	(360)
Loans to customers and accrued interest receivables	17,379,377	(275,584)	16,807,948	(391,057)
Other assets	63,141	-	123,417	-
Total gross carrying amount on-balance sheet	29,055,215	(278,296)	29,908,783	(393,422)
Loan commitments	11,417,525	(79,222)	10,392,033	(60,830)
Financial guarantees and other commitments	2,012,212	(17,216)	1,984,325	(27,542)
Total nominal amount off-balance sheet	13,429,737	(96,438)	12,376,358	(88,372)

	2021		2020	
	Fair value Thousand Baht	Allowance for ECL Thousand Baht	Fair value Thousand Baht	Allowance for ECL Thousand Baht
Investments (FVOCI)	12,195,472	(564)	13,738,396	(985)

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The credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL at 31 December 2021 and 2020 are summarised as follows:

	2021										
	Gross carrying/ notional amount		Allowance for ECL			ECL coverage %					
	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 %	Stage 2 %	Stage 3 %	Stage 3 %	
Cash	30	-	-	-	-	-	-	-	-	-	-
Interbank and money market items	1,347,389	-	-	(2,454)	-	-	0.2	-	-	-	-
Investments	22,460,750	-	-	(822)	-	-	0.0	-	-	-	-
Loans to customers and accrued interest receivables	10,902,618	6,476,759	-	(127,523)	(148,061)	-	1.2	2.3	-	-	-
Other assets	63,141	-	-	-	-	-	-	-	-	-	-
Loan commitments	8,081,141	3,336,384	-	(23,868)	(55,354)	-	0.3	1.7	-	-	-
Financial guarantees and other commitments	1,555,544	456,668	-	(3,223)	(13,995)	-	0.2	3.1	-	-	-
Total	44,410,613	10,269,811	-	(157,890)	(217,410)	-	0.4	2.1	-	-	-
2020											
	Gross carrying/ notional amount		Allowance for ECL			ECL coverage %					
	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 %	Stage 2 %	Stage 3 %	Stage 3 %	
	Cash	3,124	-	-	-	-	-	-	-	-	-
Interbank and money market items	2,565,213	-	-	(2,005)	-	-	0.1	-	-	-	
Investments	24,146,492	-	-	(1,345)	-	-	0.0	-	-	-	
Loans to customers and accrued interest receivables	11,793,396	4,688,270	326,282	(163,597)	(95,884)	(131,576)	1.4	2.0	40.3	-	
Other assets	123,417	-	-	-	-	-	-	-	-	-	
Loan commitments	8,138,500	2,253,533	-	(25,028)	(35,802)	-	0.3	1.6	-	-	
Financial guarantees and other commitments	1,604,642	378,277	1,406	(1,363)	(26,179)	-	0.1	6.9	-	-	
Total	48,374,784	7,320,080	327,688	(193,338)	(157,865)	(131,576)	0.4	2.2	40.2	-	

3.2 Market risk

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. The Branch is exposed to market risks from its trading and client servicing activities.

The Branch market risk management strategy and market risk limits are established within the risk appetite and business strategies of the Branch, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

(a) Interest rate risk

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk, yield curve risk, basis risk and optionality risk.

Limits and policies to manage interest rate exposures are established in line with the business strategy and risk appetite. Thresholds and policies are appropriately approved and reviewed regularly to ensure they remain relevant against the external environment. Control systems are in place to monitor the risk profile against the approved risk thresholds.

The Branch charges interest rates on loans to customers mainly based on the cost of borrowings plus a profit margin which depends on the credit risk of each individual customer.

Significant financial assets and liabilities classified by type of interest rate as at 31 December 2021 and 2020 were as follows:

	2021			Total Thousand Baht
	Floating interest rate Thousand Baht	Fixed interest rate Thousand Baht	Non - interest bearing Thousand Baht	
Financial assets				
Cash	-	-	30	30
Interbank and money market items *	3,926	1,100,000	243,463	1,347,389
Financial assets measured at fair value through profit or loss	-	1,676,052	-	1,676,052
Investments *	-	22,460,186	-	22,460,186
Loans to customers and accrued interest receivable **	10,384,181	6,994,964	232	17,379,377
Other assets	-	-	63,141	63,141
Total financial assets	10,388,107	32,231,202	306,866	42,926,175
Financial liabilities				
Deposits	1,365,483	6,234,534	198,548	7,798,565
Interbank and money market items	14,569	11,447,141	476,287	11,937,997
Liabilities payable on demand	-	-	2,164	2,164
Lease liabilities	-	5,804	-	5,804
Other liabilities	-	-	18,453	18,453
Funds remitted into Thailand - borrowings from head office	6,683,980	-	-	6,683,980
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	11,694,054	8,443	11,702,497
Total financial liabilities	8,064,032	29,381,533	703,895	38,149,460
Effect of derivatives held for risk management ***	(7,192,897)	6,815,913	(32,344)	(409,328)

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.5 million and Baht 0.3 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 275.6 million

*** Risk management for investments and borrowings

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	2020			Total Thousand Baht
	Floating interest rate Thousand Baht	Fixed interest rate Thousand Baht	Non - interest bearing Thousand Baht	
Financial assets				
Cash	-	-	3,124	3,124
Interbank and money market items *	4,918	2,380,000	180,295	2,565,213
Financial assets measured at fair value through profit or loss	-	1,610,184	-	1,610,184
Investments *	1,500,578	22,645,914	-	24,146,492
Loans to customers and accrued interest receivable **	10,003,099	6,804,400	449	16,807,948
Other assets	-	-	123,417	123,417
Total financial assets	11,508,595	33,440,498	307,285	45,256,378
Financial liabilities				
Deposits	620,863	4,736,889	198,067	5,555,819
Interbank and money market items	13,724	15,183,350	185,163	15,382,237
Liabilities payable on demand	-	-	6,972	6,972
Lease liabilities	-	9,947	-	9,947
Other liabilities	-	-	25,029	25,029
Funds remitted into Thailand - borrowings from head office	6,007,420	-	-	6,007,420
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	12,271,908	146,689	12,418,597
Total financial liabilities	6,642,007	32,202,094	561,920	39,406,021
Effect of derivatives held for risk management ***	(5,978,619)	6,602,939	(225,845)	398,475

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.0 million and Baht 0.4 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 391.1 million

*** Risk management for investments and borrowings

The Branch has the following interest-bearing financial assets and liabilities. The average balances of the financial assets and liabilities and the average interest rates per annum for each of the years ended 31 December 2021 and 2020 were as follows:

	2021			2020		
	Average balance Thousand Baht	Interest Thousand Baht	Average interest rate % per annum	Average balance Thousand Baht	Interest Thousand Baht	Average interest rate % per annum
Financial assets						
Interbank and money market items	3,809,765	34,805	0.9	1,292,504	17,327	1.3
Financial assets measured at fair value through profit or loss	1,786,295	67,039	3.8	1,793,362	76,106	4.2
Investments	21,763,599	209,082	1.0	26,825,264	413,936	1.5
Loans to customers	15,874,689	330,356	2.1	16,124,932	372,606	2.3
Total	43,234,348	641,282	1.5	46,036,062	879,975	1.9
Financial liabilities						
Deposits	7,309,776	26,762	0.4	6,837,339	41,995	0.6
Interbank and money market items	12,848,494	58,114	0.5	13,944,960	88,746	0.6
Lease liabilities	7,394	161	2.2	12,163	262	2.2
Balance of inter-office accounts with head office and other branches of the same juristic person, net	17,786,199	63,046	0.4	20,651,920	104,079	0.5
Total	37,951,863	148,083	0.4	41,446,382	235,082	0.6

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As at 31 December 2021 and 2020, the details of the Branch's interest rate risk based on the period to the earlier of the contractual repricing date or maturity were as follows:

	2021						Total Thousand Baht
	On demand Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	More than 5 years Thousand Baht	Non- interest bearing Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	3,926	1,100,000	-	-	-	243,463	1,347,389
Financial assets measured at fair value through profit or loss	-	-	695,009	499,968	481,075	-	1,676,052
Investments *	-	2,407,702	2,547,674	17,472,391	32,419	-	22,460,186
Loans to customers and accrued interest receivables **	770,360	14,934,316	674,469	1,000,000	-	232	17,379,377
Other assets	-	-	-	-	-	63,141	63,141
Total financial assets	774,286	18,442,018	3,917,152	18,972,359	513,494	306,866	42,926,175
Financial liabilities							
Deposits	-	6,985,557	614,460	-	-	198,548	7,798,565
Interbank and money market items	14,569	5,339,000	6,108,141	-	-	476,287	11,937,997
Liabilities payable on demand	-	-	-	-	-	2,164	2,164
Lease liabilities	-	1,240	3,428	1,136	-	-	5,804
Other liabilities	-	-	-	-	-	18,453	18,453
Funds remitted into Thailand - borrowings from head office	-	6,683,980	-	-	-	-	6,683,980
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	11,028,567	665,487	-	-	8,443	11,702,497
Total financial liabilities	14,569	30,038,344	7,391,516	1,136	-	703,895	38,149,460
Effect of derivatives held for risk Management ***	-	(3,568,614)	389,430	(27,795,000)	30,597,200	(32,344)	(409,328)

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.5 million and Baht 0.3 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 275.6 million

*** Risk management for investments and borrowings

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	2020						Total Thousand Baht
	On demand Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	More than 5 years Thousand Baht	Non- interest bearing Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	3,124	3,124
Interbank and money market items *	4,918	2,380,000	-	-	-	180,295	2,565,213
Financial assets measured at fair value through profit or loss	-	-	696,021	808,161	106,002	-	1,610,184
Investments *	-	6,777,651	5,432,750	11,511,309	424,782	-	24,146,492
Loans to customers and accrued interest receivables **	2,647,782	13,547,638	605,035	-	-	7,493	16,807,948
Other assets	-	-	-	-	-	123,417	123,417
Total financial assets	2,652,700	22,705,289	6,733,806	12,319,470	530,784	314,329	45,256,378
Financial liabilities							
Deposits	-	5,209,981	147,771	-	-	198,067	5,555,819
Interbank and money market items	13,724	10,029,350	5,154,000	-	-	185,163	15,382,237
Liabilities payable on demand	-	-	-	-	-	6,972	6,972
Lease liabilities	-	1,220	3,666	5,061	-	-	9,947
Other liabilities	-	-	-	-	-	25,029	25,029
Funds remitted into Thailand - borrowings from head office	-	6,007,420	-	-	-	-	6,007,420
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	8,919,181	3,352,727	-	-	146,689	12,418,597
Total financial liabilities	13,724	30,167,152	8,658,164	5,061	-	561,920	39,406,021
Effect of derivatives held for risk Management ***	-	(2,103,047)	958,598	1,678,769	90,000	(225,845)	398,475

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.0 million and Baht 0.4 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 391.1 million

*** Risk management for investments and borrowings

Sensitivity analysis

The impact on net interest income of the banking book is simulated under various interest rate scenarios and assumptions. Based on a 100 bp parallel rise in yield curves on the Branch's exposure to major currencies, the effect of changes in interest rates' to net earnings is set out below:

	2021 Thousand Baht	2020 Thousand Baht
Currency		
Baht	87,434	189,659
US Dollar	45,020	102,801
Japanese Yen	-	-
Other currencies	1	(189)
Total effect of interest rate change	132,455	292,271
Percentage to net earnings in the next 1 year	35.85	79.11

The 1% rate shock impact on net interest income is based on the Branch's interest rate risk profile as at reporting date. It does not take into account actions that would be taken by Global Treasury or the business units to mitigate the impact of this interest rate risk. In reality, Global Treasury seeks proactively to change the interest rate risk profile to minimise losses and maximise net revenues. The projections also assume a constant balance sheet position and that all positions run to maturity.

(b) Foreign exchange risk

Foreign exchange risk is the risk that occurs from the change in exchange rates which may affect the value of the Branch's financial instruments or may cause volatility in the Branch's earnings or fluctuations in the value of the Branch's assets and liabilities. The Branch engages in foreign currency denominated transactions, which may create foreign exchange risk.

As at 31 December 2021 and 2020, the Branch has net open position assets (liabilities) denominated in the various currencies as follows:

	2021	2020
	Thousand Baht	Thousand Baht
Net foreign currency exposure *		
US Dollar	248,881	139,197
Singapore Dollar	94,221	60,161
Japanese Yen	11,064	2,300
Other currencies	3,481	(16,867)

* Including long-term borrowing from head office to maintain assets under Act amounting to Baht 6,684 million (2020: Baht 6,007 million) and excluding non-performing loans.

Sensitivity analysis

Foreign exchange risk information by Internal Model Approach at 31 December 2021 and 2020 is as follows:

	2021	2020
	Thousand Baht	Thousand Baht
Banking book		
Maximum VaR during the period	577	904
Average VaR during the period	300	415
Minimum VaR during the period	171	42
VaR at the end of the period	171	579
Trading book		
Maximum VaR during the period	1,798	1,164
Average VaR during the period	960	507
Minimum VaR during the period	411	178
VaR at the end of the period	1,157	828

Remark: The period for Maximum VaR, Minimum VaR and Average VaR is 60 days interval All figures are based on 10 days VaR as used for market risk capital charge calculation.

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3.3 Liquidity risk

Liquidity risk is the risk that the Branch may not be able to meet its obligations as they fall due, because of inability to realise its assets or to cover funding requirements at an appropriate price which results in a loss to the Branch.

The Liquidity risk Management of the Branch is under the control of head office ("Group ALCO"), to ensure compliance with the risk management policy of head office which is also in line with the BoT's Notification related to liquidity risk. The Branch ALCO is responsible to Group ALCO for the overall management and oversight of the risk of the financial position of the Branch. The Treasury Department continues to play the key role in managing the Branch's funding requirements.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 December 2020 in the Bank's website, "<http://www.ocbc.com/business-banking/large-corporates/international-presence-thailand.html>", under Financial Report section, within 4 months from the end of period.

A maturity analysis of financial assets and liabilities as at 31 December 2021 and 2020 was as follows:

	2021						Total Thousand Baht
	At call Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	Over 5 years Thousand Baht	No maturity Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	246,948	1,100,441	-	-	-	-	1,347,389
Financial assets measured at fair value through profit or loss	-	-	695,009	499,968	481,075	-	1,676,052
Derivative assets	-	62,204	74,775	1,002,643	70,766	-	1,210,388
Investments *	-	2,407,702	2,547,674	17,472,391	32,419	-	22,460,186
Loans to customers and accrued interest receivables **	770,315	5,406,491	2,299,183	8,605,845	297,543	-	17,379,377
Other assets	-	13,871	49,270	-	-	-	63,141
Total financial assets	1,017,263	8,990,709	5,665,911	27,580,847	881,803	30	44,136,563
Financial liabilities							
Deposits	1,564,031	5,620,062	614,472	-	-	-	7,798,565
Interbank and money market items	490,856	5,339,000	6,108,141	-	-	-	11,937,997
Liabilities payable on demand	2,164	-	-	-	-	-	2,164
Derivative liabilities	-	101,597	95,608	623,536	120,400	-	941,141
Lease liabilities	-	1,240	3,428	1,136	-	-	5,804
Other liabilities	52	8,369	10,032	-	-	-	18,453
Funds remitted into Thailand - borrowings from head office	-	-	-	6,683,980	-	-	6,683,980
Balance of inter-office accounts with head office and other branches of the same juristic person, net	2,463	11,031,825	666,115	2,094	-	-	11,702,497
Total financial liabilities	2,059,566	22,102,093	7,497,796	7,310,746	120,400	-	39,090,601
Liquidity gap, net	(1,042,303)	(13,111,384)	(1,831,885)	20,270,101	761,403	30	5,045,962

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.5 million and Baht 0.3 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 275.6 million

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	2020						Total Thousand Baht
	At call Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	Over 5 years Thousand Baht	No maturity Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	3,124	3,124
Interbank and money market items *	184,674	2,380,539	-	-	-	-	2,565,213
Financial assets measured at fair value through profit or loss	-	-	696,021	808,161	106,002	-	1,610,184
Derivative assets	-	409,756	139,670	1,120,410	116,557	-	1,786,393
Investments *	-	5,277,072	6,933,329	11,511,309	424,782	-	24,146,492
Loans to customers and accrued interest receivables **	2,647,782	5,435,696	825,058	7,429,612	469,800	-	16,807,948
Other assets	-	94,152	29,265	-	-	-	123,417
Total financial assets	2,832,456	13,597,215	8,623,343	20,869,492	1,117,141	3,124	47,042,771
Financial liabilities							
Deposits	818,930	4,589,106	147,783	-	-	-	5,555,819
Interbank and money market items	198,887	10,029,350	5,154,000	-	-	-	15,382,237
Liabilities payable on demand	2,300	4,672	-	-	-	-	6,972
Derivative liabilities	-	450,997	401,821	1,420,539	165,506	-	2,438,863
Lease liabilities	-	1,220	3,666	5,061	-	-	9,947
Other liabilities	14	18,637	6,378	-	-	-	25,029
Funds remitted into Thailand - borrowings from head office	-	-	-	6,007,420	-	-	6,007,420
Balance of inter-office accounts with head office and other branches of the same juristic person, net	153,524	8,913,294	3,351,779	-	-	-	12,418,597
Total financial liabilities	1,173,655	24,007,276	9,065,427	7,433,020	165,506	-	41,844,884
Liquidity gap, net	1,658,801	(10,410,061)	(442,084)	13,436,472	951,635	3,124	5,197,887

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 2.0 million and Baht 0.4 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 391.1 million

4 Critical accounting estimates and assumptions

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

Assumptions and estimation uncertainties

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

Note 6	Fair value of assets and liabilities
Note 10	Derivatives
Note 13	Allowance for expected credit losses

Measurement of fair values

A number of the Branch's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

Further information about the assumptions made in measuring fair values is included in Note 6 Fair value of financial instruments.

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5 Classification of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by category as at 31 December 2021 and 2020.

	2021			Total Thousand Baht
	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	
Financial assets				
Cash	-	-	30	30
Interbank and money market items, net	-	-	1,344,935	1,344,935
Financial assets measured at fair value through profit or loss	1,676,052	-	-	1,676,052
Derivatives assets	1,210,388	-	-	1,210,388
Investments, net	-	12,194,908	10,265,020	22,459,928
Loans to customers and accrued interest receivables, net	-	-	17,103,793	17,103,793
Other assets	-	-	63,141	63,141
Total financial assets	2,886,440	12,194,908	28,776,919	43,858,267
Financial liabilities				
Deposits	-	-	7,798,565	7,798,565
Interbank and money market items	-	-	11,937,997	11,937,997
Liabilities payable on demand	-	-	2,164	2,164
Derivative liabilities	941,141	-	-	941,141
Lease liabilities	-	-	5,804	5,804
Other liabilities	-	-	18,453	18,453
Funds remitted into Thailand - borrowings from head office	-	-	6,683,980	6,683,980
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	-	11,702,497	11,702,497
Total financial liabilities	941,141	-	38,149,460	39,090,601
	2020			
	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial assets				
Cash	-	-	3,124	3,124
Interbank and money market items, net	-	-	2,563,208	2,563,208
Financial assets measured at fair value through profit or loss	1,610,184	-	-	1,610,184
Derivatives assets	1,786,393	-	-	1,786,393
Investments, net	-	13,737,411	10,408,721	24,146,132
Loans to customers and accrued interest receivables, net	-	-	16,416,891	16,416,891
Other assets	-	-	123,417	123,417
Total financial assets	3,396,577	13,737,411	29,515,361	46,649,349
Financial liabilities				
Deposits	-	-	5,555,819	5,555,819
Interbank and money market items	-	-	15,382,237	15,382,237
Liabilities payable on demand	-	-	6,972	6,972
Derivative liabilities	2,438,863	-	-	2,438,863
Lease liabilities	-	-	9,947	9,947
Other liabilities	-	-	25,029	25,029
Funds remitted into Thailand - borrowings from head office	-	-	6,007,420	6,007,420
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	-	12,418,597	12,418,597
Total financial liabilities	2,438,863	-	39,406,021	41,844,884

6 Fair value of financial instruments

Fair values hierarchy

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

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6.1 Financial assets and liabilities measured at fair value

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	2021			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Derivatives				
- Forward exchange contracts	-	47,837	-	47,837
- Currency swap contracts	-	422,499	-	422,499
- Interest rate swap contracts	-	740,052	-	740,052
Financial assets measured at fair value through profit or loss				
- Debt securities measured at FVTPL	-	1,676,052	-	1,676,052
Investments				
- Debt securities measured at FVOCI	991,374	11,203,534	-	12,194,908
Financial liabilities				
Derivatives				
- Forward exchange contracts	-	28,201	-	28,201
- Currency swap contracts	-	42,981	-	42,981
- Interest rate swap contracts	-	831,500	-	831,500
- Credit default swap contracts	-	-	38,459	38,459

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	2020			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Derivatives				
- Forward exchange contracts	-	508,931	-	508,931
- Currency swap contracts	-	-	-	-
- Interest rate swap contracts	-	1,277,462	-	1,277,462
Financial assets measured at fair value through profit or loss				
- Debt securities measured at FVTPL	-	1,610,184	-	1,610,184
Investments				
- Debt securities measured at FVOCI	3,021,474	10,715,937	-	13,737,411
Financial liabilities				
Derivatives				
- Forward exchange contracts	-	272,694	-	272,694
- Currency swap contracts	-	634,694	-	634,694
- Interest rate swap contracts	-	1,490,114	-	1,490,114
- Credit default swap contracts	-	-	41,361	41,361

The Branch determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Branch and counterparty when appropriate.

The Branch recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 December 2021 and 2020.

The Branch has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

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

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Investments in debt securities	Discounted Cash Flow	Interest Rate Basis
Credit Default Swap contracts	Credit Default Swap model	Credit Spread

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Investment (Note 11.1) Thousand Baht	Credit Default Swap (Note 10.1) Thousand Baht
Balance at 1 January 2021	-	(41,361)
Purchase	-	5,500
Maturity	-	43,285
Transfer out	-	-
Losses recognised in profit or loss	-	(45,883)
Balance at 31 December 2021	-	(38,459)
	Investment (Note 11.1) Thousand Baht	Credit Default Swap (Note 10.1) Thousand Baht
Balance at 1 January 2020	731,261	(37,842)
Purchase	-	5,446
Maturity	-	38,750
Transfer out	(731,261)	-
Losses recognised in profit or loss	-	(47,715)
Balance at 31 December 2020	-	(41,361)

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6.2 Financial assets and liabilities not measured at fair value

The following table presents the Branch's financial assets and liabilities not carried at fair value by fair value hierarchy at 31 December 2021 and 2020.

	2021				
	Carrying amount Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets					
Cash	30	30	-	-	30
Interbank and money market items	1,344,935	-	1,344,935	-	1,344,935
Investments (Amortised cost)	10,265,020	-	10,275,589	-	10,275,589
Loans to customers and accrued interest receivables	17,103,793	-	-	17,103,793	17,103,793
Other assets	63,141	-	-	63,141	63,141
Total financial assets	28,776,919	30	11,620,524	17,166,934	28,787,488
Financial liabilities					
Deposits	7,798,565	-	7,798,565	-	7,798,565
Interbank and money market items	11,937,997	-	11,937,997	-	11,937,997
Liabilities payable on demand	2,164	-	-	2,164	2,164
Lease liabilities	5,804	-	-	5,804	5,804
Other liabilities	18,453	-	-	18,453	18,453
Funds remitted into Thailand - borrowings from head office	6,683,980	-	6,683,980	-	6,683,980
Balance of inter-office accounts with head office and other branches of the same juristic person, net	11,702,497	-	11,702,497	-	11,702,497
Total financial liabilities	38,149,460	-	38,123,039	26,421	38,149,460
	2020				
	Carrying amount Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets					
Cash	3,124	3,124	-	-	3,124
Interbank and money market items	2,563,208	-	2,563,208	-	2,563,208
Investments (Amortised cost)	10,408,721	-	10,456,920	-	10,456,920
Loans to customers and accrued interest receivables	16,416,891	-	-	16,416,891	16,416,891
Other assets	123,417	-	-	123,417	123,417
Total financial assets	29,515,361	3,124	13,020,128	16,540,308	29,563,560
Financial liabilities					
Deposits	5,555,819	-	5,555,819	-	5,555,819
Interbank and money market items	15,382,237	-	15,382,237	-	15,382,237
Liabilities payable on demand	6,972	-	-	6,972	6,972
Lease liabilities	9,947	-	-	9,947	9,947
Other liabilities	25,029	-	-	25,029	25,029
Funds remitted into Thailand - borrowings from head office	6,007,420	-	6,007,420	-	6,007,420
Balance of inter-office accounts with head office and other branches of the same juristic person, net	12,418,597	-	12,418,597	-	12,418,597
Total financial liabilities	39,406,021	-	39,364,073	41,948	39,406,021

The following methods and assumptions were used by the Branch in estimating the fair value of financial assets and liabilities as disclosed herein.

Interbank and money market items (assets, liabilities, and accounts with head office and other branches of the same juristic person)

The fair value of interbank and money market items (assets, liabilities, and accounts with head office and other branches of the same juristic person) which bear floating rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

Investments (Amortised cost)

Investments in debt securities measured at amortised cost are calculated based on yield curve of the Thai Bond Market Association under discounted cash flow model.

Loans to customers

For floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar credit quality.

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of floating-rate, and fixed rate deposits repricing within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on deposits to a schedule of aggregate expected monthly maturities on time deposits.

Other financial instruments

The fair value of other financial assets and liabilities approximate the carrying value at which they are stated on the statement of financial position.

7 Maintenance of capital fund

The Branch maintains its capital funds in accordance with Section 32 of the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk-weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand as at 31 December 2021 and 2020, could be summarised as follows:

	2021 Thousand Baht	2020 Thousand Baht
Thai Government bonds and the Bank of Thailand's bonds	8,558,475	8,061,533
Bonds guaranteed by Government	1,706,803	2,347,549
Total	10,265,278	10,409,082

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As at 31 December 2021 and 2020, the Branch's capital fund could be summarised as follows:

	2021 Thousand Baht	2020 Thousand Baht
Assets maintained under Section 32	10,265,278	10,409,082
Sum of net capital fund for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net fund brought in to maintenance assets under Section 32 *	9,856,009	9,179,449
Net balance of inter-office accounts which the Branch is the debtor to the head office and other branches of the same juristic person, the parent company and subsidiaries of the head office	11,736,137	12,436,709
Total	21,592,146	21,616,158
Capital Fund (in thousand Baht)	9,856,009	9,179,449
Capital Adequacy Ratio (%)	42.0	34.0

* As at 31 December 2021, net of funds remitted from head office for losses compensation of Baht 2,024 million (2020: Baht 2,024 million).

According to the Bank of Thailand Notification No. For Nor Sor. (23) Wor 263/2556 dated 22 February 2013 the Branch is required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015.

As at 31 December 2021 and 2020, the Branch has no add-on arising from Single Lending Limit.

As at 31 December 2021 and 2020, the Branch has applied the calculation for credit risk capital, market risk capital and operational risk capital under the Standardised Approach ('SA') as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification.

As at 31 December 2021 and 2020, the Branch met the minimum Capital Adequacy Ratio requirements established by the Bank of Thailand, which is in compliance with the requirements of Basel III, for total Capital Adequacy Ratio at minimum of 11.00% and 11.00%, respectively.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor. 4/2556 dated 2 May 2013, Re: "The Public Disclosure of Capital Maintenance for Commercial Banks" and Sor Nor Sor 2/2561 dated 25 January 2018, Re: "Liquidity Coverage Ratio Disclosure Standards", the Branch intends to disclose Capital maintenance information as of 31 December 2021 within 4 months after the year end as indicated in the notification through the Branch's website "<http://www.ocbc.com/business-banking/large-corporates/international-presence-thailand.html>".

Capital management

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

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8 Interbank and money market items, net (assets)

	2021 Thousand Baht	2020 Thousand Baht
Domestic		
The Bank of Thailand	202,950	126,765
Commercial banks	3,926	4,918
Other financial institutions	1,100,000	2,380,000
Total	1,306,876	2,511,683
<u>Add</u> Accrued interest receivable and undue interest receivable	441	539
<u>Less</u> Allowance for expected credit losses	(2,454)	(2,000)
Total domestic, net	1,304,863	2,510,222
Foreign		
US Dollar	29,309	46,517
Japanese Yen	7,478	2,301
Euro	2,709	2,865
Other currencies	576	1,308
<u>Less</u> Allowance for expected credit losses	-	(5)
Total foreign	40,072	52,986
Total domestic and foreign	1,344,935	2,563,208

9 Financial assets measured at fair value through profit or loss

	2021 Fair value Thousand Baht	2020 Fair value Thousand Baht
Trading assets		
Government and state enterprise securities	981,043	914,163
Private debt instruments	695,009	696,021
Total	1,676,052	1,610,184

10 Derivatives

10.1 Derivatives held for trading

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

Type of risk	2021				
	Fair value		Notional amount		Total
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	
Forward exchange contracts	47,837	28,201	12,358,768	-	12,358,768
Currency swap contracts	422,499	42,981	1,224,415	5,750,980	6,975,395
Interest rate swap contracts	735,999	810,023	17,095,000	64,665,519	81,760,519
Credit default swap contracts	-	38,459	700,000	-	700,000
Total	1,206,335	919,664	31,378,183	70,416,499	101,794,682

Type of risk	2020				
	Fair value		Notional amount		Total
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	
Forward exchange contracts	508,931	272,694	32,987,597	-	32,987,597
Currency swap contracts	-	634,694	6,289,771	1,798,769	8,088,540
Interest rate swap contracts	1,277,462	1,417,571	5,700,000	76,080,000	81,780,000
Credit default swap contracts	-	41,361	700,000	-	700,000
Total	1,786,393	2,366,320	45,677,368	77,878,769	123,556,137

The “notional amount” is a measure of volume, which may be used for examining changes in derivative activities over time. The notional amount is the face value of the contract. Unlike on-financial reporting financial instruments, the notional amount of a derivative does not necessarily reflect the amount at risk, which is generally only a small fraction of this value.

As at 31 December 2021 and 2020, proportions of the notional amount of derivative transactions classified by counterparties, consisted of:

Counterparty	2021	2020
	%	%
Financial institutions	67.9	66.7
Related parties	32.1	33.2
Third parties	-	0.1
Total	100.0	100.0

10.2 Derivatives designated as fair value hedges

The Branch enters into certain interest rate swaps to hedge the Branch's exposure to interest rate risk arising on investments. The derivatives which the Branch enters into are interest rate swaps.

As at 31 December 2021 and 2020, the fair value and notional amount of derivatives designated as fair value hedges were as follows:

Type of risk	2021				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Interest rate	4,053	21,477	517,215	5,750,980	6,268,195
Total	4,053	21,477	517,215	5,750,980	6,268,195

Type of risk	2020				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Interest rate	-	72,543	5,271,570	1,091,569	6,363,139
Total	-	72,543	5,271,570	1,091,569	6,363,139

For the fair value hedges, the carrying amount at 31 December 2021 relating to the assets designated as hedged items were Baht 6,368 million (2020: Baht 6,474 million). The hedged items were mainly fixed rate debt securities (financial assets).

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging instrument differ from changes in the fair value of a benchmark hedging instrument that is a perfect match. The amount of ineffectiveness is recognised immediately in profit or loss. The sources of ineffectiveness for fair value hedges include imperfect relationship or matching between the hedging instrument and the risk being hedged as well as the effect of credit risk existing in the hedging instrument.

11 Investments, net

11.1 Classification of investment in securities

As at 31 December 2021 and 2020, investments classified by investment types, consisted of:

	2021	2020
	Amortised cost Thousand Baht	Amortised cost Thousand Baht
Investments in debt instruments measured at amortised cost		
Government and state enterprise securities	10,265,278	10,409,081
Corporate debt securities	-	-
Total	10,265,278	10,409,081
<u>Less</u> Allowance for expected credit losses	(258)	(360)
Total	10,265,020	10,408,721

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	2021	2020
	Fair value	Fair value
	Thousand Baht	Thousand Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	11,203,534	10,715,937
Corporate debt securities	991,374	3,021,474
Total	12,194,908	13,737,411
Total investments, net	22,459,928	24,146,132
Allowance for expected credit losses	564	985

Investments in government and state enterprise securities are for liquid assets and capital fund in accordance with Section 32 of the Thai Financial Institution Businesses Act, B.E. 2551 as mentioned in Note 7 and Note 23.

11.2 Unrealised gains (losses) on remeasurement of investments in debt instruments measured at fair value through other comprehensive income, consisted of:

	2021	2020
	Fair value	Fair value
	Thousand	Thousand
	Baht	Baht
Unrealised gains from changes in value of investments in debt instruments measured at FVOCI	24,930	158,421
<u>Less</u> Fair value changes in fair value hedged investments	-	-
Deferred tax	(4,986)	(31,684)
Net	19,944	126,737

12 Loans to customers and accrued interest receivable, net

12.1 Classified by type of loans

	2021 Thousand Baht	2020 Thousand Baht
Overdrafts	27,115	52,582
Loans	17,167,284	16,559,692
Bills	184,032	188,180
Others	232	449
Total loans to customers	17,378,663	16,800,903
<u>Add</u> Accrued interest receivable	714	7,045
Total loans to customers and accrued interest receivable	17,379,377	16,807,948
<u>Less</u> Allowance for expected credit losses	(266,005)	(378,284)
<u>Less</u> BoT's minimum requirement - Individual approach	-	-
- Surplus reserve	(9,579)	(12,773)
Total loans to customers and accrued interest receivable, net	17,103,793	16,416,891

12.2 Classified by currencies and residencies of borrowers

	2021 Thousand Baht	2020 Thousand Baht
Domestic		
Baht	14,203,772	14,698,306
US Dollar	3,174,891	2,102,597
Other currencies	-	-
Total	17,378,663	16,800,903

12.3 Classified by loan classification

Loan classification	2021 Loans to customers and accrued interest receivables Thousand Baht	2020 Loans to customers and accrued interest receivables Thousand Baht
Financial assets with an insignificant increase in credit risk ("Performing")	10,900,181	11,791,696
Financial assets with a significant increase in credit risk ("Under-performing")	6,478,482	4,683,139
Credit-impaired financial assets ("Non-performing")	-	326,068
Total	17,378,663	16,800,903

12.4 Non-performing loans

As at 31 December 2021 and 2020 the Branch had non-performing loans ("NPLs Gross") (including financial institutions) based on the BoT's notification as follows:

	2021	2020
NPLs, gross (<i>in thousand Baht</i>)	-	326,068
Loans used for NPLs ratio calculation ⁽¹⁾ (<i>in thousand Baht</i>)	-	19,180,903
Percentage of total loans ⁽²⁾	-	1.70

(1) Total loans used for NPLs ratio calculation are loans to customers as presented in the statements of financial position and loans to financial institutions as included in interbank and money market items.

(2) The ratio of NPLs Gross to total loans before allowance for expected credit losses of non-performing loans.

As at 31 December 2021 and 2020 the Branch had non-performing loans net ("NPLs Net") (including financial institutions) based on the BoT's notification as follows:

	2021	2020
NPLs, net (<i>in thousand Baht</i>)	-	194,492
Loans used for NPLs ratio calculation ⁽¹⁾ (<i>in thousand Baht</i>)	-	16,669,327
Percentage of total loans ⁽²⁾	-	1.17

(1) Total loans used for NPLs, net ratio calculation are loans to customers as presented in the statements of financial position and loans to financial institutions as included in interbank and money market items, after allowance for expected credit losses of non-performing loans.

(2) The ratio of NPLs, net to total loans after allowance for expected credit losses of non-performing loans.

As at 31 December 2021, the Branch has no allowance for expected credit losses provided against the Branch's non-performing loans being those classified credit-impaired financial assets (Stage 3).

As at 31 December 2020, allowance for expected credit losses of Baht 132 million have been provided against the Branch's non-performing loans being those classified credit-impaired financial assets (Stage 3).

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13 Allowance for expected credit losses

The following tables show reconciliations from the opening to the closing balance of expected credit loss (“ECL”) during the year ended 31 December 2021 analysed by class of financial instruments.

	Allowance for expected credit losses				Total Thousand Baht
	Financial assets with an insignificant increase in credit risk (12-month ECL) Thousand Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Thousand Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Thousand Baht	Surplus reserve Thousand Baht	
Financial assets held at amortised cost *					
As at 1 January 2021	179,580	157,865	131,576	12,773	481,794
Transfers of financial instruments:					
- Transfer to stage 1	6,511	(6,511)	-	-	-
- Transfer to stage 2	(2,533)	2,533	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	3,978	(3,978)	-	-	-
Remeasurement	(34,521)	96,527	-	-	62,006
Newly acquired or purchased financial assets	41,473	36,126	-	-	77,599
Assets derecognised (including final repayments)	(42,767)	(69,129)	(131,576)	-	(243,472)
Amortisation of surplus reserve	-	-	-	(3,193)	(3,193)
As at 31 December 2021	147,743	217,411	-	9,580	374,734
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2021	985	-	-	-	985
Transfers of financial instruments:					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	-	-	-	-	-
Remeasurement	(21)	-	-	-	(21)
Newly acquired or purchased financial assets	293	-	-	-	293
Assets derecognised (including final repayments)	(693)	-	-	-	(693)
As at 31 December 2021	564	-	-	-	564

* Includes ECL on financial guarantees and loan commitments

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The following tables show reconciliations from the opening to the closing balance of expected credit loss ("ECL") during the year ended 31 December 2020 analysed by class of financial instruments.

	Allowance for expected credit losses				Total Thousand Baht
	Financial assets with an insignificant increase in credit risk (12-month ECL) Thousand Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Thousand Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Thousand Baht	Surplus reserve Thousand Baht	
Financial assets held at amortised cost *					
As at 1 January 2020	138,417	43,136	131,576	15,966	329,095
Transfers of financial instruments:					
- Transfer to stage 1	-	(18)	-	-	(18)
- Transfer to stage 2	(7,216)	-	-	-	(7,216)
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	(7,216)	(18)	-	-	(7,234)
Remeasurement	(8,223)	48,739	-	-	40,516
Newly acquired or purchased financial assets	65,983	90,364	-	-	156,347
Assets derecognised (including final repayments)	(9,381)	(24,356)	-	-	(33,737)
Amortisation of surplus reserve	-	-	-	(3,193)	(3,193)
As at 31 December 2020	179,580	157,865	131,576	12,773	481,794
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2020	5,580	-	-	-	5,580
Transfers of financial instruments:					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	-	-	-	-	-
Remeasurement	(300)	-	-	-	(300)
Newly acquired or purchased financial assets	115	-	-	-	115
Assets derecognised (including final repayments)	(4,410)	-	-	-	(4,410)
As at 31 December 2020	985	-	-	-	985

* Includes ECL on financial guarantees and loan commitments

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14 Premises and equipment, net

Changes in premises and equipment during the years ended 31 December 2021 and 2020 were as follows:

	Net book value at 1 January 2021		Cost		Beginning balance		Additions/ Transfers in		Disposals/ Transfers out		Ending balance		Accumulated depreciation		Disposals/ Transfers out		Ending 31 December balance		Net book value at 31 December 2021		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Furniture, fixtures and office equipment	1,669	21,952	-	(429)	21,523	20,283	855	(429)	20,709	814											
Computer equipment	3,108	17,813	2,709	(1,934)	18,588	14,705	1,762	(1,934)	14,533	4,055											
Vehicles	-	-	-	-	-	-	-	-	-	-											
Total	4,777	39,765	2,709	(2,363)	40,111	34,988	2,617	(2,363)	35,242	4,869											

	Net book value at 1 January 2020		Cost		Beginning balance		Additions/ Transfers in		Disposals/ Transfers out		Ending balance		Accumulated depreciation		Disposals/ Transfers out		Ending 31 December balance		Net book value at 31 December 2020	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Furniture, fixtures and office equipment	2,510	21,906	46	-	21,952	19,396	887	-	20,283	1,669										
Computer equipment	3,854	16,878	935	-	17,813	13,024	1,681	-	14,705	3,108										
Vehicles	-	41	-	(41)	-	41	-	(41)	-	-										
Total	6,364	38,825	981	(41)	39,765	32,461	2,568	(41)	34,988	4,777										

15 Leases

The statement of financial position shows the following amounts relating to leases.

	2021 Thousand Baht	2020 Thousand Baht
Right-of-use assets, net		
Building	3,497	7,313
Vehicles	2,194	2,461
Total right-of-use assets, net	5,691	9,774
Lease liabilities		
Lease liabilities - Current portion	4,668	4,886
Lease liabilities - Non-current portion	1,136	5,061
Total lease liabilities	5,804	9,947

During the year ended 31 December 2021 additions to the right-of-use assets of the Branch was Baht 0.8 million. (2020: nil).

For the year ended 31 December 2021, amounts charged to profit or loss and cash flows relating to leases are as follows:

	2021 Thousand Baht	2020 Thousand Baht
Depreciation charge of right-of-use assets		
Building	3,815	3,815
Vehicles	1,043	1,112
Total	4,858	4,927
Finance cost relating to leases	161	262
Expenses relating to short-term leases (included in premises and equipment expenses)	8	-
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in premises and equipment expenses)	297	258

The total cash outflow for leases of the Branch during the year ended 31 December 2021 was Baht 5.1 million (2020: Baht 5.1 million).

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16 Deferred tax assets, net

Deferred tax assets and liabilities determined after appropriately offsetting were included in the statement of financial position as follows:

	2021 Thousand Baht	2020 Thousand Baht
Deferred tax asset to be recovered within 12 months	19,444	22,289
Deferred tax asset to be recovered after more than 12 months	51,158	63,974
Deferred tax liability to be settled within 12 months	(915)	(4,824)
Deferred tax liability to be settled after more than 12 months	(5,209)	(28,815)
Net	64,478	52,624

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

	(Charged)/ credited to:			At 31 December 2021 Thousand Baht
	At 1 January 2021 Thousand Baht	Profit or loss (Note 34) Thousand Baht	Other comprehensive income (Note 34) Thousand Baht	
Deferred tax assets				
Amortisation of premium on investments	23,967	(21,476)	-	2,491
Allowance for expected credit losses	42,081	(2,936)	-	39,145
Depreciation of premises and equipment	18	(5)	-	13
Lease liabilities	1,989	(829)	-	1,160
Provisions for employee benefits	9,381	698	197	10,276
Loss carried forward	-	8,065	-	8,065
Others	8,827	625	-	9,452
Total	86,263	(15,858)	197	70,602
Deferred tax liabilities				
Right-of-use assets	(1,955)	817	-	(1,138)
Unrealised gains on remeasurement of debt instruments classified at FVOCI	(31,684)	-	26,698	(4,986)
Total	(33,639)	817	26,698	(6,124)
Net	52,624	(15,041)	26,895	64,478
	(Charged)/ credited to:			At 31 December 2020 Thousand Baht
	At 1 January 2020 Thousand Baht	Profit or loss (Note 34) Thousand Baht	Other comprehensive income (Note 34) Thousand Baht	
Deferred tax assets				
Amortisation of premium on investments	29,010	(5,043)	-	23,967
Allowance for expected credit losses	34,590	7,491	-	42,081
Depreciation of premises and equipment	27	(9)	-	18
Lease liabilities	2,953	(964)	-	1,989
Provisions for employee benefits	9,063	168	150	9,381
Others	8,691	136	-	8,827
Total	84,334	1,779	150	86,263
Deferred tax liabilities				
Right-of-use assets	(2,940)	985	-	(1,955)
Unrealised gains on remeasurement of debt instruments classified at FVOCI	(21,607)	-	(10,077)	(31,684)
Total	(24,547)	985	(10,077)	(33,639)
Net	59,787	2,764	(9,927)	52,624

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17 Other assets, net

	2021 Thousand Baht	2020 Thousand Baht
Accrued interest receivables	63,141	123,417
Others	18,020	11,002
Total	81,161	134,419

18 Deposits

18.1 Classified by type of deposits

	2021 Thousand Baht	2020 Thousand Baht
Current	198,548	198,067
Saving	1,365,483	620,863
Term		
- Less than 6 months	5,781,492	4,630,258
- More than 6 months but less than 1 year	453,042	106,631
Total	7,798,565	5,555,819

18.2 Classified by currencies and residencies of depositors

	2021			2020		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	7,261,758	69,145	7,330,903	4,870,179	56,481	4,926,660
US Dollar	187,096	280,566	467,662	272,804	355,509	628,313
Other currencies	-	-	-	846	-	846
Total	7,448,854	349,711	7,798,565	5,143,829	411,990	5,555,819

19 Interbank and money market items (liabilities)

	2021 Thousand Baht	2020 Thousand Baht
Domestic		
Commercial banks	3,100,000	6,600,000
Other financial institutions	8,364,428	8,599,912
Total domestic	11,464,428	15,199,912
Foreign		
Baht	473,569	182,325
Total foreign	473,569	182,325
Total domestic and foreign	11,937,997	15,382,237

20 Provisions for employee benefits

Provision for employee benefits comprises of retirement benefits provided to retired employees in accordance with the rules and conditions stipulated under the labour laws applicable in Thailand.

The amounts recognised in the statement of financial positions are determined as follows:

	2021 Thousand Baht	2020 Thousand Baht
Long term employment benefits		
- Long service award plan	574	619
Post employment benefits		
- Legal severance payment plan	50,804	46,287
Total	51,378	46,906

The movement in the defined benefit obligation during the year is as follows:

	2021 Thousand Baht	2020 Thousand Baht
Long service award plan		
Beginning balance	619	572
Current service cost	58	66
Past service cost	90	23
Interest costs	6	8
<u>Less</u> Benefit paid during the year	(199)	(50)
Ending balance	574	619
Legal severance payment plan		
Beginning balance	46,287	44,742
Current service cost	5,097	5,048
Past service cost	-	371
Interest costs	488	591
Remeasurements from actuarial loss:		
- Demographic assumptions	807	-
- Financial assumptions	(1,193)	750
- Experience assumptions	1,369	-
<u>Less</u> Benefit paid during the year	(2,051)	(5,215)
Ending balance	50,804	46,287

The amounts recognised in the statements of comprehensive income are as follows:

	2021 Thousand Baht	2020 Thousand Baht
Current service cost	5,155	5,114
Past service cost	90	394
Interest costs	494	599
Remeasurements from actuarial loss	983	750
Total	6,722	6,857

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Significant assumptions used in the actuarial calculation are summarised as follows:

	2021	2020
Discount rate	1.3%	1.1%
Salary increase rate		
- Less than 29 years	8.0%	9.0%
- 30 - 39 years	7.0%	8.0%
- 40 - 49 years	6.0%	7.0%
- More than 50 years	5.0%	5.0%

Sensitivity analysis on key assumptions changes are as follows:

	Increase (decrease) in defined employee benefit obligations	
	2021 Thousand Baht	2020 Thousand Baht
Discount rate		
Increase 1%	(2,272)	(2,960)
Decrease 1%	2,471	3,270
Salary rate		
Increase 1%	2,288	3,013
Decrease 1%	(2,152)	(2,792)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the employment benefits recognised within the statement of financial position.

Maturity profile of post-employment benefits is as follows:

	2021	2020
Duration of the post-employment benefits (Years)	5	8
Maturity analysis of benefits expected to be paid (Thousand Baht)		
Benefits expected to be paid within 12 months	9,633	2,180
Benefits expected to be paid between 1 and 2 years	838	8,340
Benefits expected to be paid between 2 and 5 years	16,760	12,476
Benefits expected to be paid in more than 5 years	43,092	38,056

21 Provisions

	2021 Thousand Baht	2020 Thousand Baht
Contractual commitments *		
At 1 January (remeasurement from the first time adoption of TFRS9)	88,372	43,759
Net change in expected credit loss provision and other movements	8,066	45,613
Total	96,438	89,372

* Contractual commitments include the provision for contingent liabilities in respect of financial guarantees and the expected credit loss provision on off-balance sheet guarantees and loan commitments.

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22 Other liabilities

	2021 Thousand Baht	2020 Thousand Baht
Accrued expenses	64,374	54,770
Accrued interest payable	18,453	25,029
Withholding tax payable	9,317	6,848
Others	3,324	2,444
Total	95,468	89,091

23 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2021 consist of government and state enterprise securities amounting to Baht 10,265 million (2020: Baht 10,509 million).

These assets were used as collateral for liquidity management with the BoT and for repurchase transactions.

24 Commitments and contingent liabilities

Commitments and contingent liabilities as at 31 December 2021 and 2020 were classified as follows:

	2021			2020		
	Baht Thousand Baht	Foreign currency Thousand Baht	Total Thousand Baht	Baht Thousand Baht	Foreign currency Thousand Baht	Total Thousand Baht
Guarantees of loans	-	487,931	487,931	-	732,905	732,905
Liability under unmaturing import bills	-	5,974	5,974	-	1,008	1,008
Letters of credit	-	20,646	20,646	-	13,860	13,860
Other contingencies	804,388	693,273	1,497,661	1,229,204	787	1,229,991
Unused credit line of overdrafts	885	-	885	20,618	-	20,618
Committed line	760,169	-	760,169	603,685	1,051,299	1,654,984
Total	1,565,442	1,207,824	2,773,266	1,853,507	1,799,859	3,653,366

25 Related parties

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

Relationships with significant key management personnel and related parties were as follows:

Name of entities/Personnel	Country of Incorporation/ Country of location/ Nationality	Nature of relationships
Key management personnel	Singapore	Persons having authority and responsibility for planning, directing and controlling the activities of the Branch directly or indirectly. The Branch's key management personnel consisted of: - General Manager - Operations Manager
Oversea-Chinese Banking Corporation Limited	Singapore	Head office
Other branches of the Head office	Others	Other branches
Other subsidiary companies of the Head office	Others	Subsidiary companies of the Head office

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

Transactions	Pricing policies
Derivatives	Market rate
Interest income	Market rate
Interest expense	Market rate
Fee and service income	Contractually agreed price
Other operating income	Contractually agreed price
Fee and service expenses	Contractually agreed price
Other operating expenses	Contractually agreed price

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

	2021	2020
	Thousand Baht	Thousand Baht
Interest income		
Head office and other branches of the same juristic person	75	773
Subsidiary companies of the Head office	1	1
Total	76	774
Fee and service income		
Head office and other branches of the same juristic person	82,848	58
Subsidiary companies of the Head office	248	-
Total	83,096	58
Net (losses) gains on financial instruments measured at fair value through profit or loss		
Head office and other branches of the same juristic person	(236,228)	204,824
Subsidiary companies of the Head office	1,417	562
Total	(234,811)	205,386
Other operating income		
Subsidiary companies of the Head office	677	2,008
Interest expense		
Head office and other branches of the same juristic person	63,046	104,079
Fee and service expenses		
Head office and other branches of the same juristic person	209	178
Subsidiary companies of the Head office	3,415	3,164
Total	3,624	3,342
Other operating expenses		
Head office and other branches of the same juristic person	106,084	51,128
Subsidiary companies of the Head office	3,162	3,727
Total	109,246	54,855
Key management personnel compensation		
Short term employee benefits	33,709	38,280

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Significant balances with related parties as at 31 December 2021 and 2020 were as follows:

	2021	2020
	Thousand Baht	Thousand Baht
Interbank and money market items (assets)		
Subsidiary companies of the Head office	151	132
Derivative assets (fair value)		
Head office and other branches of the same juristic person	268,240	810,777
Interbank and money market items (liabilities)		
Subsidiary companies of the Head office	33,789	18,244
Derivative liabilities (fair value)		
Head office and other branches of the same juristic person	369,043	603,813
Funds brought in to maintain assets under the Act		
Head office	11,709,270	11,032,710
Balance of inter-office accounts with head office and other branches of the same juristic person, net		
Placements	(121,361)	(4,553)
Borrowings	11,694,055	12,271,908
Deposits	105,960	158,077
Accrued interest payables	5,980	(6,835)
Accrued expenses	17,863	-
Total	11,702,497	12,418,597
	2021	2020
	Thousand Baht	Thousand Baht
Derivatives – Forward exchange contracts (notional amount)		
Head office and other branches of the same juristic person	131,841	7,998,037
Derivatives - Interest rate swap contracts (notional amount)		
Head office and other branches of the same juristic person	31,810,519	32,335,000
Derivatives - Credit default swap contracts (notional amount)		
Head office and other branches of the same juristic person	700,000	700,000

As at 31 December 2021 and 2020, the Branch has no lending to Head office.

As at 31 December 2021, borrowings from head office and other branches were USD 550 million (2020: USD 352 million and EUR 209 million) due to mature from 31 January 2022 to 18 December 2023 (2020: 4 January 2021 to 18 December 2023) and carried interest between 0.22% - 0.94% per annum (2020: negative 0.53% - 0.93% per annum) The Branch paid fully amount on maturity date.

26 The financial position and results of operations classified by domestic and foreign business

The Branch does not present the financial position and results of operations classified by domestic and foreign business in the financial statements since the Branch is engaged in only domestic business in Thailand.

27 Interest income

	2021	2020
	Thousand Baht	Thousand Baht
Interbank and money market items	34,805	17,327
Investments and trading transactions	67,039	76,106
Investments in debt securities	209,082	413,936
Loans to customers	330,356	372,606
Total interest income	641,282	879,975

28 Interest expenses

	2021	Restated 2020
	Thousand Baht	Thousand Baht
Deposits	26,762	41,995
Interbank and money market items	58,114	88,746
Contribution to Deposit Protection Agency	40,513	29,286
Loans from Head Office and other Branches of the same juristic person	63,046	104,079
Lease liabilities	161	262
Total interest expense	188,596	264,368

29 Net fees and service income

	2021 Thousand Baht	2020 Thousand Baht
Fees and service income		
- Acceptance, avals and guarantees	11,752	8,717
- Loans related fees	22	18
- Commission on bills	107	192
- Service fees from related company	82,755	-
- Others	26,626	23,967
Total fees and service income	121,262	32,894
Fees and service expenses		
- Others	10,847	11,398
Total fees and service expenses	10,847	11,398
Net	110,415	21,496

30 Net losses on financial instruments measured at fair value through profit or loss

	2021 Thousand Baht	2020 Thousand Baht
Gain (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	27,296	(88,566)
- Interest rate related derivatives	4,125	(30,130)
- Credit default swap	(45,825)	(47,496)
- Debt securities	(19,909)	11,523
Total losses on trading and foreign exchange transactions	(34,313)	(154,669)
Gain (losses) on hedging transactions	2,307	(6,561)
Total net losses on financial instruments measured at fair value through profit or loss	(32,006)	(161,230)

31 Employee benefit expenses

	2021 Thousand Baht	2020 Thousand Baht
Management		
Salaries and bonus	15,365	15,913
Others	18,344	22,367
Total (Note 25)	33,709	38,280
Other employees		
Salaries and bonus	132,578	124,547
Post-employee benefits	5,585	6,010
Others	22,633	14,100
	160,796	144,657
Total	194,505	182,937

The Branch has established a contributory provident fund for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at a rate of 3%-10% of their basic salaries and by the Branch at a rate of 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

32 Other expenses

	2021 Thousand Baht	2020 Thousand Baht
Expenses allocated from Head Office	108,799	54,501
Others	19,152	13,594
Total	127,951	68,095

33 Expected credit losses

	2021 Thousand Baht	2020 Thousand Baht
Interbank and money market items	449	(340)
Investments	(523)	(4,631)
Loans to customers and accrued interest receivables	141,595	107,456
Loan commitments	18,392	47,629
Financial guarantees	(10,326)	(2,010)
Total	149,587	148,104

34 Income tax

Income tax recognised in profit or loss

	2021 Thousand Baht	2020 Thousand Baht
Current tax expense		
Current year	-	25,998
Deferred tax expense		
Movements in temporary differences (Note 16)	15,041	(2,764)
Total	15,041	23,234

Income tax expense recognised in other comprehensive income

	2021			2020		
	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht
Investments measured at FVOCI	(133,491)	26,698	(106,793)	50,385	(10,077)	40,308
Defined benefit plan actuarial losses	(983)	197	(786)	(750)	150	(600)
Total	(134,474)	26,895	(107,579)	49,635	(9,927)	39,708

Reconciliation of effective tax rate

	2021		2020	
	Rate (%)	Thousand Baht	Rate (%)	Thousand Baht
Profit before income tax expense		75,211		115,712
Income tax using the Thai corporation tax rate	20.0	15,042	20.0	23,142
Expenses not deductible for tax purposes	0.00	(1)	0.08	92
Total	20.0	15,041	20.08	23,234