

JPMORGAN CHASE BANK, N.A. - BANGKOK BRANCH

FINANCIAL STATEMENTS

31 DECEMBER 2020



Independent auditor's report

To the Board of Directors of JPMorgan Chase Bank, N.A.

My opinion

In my opinion, the financial statements of JPMorgan Chase Bank, N.A. - Bangkok Branch (the Bank) present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS) and the Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting as described in note to the financial statements No. 3.2.1.

What I have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in head office's equity and other branches under the same entity 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 Company 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 TFRS and the Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Bank 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.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
9 April 2021

JPMorgan Chase Bank, N.A. - Bangkok Branch

Statement of Financial Position

As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Assets			
Cash		1,821,191	541,532
Interbank and money market items, net	7	10,677,280,552	14,724,673,607
Accounts receivable from securities trading		1,195,134,855	94,563,079
Financial assets measured at fair value through profit or loss	8	10,811,520,350	-
Financial derivatives assets	9	41,217,491,599	32,316,877,951
Investments, net	10	22,792,896,161	27,621,135,517
Loans to customers and accrued interest receivables, net	11	893,690,383	1,957,263,146
Equipment, net	14	21,276,428	22,442,513
Right-of-use assets, net	15	26,931,726	-
Deferred tax assets	20	68,180,513	127,302,843
Other assets, net	16	82,991,685	95,203,453
Total assets		87,789,215,443	76,960,003,641



(Mr. Jarin Pintusopon)

Branch Manager

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Financial Position (Cont'd)
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Liabilities and Head Office's equity and balances with other branches under the same entity			
Liabilities			
Deposits	17	18,071,118,132	13,452,514,139
Interbank and money market items	18	2,448,413,558	3,151,396,138
Accounts payable from securities trading		715,271,706	43,764,264
Liability payable on demand		72,955,767	66,986,797
Financial liabilities designated at fair value through profit or loss	19	14,315,506,764	20,309,427,095
Financial derivatives liabilities	9	34,439,609,471	26,028,090,809
Lease liabilities, net	15	14,508,212	-
Provision	21	179,044,925	144,433,215
Other liabilities	22	273,883,458	358,076,038
Total liabilities		70,530,311,993	63,554,688,495
Head Office's equity and balances with other branches under the same entity			
Fund remitted into Thailand for maintaining assets under law	25	12,688,965,166	11,029,529,666
Net balance of inter-office accounts with Head Office and other branches under the same entity	25	3,008,853,039	1,683,594,169
Others component of accounts with head office and other branches under the same entity		71,754,259	81,553,043
Retained earnings		1,489,330,986	610,638,268
Total Head Office's equity and balances with other branches under the same entity		17,258,903,450	13,405,315,146
Total liabilities and Head Office's equity and balances with other branches under the same entity		87,789,215,443	76,960,003,641

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

		2020	2019
	Notes	Baht	Baht
Interest income	30	588,175,959	855,841,098
Interest expense	31	(122,614,690)	(249,353,109)
Net interest income		465,561,269	606,487,989
Fee and service income	32	34,567,023	35,773,923
Fee and service expenses		(15,592,654)	(15,103,104)
Net fee and service income		18,974,369	20,670,819
Losses on financial instruments measured at fair value through profit or loss	33	1,995,592,400	-
Gains on trading and foreign exchange transactions	33	-	4,164,806,458
Losses on financial liabilities designated at fair value through profit or loss	33	(708,934,602)	(3,246,192,159)
Other operating income	34	185,209,562	196,871,927
Total operating income		1,956,402,998	1,742,645,034
Other operating expenses			
Employee expenses		361,334,257	345,784,120
Premise and equipment expenses		48,714,985	51,808,693
Taxes and duties		58,525,870	102,819,282
Others	35	381,124,175	467,310,736
Total other operating expenses		849,699,287	967,722,831
Reversal expected credit losses	36	(73,280)	-
Reversal bad debt and doubtful accounts	37	-	(6,557,314)
Profit before income tax		1,106,776,991	781,479,517
Income tax expense	38	(228,084,273)	(239,623,387)
Net profit for the year		878,692,718	541,856,130

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Profit or Loss and Other Comprehensive Income (Cont'd)
For the year ended 31 December 2020

	Notes	2020 Baht	2019 Baht
Other comprehensive income (expense)			
Items that will not be subsequently reclassified to profit or loss			
Remeasurements of provision for employment benefit plan		-	15,668,315
Income tax relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss	20	-	(3,133,663)
Total items that will not be subsequently reclassified to profit or loss		-	12,534,652
Items that will be subsequently reclassified to profit or loss			
Losses on debt instruments classified at fair value through other comprehensive income	10	(13,423,307)	-
Gains on changes in fair value of available-for-sale securities	10	-	73,297,671
Income tax relating to components of other comprehensive income that will be subsequently reclassified to profit or loss	20	2,536,661	(14,511,534)
Total items that will be reclassified subsequently to profit or loss		(10,886,646)	58,786,137
Other comprehensive income (expense) for the year, net of tax		(10,886,646)	71,320,789
Total comprehensive income for the year		<u>867,806,072</u>	<u>613,176,919</u>

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Changes in Head Office's equity and Other Branches Under the Same Entity
For the year ended 31 December 2020

	Notes	Fund remitted into Thailand for maintaining assets under law	Net balance of inter-office accounts with Head Office and other branches under the same entity		Other components of accounts with Head Office and other branches under the same entity				Total Baht
		Baht	Baht	Baht	Unrealised gain (loss) on changes in fair value of investments measured at FVOCI	Baht	Unrealised gain (loss) on changes in fair value of available-for-sale securities	Baht	
Balance as at 1 January 2019		10,468,403,666	1,226,207,375	-	-	4,746,965	-	19,506,840	12,475,112,332
Net profit for the year		-	-	-	-	-	-	-	541,856,130
Translation adjustment		(68,874,000)	-	-	-	-	-	-	(68,874,000)
Retained earnings conversion to capital fund	25	630,000,000	-	-	-	-	-	-	(70,000,000)
Increase during the year		-	457,386,794	-	-	-	-	-	457,386,794
Unrealised gain on changes in fair value of available-for-sale securities	10	-	-	-	-	73,297,671	-	-	73,297,671
Provision for share-based payment		-	-	-	-	-	(1,486,899)	-	(1,486,899)
Actuarial gain		-	-	-	-	-	-	15,668,315	15,668,315
Income tax relating to other component of other comprehensive income for the year		-	-	-	-	(14,511,534)	-	(3,133,663)	(17,645,197)
Balance as at 31 December 2019		11,029,529,666	1,683,594,169	-	-	63,533,102	-	18,019,941	13,405,315,147
Balance as at 1 January 2020 as reported		11,029,529,666	1,683,594,169	-	-	63,533,102	-	18,019,941	13,405,315,146
Impact of first-time adoption of new accounting standards		-	-	-	63,533,102	(63,533,102)	-	-	-
Balance as at 1 January 2020 as restated		11,029,529,666	1,683,594,169	-	63,533,102	-	-	18,019,941	13,405,315,146
Net profit for the year		-	-	-	-	-	-	-	878,692,718
Fund injection during the year	25	1,606,925,000	-	-	-	-	-	-	1,606,925,000
Translation adjustment		52,510,500	-	-	-	-	-	-	52,510,500
Increase during the year		-	1,325,258,870	-	-	-	-	-	1,325,258,870
Unrealised loss on changes in fair value of investments measured at fair value through other comprehensive income	10	-	-	-	(13,423,307)	-	-	-	(13,423,307)
Provision for share-based payment		-	-	-	-	-	-	1,087,862	1,087,862
Income tax relating to other component of other comprehensive income for the year		-	-	-	-	-	-	-	-
Balance as at 31 December 2020		12,688,965,166	3,008,853,039	-	2,536,661	52,646,456	-	19,107,803	17,258,903,450

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Cash Flows
For the year ended 31 December 2020

	Notes	2020 Baht	2019 Baht
Cash flows from operating activities:			
Net profit from operating before income tax		1,106,776,991	781,479,517
Adjustments to reconcile net profit from operating before income tax to net cash provided by (used in) operating activities:			
Reversal expected credit loss	36	(73,280)	-
Reversal bad debt and doubtful accounts	37	-	(6,557,314)
Depreciation and amortisation	14, 15, 16	23,136,382	16,913,220
Provision for employee benefit plan	21	34,611,710	32,875,512
Provision for share based payment expense	24	8,174,230	6,377,401
Unrealised loss on financial instrument measured at fair value through profit and loss		29,088,409	-
Unrealised gain on changes in fair value of trading securities		-	(97,156,988)
Loss on write-off of equipment	14	1,251	-
Loss on write-off of leasehold right and leasehold improvement		-	530,129
Unrealised gain on changes in fair value of financial derivative instruments		(489,094,986)	(2,601,304,778)
Revaluation of fund injection		52,510,500	(68,874,000)
Interest income	30	(588,175,959)	(855,841,098)
Interest expense	15, 31	122,719,315	249,353,109
Operating profit (loss) before changes in operating assets and liabilities		299,674,563	(2,542,205,290)
(Increase) decrease in operating assets:			
Interbank and money market items		3,029,951,849	(7,323,860,715)
Financial assets measured at fair value through profit or loss		(3,016,586,246)	-
Investments in trading securities		-	3,870,330,144
Loans to customers		1,063,496,814	683,188,876
Other assets		(4,254,330)	(42,840,201)
Increase (decrease) in operating liabilities:			
Deposits		4,618,603,993	(520,919,334)
Interbank and money market items		(702,982,580)	1,758,471,027
Liability payable on demand		5,968,970	26,753,118
Financial liabilities designated at fair value through profit or loss		(5,993,920,331)	2,655,370,570
Provision for employee benefit plan		-	(17,366,398)
Provision for share based payment expense		(7,086,368)	(7,864,300)
Other liabilities		(53,169,778)	(150,658,584)
Net balance of inter-office accounts with Head Office and other branches under the same entity		1,369,427,850	277,687,488
Net cash provided by (used in) operating activities before interest received, interest paid and income tax paid - carried forward		609,124,406	(1,333,913,599)

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2020

	Notes	2020 Baht	2019 Baht
Net cash provided by (used in) operating activities before interest received, interest paid and income tax paid - brought forward		609,124,406	(1,333,913,599)
Interest received		387,237,809	611,933,548
Interest paid		(153,239,187)	(235,401,731)
Income tax paid		(166,823,587)	(239,675,630)
Net cash provided by (used in) operating activities		676,299,441	(1,197,057,412)
Cash flows from investing activities:			
Purchase of investments in securities		-	(33,440,751,094)
Proceed from matured investments in AFS securities		-	35,150,000,000
Cash paid for debt securities measured at fair value through other comprehensive income		(26,204,796,260)	-
Proceeds for debt securities measured at fair value through other comprehensive income		23,570,000,000	-
Cash paid for debt securities measured at amortised cost		-	-
Purchase of equipment		(8,925,547)	(7,811,731)
Purchase of leasehold improvement		(4,318,992)	(6,150,559)
Net cash (used in) provided by investing activities		(2,648,040,799)	1,695,286,616
Cash flows from financing activities:			
Fund injection	25	1,606,925,000	-
Cash paid for lease liabilities		(4,176,765)	-
Tax paid for retained earnings conversion		-	(70,000,000)
Net cash provided by (used in) financing activities		1,602,748,235	(70,000,000)
Net (decrease) increase in cash and cash equivalents		(368,993,123)	428,229,204
Cash and cash equivalents at the beginning of the year		1,317,276,796	889,047,592
Cash and cash equivalents at end of the year		948,283,673	1,317,276,796
Cash and cash equivalents			
Cash on hand		1,821,191	541,532
Interbank and money market items		871,627,561	1,286,069,323
Net balance of inter-office accounts with Head Office and other branches under the same entity		74,834,921	30,665,941
		948,283,673	1,317,276,796
Non cash item:			
Increase (decrease) in accounts receivable from securities trading		1,100,571,776	(592,121,576)
Increase (decrease) in accounts payable from securities trading		671,507,442	(796,204,795)
Retained earnings conversion to capital fund		-	(630,000,000)
Purchase equipment not paid		122,680	-

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

1 General information

JPMorgan Chase Bank, N.A., which is a bank established under the law of the State of New York, United States of America, operates as a full branch in Thailand, namely Bangkok Branch, herein referred to as "the Bank". The address of the Bank's registration in Thailand is as follows:

Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

The Bank's financial statements have been approved for issue by the Bank's management on 9 April 2021.

2 Basis of preparation

JPMorgan Chase Bank, N.A. - Bangkok Branch is a segment of JPMorgan Chase Bank, N.A. and is not a separate legal entity. The financial statements of the Thailand operations of Bank have been prepared from the records of the Thailand operations and only reflect transaction recorded locally.

The financial statements have been prepared in accordance with procedures, policies and notifications of the Bank of Thailand regarding the preparation of the financial statements of commercial banks and Thai Financial Reporting Standards issued under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547. The primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in Head Office's equity and other branches under the same entity and statement of cash flows) are prepared in the format as required by the Notification of the Bank of Thailand ("BOT"), No. SorNorSor. 21/2561, "The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group" dated on 31 October 2018.

The Bank's financial statements have been prepared under the historical cost convention except some of transactions as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank'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 has 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.

3 Summary of significant accounting policies

3.1 Revised financial reporting standards and related interpretations

3.1.1 Financial reporting standards that are effective for accounting period beginning or after 1 January 2020 which are relevant to the Bank.

a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Bank to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Bank whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Bank to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Bank has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

b) TFRS 16, Leases

Where the Bank is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Bank has adopted new financial reporting standard related to new lease standards. The effect of new financial reporting standard was described in Note 5.

c) Other new/amended standards

The new and amended financial reporting standards that are relevant to the Bank are:

TAS 12	Income tax
TAS 19	Employee benefits
TFRIC 23	Uncertainty over income tax treatments

Amendment to TAS 12, Income tax - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement) - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

TFRIC 23, Uncertainty over income tax treatments - explained how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- that the Bank should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the Bank should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Management has already assessed that those accounting standards have no significant impact to the Bank.

3.1.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2021 and are relevant to the Bank

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

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 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.
- c) **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.
- d) **Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce lease payments due from 1 June 2020 to 30 June 2021. The amendment is effective for the annual accounting period beginning on or after 1 June 2020 where early application is permitted.

The Bank has not chosen to early apply the exemption for the current reporting period.

The Bank's management is currently assessing the impacts from these standards.

3.2 Accounting policies for the year ended 31 December 2020

3.2.1 Financial asset

a) Classification

From 1 January 2020, the Bank classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

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

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, interbank and money market items and balance of inter-office accounts with Head Office and other branches under the same entity, other short-term highly liquid investments with maturities less than three months from an acquisition date.

Loans

Overdrafts are stated at the principal amounts including interest. Other loans are stated at the principal amount. Unearned discounts received in advance are presented as deduction from the loans.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the financial assets. There are two measurement categories which the Bank classifies its debt instruments:

- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income is included in finance income. Impairment expenses are presented separately in the statement of profit or loss and comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Impairment

For other financial assets carried at amortised cost and FVOCI, the Bank applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition, except accounts receivable from securities trading applied simplified approach

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Bank assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Bank reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment and reversal of impairment losses are recognised in profit or loss.

Classification and measurement of financial assets as of 1 January 2020 is disclosed in Note 5.1

d) Surplus reserve

The Bank 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 Bank had on 31 December 2019. In which, the Bank 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 No. ForNorSor (23) vor 1603/2562 dated on 6 November 2019.

3.2.2 Financial liabilities

a) Classification

Financial instruments issued by the Bank are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Bank 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 Bank's own equity instruments.
- Where the Bank 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.

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

d) Financial liabilities designated at fair value through profit or loss

The Bank designated certain borrowings upon initial recognition of financial liabilities at fair value through statements of profit or loss and other comprehensive income (fair value option); this designation cannot be changed subsequently. The fair value option is applied, as the borrowing consists of borrowing host contract and embedded derivatives that must otherwise be separated if it is not designated as fair value through profit or loss.

Financial liabilities for which the fair value option is applied are recognised in the statement of financial position as "Financial liabilities designated at fair value through profit or loss". Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Gains (losses) from financial liabilities designated at fair value through profit or loss" in profit or loss.

3.2.3 Financial derivatives

The Bank recognises financial derivative instruments on the trade date.

Derivative financial instruments including foreign exchange forward contracts, forward rate agreements, currency option agreements, interest rate option agreements, interest and currency swap agreements, credit derivative agreements and commodity derivative agreements are recognised at fair values. Fair values are either the market price in the market or obtained from widely used methods such as discounted cash flow models. Changes in fair value are reflected in the statements of profit or loss and other comprehensive income.

3.2.4 Offsetting of financial instruments

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

3.2.5 Recognition of income

From 1 January 2020, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due.

Interest income is calculated by applying the effective interest rate to the gross carrying is applied to the amortised cost of the financial asset, except for:

- Purchased or originated credit-impaired financial asset (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of financial asset.
- Financial assets that are not (POCI) but have subsequently becomes credit-impaired (a stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (net of the expected credit loss provision).

Interest on investment in debt securities is recognised as income by using the effective interest rate method.

Fee and service income relating to local transactions such as foreign currency conversion fee and foreign currency transaction facilitation fee are recognised only when a performance obligation is satisfied which is at a point in time.

Fee and service income relating to cross-border transactions such as income attribution from related parties, for which the Bank receives a percentage allocation of total fees are recognised over the period which the related service is provided.

3.2.6 Recognition of expenses

Interest on financial liabilities measured at amortised cost and fair value through profit or loss are recognised as expense by using the effective interest rate method.

The Bank recognises other expenses on an accrual basis.

3.2.7 Equipment and depreciation

Equipment is stated at historical cost less accumulated depreciation and allowance for decrease in value (if any).

Depreciation is calculated on a straight-line basis to write off the cost of each asset over its estimated useful life as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures & fitting	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted future cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profits.

Repairs and maintenance are charged to the statements of profit or loss and other comprehensive income during the accounting period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

3.2.8 Intangible assets

Acquired intangible assets are capitalised and amortised using the straight-line basis over their useful lives, generally over 4 years. Intangible assets are not revalued, but are presented at cost less accumulated amortisation. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

The estimated useful life is reviewed and revised as necessary in every financial position date.

3.2.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise store rental contract.

3.2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.2.11 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Bank's functional presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured using the reference rates of exchange of the Bank of Thailand ruling at the date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.2.12 Provision for share based payment

Restricted stock units

The Bank operates a number of equity-settled share based compensation plan, under which the Bank receives services from employees as consideration of shares of the ultimate parent company. The ultimate parent company is the guarantor for share based compensation plan and the Bank does not have any obligation for the granted shares. The fair value of the granted shares is recognised as an expense in the statements of comprehensive income against its Head office's equity and balances with other branches under the same entity during the grant date and the vesting date. The Head office's equity and balances with other branches under the same entity is reversed when the Bank pays back to the ultimate parent company.

3.2.13 Employee benefits

The Bank's employment benefits consists of post-employment benefits both defined contribution plan and defined benefit plan.

Defined Contribution Plan or Provident Fund

The Bank operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trustee-administered fund. Such fund is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The provident fund is funded by payments from employees and contributions by the Bank. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank recognises contributions to the provident fund as expense in the statement of profit or loss and other comprehensive income in the period which the transactions take place.

Defined Benefit Plan

A defined benefit plan is a plan that is not a defined contribution plan. Typically, the defined benefit plan defines an amount of benefit that an employee will receive on retirement or retrenchment without cause, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using weighted average discount rate of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the statement of profit or loss and other comprehensive income.

Under Labour Laws applicable in Thailand and the Bank's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 400 days of final salary.

Long service awards

The Bank provides long service awards to employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as is used for defined benefit retirement plans.

Remeasurements of defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

These obligations are valued in every 3 years by independent qualified actuaries.

3.2.14 Provisions

In addition to provisions for post-employment benefits and long service awards, provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where the Bank expects provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.2.15 Current and deferred income taxes

The tax expense for the period comprises of the current and deferred income taxes. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in head office's equity and balances with other branches under the same entity. In this case the income tax is also recognised in other comprehensive income or directly in head office's equity and balances with other branches under the same entity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Bank's operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.3 Accounting policies for the year ended 31 December 2019

3.3.1 Investments

The Bank recognises investments on the trade date.

The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments. Investments in debt securities which are classified as trading securities are carried at fair value. Fair value of traded debt securities is reference to the last quoted bid price and if securities are not traded in the established market, fair value is calculated by reference to the risk-free yield curve adjusted by an appropriate risk premium (if any). Increases or decreases in the carrying amount are recognised in the statement of profit or loss and other comprehensive income when incurred.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates are classified as available-for-sale. Investments in debt securities which are classified as available-for-sale securities are carried at fair value by reference to the last quoted bid price. Fair value of debt securities, not traded in the established market, is calculated using the generally accepted method which is discounted cash flow by reference to the risk-free yield curve adjusted by an appropriate risk premium (if any). Increases or decreases in the carrying amount are credited or charged against unrealised gains or losses on change in fair value of investments in securities under Head Office's equity and balances with other branches under the same entity.

Investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

The Bank tests for decrease in value of investments when there is a factor indicating that such investment might decrease in value. If the carrying value of the investment is greater than its recoverable amount, loss from the decrease in value is charged to the statement of profit or loss and other comprehensive income when incurred.

The Bank uses the First-in, First-out method in determining the cost of the disposed securities. Gain or loss on disposal of all types of investments is taken to the statements of comprehensive income in the period which the transactions take place.

3.3.2 Leasehold right

The cost of leasehold right on building for the period of 30 years, which is presented as other assets, is amortised as an operating expense on a straight-line method over the life of the agreement.

3.3.3 Leases

Leases - where the Bank is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which such termination takes place.

3.3.4 Loans to customers and allowance for doubtful accounts

The Bank recognises loans to customers on trade date

Loans to customers are generally stated at the principal amounts outstanding. The allowance is increased by provisions charged to expense and decreased by write-offs, net of recoveries after receiving cash. The allowance is based on the Bank management's review and assessment of the status of an individual debtor as well as the Bank of Thailand's guidelines. Such assessment takes into consideration various factors including the risks involved, the value of collateral and the status of an individual debtor including the relationship of allowance for doubtful debts against the loan balances through the economic situation which may have an impact on the customers' ability to pay.

3.3.5 Recognition of income

Interest income on loans and receivables is recognised on an accrual basis. The Bank discontinues recognition of accrued interest income for loans overdue more than three months since the due date or there is uncertainty of collectability, and a collection basis is applied. The Bank also reverses interest income on such loans in order to comply with the Bank of Thailand's notification.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

a) Decrease in value of loans

Decrease in value of loans ended 31 December 2020

The Bank determined the expected credit loss by projecting the PD, LGD, and EAD for each future month. These three components are multiplied together. This effectively calculates an ECL for each future month. The impairment will be assessed by using collective approach model with forward looking information adjustment.

Expected credit loss is the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

- Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired), either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- Exposure at default (EAD) is based on the amounts that the Bank expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD)
- Loss given default (LGD) represents the Bank's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Decrease in value of loans ended 31 December 2019

The Bank maintains an allowance for doubtful accounts to reflect decrease in value of loans relating to estimated losses resulting from the inability of customers to make required payments. Management believed that estimation are reasonable.

b) Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgement in valuing derivative instruments by using widely accepted valuation techniques and guidelines. Management believed that estimation are reasonable.

c) Post-employment benefits

In accordance with Thai Labour Law, the Bank has commitment on post-retirement benefits to employees on reaching retirement age. The present value of employee benefit liabilities recognised in the statement of financial position is determined on the present value of estimated future cash outflows for staff. The assumptions used in determining the net annual cost for employee benefits include the salary and years of services of respective employees which are payable in the future year and discount rate (government bond). Any changes in these assumptions will impact the net annual cost recorded for employee benefits. At each period ends, the Bank revises the appropriate discount rate, which represents the rate that should be used to determine the present value of future cash flows to settle the nearly reached retired employee benefits at the end of period when there are material impacts.

d) Fair value of financial liabilities designated at fair value through profit or loss

Management uses various methodologies and assumptions in the determination of fair value. Valuations are based on discounted cash flow analyses that consider the embedded derivative and the terms and payment structure of the note.

Moreover, the Bank considers using models such as the Black-Scholes option pricing model, simulation models, or a combination of models that use observable or unobservable valuation inputs, depending on the embedded derivative. The specific inputs used vary according to the nature of the embedded derivative features, as described in the discussion above regarding derivative valuation. The Bank may make valuation adjustment of financial derivatives by fair value adjustments.

5. Impacts from initial application of the new and revised financial reporting standards

5.1 Financial reporting standards related to financial instruments

The Bank has adopted TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The new accounting policies applied from 1 January 2020 were disclosed in Note 3.

The reclassifications and the adjustments arising from the changes in accounting policies are recognised in the statement of financial position as of 1 January 2020 are as follows.

	Notes	Measurement categories		Carrying amounts		
		Previously reported	As reported	As at 31 December 2019 Previously reported Baht	Impact Baht	As at 1 January 2020 As reported Baht
Financial assets						
Investment in debt securities	a	Fair value (Trading investments)	FVPL	7,650,006,847	-	7,650,006,847
	b	Fair value (Available for sale investments)	FVOCI	19,971,128,670	-	19,971,128,670
Reverse repo	c	Amortised cost	FVPL	603,080,000	-	603,080,000

- (a) Reclassification from trading investments to investments at fair value through profit or loss (FVPL)

As of 1 January 2020, the Bank reclassified trading investments that previously measured at fair value of Baht 7,650,006,847 to investments at fair value through profit or loss (FVPL).

- (b) Reclassification from available for sale investments to investments at fair value through other comprehensive income (FVOCI)

As of 1 January 2020, the Bank reclassified available for sale investments in debt instruments that previously measured at fair value of Baht 19,971,128,670 to investments at fair value through other comprehensive income (FVOCI).

- (c) Reclassification from reverse repurchase agreement to financial asset measured at fair value through profit or loss (FVPL)

As of 1 January 2020, the Bank reclassified reverse repurchase agreement that previously measured at amortised cost of Baht 603,080,000 to financial asset measured at fair value through profit or loss (FVPL). The reclassification has no significant impact.

Impairment of financial assets

The Bank have following financial assets that are subject to the expected credit loss model:

- Cash
- Interbank and money market items
- Account receivable from trading securities
- Investment in debt securities measured at fair value through other comprehensive income
- Loan
- Loan commitments and Financial guarantees

As at 1 January 2020, the Bank is required to revise the expected credit loss model under TFRS 9. Management assessed that the expected credit loss does not have significant impact comparing to allowance for doubtful account presented in the financial statement for the year ended 31 December 2019. So, there is no adjustment to the beginning retained earnings.

5.2 Financial reporting standards related to leases

On adoption of TFRS 16, The bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was ranged between 0.63% and 3.36%.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

For leases previously classified as finance leases The Bank recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

	Baht
Operating lease commitments disclosed as at 31 December 2019	32,455,919
(Less) discounted using the lessee's incremental borrowing rate of at the date of initial application	(38,732)
(Less) low-value leases recognised on a straight-line basis as expense	(215,000)
(Less) contracts reassessed as service agreements / service portion included in leases	(27,225,139)
Lease liability recognised as at 1 January 2020	4,977,048

The recognised right-of-use assets relate to the following types of assets:

	31 December 2020 Baht	1 January 2020 Baht
Properties	26,931,726	22,399,817
Total right-of-use assets	26,931,726	22,399,817

As at 1 January 2020, the Bank reclassified prepaid expense to right-of-use assets amounting to Baht 17.4 million.

Practical expedients applied

In applying TFRS 16 for the first time, the Bank has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.

6 Capital risk management

The Bank's objective when managing capital is to safeguard the Bank's ability to continue as a going concern in order to provide returns for Head Office and other branches under the same entity.

The Bank maintains a capital adequacy ratio in accordance with the Act on undertaking of Banking Business B.E. 2551. Capital funds are disclosed in Note 25.

7 Interbank and money market items, net (assets)

	2020
	Total Baht
Domestic items	
The Bank of Thailand	2,655,369,100
Commercial banks	7,876,567,193
Total	10,531,936,293
<u>Less</u> Allowance for expected credit loss	(755,576)
Total domestic items	10,531,180,717
Foreign items	
Euro	133,313,160
Swiss Franc	584,741
Australian Dollar	661,096
Singapore Dollar	3,287,540
Others	8,253,298
Total	146,099,835
Total foreign items	146,099,835
Total interbank and money market items, net	10,677,280,552

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	2019		
	Demand Baht	Time Baht	Total Baht
Domestic items			
The Bank of Thailand	424,234,235	2,700,000,000	3,124,234,235
Commercial banks	841,031,761	10,644,993,477	11,486,025,238
Total	1,265,265,996	13,344,993,477	14,610,259,473
<u>Add</u> Accrued interest receivable	-	110,960	110,960
<u>Less</u> Allowance for doubtful accounts	-	(944,470)	(944,470)
Total domestic items, net	1,265,265,996	13,344,159,967	14,609,425,963
Foreign items			
Euro	3,317,054	94,446,941	97,763,995
Swiss Franc	873,364	-	873,364
Australian Dollar	698,159	-	698,159
Singapore Dollar	3,607,537	-	3,607,537
Others	12,307,213	-	12,307,213
Total	20,803,327	94,446,941	115,250,268
<u>Less</u> Accrued interest receivable	-	(2,624)	(2,624)
Total foreign items, net	20,803,327	94,444,317	115,247,644
Total interbank and money market items, net	1,286,069,323	13,438,604,284	14,724,673,607

8 Financial assets measured at fair value through profit or loss

	Fair value 31 December 2020 Baht
Government and state enterprise securities	10,211,002,813
Reverse repo	600,517,537
Total	10,811,520,350

9 Financial derivatives

Trading derivatives

Fair value and notional amount classified by types of risks as at 31 December 2020 and 2019 comprise of the followings:

Types of risks	2020		
	Fair value		Notional amount
	Assets Baht	Liabilities Baht	
Foreign exchange rate	16,798,124,375	13,778,979,635	705,413,598,096
Interest rate	23,273,048,648	19,780,902,331	977,634,149,691
Credit risk	982,548,782	450,959,766	57,716,287,650
Index	163,769,794	23,028,943	2,997,467,216
Others	-	405,738,796	-
Total trading derivatives	41,217,491,599	34,439,609,471	1,743,761,502,653

Types of risks	2019		
	Fair value		Notional amount
	Assets Baht	Liabilities Baht	
Foreign exchange rate	14,073,209,798	11,200,912,564	731,209,014,946
Interest rate	16,567,964,485	13,409,306,510	1,371,978,442,107
Credit risk	1,010,272,959	272,740,049	49,648,561,000
Index	665,430,709	484,892,495	19,428,033,033
Others	-	660,239,191	-
Total trading derivatives	32,316,877,951	26,028,090,809	2,172,264,051,086

Proportion of derivative contract balances as at 31 December 2020 and 2019 classified by counterparties comprise of the followings:

	2020 Percentage	2019 Percentage
Financial institutions	59	62
Affiliated companies	32	31
Third parties	9	7
Total trading derivatives	100	100

10 Investments, net

10.1 Classification of investments

	Fair value 31 December 2020 Baht
Investments in debt instruments measured at fair value through other comprehensive income	
Government and state enterprise securities	22,792,896,161
Total	22,792,896,161
<u>Less</u> Allowance for expected credit losses	-
	22,792,896,161
	2019 Fair value Baht
Trading securities	
Domestic government	7,650,006,847
Total	7,650,006,847
Available-for-sale securities	
Domestic government	19,971,128,670
Total	19,971,128,670
Total investment, net	27,621,135,517

10.2 Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments

Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments for the years ended 31 December 2020 and 2019 are as follow:

	2020 Baht	2019 Baht
Loss from changes in value of investments in debt instruments measured at FVOCI	13,423,307	-
(Gain) from changes in value of available-for-sale investments	-	(73,297,671)
	13,423,307	(73,297,671)

11 Loans to customers and accrued interest receivables, net

11.1 Classified by types of loans:

	2020 Baht	2019 Baht
Loans to customers net from deferred revenue	913,542,673	1,976,954,781
<u>Add</u> Accrued interest receivables	32,871	77,913
Total loans to customers net from deferred revenue, and accrued interest receivables	913,575,544	1,977,032,694
<u>Less</u> Allowance for expected credit loss	(19,885,161)	-
<u>Less</u> Allowance for doubtful accounts	-	(19,769,548)
Total loans to customers and interest receivables, net	893,690,383	1,957,263,146

11.2 Classified by currencies and domiciles of customers:

	2020 Baht	2019 Baht
Domestic items	913,082,805	1,976,954,781
Foreign items	459,868	-
Total loans to customers net from deferred revenue	913,542,673	1,976,954,781

11.3 Classified by types of business and classification:

	2019					
	Normal Baht	Special mentioned Baht	Substandard Baht	Doubtful Baht	Doubtful of loss Baht	Total Baht
Manufacturing and commerce	1,329,900,886	-	-	-	-	1,329,900,886
Utilities and services	647,053,895	-	-	-	-	647,053,895
Total loans to customers net from deferred revenue	1,976,954,781	-	-	-	-	1,976,954,781

11.4 Classified by classification:

The Bank has loans to customers net from deferred revenue and accrued interest receivables which can be classified in accordance with the Bank of Thailand (BOT) guidelines as follows:

		2020	
		Loans outstanding and interest receivables	
Loans classification		Baht	
1. Financial assets with an insignificant increase in credit risk (Performing financial assets)		913,575,544	
2. Financial assets with a significant increase in credit risk (Under-performing financial assets)		-	
3. Credit-impaired financial assets (Non-performing financial assets)		-	
Total loans and accrued interest receivables		913,575,544	

		2019	
		Allowance for doubtful accounts	
Classification	Loans net from deferred revenue and accrued interest receivables Baht	Net amount used as a basis for setting allowance for doubtful accounts Baht	Total allowance Baht
Normal	1,977,032,694	1,976,954,781	19,769,548
Total	1,977,032,694	1,976,954,781	19,769,548

11.5 Movement in the gross carrying amount of loans that contributed to changes in the ECL

2020				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
As of 1 January 2020	1,977,032,694	-	-	1,977,032,694
Change due to new estimation of credit loss	193,245,633	-	-	193,245,633
Newly acquired or purchased financial assets	18,949,341	-	-	18,949,341
Derecognised financial assets	(1,275,652,124)	-	-	(1,275,652,124)
As of 31 December 2020	913,575,544	-	-	913,575,544

12 Allowance for expected credit losses

	2020				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Interbank and money market items					
As of 1 January 2020	-	-	-	944,470	944,470
Amortisation of surplus reserve	-	-	-	(188,894)	(188,894)
As of 31 December 2020	-	-	-	755,576	755,576

	2020				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Loans					
As of 1 January 2020	-	-	-	19,769,548	19,769,548
Change due to new estimation of credit loss	4,120,061	-	-	-	4,120,061
Newly acquired or purchased financial assets	579	-	-	-	579
Derecognised financial assets	(51,117)	-	-	-	(51,117)
Amortisation of surplus reserve	-	-	-	(3,953,910)	(3,953,910)
As of 31 December 2020	4,069,523	-	-	15,815,638	19,885,161

13 Allowance for doubtful accounts

	2019					
	Normal Baht	Special mentioned Baht	Substandard Baht	Doubtful Baht	Doubtful of loss Baht	Total Baht
Balance at the beginning of the year	26,621,332	-	-	-	-	26,621,332
Allowance for doubtful Accounts (Reversal) (Note 37)	(6,851,784)	-	-	-	-	(6,851,784)
Balance at the end of the year	19,769,548	-	-	-	-	19,769,548

14 Equipment, net

	Computer equipment Baht	Office equipment Baht	Furniture and fixture Baht	Total Baht
As at 1 January 2019				
Cost	66,799,551	46,474,651	28,250,522	141,524,724
<u>Less</u> Accumulated depreciation	(57,871,734)	(37,797,876)	(21,932,774)	(117,602,384)
Net book value	8,927,817	8,676,775	6,317,748	23,922,340
For the year ended 31 December 2019				
Opening net book value	8,927,817	8,676,775	6,317,748	23,922,340
Additions	2,507,727	4,795,600	508,404	7,811,731
Write off, net	-	-	-	-
Depreciation charge	(4,208,327)	(3,824,373)	(1,258,858)	(9,291,558)
Closing net book value	7,227,217	9,648,002	5,567,294	22,442,513
As at 31 December 2019				
Cost	55,955,012	51,270,251	28,758,926	135,984,189
<u>Less</u> Accumulated depreciation	(48,727,795)	(41,622,249)	(23,191,632)	(113,541,676)
Net book value	7,227,217	9,648,002	5,567,294	22,442,513
For the year ended 31 December 2020				
Opening net book value	7,227,217	9,648,002	5,567,294	22,442,513
Additions	6,485,450	2,511,388	51,389	9,048,227
Write off, net	(1,245)	(6)	-	(1,251)
Depreciation charge	(4,851,072)	(4,072,674)	(1,289,315)	(10,213,061)
Closing net book value	8,860,350	8,086,710	4,329,368	21,276,428
As at 31 December 2020				
Cost	60,735,822	53,500,822	28,810,315	143,046,959
<u>Less</u> Accumulated depreciation	(51,875,472)	(45,414,112)	(24,480,947)	(121,770,531)
Net book value	8,860,350	8,086,710	4,329,368	21,276,428

15 Right-of-use assets, net and Lease liabilities, net

The statement of financial position included following transactions relating to leases.

	31 December 2020 Baht
Right-of-use assets, net	
Building and building improvements, net	26,931,726
Total right-of-use assets, net	26,931,726
Lease liabilities, net	
Current portion of lease liabilities	345,804
Non-current portion of lease liabilities	14,162,408
Total lease liabilities, net	14,508,212

During the period ended 31 December 2020, additions to the right-of-use assets of the Bank was Baht 14.4 million.

The statement of profit or loss and other comprehensive income included following transactions related to leases.

	Baht
For the year ended 31 December 2020	
depreciation charge of right-of-use assets	
Building and building improvements	8,948,717
Total right-of-use assets	8,948,717
Finance cost relating to leases	104,625
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in premises and equipment expenses)	60,000

The total cash outflow for leases of the Bank for the year ended 31 December 2020 was Baht 4.2 million.

16 Other assets, net

	2020 Baht	2019 Baht
Leasehold right and leasehold improvement, net	13,797,940	30,876,322
Accrued interest receivables	14,765,543	14,153,259
Prepaid expenses	3,437,470	3,606,555
Account receivables from option sold premium	209	2,921,523
Collateral of reverse repo	35,210,410	39,411,407
Other receivables	15,780,113	4,234,387
Total other assets, net	82,991,685	95,203,453
The amortisation cost of leasehold right and depreciation of leasehold improvement for the year	3,974,604	7,621,662

17 Deposits

17.1 Classified by types of deposits:

	2020 Baht	2019 Baht
On demand	14,054,212,684	10,222,969,162
Savings	4,016,905,448	3,229,544,977
Total deposits	18,071,118,132	13,452,514,139

17.2 Classified by currencies and domiciles of depositors:

	2020		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	14,731,978,281	193,185,758	14,925,164,039
US Dollar	2,463,030,843	577,822,349	3,040,853,192
Euro	105,080,581	-	105,080,581
Pound	20,320	-	20,320
Total deposits	17,300,110,025	771,008,107	18,071,118,132

	2019		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	10,984,446,037	220,646,042	11,205,092,079
US Dollar	2,094,784,475	-	2,094,784,475
Euro	152,637,585	-	152,637,585
Total deposits	13,231,868,097	220,646,042	13,452,514,139

18 Interbank and money market items (liabilities)

	2020
	Total Baht
Domestic items	
Other financial institutions	2,347,896,297
Total domestic items	2,347,896,297
Foreign items	
Thai Baht	100,517,261
Total foreign items	100,517,261
Total interbank and money market items	2,448,413,558

	2019		
	Demand Baht	Time Baht	Total Baht
Domestic items			
Other financial institutions	1,782,291,323	1,300,000,000	3,082,291,323
Total domestic items	1,782,291,323	1,300,000,000	3,082,291,323
Foreign items			
Thai Baht	69,104,815	-	69,104,815
Total foreign items	69,104,815	-	69,104,815
Total interbank and money market items	1,851,396,138	1,300,000,000	3,151,396,138

19 Financial liabilities designated at fair value through profit or loss

	2020 Baht	2019 Baht
Bill of exchange	14,315,506,764	20,309,427,095
Total financial liabilities designated at fair value through profit or loss	14,315,506,764	20,309,427,095

Proportion of transactions being classified by type of counterparties

	2020 Percentage	2019 Percentage
Third parties	100	100
Total proportion of transactions being classified by type of counterparties	100	100

20 Deferred income tax

The analysis of deferred tax assets and liabilities is as follows:

	2020 Baht	2019 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	18,021,029	6,039,971
Deferred tax asset to be recovered after more than 12 months	126,933,852	167,773,923
	144,954,881	173,813,894
Deferred tax liabilities:		
Deferred tax liabilities to be settled within 12 months	(71,388,023)	(46,511,051)
Deferred tax liability to be settled after more than 12 months	(5,386,345)	-
	(76,774,368)	(46,511,051)
Deferred tax assets (net)	68,180,513	127,302,843

The gross movement and the deferred income tax account is as follows:

	2020 Baht	2019 Baht
As at 1 January	127,302,843	175,942,436
Credited to profit or loss	(61,658,991)	(30,994,396)
Tax debited (credited) in other comprehensive income	2,536,661	(17,645,197)
As at 31 December	68,180,513	127,302,843

The movement in deferred tax assets and liabilities during the year is as follows:

	Derivative liabilities from option sold premium Baht	Provision for employee benefits Baht	Provision for restricted stock units Baht	Provision for derivatives Baht	Others Baht	Total Baht
Deferred tax assets						
As at 1 January 2020						
Charged debited (credited) to profit and loss	6,039,970	28,886,643	3,603,988	132,692,498	2,590,795	173,813,894
Recognised in other comprehensive income	11,981,058	6,922,342	217,573	(51,544,739)	3,564,753	(28,859,013)
	-	-	-	-	-	-
As at 31 December 2020	18,021,028	35,808,985	3,821,561	81,147,759	6,155,548	144,954,881
Deferred tax assets						
As at 1 January 2019						
Charged (credited) to profit and loss	11,539,476	28,918,483	3,901,368	152,731,910	2,405,739	199,496,976
Recognised in other comprehensive income	(5,499,506)	3,101,823	(297,380)	(20,039,412)	185,056	(22,549,419)
	-	(3,133,663)	-	-	-	(3,133,663)
As at 31 December 2019	6,039,970	28,886,643	3,603,988	132,692,498	2,590,795	173,813,894

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	Unrealised gain (loss) on changes in fair value of investment measured at FVPL Baht	Unrealised gain (loss) on changes in fair value of investment measured at FVOCI Baht	Derivative assets for option purchased premium Baht	Other Baht	Total Baht
Deferred tax liabilities					
As at 1 January 2020					
Charged debited (credited) to profit and loss	11,966,958	15,698,275	18,845,818	-	46,511,051
Recognised in other comprehensive income	(541,648)	-	27,955,280	5,386,346	32,799,978
	-	(2,536,661)	-	-	(2,536,661)
As at 31 December 2020	11,425,310	13,161,614	46,801,098	5,386,346	76,774,368
Deferred tax liabilities					
As at 1 January 2019					
Charged (credited) to profit and loss	8,371,565	1,186,741	13,996,234	-	23,554,540
Recognised in other comprehensive income	3,595,393	-	4,849,584	-	8,444,977
	-	14,511,534	-	-	14,511,534
As at 31 December 2019	11,966,958	15,698,275	18,845,818	-	46,511,051

21 Provision

Provision for post-employment benefits is for employees with more than 120 days of service and who resign in accordance with the rules and conditions stipulated under the labour laws applicable in Thailand and for long service awards.

As at 31 December 2020 and 2019, the post-employment benefits provided unfunded obligation as follows:

	2020 Baht	2019 Baht
Present value of obligations	174,856,245	140,615,411
Provision for long service award	4,188,680	3,817,804
Total provision for employee benefits plan	179,044,925	144,433,215

Movements of provision for post-employment benefits are as follows:

	2020 Baht	2019 Baht
As at 1 January	140,615,411	141,007,535
Current service costs	32,019,114	28,183,601
Interest costs	2,221,720	3,708,504
Remeasurements:		
Actuarial (gains) losses		
- Demographic assumptions	-	6,593,532
- Financial assumptions	-	16,908,063
- Experience gain	-	(38,723,926)
<u>Less</u> Benefits paid during the year	-	(17,061,898)
As at 31 December	174,856,245	140,615,411

Expenses for post-employment benefits were recognised in the statement of profit or loss and other comprehensive income as follows:

	2020 Baht	2019 Baht
Current service costs	32,019,114	28,183,601
Interest costs	2,221,720	3,708,504
Remeasurements	-	(15,222,331)
Total	34,240,834	16,669,774

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

	2020	2019
Discount rate	1.58%	1.58%
Salary increase rate	11%	11%
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2017
Disability rate	5% of Thai Mortality Ordinary Table 2017	5% of Thai Mortality Ordinary Table 2017
Pre-retirement withdrawal rate	From 5 years historical data	From 5 years historical data
Retirement age	60 years old	60 years old
Turnover rate	10%	10%

Sensitivity analysis on key assumptions changes are as follows:

	Increase (Decrease)	
	2020	2019
	Baht	Baht
Discount rate		
Increase 1%	(19,950,225)	(16,812,793)
Decrease 1%	23,551,064	19,929,781
Salary rate		
Increase 1%	23,741,128	18,551,852
Decrease 1%	(20,552,006)	(16,109,718)
Turnover rate		
Increase 5%	(80,943,029)	(67,792,901)
Decrease 5%	58,721,824	52,670,635

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 provision for post-employment benefits recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Maturity profile of post-employment benefits is as follows:

	2020	2019
Maturity duration of the post-employment benefits (Years)	17.54	18.55
Maturity analysis of benefits to be paid		
Between 1 - 2 years (Baht)	2,435,459	-
Between 2 - 5 years (Baht)	12,281,216	14,716,675
Over 5 years (Baht)	1,828,538,523	1,828,538,523

22 Other liabilities

	2020 Baht	2019 Baht
Accrued interest payable	3,397,783	6,319,740
Accrued bonuses	64,472,109	58,983,256
Accrued FIDF charges	31,175,257	58,877,797
Cash received in advance from forward contracts	79,960,070	80,603,374
Income tax payable	39,714,264	39,405,853
Withholding tax payable	1,288,619	1,995,335
Others	53,875,356	111,890,683
Total other liabilities	273,883,458	358,076,038

23 Provident fund

The Bank established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530, which contributions are made by both the employees and the Bank. For the year ended 31 December 2020, the Bank contributed Baht 18.2 million (31 December 2019: Baht 16.6 million).

24 Provision for share based payment

The restricted stock units of the ultimate parent company, JPMorgan Chase & Co., will be awarded at no cost to employees who are eligible according to The Bank entity's regulations, upon their grant. The awards are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the vesting periods and the head office's equity and balances with other branches under the same entity is treated as a capital contribution. The exercise price of the granted shares is lower of the market price of the shares on the date of grant or the vesting date. The restricted stock units are generally granted annually and can be vested for 50% of granted amount after two years and for another 50% of granted amount after three years. The restricted stock units are converted into shares of JPMorgan Chase & Co. at the vesting date. The employees are able to continue their vesting upon voluntary employment termination, which would be based on the age and year of service requirements. Before vesting, the restricted stock units entitle the recipient to receive cash payments equivalent to dividend paid on the underlying common stocks during the period the restricted stock units are outstanding. However, all of these awards are subject to forfeiture until the vesting date and they contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances.

The movements in the number of outstanding shares and their related weighted average share prices at the grant dates are as follows:

	Average price Baht per share	Average price USD per share	Number of awards
As at 1 January 2020	7,911.83	99.94	6,565
Granted during the year	4,126.50	137.38	2,259
Exercised during the year	(4,099.46)	136.48	(2,354)
Transferred during the year	3,452.76	114.95	7
As at 31 December 2020	3,452.76	114.95	6,477
As at 1 January 2019	4,868.69	83.00	7,089
Granted during the year	3,031.68	100.54	3,352
Exercised during the year	(3,002.13)	99.56	(3,623)
Transferred during the year	3,013.59	99.94	(253)
As at 31 December 2019	3,013.59	99.94	6,565

For the year ended 31 December 2020, the total share based payment expense recognised during the year amounting to Baht 8.2 million (31 December 2019: Baht 6.4 million).

25 Capital funds

	2020 Baht	2019 Baht
Assets maintained in accordance with Section 32	12,688,965,166	10,296,580,949
Total funds for maintaining assets in accordance with Section 32 and net balance of inter-office accounts		
Funds for maintaining assets in accordance with Section 32	12,688,965,166	11,029,529,666
Net inter-office balance which branch is debtor of the head office, others branches and subsidiary	3,008,853,039	1,683,594,169
Total	15,697,818,205	12,713,123,835
Total fund are remitted into Thailand for maintaining assets under section 32	12,688,965,166	11,029,529,666
Capital funds	12,688,965,166	11,029,529,666
Total capital funds to risk weighted assets ratio (%)	20.35	15.07

The Bank received fund injection from JPMorgan Chase Bank, National Association totaling US Dollars 50,000,000 or equals to Baht 1,606,925,000. This funding is for the purpose of supporting the Bank's operations and stabilizing the level of capital adequacy as required under Bank of Thailand regulations. On 14 May 2020, the Bank registered this fund as assets maintained in accordance with Section 32 amounting to Baht 1,606,925,000.

On 7 June 2018, the Bank received fund injection from JPMorgan Chase Bank, National Association totaling US Dollars 30,000,000 or equals to Baht 957,130,500 from the exchange rate as at 7 June 2018. This funding is for the purpose of supporting the Bank's operations and stabilizing the level of capital adequacy as required under Bank of Thailand regulations. On 26 March 2020, the Bank registered this fund as assets maintained in accordance with Section 32 amounting to Baht 956,705,280.

On 22 October 2019, the Bank has increased capital fund by Baht 630,000,000 from capitalization from retained earnings as of 31 December 2018. The capitalization has been approved by JPMorgan Chase Bank, National Association.

The Bank will disclose capital maintenance information as at 31 December 2020 in accordance with the notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.th.jpmorgan.com within April 2021.

Moreover, the Bank has disclosed information related to Liquidity Coverage Ratio as at 31 December 2020 under the Notification of Bank of Thailand, no. Sor Nor Sor 2/2561, as the above location and date of disclosure.

26 Assets pledged as collateral

The Bank has investments in government securities which are pledged as collaterals for structured bills of exchange. The book values of such securities as at 31 December 2020 amounted to Baht 6,179,971,307 (31 December 2019: Baht 6,881,812,303).

27 Commitments

As at 31 December 2020 and 2019, the Bank has the following commitments (excluding derivatives in Note 9) which were incurred in the normal course of business as follows:

	2020		
	Thai Baht Baht	Foreign currencies Baht	Total Baht
Unused overdraft credit line	90,000,000	-	90,000,000
Total commitments	90,000,000	-	90,000,000

	2019		
	Thai Baht Baht	Foreign currencies Baht	Total Baht
Unused overdraft credit line	620,000,000	-	620,000,000
Unused credit facilities	-	1,748,932,000	1,748,932,000
Total commitments	620,000,000	1,748,932,000	2,368,932,000

28 Related party transactions

Enterprises or individuals that, directly or indirectly through one or more intermediaries, control, or are under controlled by, or are under common control with, the Bank, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The significant related party transactions are transacted with The Bank companies of JPMorgan Chase.

The ultimate parent company is JPMorgan Chase & Co., a company incorporated in the United States of America. JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.

Relationships of related parties

Head Office

- JPMorgan Chase & Co.
- JPMorgan Chase Bank, N.A.

Other Branches

- J.P. Morgan Chase Bank Berhad
- JPMorgan Chase Bank, N.A. - London Branch
- JPMorgan Chase Bank, N.A. - Sydney Branch
- JPMorgan Chase Bank, N.A. - Tokyo Branch
- JPMorgan Chase Bank, N.A. - Hong Kong Branch
- JPMorgan Chase Bank, N.A. - Singapore Branch
- JPMorgan Chase Bank, N.A. - Jakarta Branch
- JPMorgan Chase Bank, N.A. - Manila Branch
- JPMorgan Chase Bank, N.A. - Mumbai Branch

Fellow subsidiaries

- J.P. Morgan (S.E.A.) Limited
- J.P. Morgan A.G.
- J.P. Morgan International Finance Limited
- J.P. Morgan Securities (Asia Pacific) Limited
- J.P. Morgan Securities (Thailand) Limited
- J.P. Morgan Ventures Energy Corporation
- J.P. Morgan Securities Plc - Paris Branch
- J.P. Morgan Overseas Capital Corporation
- J.P. Morgan Securities Asia Private Limited
- J.P. Morgan Securities LLC
- J.P. Morgan Securities Plc
- JPMorgan Securities Japan Co., Ltd.
- J.P. Morgan Europe Limited
- J.P. Morgan Securities Australia Limited
- JPMorgan Securities (Malaysia) Sdn. Bhd.
- J.P. Morgan AG - Paris Branch

The significant related party transactions, outstanding balances as of 31 December 2020 and 2019 and income and expenses for the years then ended 31 December 2020 and 2019 consisted of the followings:

	2020	2019
	Million Baht	Million Baht
Statements of financial position		
Interbank and money market items, net (assets)		
J.P. Morgan, A.G.	133	98
J.P. Morgan Chase Bank Berhad	1	1
Interbank and money market items (liabilities)		
J.P. Morgan Securities (Thailand) Ltd.	2,348	3,085
Provision for share based payment		
J.P. Morgan Chase & Co	19	18
Net balance of inter-office accounts with Head Office and other branches under the same entity		
JPMorgan Chase Bank, N.A.	(3,061)	(1,732)
Other Branches	52	49
Off statement of financial position with Head office, Other branches and Fellow subsidiaries		
Commitments	559,343	680,020
Statements of profit or loss and other comprehensive income with Head office, Other branches and Fellow subsidiaries		
Interest expense	34	56
Fees and service incomes	17	18
Other operating income	185	197
Employee expenses	8	7
Fees and services expenses and other expenses	312	403

Transactions between the Bank and related parties had been priced at and contain similar conditions with the Bank's general customers and conformed to normal course of banking business practice.

29 Important position and performance classified by type of domestic or foreign transactions

29.1 Position classified by type of transaction

	2020			2019		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	87,785	-	87,785	76,960	-	76,960
Interbank and money market items, net (assets)	10,677	-	10,677	14,725	-	14,725
Accounts receivable from securities trading	1,195	-	1,195	95	-	95
Financial assets measured at fair value through profit or loss	10,812	-	10,812	-	-	-
Investments, net	22,793	-	22,793	27,621	-	27,621
Loans to customers and accrued interest receivables, net	894	-	894	1,957	-	1,957
Deposits	18,071	-	18,071	13,453	-	13,453
Interbank and money market items (liabilities)	2,448	-	2,448	3,151	-	3,151
Accounts payable from securities trading	715	-	715	44	-	44
Financial liabilities designated at fair value through profit or loss	14,316	-	14,316	20,309	-	20,309

29.2 Performance classified by types of transaction

	2020			2019		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	588	-	588	855	-	855
Interest expense	(123)	-	(123)	(249)	-	(249)
Net interest income	465	-	465	606	-	606
Net fee and service income	20	-	20	21	-	21
Other operating incomes	1,472	-	1,472	1,115	-	1,115
Other operating expenses	(850)	-	(850)	(961)	-	(961)
Profit before income tax	1,107	-	1,107	781	-	781

30 Interest income

	2020 Baht	2019 Baht
Interbank and money market items, net (assets)	88,216,389	140,820,748
Investment in debt securities	470,791,315	667,474,406
Loans to customers	29,168,255	47,545,944
Total interest income	588,175,959	855,841,098

31 Interest expense

	2020 Baht	2019 Baht
Deposits	26,643,344	76,421,111
Interbank and money market items (liabilities)	35,617,630	59,557,301
Contribution fee to the Deposit Protection Agency and Financial Institution Development Fund	60,353,716	113,293,720
Others	-	80,977
Total interest expense	122,614,690	249,353,109

32 Fee and service income

	2020 Baht	2019 Baht
Money transfer and collection services	13,830,072	12,837,115
Service fees from related companies (Note 28)	17,094,629	17,549,788
Others	3,642,322	5,387,020
Total fee and service income	34,567,023	35,773,923

Revenue transactions classified by timing of revenue recognition for the years ended 31 December 2020 and 2019 are as follows:

	2020 Baht	2019 Baht
Timing of revenue recognition		
At a point in time	34,567,023	35,773,923
Over time	-	-
Total fee and service income	34,567,023	35,773,923

33 Gain (loss) on financial instruments measured at fair value through profit or loss, net

Gain (loss) on financial instruments measured at fair value through profit or loss, net for the years ended 31 December 2020 and 2019 are as follows:

1. Gains on financial instruments measured at fair value through profit or loss

	2020 Baht
Gains on foreign currencies and foreign exchange rate derivatives	852,850,031
Gains on interest rate derivatives	544,351,266
Gains on debt securities	155,451,905
Losses on reverse repo	(1,786,114)
Others	444,725,312
Total gains on trading and foreign exchange transactions	1,995,592,400

2. Gains on trading and foreign exchange transactions

	2019 Baht
Gains on foreign currencies and foreign exchange rate derivatives	696,721,974
Gains on interest rate derivatives	1,973,504,292
Gains on debt securities	378,054,097
Others	1,116,526,095
Total gains on trading and foreign exchange transactions	4,164,806,458

3. Losses from financial liabilities designated at fair value through profit or loss

	2020 Baht	2019 Baht
Changes in fair value of bill of exchange	1,478,643,394	(2,955,551,859)
Losses on redemption and interest expense paid	(2,187,577,996)	(290,640,300)
Total losses from financial liabilities designated at fair value through profit or loss	(708,934,602)	(3,246,192,159)

34 Other operating income

	2020 Baht	2019 Baht
Revenue sharing from related parties (Note 28)	185,133,532	196,818,031
Others	76,030	53,896
Total other operating income	185,209,562	196,871,927

Revenue transactions classified by timing of revenue recognition for the years ended 31 December 2020 and 2019 are as follows:

	2020 Baht	2019 Baht
Timing of revenue recognition		
At a point in time	22,320	53,896
Over time	176,666,900	188,737,527
Total fee and service income	176,689,220	188,791,423

35 Other expenses

	2020 Baht	2019 Baht
Service fees to related companies (Note 28)	311,953,395	403,140,057
Brokerage commissions	8,028,702	10,255,888
Others	61,142,078	53,914,791
Total other expenses	381,124,175	467,310,736

36 Reversal expected credit losses

	2020 Baht
Interbank and money market items	(188,894)
Loans	115,614
Investment in debt instrument measured at fair value through other comprehensive income	-
Loan commitments and financial guarantees	-
Total	(73,280)

37 Reversal bad debt and doubtful accounts

	2019 Baht
Interbank and money market items, net	294,470
Loans (Note 13)	(6,851,784)
Total reversal bad debt and doubtful accounts	(6,557,314)

38 Income tax expense

	2020 Baht	2019 Baht
Current income tax:		
Current income tax on profits for prior year	-	73,243,267
Current income tax on profits for the year	166,425,282	135,385,724
Total current income tax	166,425,282	208,628,991
Deferred income tax:		
Origination and reversal of temporary differences (Note 20)	61,658,991	30,994,396
Total deferred income taxes	61,658,991	30,994,396
Total income tax expense	228,084,273	239,623,387

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The income tax on profits before tax of the Bank differs from the theoretical amount that would arise using the basic income tax rate of the home country of the Bank as follows:

	2020 Baht	2019 Baht
Profit before tax	1,106,776,991	781,479,517
Tax calculated at a tax rate of 20%	221,355,398	156,295,903
Adjustment in respect of current income tax of previous period	-	73,243,267
Tax effect of:		
Expenses not deductible for tax purpose	6,728,875	10,084,217
Income tax charge	228,084,273	239,623,387

The weighted average applicable income tax rate was 21% (31 December 2019: 31%).

39 Financial instruments

39.1 Measurement basis of financial assets and liabilities

The accounting policies in Note 3 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category and by statement of financial position heading.

	2020			
	At fair value through profit or loss Baht	At fair value through other comprehensive income Baht	Amortised cost Baht	Total Baht
Financial assets				
Cash	-	-	1,821,191	1,821,191
Interbank and money market items, net	-	-	10,677,280,552	10,677,280,552
Account receivable from securities trading	-	-	1,195,134,855	1,195,134,855
Financial assets measured at fair value through profit or loss	10,811,520,350	-	-	10,811,520,350
Derivatives assets	41,217,491,599	-	-	41,217,491,599
Investments, net	-	22,792,896,161	-	22,792,896,161
Loans to customers and accrued interest receivables, net	-	-	893,690,383	893,690,383
Total financial assets	52,029,011,949	22,792,896,161	12,767,926,981	87,589,835,091
Financial liabilities				
Deposits	-	-	18,071,118,132	18,071,118,132
Interbank and money market items, net	-	-	2,448,413,558	2,448,413,558
Account payable from securities trading	-	-	715,271,706	715,271,706
Liabilities payable on demand	-	-	72,955,767	72,955,767
Financial liabilities measured at fair value through profit or loss	14,315,506,764	-	-	14,315,506,764
Derivatives liabilities	34,439,609,471	-	-	34,439,609,471
Lease liabilities	-	-	14,508,212	14,508,212
Total financial liabilities	48,755,116,235	-	21,322,267,375	70,077,383,610

40 Offsetting of financial assets and liabilities

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Bank's statement of financial position if all set-off rights were exercised.

	2020					
	Effects of offsetting on the financial position			Related amounts not offset		
	Gross amounts Baht	Gross amounts set off in the financial position Baht	Net amounts presented in the financial position Baht	Amount subject to master netting arrangements Baht	Financial instrument Collateral * Baht	Net amounts Baht
Financial assets						
Reverse repurchase agreement	8,196,297,054	-	8,196,297,054	35,210,410	(8,231,507,464)	-
Total financial assets	8,196,297,054	-	8,196,297,054	35,210,410	(8,231,507,464)	-

* Amount of financial instrument collateral is presented less than or equal to offsetting amount of 'net amounts presented in the financial position' and 'amount subject to master netting arrangements'.

41 Financial risk management

Strategy in using financial instruments

The Bank has developed and implemented comprehensive policies and procedures to identify, mitigate, and monitor risk across the entity, which are based on JPMorgan Chase policies. These practices rely on constant communication, judgment, and knowledge of products and markets by the people closest to them, combined with regular oversight by a central risk management group and senior management.

(a) Credit risk

Credit risk is the risk of losses resulting from failure by the Bank's counterparties and customers to meet their obligations. The carrying amount of cash, interbank and money market, investments in debts, loans to and accrued interest receivables, accounts receivable from securities trading and commitments represent the maximum exposure of the Bank to credit risk. With respect to derivative financial instruments, the maximum credit exposure of the Bank is represented by the positive fair values, mainly pertaining to derivative transactions with financial institutions, including intercompany balances.

"Know Your Customer" is the key element to credit risk management.

JPMorgan Chase has developed policies and practices that are designed to ensure that credit risks are accurately assessed, properly approved, continuously monitored and actively managed at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio-review parameters and problem-loan management.

The Bank's capital will be committed following thorough research and analysis, utilising all expertise appropriately available in the utilising which may contribute to the bank risk assessment. Certain transactions will require special approval due to their risk attributes or level of sensitivity.

Officers with Credit Approval Authority are expected to understand the credit policies, guidelines and procedures applicable to their responsibilities.

The new business initiative process requires a thorough understanding of the credit risk (and all other forms of risk) inherent in all proposed activities or undertakings. New initiatives will only be introduced after appropriate new control systems are implemented, in accordance with the Bank's New Business Initiative Process.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral if applicable.

1) Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments (i.e., assets which their fair value is positive), which credit risk is only a small fraction of derivatives. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

2) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a customer authorising a third party to draw the drafts on the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the potential loss may be less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

As at 31 December 2020 and 2019, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows;

	2020 Baht	2019 Baht
Manufacturing and commerce	903,606,585	1,329,900,886
Utilities and services	9,936,088	647,053,895
Total loans and receivables	913,542,673	1,976,954,781

Expected credit loss measurement

The Bank applies general approach to measure expected credit losses on cash, interbank and money market, investments in debts, loans to and accrued interest receivables, and commitments. The Bank always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method, except accounts receivable from securities trading applied simplified approach.

Under the three-stage expected credit loss impairment model, the impairment will be assessed by using collective approach model with forward looking information adjustment.

For the year ended 31 December 2020, the management considered to provision the additional expected credit losses as management overlay since all of the Bank's loans are classified as stage with no significantly increased in credit risk (stage 1). However, the Bank leverages the expected credit loss calculation from the head office. As a result, some loans might be classified as a lower stage in the view of the head office. The Bank chooses the lower stage calculation method to set up an allowance for expected credit loss for such loans.

Credit risk exposure

Maximum exposure to credit risk

The maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligation is detailed below. No account taken of any collateral held and the maximum exposure to loss is considered to be the statement of financial position carrying amount or, for non-derivative off-statement of financial position transaction and financial guarantee, their contractual nominal amounts. The exposure to credit risk of the Bank equals their carrying amount in the statement of financial position as at reporting date, except for the followings:

	31 December 2020 Maximum exposure Baht
Credit risk exposures of	
on-statement of financial position assets:	
Financial assets measured at fair value	
through profit or loss	10,557,331,000
Investment in debt securities	22,770,000,000
	33,327,331,000

Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Reverse repo is generally secured; term loan financing and lending to corporate entities are generally unsecured.

The Bank prepares a valuation of the collateral obtained as part of the origination process. This assessment is reviewed periodically. The collateral type accepted and given value by the Bank is charges over financial instruments such as marketable securities.

	31 December 2020			
	Gross carrying amount Baht	Expected credit losses Baht	Net carrying amount Baht	Fair value of collateral held Baht
Reverse repo	8,196,297,054	-	8,196,297,054	8,399,335,611
Total	8,196,297,054	-	8,196,297,054	8,399,335,611

Total loans to customers - credit quality

All loans to customers are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans financing refer to loans, advances and financing that are overdue by one day or more. Loans to customers are classified impaired when they fulfil any of the following criteria:

- i) the principal or interest both is past due more than 90 days or 3 months from the first day of default;
- ii) where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower customer is 'unlikely to repay' its credit obligations; or
- iii) the loans to customers is classified as rescheduled and restructured

Distribution of loans, advances and financing by credit quality

	31 December 2020			
	12-month ECL Baht	Lifetime ECL not credit-impaired Baht	Lifetime ECL credit-impaired Baht	Total Baht
Neither past due nor impaired	913,575,544	-	-	913,575,544
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	913,575,544	-	-	913,575,544
Less Allowance for expected credit loss	(19,885,161)	-	-	(19,885,161)
Net carrying amount	893,690,383	-	-	893,690,383

The table below presents credit quality of Interbank asset items, financial assets measured at fair value through profit or loss, investments, and derivatives that neither past due nor impaired, past due but not impaired and impaired, analysed by rating:

	31 December 2020			
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	Total Baht
Interbank asset items				
Sovereigns	2,655,369,100	-	-	2,655,369,100
AAA	-	-	-	-
AA- to AA+	143,495,256	-	-	143,495,256
A- to A+	2,604,579	-	-	2,604,579
Lower than A-	7,876,567,193	-	-	7,876,567,193
Unrated	-	-	-	-
Less: Expected credit losses	(755,576)	-	-	(755,576)
	10,677,280,552	-	-	10,677,280,552
Financial assets measured at fair value through profit or loss				
Sovereigns	10,211,002,813	-	-	10,211,002,813
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	600,517,537	-	-	600,517,537
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	10,811,520,350	-	-	10,811,520,350
Investment in debt securities				
Sovereigns	22,792,896,161	-	-	22,792,896,161
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	-	-	-	-
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	22,792,896,161	-	-	22,792,896,161
Derivative assets				
Sovereigns	290,485,982	-	-	290,485,982
AAA	202,597,569	-	-	202,597,569
AA- to AA+	14,573,689,038	-	-	14,573,689,038
A- to A+	11,744,751,825	-	-	11,744,751,825
Lower than A-	10,109,431,330	-	-	10,109,431,330
Unrated	4,296,535,855	-	-	4,296,535,855
	41,217,491,599	-	-	41,217,491,599

Other financial assets - credit quality

Other financial assets of the Bank are neither past due nor impaired, past due but not impaired and impaired are summarised as below:

	31 December 2020			Total Baht
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	
Accounts receivable from securities trading	1,195,134,855	-	-	1,195,134,855
Total	1,195,134,855	-	-	1,195,134,855

(b) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Bank's operations. Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding funding liability. One of the major causes of these mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are actively managed by the Branch and its Head Office as part of the overall risk management process which is conducted within internal guidelines and in conjunction with market risk.

As at 31 December 2020 and 2019, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	2020			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	2	2
Interbank and money market items, net	34	9,806	837	10,677
Accounts receivable from securities trading	-	-	1,195	1,195
Financial assets measured at fair value through profit or loss	601	10,211	-	10,812
Investments, net	-	22,793	-	22,793
Loan to customers and accrued interest receivables from deferred revenue	306	608	-	914
Other financial assets	-	-	31	31
Total financial assets	941	43,418	2,065	46,424
Financial liabilities				
Deposits	-	17,457	614	18,071
Interbank and money market items	1,048	1,300	100	2,448
Accounts payable from securities trading	-	-	715	715
Demand liabilities	-	-	73	73
Lease liabilities	-	15	-	15
Other financial liabilities	-	-	233	233
Total financial liabilities	1,048	18,772	1,735	21,555

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Descriptions	2019			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1	1
Interbank and money market items, net	624	12,836	1,265	14,725
Accounts receivable from securities trading	-	-	95	95
Investments, net	-	27,621	-	27,621
Loan to customers and accrued interest receivables from deferred revenue	1,350	628	-	1,978
Other financial assets	-	-	21	21
Total financial assets	1,974	41,085	1,382	44,441
<u>Financial liabilities</u>				
Deposits	-	12,906	547	13,453
Interbank and money market items	1,851	1,300	-	3,151
Accounts payable from securities trading	-	-	44	44
Demand liabilities	-	-	67	67
Other financial liabilities	-	-	318	318
Total financial liabilities	1,851	14,206	976	17,033

Transactions	2020						Non- interest bearing loans Million Baht	Non- interest bearing Million Baht	Total Million Baht
	Repricing or maturity date								
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht				
Financial assets									
Cash	-	-	-	-	-	-	-	2	2
Interbank and money market items, net	34	9,806	-	-	-	-	-	837	10,677
Accounts receivable from securities trading	-	-	-	-	-	-	-	1,195	1,195
Financial assets measured at fair value through profit or loss	-	636	3,110	5,796	1,270	-	-	-	10,812
Investments, net	-	5,239	17,013	-	541	-	-	-	22,793
Loans to customers and accrued interest receivables net from deferred revenue	306	473	135	-	-	-	-	-	914
Other financial assets	-	-	-	-	-	-	-	31	31
Total financial assets	340	16,154	20,258	5,796	1,811	-	-	2,065	46,424
Financial liabilities									
Deposits	17,457	-	-	-	-	-	-	614	18,071
Interbank and money market items	1,048	1,300	-	-	-	-	-	100	2,448
Accounts payable from securities trading	-	-	-	-	-	-	-	715	715
Demand liabilities	-	-	-	-	-	-	-	73	73
Lease liabilities	-	-	-	15	-	-	-	-	15
Other financial liabilities	-	-	-	-	-	-	-	233	233
Total financial liabilities	18,505	1,300	-	15	-	-	-	1,735	21,555

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Transactions	2019							Total Million Baht
	Repricing or maturity date					Non- Performing loans Million Baht	Non- interest bearing Million Baht	
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
Financial assets								
Cash	-	-	-	-	-	-	1	1
Interbank and money market items, net	21	12,836	-	603	-	-	1,265	14,725
Accounts receivable from securities trading	-	-	-	-	-	-	95	95
Investments, net	-	860	18,965	6,139	1,657	-	-	27,621
Loans to customers and accrued interest receivables net from deferred revenue	1,357	500	121	-	-	-	-	1,978
Other financial assets	-	-	-	-	-	-	21	21
Total financial assets	1,378	14,196	19,086	6,742	1,657	-	1,382	44,441
Financial liabilities								
Deposits	12,906	-	-	-	-	-	547	13,453
Interbank and money market items	1,851	1,300	-	-	-	-	-	3,151
Accounts payable from securities trading	-	-	-	-	-	-	44	44
Demand liabilities	-	-	-	-	-	-	67	67
Other financial liabilities	-	-	-	-	-	-	318	318
Total financial liabilities	14,757	1,300	-	-	-	-	976	17,033

The outstanding balances of loans which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued (presented before deducting allowance for expected credit loss) (2019: allowance for doubtful account losses).

The average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest rate for the years ended 31 December 2020 and 2019, can be summarised as follows:

	2020			2019		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
Performing financial assets						
Interbank and money market items, net	12,508	88	0.70	9,014	141	1.56
Investments, net	34,441	471	1.37	33,075	667	2.02
Loans to customers and accrued interest receivables	1,394	29	2.08	2,096	48	2.29
Total	48,343	588		44,185	856	
Performing financial liabilities						
Deposits	18,627	27	0.14	14,249	76	0.53
Interbank and money market items	3,056	36	1.18	2,248	60	2.67
Total	21,683	63		16,497	136	

(c) Currency risk

Currency risk is the risk to earnings and value of financial instruments caused by the fluctuations in foreign exchange rates. It is managed in conjunction with market risk.

The Bank manages currency risk within the limit which is approved by the Thailand Risk Committee. In addition, the Bank limits the net foreign currency position of each currency at 15% of the total fund of the Bank, and limits the net foreign currency in aggregate of every currency at 20% of total funds of the Bank. The ratio is complied with the regulation of the Bank of Thailand.

The following table presents a currency analysis for monetary assets and liabilities on statement of financial position as at 31 December 2020 and 2019 as follow:

	2020				
	Baht Million Baht	US Dollar Million Baht	Japanese Yen Million Baht	Others Million Baht	Total Million Baht
Cash	2	-	-	-	2
Interbank and money market items, net	10,532	-	-	145	10,677
Accounts receivable from securities trading	1,195	-	-	-	1,195
Financial assets measured at fair value through profit or loss	10,211	601	-	-	10,812
Financial derivative assets	20,444	16,088	1,335	3,350	41,217
Investments, net	22,793	-	-	-	22,793
Loans to customers and accrued interest receivables net from deferred revenue	914	-	-	-	914
Other financial assets	16	15	-	-	31
Total assets	66,107	16,704	1,335	3,495	87,641
Deposits	14,925	3,041	-	105	18,071
Interbank and money market items	2,439	9	-	-	2,448
Accounts payable from securities trading	715	-	-	-	715
Demand liabilities	73	-	-	-	73
Financial liabilities designated at fair value through profit or loss	14,316	-	-	-	14,316
Financial derivative liabilities	6,663	25,645	1,691	441	34,440
Lease liabilities	15	-	-	-	15
Other financial liabilities	147	85	-	1	233
Total liabilities	39,293	28,780	1,691	547	70,311
Net foreign currency position in the statement of financial position	26,814	(12,076)	(356)	2,948	17,330

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	2019				
	Baht Million Baht	US Dollar Million Baht	Japanese Yen Million Baht	Others Million Baht	Total Million Baht
Cash	1	-	-	-	1
Interbank and money market items, net	14,007	603	-	115	14,725
Accounts receivable from securities trading	95	-	-	-	95
Financial derivative assets	19,983	11,431	132	771	32,317
Investments, net	27,621	-	-	-	27,621
Loans to customers and accrued interest receivables net from deferred revenue	1,978	-	-	-	1,978
Other financial assets	17	4	-	-	21
Total assets	63,702	12,038	132	886	76,758
Deposits	11,205	2,095	-	153	13,453
Interbank and money market items	3,142	9	-	-	3,151
Accounts payable from securities trading	44	-	-	-	44
Demand liabilities	67	-	-	-	67
Financial liabilities designated at fair value through profit or loss	20,309	-	-	-	20,309
Financial derivative liabilities	6,063	15,671	3,123	1,171	26,028
Other financial liabilities	164	135	-	19	318
Total liabilities	40,994	17,910	3,123	1,343	63,370
Net foreign currency position in the statement of financial position	22,708	(5,872)	(2,991)	(457)	13,388

Value-at-risk (VaR)

The Bank utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment (including interest rate risk and currency risk). The Bank has a single VaR framework used as a basis for calculating Risk Management VaR and Regulatory VaR.

The VaR framework is employed across the Bank using historical simulation based on data for the previous 12 months. Risk Management VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 99% confidence level. The VaR of the Bank as at the end of the financial year, based on one-day time horizon at 99% confidence level, is Baht 45.54 million.

(d) Liquidity risk

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Bank's liquidity management framework is intended to maximise liquidity access and minimise funding costs. Management uses a variety of measures to mitigate liquidity and related risks, taking into consideration market conditions, funding needs and the profile of the location's liability base.

Treasury is responsible for day to day oversight and management of the liquidity of the Bank, and for ensuring compliance with regulations and the liquidity risk management policy. It is responsible for monitoring, managing and reporting the liquidity risk profile for the Bank. It formulates the location's liquidity strategies, including contingency planning; monitors cash flow requirements to determine potential funding gaps; maintains ongoing interaction with lines of business to track funding and business trends; and through all of the above seeks to avoid funding stress through early detection of liquidity issues.

The liquidity management framework has well-defined roles and responsibilities. Daily liquidity risk management tools are used by local Treasury traders to monitor the liquidity profile of the Bank. Funding limits and guidelines have been established, which in conjunction with the monthly liquidity stress tests provide assurance that sufficient funding is available even during periods of market stress.

The following table presents a maturity analysis for monetary assets and liabilities on statement of financial position as at 31 December 2020 and 2019.

	2020						Total Million Baht
	At call Million Baht	Within 3 months Million Baht	3 to 12 months Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	
Cash	2	-	-	-	-	-	2
Interbank and money market items, net	871	9,806	-	-	-	-	10,677
Accounts receivable from securities trading	-	1,195	-	-	-	-	1,195
Financial assets measured at fair value through profit or loss	-	636	3,110	5,796	1,270	-	10,812
Financial derivative Assets	-	5,559	3,343	15,952	16,363	-	41,217
Investments, net	-	5,239	17,013	-	541	-	22,793
Loans to customers and accrued interest receivables net from deferred revenue	306	473	135	-	-	-	914
Other financial assets	-	20	11	-	-	-	31
Total assets	1,179	22,928	23,612	21,748	18,174	-	87,641
Deposits	18,071	-	-	-	-	-	18,071
Interbank and money market items	1,148	1,300	-	-	-	-	2,448
Accounts payable from securities trading	-	715	-	-	-	-	715
Demand liabilities	73	-	-	-	-	-	73
Financial liabilities designated at fair value through profit or loss	-	307	980	3,291	9,738	-	14,316
Financial derivative liabilities	-	4,717	3,928	14,875	10,920	-	34,440
Lease liabilities	-	-	-	15	-	-	15
Other financial liabilities	-	232	-	-	-	1	233
Total liabilities	19,292	7,271	4,908	18,181	20,658	1	70,311
Liquidity, net	(18,113)	15,657	18,704	3,567	(2,484)	(1)	17,330

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	2019						
	At call Million Baht	Within 3 months Million Baht	3 to 12 months Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	Total Million Baht
Cash	1	-	-	-	-	-	1
Interbank and money market items, net	1,286	12,836	-	603	-	-	14,725
Accounts receivable from securities trading	-	95	-	-	-	-	95
Financial derivative Assets	-	3,181	3,285	12,219	13,632	-	32,317
Investments, net	-	860	18,965	6,139	1,657	-	27,621
Loans to customers and accrued interest receivables net from deferred revenue	1,357	495	126	-	-	-	1,978
Other financial assets	-	13	8	-	-	-	21
Total assets	2,644	17,480	22,384	18,961	15,289	-	76,758
Deposits	13,453	-	-	-	-	-	13,453
Interbank and money market items	1,851	1,300	-	-	-	-	3,151
Accounts payable from securities trading	-	44	-	-	-	-	44
Demand liabilities	67	-	-	-	-	-	67
Financial liabilities designated at fair value through profit or loss	-	614	1,236	4,185	14,274	-	20,309
Financial derivative liabilities	-	3,441	3,718	10,746	8,123	-	26,028
Other financial liabilities	-	318	-	-	-	-	318
Total liabilities	15,371	5,717	4,954	14,931	22,397	-	63,370
Liquidity, net	(12,727)	11,763	17,430	4,030	(7,108)	-	13,388

The table above classified monetary assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at statement of financial position date to the contractual maturity date. It is unusual for banks to have completely matched maturities since business transactions are often of uncertain terms and of different types. In addition, the Bank obtains a large proportion of domestic funding from customer deposits, interbank and money market item and financial liabilities under fair value option, and foreign funding from Head Office and other branches abroad. The Bank has demonstrated that a substantial level of such funding provides a stable source of long term funding for the Bank.

42 Management benefits

	2020 Baht	2019 Baht
Short-term employee benefits	107,975,297	106,344,569
Post-employment benefits	13,655,743	12,113,236
Share based payment	9,014,583	6,667,322
Total	130,645,623	125,125,127

43 Long-term lease commitment

As at 31 December 2020 and 2019, the Bank has payment obligations of service agreement and short-term leases as follows:

	2020 Baht	2019 Baht
Due within 1 year	2,251,600	14,129,658
Due more than 1 years but no later than 5 years	1,089,938	18,326,261
Total	3,341,538	32,455,919

44 Fair value

44.1 Fair value measurement

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

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

	2020 Fair value				
	Book value Million Baht	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets					
Financial derivatives Assets	41,217	-	41,217	-	41,217
Financial assets measured at fair value through profit or loss	10,812	-	10,812	-	10,812
Investment, net	22,793	-	22,793	-	22,793
Total assets	74,822	-	74,822	-	74,822
Liabilities					
Financial liabilities designated at fair value through profit or loss	14,316	-	-	14,316	14,316
Financial derivatives liabilities	34,440	-	34,440	-	34,440
Total liabilities	48,756	-	34,440	14,316	48,756

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	Book value Million Baht	2019 Fair value			Total Million Baht
		Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	
Assets					
Financial derivatives assets	32,317	-	32,317	-	32,317
Investment, net	27,621	-	27,621	-	27,621
Total assets	59,938	-	59,938	-	59,938
Liabilities					
Financial liabilities designated at fair value through profit or loss	20,309	-	-	20,309	20,309
Financial derivatives liabilities	26,028	-	26,028	-	26,028
Total liabilities	46,337	-	26,028	20,309	46,337

There were no transfers between Levels 1 and 2 during the year.

44.2 Valuation techniques used to derive level 2 and 3 fair values

Derivatives

Derivatives that are valued using models such as the Black-Scholes option pricing model, simulation models or a combination of models, that use observables or unobservable valuation inputs.

Input include:

- Contractual terms including the period to maturity
- Readily observable parameters including interest rates and volatility
- Credit quality of the counterparty and of the Bank
- Market funding levels
- Correlation levels

In addition, the following specific inputs are used for the following derivatives that are valued based on models with significant unobservable inputs:

Structured credit derivatives, specific inputs include:

- CDS spreads and recovery rates
- Credit correlation between the underlying debt instruments
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

Derivatives related to interest rate and exchange rate which are complexed, specific inputs include:

- Interest rate correlation
- Volatility of interest rate spread
- Exchange rate correlation
- Correlation between interest rate and exchange rate
- Parameters explaining the reference interest rate

Commodity derivatives, specific inputs include:

- Commodity volatility
- Forward commodity price

Debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

Investments

Fair value of financial assets measured at fair value through profit or loss and other comprehensive income are calculated using the last quoted bid price or using the discounted cash flow by reference to the risk-free yield curve adjusted by an appropriate risk premium.

Reverse repurchase agreement

Fair value of reverse repurchase agreement measured at fair value through profit or loss is calculated using the discounted cash flow by reference to the risk-free yield curve adjusted by an appropriate risk premium.

44.3 Fair value measurements using significant unobservable inputs (Level 3)

	Financial liabilities designated at fair value	
	2020 Million Baht	2019 Million Baht
As at 1 January	20,309	17,654
Total unrealised (gains) losses recognised in profit and loss	(1,436)	2,955
Settlement and redemption	(4,557)	(300)
As at 31 December	14,316	20,309

The ranges of unobservable inputs for interest rate correlation are (30%) - 50% (31 December 2019: (30%) - 50%) and Credit quanto are (20%) - 10% (31 December 2019: (40%) - (10%)).

There were no other changes in valuation techniques during the year.

44.4 Bank's valuation processes

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the statement of financial position at fair value. The Bank's valuation control function is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Bank's positions are recorded at fair value.

The Model Risk function is independent of the model owners and reviews and approves a wide range of models, including risk management, valuation and certain regulatory capital models used by the Bank. The Model Risk function performs an annual firmwide model risk assessment where developments in the product or market are considered in determining whether valuation models which have already been reviewed need to be reviewed and approved again.

44.5 Fair value of financial assets and liabilities measured at amortised cost

The financial assets and liabilities that are not measured at fair value as at 31 December 2020 and 2019 are as follows;

	2020				
	Book value	Fair value			Total
	Million Baht	Level 1	Level 2	Level 3	Million Baht
		Million Baht	Million Baht	Million Baht	
Assets					
Cash	2	2	-	-	2
Interbank and money market items, net	10,677	872	9,805	-	10,677
Accounts receivable from securities trading	1,195	1,195	-	-	1,195
Loans to customers and accrued interest receivables, net	894	-	894	-	894
Total assets	12,768	2,069	10,699	-	12,768
Liabilities					
Deposits	18,071	-	18,071	-	18,071
Interbank and money market items	2,448	1,148	1,300	-	2,448
Accounts payable from securities trading	715	715	-	-	715
Liability payable on demand	73	73	-	-	73
Total liabilities	21,307	1,936	19,371	-	21,307

	2019				
	Book value	Fair value			Total
	Million Baht	Level 1	Level 2	Level 3	Million Baht
		Million Baht	Million Baht	Million Baht	
Assets					
Cash	1	1	-	-	1
Interbank and money market items, net	14,725	1,286	13,439	-	14,725
Accounts receivable from securities trading	95	95	-	-	95
Loans to customers and accrued interest receivables, net	1,978	-	1,978	-	1,978
Total assets	16,799	1,382	15,417	-	16,799
Liabilities					
Deposits	13,453	-	13,453	-	13,453
Interbank and money market items	3,151	1,851	1,300	-	3,151
Accounts payable from securities trading	44	44	-	-	44
Liability payable on demand	67	67	-	-	67
Total liabilities	16,715	1,962	14,753	-	16,715

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash, saving deposits and current deposits presented as both interbank and money market assets and liabilities items, account receivable from securities trading, saving deposits and current deposits, account payable from securities trading and liabilities payable on demand.

Fair value of the following assets and liabilities are estimated for the purpose of disclosure as described below:

Loans to customers and accrued interest receivable, net

The fair value is the outstanding balance of loans and accrued interest less allowance for expected credit loss (2019 : allowance for doubtful accounts). The majority of loans are fixed rate. The management has assessed the existing effective rate of the outstanding loans is a reasonable approximation of market effective rate.

Interbank and money market items

The interbank and money market items (assets) are loans to financial institutions which are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are borrowing and fixed deposits which are short-term. Accordingly, their carrying amount is a reasonable approximation of fair value.

Deposits

The deposits are on demand, savings and fixed deposits which are short-term. Accordingly, their carrying amount is a reasonable approximation of fair value.