



**Bank of China (Thai)
Public Company Limited**

2020

ANNUAL REPORT



Contents

Financial Highlights.....	2
Message from Chairman of the Board of Directors.....	3
About BOCT.....	5
Products and Services	6
Risk Factors and Risk Management	19
Performance Results and Financial Position Analysis.....	28
Corporate Governance	31
BOCT Activities	46
The Board of Directors	54
The Executive List	64
Report of the Audit Committee.....	65
Independent Auditor's Report	68
Financial Statements	72
Notes to the Financial Statements.....	79
Capital Structure	147
Organization Chart.....	148
General Information.....	149

Financial Position (Million Baht)

	2020	2019
Total assets	68,541	69,992
Loan to customers (Less deferred revenue)	46,783	47,364
Allowance for doubtful accounts	1,468	902
Total liabilities	58,319	59,529
Deposit	47,094	47,088
Interbank and money market-Liabilities	7,383	8,975
Other liabilities	503	724
Shareholder's equity	10,222	10,463

Performance Results (Million Baht)

Net interest income	762	895
Non-interest income	451	533
Expected Credit Losses/ Doubtful accounts	302	250
Net profit before tax	75	375
Net profit after tax	68	264

Financial Ratio (%)

Return on average asset (ROA)	0.10	0.44
Return on average equity (ROE)	0.66	2.56
Capital adequacy ratio	21.88	20.01
Basic earnings per share (Baht)	0.07	0.26
Book value per share (Baht)	10.22	10.46

In 2020, Bank of China (Thai) Public Company Limited (“BOCT”) faced another challenging year due to unfavorable economic conditions in particular driven by uncertainty surrounding the COVID-19 situation. As at the end of 2020, BOCT’s net profit reduced to Baht 68 million due mainly to lower income and also increase in provision. The total assets of the Bank amounted to Baht 68.54 billion and the total liabilities amounted to Baht 58.32 billion, representing a decrease of 2.07% and 2.03% respectively over the previous year. The non-performing loan ratio was 3.23% increased by 1.86% compared to the previous year, major impact by the downgrade of one of the large loan exposures. Nonetheless, the non-performing loan ratio was still in line with market average.

Since the integration with Bank of China (Hong Kong) Limited (“BOCHK”) in year 2017, BOCT has continuously received strong support and resources from BOCHK. BOCT has made great improvements in various dimensions such as risk management, corporate governance, organizational structure, business marketing, compliance, internal control and bank culture transformation. Various efforts were put in place for promotion of economic opportunities and trade relations between Thailand and China.

During COVID-19 outbreak, BOCT has committed to supporting the customers to withstand the effects of the COVID-19 pandemic with a number of loan relief measures in line with the Bank of Thailand’s instructions and guidance to alleviate financial burdens and manage challenges arising from the pandemic. Such supportive measures covered both corporate and retail segments, for example, reducing the minimum payment rate for credit card customers to 5% (from 10%) and lower interest rate ceiling to 16% per annum (from 18% per annum). The relevant corporate and retail customers can apply to defer loan payment of principal and/or interest, extend their payment period, etc. In terms of precautionary measures, BOCT prudently assessed and kept updated the risk level of each industry sector including individual customer to prevent loan quality deterioration. In addition, BOCT has also introduced COVID-19 Transmission and Protective Measures in line with the Department of Disease Control, Ministry of Public Health such as temperature checks, face mask-wearing, social distancing, etc. BOCT has also activated BCP by split-team shifted to working from home alternated between Team A and Team B to curb the spread of COVID-19 and keep employees safe as well as to continue providing good service to customers.

Above all, BOCT strived to implement localization strategies and provided financing support to Thai infrastructure projects and Thai business enterprises. BOCT also cooperated with parent company and companies in the group to offer credit services such as syndicated loans, club loans and trade finance to Thai local clients. As at the end of 2020, local loan balance accounted for around 77% of total loan portfolio.

BOCT strictly adhered to laws and regulations of the Bank of Thailand and other regulatory requirements, implementing risk management concepts and internal control procedures aligning to BOCHK's risk management governance and internal control frameworks. To support the group's initiative of culture transformation, BOCT actively participated in various social activities, progressively promoting BOCT's branding as well as enhancing team cohesion and harmony. In addition, BOCT has established the Corporate Social Responsibility (CSR) Committee to act as the mediator in planning and executing CSR activities.

In the year 2021, continue facing the challenges from the more complex external market environment, BOCT would stay commit to enhancing the Environmental, Social, and Governance (ESG) Management in line with the group's direction to focus more on ESG-themes product trend to achieve greater efficiency and sustainable growth by fulfilling its responsibility towards all stakeholders including customers, shareholders, employees and the community. BOCT would continue taking precautionary measures and loan relief measures with regard to COVID-19 pandemic and keep monitoring impact and trend to FI operations. BOCT would be moving towards major directions in line with the group's strategies: work proactively; focus on digital banking; improve innovation; transform to be more value added and strive for achieving much better performance.



Mr. Wang Hongwei

Chairman of the Board of Directors

Bank of China (Thai) Public Company Limited (“BOCT”) is a wholly owned subsidiary of Bank of China (Hong Kong) Limited (“BOCHK”). BOCHK is one of the most important commercial bank in Hong Kong. BOCHK has the largest branch network, ranking at the top in all major businesses with full financial services. Bank of China Group (“BOCG”) has been operating for more than a century and being one of the renowned international and diversified banks in China.

Thailand is considered as an important area of Bank of China (“BOC”) in term of being the strategic developing area among ASEAN regions. On 21st February 1994, BOC established Bangkok International Banking Facility (“BIBF”) in Thailand, and was formally upgraded to be Bank of China Limited, Bangkok Branch (“BOCBKK”) on 10th March 1997 whereby BOCBKK had provided full banking services. On 26th August 2014, BOCBKK had been transformed to be a subsidiary bank, namely BOCT. On 9th January 2017, BOCT officially became a member of BOCHK Group as part of the restructuring plan among BOC Group in the ASEAN region.

With a history of business operation of BOCT more than 26 years, in order to promote the advantages of our cross-border services, BOCT aims to maintain the valued customers and provides full financial services of BOC Group by supporting investment of overseas Chinese enterprises and promoting RMB globalization, BOCT will enhance the business with corporate customers, retail customers as well as financial institutions. BOCT also continually follows the missions of BOCG and BOCHK to uphold the mission by striving to build a world-class bank in the new era.

1. Comprehensive RMB Services

1.1 RMB Saving Account

Offering RMB saving account in Thailand:

- Internet/ Mobile Banking service available.
- Transfer funds from the client's account to
 - His/her family or friends' RMB account with BOCT.
 - His/her account in another currency with BOCT (funds will be exchanged from RMB into another currency).

1.2 All-in-One RMB Fixed Term Deposit Account

Offering All-in-One Fixed Term Deposit Account with RMB currency in Thailand, the customers can deposit to RMB account for 1-month, 3-month, 6-month and 12-month term.

- No account opening fee or account management fee.
- Internet and Mobile Banking service available.
- Early withdrawal/partial withdrawal before maturity date permitted (Terms and Conditions may apply).

1.3 RMB Currency Exchange

The customer can hold a saving account in RMB and another saving account in another currency, e.g. USD, GBP, EUR and SGD. The customer can make currency exchanges by simply transferring funds between these two accounts.

- No commission to exchange RMB
- Offer better exchange rate to transfer fund between accounts
- Online currency exchange available

1.4 RMB Pre-Settlement Remittance

RMB pre-settlement remittance* is one of the special services provided by BOCT. When the receiver in mainland China would like to receive RMB from the payer in Thailand, BOCT can lock the RMB exchange rate upon remittance, enabling the payee to receive in full amount of RMB at the fixed exchange rate on the day of remittance, eliminating the exchange rate risk between foreign currency and RMB.

- Payer can be any individual residing outside mainland China.
- Payee** must be any Chinese citizens.
- Payer and Payee's name can be expressed in Chinese characters for convenience.

* Due to the regulation of State Administration of Foreign Exchange in China, an annual limit of USD 50,000 equivalents in RMB is set as the ceiling of individual's exchange

settlement amount. Customers should make sure the payee fulfills the regulation requirement before remittance takes place.

** The payee's 18-digit ID number should be provided.

1.5 RMB Cross-border Trade Settlement

BOCT's experienced and professional trade service team provides the customer with suitable and tailor-made RMB trade settlement and financing solutions, including Import Trade Settlement (RMB Import Collection Bills, RMB L/C Issuance), Import Trade Financing (RMB Trust Receipt Facilities under L/C, T/T, D/P, D/A), Export Trade Settlement (RMB Export Collection Bills, RMB L/C Advising, RMB L/C Confirmation, RMB L/C Transfer), Export Trade Financing (RMB Export Bills under L/C Negotiation, RMB Export Bills Advances, RMB Export Bills Discounting, RMB Forfaiting) to meet the customer's financial needs for business expansion.

BOCT has the strong network of RMB Cross-Border Settlement. BOCG is authorized to be the RMB Clearing bank in the following 13 countries and regions: Hong Kong, Macau, Taiwan, Malaysia, Australia, South Africa, Zambia, France, Germany, Hungary, U.S.A (New York), Japan and Philippines.

2. Local Account Service

2.1 Savings Account

An interest-bearing passbook account with its full flexibility to withdrawal at all times.

- A passbook with all transaction records.
- Multiple currencies available in THB, USD, CNY, EUR, SGD, HKD and GBP.
- Funds in THB, USD and RMB can be deposited in cash or transferred to another account, while other currency funds can only be transferred between accounts.
- Union Pay debit cards available and can be linked to individual clients' THB and RMB savings accounts.
- The interest calculation is on a daily base. Interest will be paid twice a year, in June and December at the Bank's applied rates.
- Minimum deposit requirement may vary with different currencies.

2.2 Fixed Term Deposit Account

- Fixed term with 1/3/6/12/24 month(s) available. A passbook with all transaction records.
- Multiple currencies available in THB, USD, CNY and SGD.
- Flexible choice whether to renew both the principal and interest or only to renew the principal on the due date.
- Early withdrawal/partial withdrawal before maturity date permitted (Terms and Conditions may apply).

8 Products and Services

- Internet/Mobile Banking available.

3. Money Transfer

3.1 Local Payment

Through a variety of service channels, the clients can easily and conveniently transfer their funds to payees.

- Transfers among BOCT accounts are free of charge, whether through the same currency or cross currencies.
- Both Baht Net and Bulk payment* are available over the counter or via online banking.
* *Bulk payment can only be applied to the remittance amount less than 2 million Baht.*
- Prompt Pay instant transfer is available via online banking.


3.2 International Payment


Worldwide network of branches/subsidiaries and correspondent banks of BOCT provides safe and secure international payment.

- International remittance service available to all account holders of BOCT.
- Multiple currencies such as USD, GBP, HKD, JPY, AUD, EUR, SGD, THB, CAD, CHF and CNY are available.
- Remitter and beneficiary's name can be expressed in Chinese characters.

4. Bank Cards

4.1 Great Wall International Debit Card


BOCT is the first bank in Thailand offering dual-currency debit card, with Chinese Yuan and Thai Baht in one card. Customers can enjoy the convenience of withdrawing cash from ATMs and paying for goods/services globally, when seeing the symbol of UnionPay .


- Dual currency (Chinese Yuan and Thai Baht).
- Union Pay Brand.
- Convenient cash withdrawal or merchant's payment worldwide with the logo of .
- No exchange rate risk for all transactions in China via CNY deposit account in BOCT.
- Safe and secure with the personal PIN number required for each transaction, no matter for cash withdrawal or shopping.
- Conveniently withdraw cash from ATM of any banks in Thailand with Thai Payment network.

- Card holders can withdraw cash through ATMs of BOC network without extra charge in mainland China, which is rather suitable for Thai people working or studying in mainland China.



4.2 Great Wall International Credit Card


4.2.1 Dual Currency Credit Card

A Dual-Currency Credit Card, with Chinese Yuan and Thai Baht in one card, gives superior benefits when customers use the credit card all over the world. With the widespread merchant networks accepting logo of  in Thailand and other 100 countries worldwide, customers can enjoy the convenience in making purchases. No exchange rate risk when using the card in China, as long as repayment is done through BOCT's CNY account or paid in CNY.

- Dual currency (Chinese Yuan and Thai Baht)
- Union Pay brand
- No exchange rate risk for all transactions in China as long as repayment is done through BOCT's CNY account or paid in CNY
- Enjoy installment program
- Enjoy rewards points benefits
- Interest-free period
- Cash advance service through all ATM with the logo of 
- Enjoy Union Pay global service

4.2.2 Single Currency Credit Card

Single currency credit card with Thai Baht can be used to pay for goods/services at any stores worldwide with the logo of , and to withdraw cash at any ATMs with the logo of  around world.

- Thai Baht currency
- MasterCard brand
- Enjoy installment program
- Enjoy rewards points benefits
- Interest-free period
- Cash advance service through all ATMs with the logo of 
- Enjoy MasterCard global service

5. Mortgage

BOCT offers a variety of mortgage products and enabling customers to get their own home through buying a new one from developers, purchasing a second-hand one from the property market or refinance existing mortgage loan to BOCT.

- Competitive interest rate.
- For refinancing applicants from other banks, a special-rate to additional loan for renovation, decoration, and furniture purchase will be offered.
- Mortgage arrangement for foreign property buyers with overseas income is available.

6. Trade Finance

6.1 Letter of Guarantee

Letter of Guarantee is a written commitment issued by BOCT at the request of the applicant to pay the beneficiary a certain sum of money up to a maximum amount stipulated in the Letter of Guarantee in the event of default or failure to fulfil the contractual obligations by the applicant under the contract signed between the applicant and the beneficiary.

Letter of guarantee has a variety of categories and uses, applicable to goods, services, technology trade, project contracting and construction, goods import-export declaration, financing from financial institutions, large sets of equipment lease, preservation in litigation, contractual obligation fulfilment, etc.

6.1.1 Bid Bond

A written document issued by BOCT to compensate the beneficiary within the amount stipulated in the Letter of Guarantee in the event that the applicant of the guarantee (Bidder) refuses to conclude a contract with the beneficiary, or withdraws or amend its bid during the validity of bidding period or fails to present a performance guarantee to the beneficiary after concluding the contract.

6.1.2 Advance Payment Guarantee

A written documents issued by BOCT to compensate the project owner or the buyer within the amount stipulated in the Letter of Guarantee due to the failure of Applicant to fulfil the contractual obligations after the project owner or the buyer makes the advance payment.

6.1.3 Performance Guarantee

A written document issued by BOCT at the request of applicant to compensate the beneficiary (the owner of a contracted project or the buyer) within the amount stipulated in the Letter of Guarantee in the event of default by the applicant in due performance of the contractual obligations.

6.1.4 Quality Assurance Guarantee

A written documents issued by BOCT at the request of the applicant (the contractor / the supplier) to compensate the beneficiary (the project owner / the buyer) within the amount stipulated in the Letter of Guarantee in the event of the failure of the applicant to fulfil the contractual obligation during the warranty period or maintenance period.

6.1.5 Payment Guarantee

A written document issued by BOCT at the request of the applicant (the buyer) to compensate the beneficiary (the seller) within the amount stipulated in the Letter of Guarantee in the event of the failure of the applicant to fulfil the payment obligations under the contract to purchase goods, technology, patent or labour and etc.

6.1.6 Financing Guarantee

A written document issued by BOCT at the request of the applicant to compensate the beneficiary (the another bank) who provides the loan facility to the applicant or his subsidiaries/partners within the amount stipulated in the Letter of Guarantee in event of the failure of the applicant to fulfil the financial obligation.

6.2 Import Financing

Letter of Credit (L/C)

The Letter of Credit (L/C) is an irrevocable payment undertaking issued by BOCT at the request of the buyer/importer (the L/C applicant) in favour of the seller /exporter (the L/C Beneficiary) to fulfil the payment obligation to the L/C Beneficiary under the conditions that the L/C Beneficiary presents all documents as required in the L/C and the terms and conditions under the L/C are complied with.

The Letter of Credit (L/C) can be mainly divided into 2 types as following:

- Sight L/C: Payment will be made after the documents as required in the L/C are presented and the terms and conditions of L/C are complied with.
- Usance L/C: Payment will be made at the maturity date after the documents as required in the L/C are presented and the terms and conditions of L/C are complied with.

6.2.1 Trust Receipt

Trust Receipt Loan (T/R Loan) refers to a short-term loan granted by BOCT to the Applicant in relation to Import LC to allow the Applicant take possession of the goods in trust for resale, the bank will pay the goods / service to the exporter on due, while the Bank retains title to the goods and the sales proceeds until the loan is settled by the Applicant.

6.2.2 Inward Collection

Entrusted by a foreign correspondent bank or an affiliated bank (a remitting bank) and according to their collection instructions, BOCT provides the collection and settlement services and delivers the relevant documents to the importer / buyer.

Inward Collection is suitable for the importer /buyer who wish to pay to the exporter/ seller with lower cost and simpler procedures than L/C.

The Inward Collection can be mainly divided into 2 types as following:

- Documents against Payment (D/P at Sight), the importer/ buyer can receive the documents for disposing the goods after making the payment.
- Documents against Acceptance (D/A), the importer/ buyer can receive the documents for disposing the goods after making the acceptance and effecting the payment on due date as agreed terms with the exporter/ seller.

6.2.3 Import Invoice Financing (IIF)

Import Invoice Financing (IIF) refers to a type of short-term loan provided to the BOCT's customer on a with-recourse basis, for the purpose of financing purchase of Goods and/or Services (including the shipment of the Goods), in which the Supplier sends all trade documents to the Purchaser directly under T/T payment term need to be effected on due date.

6.3 Export Financing

6.3.1 L/C Advising

L/C Advising is the notification of the received L/C or its amendments to the beneficiary by BOCT. This product can help the beneficiary (exporter) under the L/C to timely receive the L/C or its amendments verified of their genuineness.

By our network around the world, BOCT can serve this L/C advising service to the beneficiary efficiency.

6.3.2 L/C Confirmation

L/C Confirmation is the irrevocable payment obligation undertaken independently by BOCT for the L/C Beneficiary (the exporter / the seller), in addition to the irrevocable payment undertaking by L/C issuing bank.

In case the L/C Beneficiary does not feel comfort with the L/C issuing bank's credit risk or the country's risk, the L/C Beneficiary can contact BOCT to provide the L/C Confirmation in favour of the L/C Beneficiary. BOCT will guarantee to effect the payment under the condition that the documents as required in the L/C are presented and all terms and conditions of L/C are complied with. L/C Confirmation can provide the double assurance of payment to the L/C Beneficiary.

6.3.3 Transfer L/C to the second beneficiary (beneficiaries)

Transfer L/C is a beneficial service for L/C Beneficiary (the exporter / the seller) who act as an intermediary after receipt of the transferable L/C issued by L/C issuing bank. The L/C Beneficiary (the first beneficiary) can request BOCT to transfer L/C to the second beneficiary (beneficiaries) under the conditions that the L/C issuing bank authorizes BOCT to be the transferring bank. The Transfer L/C can be made for the partial or the full amount of the L/C.

6.3.4 Bill Negotiation under Letter of Credit

Bill Negotiation under Letter of Credit (L/C) is a service that BOCT provides the documents examination for L/C Beneficiary to ensure that the document presentation is complied with the terms and conditions of L/C and forward the documents to L/C issuing bank for reimbursement. After receipt of payment, BOCT will credit the net proceeds to the L/C Beneficiary's account as instruction.

6.3.5 Outward Bills for Collection

Outward Bill for Collection is the service which BOCT provides the payment collection service from the importer / the buyer through their collecting bank. This kind of service is suitable for the exporter / seller who understand the credit status of the importer/ the buyer and has the sufficient funds for preparation and delivery of goods.

The payment instruction under Outward Bill for Collection, which the exporter / the seller can use, is mainly divided into 2 types:

- Documents against Payment (D/P) – Under this type of collection, BOCT will provide the collection instruction to the collecting bank to collect the payment from the importer/ the buyer (the drawee) before releasing the documents to importer/ the buyer.
- Document against Acceptance (D/A) – Under this type of collection, BOCT will provide the collection instruction to the collecting bank to receive the acceptance from the importer / the buyer (the drawee) before releasing the documents to the importer / the buyer.

6.3.6 Purchase / Discount the Bills under Letter of Credit & Collections

BOCT can provide the post-shipment financing facilities by purchasing the documents under L/C (At Sight) or under collections (D/P at sight) or discounting the documents under L/C (Usance) or under collections (D/A). With this kind of financing, it assists the exporter / the seller to accelerate the funding circulation before obtaining the payment from the L/C issuing bank or the importer/ the buyer under collections.

6.3.7 Forfeiting (Discounting of Bills under Usance L/C without Recourse)

Forfeiting (Discounting of Bills under Usance L/C without recourse) is the post-shipment financing service which BOCT provides to the L/C Beneficiary (the exporter / the seller) who wants to eliminate the credit risk of L/C issuing bank , the country risk of L/C issuing bank under Usance L/C . BOCT will discount the bills on without-recourse basis after

receiving the acceptance by the L/C issuing bank through authenticated swift, and will credit the proceeds to the L/C Beneficiary's account after deducting all charges and discounting interest.

6.3.8 Factoring

Factoring refers to the integrated financial services including buyer credit checking, collection of receivables, credit protection, sales ledger management and prepayment against receivables rendered by a factor (export factor) to a client (seller) based on the assignment of receivables, when the seller sells goods or provides services to a buyer by way of credit such as open account & D/A. By providing the factoring service, the Bank can better understand a client's sales model, business model and quality of buyers, and be able to maintain the balance of import and export business portfolio (monitoring the entire trade process).

6.3.9 Export Invoice Discounting (EID)

Export Invoice Discounting (EID) refers to providing financing on with-recourse basis and services like collection of accounts receivable and sales administration to the seller assigns his existing or future accounts receivable to BOCT.

6.3.10 Packing Loan (PL)

Packing Loan ("P/L") refers to trade finance provided against a Letter of Credit issued in favour of the customer and pledged to the Bank.

6.3.11 Pre-Shipment Financing ("PSF")

Pre-Shipment Financing ("PSF") refers to a specialized trade finance of purchasing, production and transportation under the purchase order or trade contract submitted provided by the Bank to support stocking and shipping for exporters under international trade and suppliers under domestic trade.

7. Global Markets Product

7.1 Foreign Exchange Spot Transaction

Foreign exchange spot transaction means that two parties enter into deals at the spot exchange rate of foreign exchange markets on the day and complete corresponding foreign exchange deliveries within Spot date (T+2). BOCT provides exchange service of all kinds of freely convertible currencies mainly including USD, THB and CNY.

- Competitive Foreign Exchange rates offered.
- Cash exchange among THB, CNY and USD available for both accounts holders and walk in customers.

7.2 Forward Transaction

7.2.1 Foreign Exchange Outright Forward Transaction

Foreign Exchange Forward Transaction refers to the foreign exchange transaction on a foreign exchange rate agreed by the buyer and seller under a foreign exchange contract, and for delivery on an agreed day, which is generally a certain day after the second working day after the transaction.

The forward transaction can lock up the exchange rate and hedge exchange risk: The Client can fix the future contractual foreign exchange rate on a specified settlement.

7.2.2 Foreign Exchange Optional Forward Transaction

Optional forward transaction of foreign exchange refers to the foreign exchange forward deal that enables customers to settle with prescribed foreign exchange rate on any working day within a certain contracted period in the future. Customers can choose the settlement date and amount up to the contract size by themselves.

Customers entrust BOCT to settle with the contracted foreign exchange rate within a certain designated period, and implement the conversion between different foreign currencies by buying a kind of currency and selling another.

7.3 Foreign Exchange Swap

The foreign exchange swap consisted of the two transactions with the same amount, different starting date and in opposite direction. The FX swap has near and far value dates and two agreed exchange rates.

7.4 Interest Rate Swap

A transaction which counterparties agree to exchange fixed interest rate for floating interest rate, or vice versa, on the same of notional / principal amount in the specified time period, according to the agreed terms and conditions.

7.5 Cross Currency Swap

A transaction which both counterparties agree to exchange one currency with other currencies, including an exchange of interest obligations of such different currencies, at the specified time period.

8. Corporate Loans

8.1 Overdraft (O/D)

Overdraft (O/D) is a type of credit product that customers can withdraw more than the balance on their current account, within the limits specified by the bank, to support working capital, liquidity.

8.2 Project Finance

Project Finance is a type of loan supporting for any large-scale project by evaluating its business characteristics of project, project feasibility, financial structure, source of repayment, cash flow, and collaterals.

8.3 Long Term Loan

Loan term loan is a type of loan, with tenor more than 1 year, financing investment in fixed assets under a specific repayment schedule and amount.

8.4 Working Capital Loan

Working capital loan is a type of short-term financing, supporting business operation, with tenor 1 – 12 months (depending on business characteristic).

8.5 Syndicated Loan

Syndicated loan refers to financing method where two or more lenders provide funds for one or more companies with one loan agreement based on agreed term and conditions. The product mainly serves large group customers and large projects.

9. Personal Internet/Mobile Banking

9.1 Bank Account

- Account overview: it displays all account information linked to online banking by customers, including account number, alias, type, currency, available balance and account balance;.
- Transaction details: customers can make inquiry about and download the transaction details of linked accounts, including transaction date, transaction brief, currency, cash/exchange, amount received, amount paid, balance and so on; customers can also make inquiry about transactions across various time span;.
- Term deposit account information: customers can make inquiry about the current status, currency, current balance and available balance of the term deposit account;
- Account management: customers can change the alias of the account, cancel accounts linked to Internet/Mobile banking, and link other account to Internet/Mobile banking.

9.2 Transfer and Remittance

- Within Bank transfer: customers can transfer the funds in current account to his/her or other people's account, including: transfer among customers' accounts of the same currency, transfer among customers' accounts of different currencies (currencies exchange), and transfer to other people's current account in BOCT.

- Domestic transfer: customers can transfer the funds in current account to other domestic banks' account, there are three types of domestic transfer;
 - Bulk Payment: T+1 and T+2 transfer
 - Bahtnet
 - Prompt Pay instant transfer
- Overseas remittance: customers can remit the funds in current account to an overseas account, including: general remittance (remittance directly from a current account of USD or another currency) and RMB advance settlement of foreign exchange remittance.
- Term deposit: customers can convert the funds in current account into term deposit, or transfer mature funds to certain current account.
- Payee management: customers can store the information of frequently used payees; therefore they can simply find certain payee's information for online remittance without inputting every time.
- Scheduled transactions management: by using this function, customers can manage the scheduled transfer and remittance transactions and the system handles the transactions according to customers' selection (only personal scheduled transfer within bank in single currency is available at present).
- Inquiry about online banking transactions: customers can make inquiry about whether the presented online banking transaction is accepted, and inquire about and print the historical transactions.

10. Corporate Internet Banking

10.1 Bank Account

- Account overview: it displays all account information linked to online banking by customers, including account number, alias, type, currency, available balance and account balance.
- Transaction details: customers can make inquiry about and download the transaction details of linked accounts, including transaction date, transaction brief, currency, cash/exchange, amount received, amount paid, balance and so on; customers can also make inquiry about transactions across various time span.
- Account management: customers can change the alias of the account, cancel accounts linked to online banking, and link other account to online banking.

10.2 Transfer and Remittance

- Single Payment: customers can only do one transaction or payment.
- Batch Payment: this function allows customers to create and send many transfers in one time by uploading a batch file.

- **Modify:** in case a maker has created a failed or uncompleted transaction that have not authorized by an authorizer yet, corporate customers or maker can modify the transaction by this function.
- **Authorization:** An authorizer has the right to use this function to authorize transactions that have been created by the maker.

10.3 iGTB

The Intelligent Global Transaction Banking Platform (“iGTB”) implements the strategy of centering transactions, establishing an online financial ecology, providing integrated solution and increasing customer’s stickiness. With implementing iGTB platform.

Through different combination of product modules and the use of big data analysis and application to facilitate precise product selling for different customer requirements. iGTB creates a standardized regional coverage and online delivery, a unified regional transaction banking platform and leading to the era of intelligent corporate banking services 2.0.

Available cash management services on iGTB

- Infrastructure and Customer Experience Module
- Information Management Module
- Regional Transfer payment module
- Treasury management module
- Regional Liquidity Management module

11. ATM

- Easily withdraw or deposit cash in local currency for debit cards/credit cards issued by local banks or overseas banks.
- Conveniently transfer fund to other bank’s account or receive money from other bank’s debit card through ATM of BOCT or other banks in Thailand.
- Instantly account balance check for saving and current accounts.

The Bank recognizes that effective risk management is essential for good banking governance. Accordingly, the Bank has established a framework for managing risk in each area of its business to ensure effective risk management mechanism. Over the past few years, the Bank has been continuously analysing major risk factors that could affect its financial operations. Whenever it's necessary, BOCT will adjust its organizational structure and risk management processes accordingly. This is to ensure that its risk management system is effective and in line with international standards and the principles of Basel requirements.

The Board of Directors, the Risk Oversight Committee and the Senior Management play significant roles in setting up and reviewing the sufficiency of the risk management policy and system. They also approve the risk management strategy, monitor and control the Bank's risk to be at an appropriate level.

The Bank's risk management process comprises of:

- Identification of significant risks which may potentially impact the Bank's business operations;
- Assessment of each type of risk;
- Monitoring and controlling of risks to maintain at an appropriate level;
- Reporting the status of each type of risk to the relevant parties so as to enable them to manage and/or handle the risks in a timely manner.

The major risks that may affect the operations of the Bank, as well as the Bank's management of these risks, are as follows:

1. Credit Risk

Credit risk is the risk that a customer or a counterparty may be unable or unwilling to meet a repayment obligation. The extension of commercial credit by the Bank includes loans, advances, overdrafts, trade finance, treasury businesses and commitments, letter of guarantees, letters of credit, retail loan, housing loan, and credit card etc. The Bank's credit risk management process includes: independent due diligence investigation without any administrative intervention; scientific and objective risk review, taking both business developments and risk control into considerations; credit approval based on strict decision-making discipline; and Accountability system of examination and follow-up evaluation.

1.1 Structure and Responsibilities

On the aspect of corporate business, Corporate Business Departments and branches are responsible for Credit Rating, Credit Analysis and Credit Proposal. Due Diligence Team of Risk Management Department is responsible for Due Diligence Investigation. Credit Assessment Committee is responsible for credit assessment. The CEO & Country Head is authorized by the Board of Directors of the Bank for credit approval according to the assigned authority level. Credit approval beyond the assigned authority shall be submitted to the Board of Directors for approval. For post-approval follow-up and monitoring, Corporate Business Departments and branches are responsible for annual review while Risk management Department shall be the counter-checker. Additionally, Risk Management Department is also responsible for the annual credit examination.

On the aspect of retail banking, the Personal Digital Banking Department is responsible for expanding customer base of credit card business and mortgaged housing loan business. Large housing loan amount is subject to review by Collateral Appraisal Committee and approval from CEO.

1.2 Scope and Nature of Risk Measuring, Monitoring and Reporting System

According to BOCG's requirement, the Bank updated "Credit Granting Guideline" to enhance credit risk management. It further clarified the bank's development plan, risk appetite, on-boarding criteria to meet the requirement from local regulator and BOCHK.

For new credit cases, Corporate Business Departments (CBD) and branches conduct insight credit analysis to know the customer and to understand the market situation of the customer. CBD also conduct industry analysis as well as forward-looking analysis; Due Diligence Team, Credit Assessment Committee and the approver strictly implement credit screening process. The consideration covers customer financial and non-financial information, credit facility information, borrower's history repayment record, collateral analysis, risk analysis, conclusion, and suggestion or justification in credit decision making.

BOCHK launched the ASEAN Corporate Model (ACM) rating to all SEA entities including Bank of China (Thai) in first quarter of 2019, which subjects to replace KMV rating in fourth quarter of 2019. The more robust ACM model includes Financial and Non-Financial Sub-Models which factor-in both regional and country specific characteristics and risk considerations. Moreover, ACM Modeling approach is developed by referencing to reputational rating methodologies adopted

by credit rating agencies and modeling consultants in market. The results from internal rating system are widely applied in different areas, including credit approval, risk monitoring, limit setting, credit policy, risk reporting and Expected Credit Loss (ECL) calculation under TFRS 9 which subject to implement in January 2020.

BOCT continues to strengthen management over credit approval and credit rating, adhering to the principles and criteria of credit limits approval in order to ensure the quality of new credit assets. The management's policy of proactive withdrawal from high-risk customers is reinforced, and BOCT continues to emphasize on tightening the credit granting policy.

BOCT generally measures and manages the quality of credit risk-bearing assets based on the relevant rules and regulations of Bank of Thailand. In classifying credit assets, consideration was given to various factors that affect the quality of credit assets but always under the core criteria of the probability of asset recovery and the extent of loss. To obtain a loan's final risk classification, the Bank performs standardized processes according to the "Administrative Measures for Credit Assets Risk Classification" in terms of classifying, checking, reviewing and approving. BOCT strengthens risk monitoring and early-warning systems, reinforces major risk event reporting system, and reviews credit rating and conducts inspection of high-risk customers more frequently. The Bank also undergoes credit review and credit examination of credit business to scrutinize potential risks and actively implements rectification measures. Credit risk reports are also made to monitor the structure and concentration of credit risk, including asset quality, group limit control, country risk limit, loan portfolio, and concentration of industry.

For the retail business, BOCT has approval model for pre-loan investigation; on the other hand, BOCT develops Behaviour Assessment Model in order to strengthen the post loan management in terms of transaction monitoring.

1.3 Credit Concentration Risk

Credit concentration risk is the risk incurred by undertaking huge exposure of lending, investment and other contractual commitments to any particular group/sector of customers that may have adversely impact to the bank's on-going operation.

The Bank manages credit concentration risk by controlling not to over-lending to any specific industry. Single Group concentration is controlled by limiting the exposure amount, investment and other contractual commitments to any one borrower or any one project to no more than 25%

of the Bank's total capital. The Bank also sets a limit on the business type of customers. This includes loan, investment and other contractual commitments to each specific customer that exceed 10% of the Bank's capital will be treated as large customers of the bank, whereby total exposure of each specific industry of large customers will not be allowed to exceed three times of the bank's the total capital.

As at December 31, 2020, groups of borrowers with exposure exceeding 10% of the Bank's capital had a combined exposure much lower than the specified limit under the policy. Although the Bank's lending to the manufacturing sector is considered at high level of total lending, it is well diversified among various subsectors. Moreover, the Bank regularly monitors its lending portfolio in order to maintain an appropriate level of loan diversification.

2. Market Risk

Market risk means risk which may cause damage to the financial institution as a result of the volatility of the price or value of position including assets, liabilities and obligations held by the financial institution. Market factors which may affect such price or value are changed on interest rate, foreign exchange rate, equity price and commodity price. For BOCT, market risk arises from both trading and banking book positions. Trading risk exposures are mainly generated from customer-based FX position. BOCT applies the Standardized Approach on maintenance of capital for market risk calculation.

BOCT's market risk management is led and supervised by the Board of Directors, Risk Oversight Committee and Senior Management. The committee must ensure market risk taken is to be within a rational scope in accordance with risk-taking ability, monitoring ability, and management ability, supervise sources and usages of funds, cut down on passive mismatches and structural exposures, and strictly manage the structural exposures.

2.1 Structure and Responsibilities

Global Market Department is the frontline business unit responsible for deal management and also to manage market risk exposure arising from their daily trading activities in order to ensure the used limit of market risk indicators are within the limit approved by the Board of Directors. Risk Management Department is the middle office responsible to independently monitor, control and report market risk following its reporting line. Financial Operation Department is the back-office

unit to manage market risk in the banking book and also responsible for trade settlement and to verify if trade information is completed.

Mark-to-Market is an important tool for daily risk monitor and control. In normal case, relevant data shall be directly quoted from the market. BOCT also ensures the overall procedure in collecting data to be independent from the Front Office in order to avoid interest conflicts or data manipulation.

BOCT conducts transactions strictly in accordance with the bank's approval of counterparty credit line, conduct transactions for customers under credit line.

2.2 Procedure for Managing and Controlling Risks

BOCT's market risk management is strict, reasonable, and reliable, so BOCT's market risk level is relatively low. In daily operation, BOCT maintains the current limits, improves the efficiency of position monitoring, controls the scope of derivative products, carries out new product prudently, adjusts interest rates if necessary, and improves the efficiency of utilization of funds.

2.3 Guidelines for Setting Risk Control Limits

Currently, BOCT's market risk mainly comprises of foreign exchange rate risk and interest rate risk in Trading Book. In order to manage market risk, BOCT strictly implements a limit control mechanism composed by following indicators: (1) Credit limit with major counterparties, (2) FX exposure limit at end of each business day, (3) Profit/loss (P/L) limit and (4) Price value at basis point (PVBP).

Most of security investment is government bond for regulatory purposes. Duration is used to monitor the movement of bond prices. These risk indicators are being monitored on daily basis and quarterly reported to the Board of Directors.

2.4 Interest Rate Risk in Banking Book

Interest rate risk in banking book is the risk or potential loss to earnings and economic value of the bank due to the change in interest rate. This interest rate risk arises from differences in the maturity and re-pricing dates of assets and liabilities. These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the bank's risk management policies.

3. Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal process, people and system, or from external events, includes legal risk but excludes strategic and reputation risk. Operational risk exposures are managed through management processes that focus on risk identification, assessment, control and monitoring. Operational Risk Management framework is stipulated to consistently identifies and assesses specific operational risk points and ensure that the impact of operational losses could be minimized and controlled via the following process: identify and understand the business areas to be assessed and the business process; identify and assess the inherent risks; identify and assess adequacy and effectiveness the control of inherent risks; identify and assess residual risks; determine whether to accept the residual risks; determine the rectification plan for the unacceptable residual risks; monitor and report the accepted residual risks.

The Bank has placed great emphasis on operational risk management through the development of policies and tools to enhance operational risk management as a unified standard and has continuously improved this process over time. Great importance to Business Continuity Management (BCM) has been given to enhance the resilience and capability of responding to unexpected interruptions which are reviewed and tested on a regular basis.

3.1 Structure and Responsibilities

All Business Units and staff is responsible to systematically manage operational risk according to the Bank's Three Lines of Defence and shall follow the rationales of comprehensive control, timely adjustment, matching cost with benefit, and accountability when risk arises from within its internal processes. The Bank has an effectiveness enhanced an effectiveness of operational risk assessment for products and services and incorporate strengthened daily monitoring at departmental and staff level in order to improve self-control capability.

In order to enhance an effective control environment, the Bank has adopted appropriate segregation of duties, dual control and cross reconciliation to avoid conflicts of interest, losses, errors or other inappropriate actions. The Bank has also appointed key responsible person in each Business Units, to be responsible for daily Operational Risk Management issues. Whereas Legal & Compliance and Operational Risk Management Department is responsible for the overall planning of operational risk management directing, monitoring and assessing the work of operational risk management of the Bank.

3.2 Scope and Nature of Risk Measuring, Monitoring, and Reporting System

The Bank stipulated policy and measures of operational risks and control which cover all major operational risk points and each department shall monitor its operational risk management according to its regulation. BOCT also clarified the working process of operational risk accidents management, all operational risk accidents shall be reported and rectification measures shall be taken in time.

Operational Risk Management tools such as Risk and Control Assessment, Key Risk Indicator and Loss Data collection to enhance the capacity to identify, assess and monitor operational risk, implements clearly defined operational risk management reporting framework and improves the communication and integration of operational risk management information throughout the Bank. Reported Loss are recorded and risk that represent significant impact shall be closely monitored and reported to senior management and Risk Oversight Committee.

The Bank uses Group Risk Monitoring & Analysis Platform (GMAP) system, which covers business transaction activities of major business line and staff behaviors, and identifies risks by analyzing the event according to the risk warning modules.

On the other hand, in order to facilitate the development of high-quality financial products suitable for customers, all new and materially modified products of the bank are subject to go through a due diligence process and approval process.

4. Liquidity Risk

Liquidity Risk is the risk caused by an inability to meet obligations when they come due because of an inability to obtain sufficient funds to meet funding needs at appropriate costs within a pre-specified time period, and/or to convert asset into cash, this may cause a malfunction.

Liquidity risk is continually analyzed and assessed to ensure adequate liquidity for business operations within an acceptable risk appetite and appropriate management cost.

Our efforts include a liquidity gap analysis covering normal and crisis situations. The impact analysis is conducted in three scenario cases, i.e. a bank's specific liquidity crisis, a market-wide liquidity crisis, and a combination liquidity crisis. The Bank has also adopted a Contingency Funding Plan (CFP) to mitigate the severity of impacts that may occur and test the plan at least

once a year. In addition, the bank manages liquidity risk under Basel III i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Regulatory requirements on Liquidity Coverage Ratio (LCR) took effect since 1st of January 2016. BOCT is required to maintain LCR at not less than 100% in 2020 and NSFR at not less than 100% starting from 1st of July, 2018.

5. Other risks

5.1 Strategic Risk

Risk associated with strategic initiatives may negatively impact the Bank's revenue, capital, and viability. Strategic risk arises from the inappropriate implementation of strategy and action plans; or formulation of plans that do not conform to crucial internal environments and/or external environments.

The Bank has a strategic risk management policy which consists of strategy formulation, implementation, evaluation and adjustment. The bank reports its business performance by comparing actual financial data against budget and the business performance forecast for upcoming 3-5 years to Strategy & Budget Committee on a quarterly basis.

The management regularly monitors strategies, business plan and implementation plan as well as the organisational structure to be aligned with internal and external environment and to mitigate strategic risk.

5.2 IT Risk

BOCT implements the "Three Lines of Defence" management system for technology risk governance. Technology risk management exists in all business and operational processes of the Bank. In order to effectively control and mitigate technology risk, the Bank clearly defines the responsibilities of the Board of Directors, senior management, various departments/branches in the management of technology risk. Pursuant to the IT Risk Management Policy, the Bank categorizes technology risk management into several aspects. They are IT governance, information asset management, use of cryptography, security management, physical and personnel security, system development and change management, information processing, communications networks, management of service providers, cyber security controls and others. The Bank has established the technology risk management mechanism to identify, assess, monitor, control and report the

technology risk. Nowadays, the cyber risk has become more various and critical which may impact to the security of the Bank's and customers' information. To enhance the strength of data protection, BOCT rolled out security technology to detect and defense the suspicious activity to ensure there is no unauthorized person to access to the Bank's and Customers' information.

5.3 Reputational Risk

Reputational risk herein is a derivative risk, referring to the risk of negative impacts or losses on the Bank's image, brand and reputation that are caused by media attention to or negative news coverage on BOCG's business operation, management and other behaviors or external events involving BOC. Risk that the general public (e.g. customers, business partners, investors, regulatory authorities, etc.) will have a negative image or lose confidence in the Bank, resulting in an adverse impact to the Bank's revenue and capital. Sources of reputational risk include non-conformance with code of conduct, social expectations, service standards, breach of agreement, poor customer service, etc.

The Bank does not engage in business activities that give rise to material levels of reputational risk.

Performance Results

The bank has reported audited net profit of 68 million Baht in 2020, 74.26% decrease of 196 million Baht from 264 million Baht recorded in 2019.

Unit: Million Baht

<i>Profit & Loss Statements</i>	<i>2020</i>	<i>2019</i>	<i>% Change</i>
<i>Net Interest Income</i>	762	895	(14.83)
<i>Net Non-Interest Income</i>	451	533	(15.38)
<i>Total Income from Operation</i>	1,213	1,428	(15.06)
<i>Expenses from Operation</i>	836	803	4.21
<i>Operating Profit</i>	377	625	(39.68)
<i>Expected credit losses/doubtful accounts</i>	302	250	20.58
<i>Profit before tax</i>	75	375	(80.01)
<i>Corporate Income Tax</i>	7	111	(93.69)
<i>Net Profit after Tax</i>	68	264	(74.26)

In 2020 due to unfavorable economic conditions in particular driven by uncertainty surrounding the COVID-19 situation, the bank's net interest income decreased to 762 million Baht, decreased by 14.83%. The non-interest income amounted to 451 million Baht. The operating profit amounted to 377 million Baht, and the bank reserved the provisions related to expected credit losses in the amount of 302 million Baht for prudential purpose.

In 2020, net earnings per share for the bank amounted to 0.07 Baht.

Financial Position*Unit: Million Baht*

<i>Key Balance sheet Items</i>	<i>2020 Balance</i>	<i>2019 Balance</i>	<i>% Change</i>
<i>Total Assets</i>	68,541	69,992	(2.07%)
<i>Loan to customers (Less deferred revenue)</i>	46,783	47,364	(1.23%)
<i>Interbank and money market in asset (Less deferred revenue)</i>	9,268	13,476	(31.23%)
<i>Total Liabilities</i>	58,319	59,529	(2.03%)
<i>Deposits</i>	47,094	47,088	0.01%
<i>Interbank and money market in liabilities</i>	7,383	8,975	(17.74%)
<i>Shareholder's Equity</i>	10,222	10,463	(2.30%)

Total assets as of 31 December 2020 were 68,541 million Baht which was decrease of 2.07% from the prior year. Loan to customers net of deferred revenue were 46,783 million Baht or decrease of 1.23% from the end of 2019. And interbank and money market were 9,268 million Baht or decrease of 31.23% from the end of 2019.

Total liabilities as of 31 December 2020 were 58,319 million Baht which was decrease of 2.03% from the prior year. Deposit items were 47,094 million Baht or increase of 0.01% from the end of 2019. And the interbank and money market were 7,383 million Baht or decrease of 17.74% from the end of 2019.

Shareholder's equity of the bank as of 31 December 2020 was 10,222 million Baht which decrease of 2.30% from the end of 2019.

Asset Quality

At the end of 2020, the Bank's non-performing loans (NPLs) were amounted to 1,734 million Baht. The NPLs to total loan ratios before and after allowance were as following:

Percentage (%)

<i>Key Asset Quality Ratio</i>	<i>2020</i>	<i>2019</i>
<i>NPLs of total loans before allowance for doubtful account</i>	3.23	1.37
<i>NPLs of total loans after allowance for doubtful account</i>	1.63	0.57

Capital Adequacy Ratio

As of 31 December 2020, the Bank had regulated capital fund of 12,544 million Baht consisting of tier-1 capital 10,218 million Baht and tier-2 capital 2,326 respectively. The BIS ratio stood at 21.88% of regulated capital fund per total risk assets.

	<i>Percentage (%)</i>	
<i>Capital Adequacy Ratio</i>	<i>2020</i>	<i>2019</i>
<i>Ratio of tier 1 capital to total risk weighted asset</i>	17.82	16.23
<i>Ratio of tier 2 capital to total risk weighted asset</i>	4.06	3.78
<i>Ratio of total capital to total risk weighted asset</i>	21.88	20.01

Credit Rating

On 17 August 2020, Fitch Ratings (Thailand) has assigned BOCT a National Long-Term Rating of ‘AAA (tha)’, with a Stable Outlook. The National Short-Term Rating is assigned at ‘F1+(tha)’.

The Bank recognizes that Good Corporate Governance is a crucial factor in forming a basis of business sustainability and building trusts to its customers, as well as maintaining reputation of BOC Group. Thus, the Bank endeavours to establish and promotes the culture of Good Corporate Governance in conducting business by setting up appropriate organization structure, operational guidelines and responsibilities for good corporate governance and ensuring its operations strictly comply with relevant laws and regulations.

In order to sustain BOC Group's reputation, enhance the Bank's market position in Thai banking industry and achieve our strategic objectives, the Bank is committed to conducting its business with integrity and ethics. The Bank's Board of Directors recognizes that risk management and internal control is critical to achieve good corporate governance therefore sets up several board committees to supervise and oversee the Bank's operation in different sectors by deploying professionals in each committee to screen matters and make proposals to the Board for efficient performance of the Board. The Board committees include the Audit Committee, the Risk Oversight Committee, the Strategy and Budget Committee and the Nomination and Remuneration Committee. These Committees must report their progress to the Board of Directors on a regular basis.

Board of Directors

Objective

The Board is responsible, by law, for governing the Bank's business conduct, and responsible to all the Bank's stakeholders: customers, shareholders, employees, and the community. In addition, the Board commits to ensure that the Management, who is responsible for the day-to-day operation of the Bank, operates in the best interests of the Bank and its stakeholders by working to elevate corporate economic value of the Bank.

Composition & Term of Office

The Board of Directors shall be consisted of 9 members. As of 31st December 2020, there are members as follows:

- | | |
|-----------------------------|------------------------------------|
| 1) Mr. Wang Hongwei | Chairman of the Board of Directors |
| 2) Ms. Mok Tze Shan Teresa* | Non-executive Director |
| 3) Mr. Yin Rong** | Non-executive Director |
| 4) Mr. Krish Follett | Independent Director |

5) Mr. Chaiyuth Sudthitanakorn	Independent Director
6) Dr. Thiraphong Tangthirasunan	Independent Director
7) Dr. Li Feng	Executive Director
8) Mr. Wu Lin	Executive Director
9) Ms. Xie Xia***	Executive Director

Remarks:

* Ms. Mok Tze Shan Teresa is appointed as Non-executive Director, in replacement of Mrs. Liu Guizhen, effective on 13th March 2020.

** Mr. Yin Rong is appointed as Non-executive Director, in replacement of Mr. Zhong Xiangqun, effective on 13th March 2020.

*** Ms. Xie Xia is appointed as Executive Director, in replacement of Mrs. Li Jun, effective on 1st October 2020.

The members of Board of Directors shall not be less than 5 (five) persons. In addition, at least 3 (three) Directors of the Board or one-third of the total number of the Board, whichever is higher, must be Independent Directors.

The Chairman of the Board of Directors must be an independent director or non-executive director.

At least, one member of the Board of Directors must have knowledge or experiences in IT.

At every annual ordinary general meeting of shareholders, 1/3 (one-third) of the total number of Directors shall retire. If the number of Directors cannot be equally divided into 3 (three) parts, the number of Directors closest to 1/3 (one-third) shall retire. The retired Directors can be re-elected, and the Independent Directors shall not hold their positions for no more than 9 consecutive years.

Duties and Responsibilities

The Board, as the shareholders' representative, has the role, duty, and responsibility to supervise and oversee the management and operation of the Bank to ensure that the business and affairs are conducted with honesty, with avoidance of conflict of interest, and to the best interests of the Bank. In general, the Board has the duty to supervise the Bank in establishing policies, ensuring appropriate management process and overseeing that the system of monitoring and auditing complies with the stipulated policies with details as follows:

1. Strategy and Policy

- 1.1 Approve, monitor and review the overall business strategies of the Bank proposed by Management, as well as ensuring that the Bank places high priority on business sustainability.
- 1.2 Approve overall business plan, budget, capital planning, risk governance framework including risk appetite and/or important risk limits and policies as prescribed by the Bank of Thailand and other relevant regulators.
- 1.3 Approve key policies, procedures and measures of the Bank.
- 1.4 Approve any credit limit for an amount in excess of the delegated amount to the Chief Executive Officer.

2. Compliance

- 2.1 Oversee that Management actions consistency in compliance with policies approved by the Board.
- 2.2 Oversee that the Bank has fair market conduct covering end-to-end process as prescribed by the Bank of Thailand.
- 2.3 Oversee and ensure that the Bank has a proper and efficient whistleblowing policy and procedure.
- 2.4 Review and, where permissible or required under applicable regulations, consider approval of connected transactions and related party credit limits as prescribed by relevant regulators.
- 2.5 Oversee and ensure the disclosure of significant corporate governance information to shareholders and regulators as well as the general public.
- 2.6 Oversee a delegation of authority to the Board committees, other lower level committees or Management according to the Board's resolutions.
- 2.7 Preside over the business in compliance with the Bank's Articles of Association, the Bank's Memorandum of Association, and the shareholder meeting's resolution as well as the instructions given by the examiners.

3. Organization and Corporate Culture

- 3.1 Foster corporate culture, review and approve the Bank's statements of vision, mission, and oversee that there is building of risk culture and good corporate governance practices.
- 3.2 Organize the Board and Board Committees in the way that promotes an efficient and strategic discussion.

- 3.3 Establish a certain specialized committee to assist the Board to perform its oversight function effectively and to advise the Board on issues requiring specific and/or technical expertise, where the functions and responsibilities as well as the composition of such specialized committees shall be reviewed by the Board on an ongoing basis.
- 3.4 Ensure that the Bank sets out effective systems for internal control and audit mechanism including the process for prompt submission of a management letter from external auditors as well as the suggestions from Management to the Board, where those documents shall be submitted to the Board within 4 months from the end of the accounting period, the delay otherwise requires an explanation from Management.
- 3.5 Oversee that the Bank sets out a written corporate governance policy as well as internal code of conduct, code of business ethics, and code of ethics for directors, persons with power of management including employees.
- 3.6 Oversee that the Bank sets out a conflict of interest policy to prevent any dealing for their own benefits or for those of their related parties, or to prevent conflict of interest issues, as well as failure to address significant risks or entering into transactions with related parties which may require special attention.
- 3.7 Periodically assess the effectiveness of the Board own governance practices and performances, including nomination and election of the Board members and make use of the results for improvement, while the directors shall continuously obtain skills training required for their duties.
- 3.8 Select, monitor on performance and where necessary replace key Executives, while ensuring that the Bank has an appropriate plan for executive succession and that any intended successor(s) will be qualified, fit and proper to manage the affairs of the Bank on an ongoing basis.
- 3.9 Continuously review the internal structure of the Bank to ensure that there are clear lines of accountability for Management, where the Management shall report issues that require attention of the Board in a timely manner.
- 3.10 Ensure that the Bank's remuneration policy, benefit program and compensation of Senior Executives are appropriate and consistent with the Bank's strategic objectives and in compliance with relevant regulations, where the remuneration structure shall promote risk culture.

Audit Committee

Objective

The Audit Committee (the “AC”) is a standing committee of the Board of Directors (the “Board”).

As of 31st December 2020, there are 3 members as follows:

- | | |
|----------------------------------|---------------------------------|
| 1) Mr. Krish Follett | Chairman of the Audit Committee |
| 2) Mr. Chaiyuth Sudthitanakorn | Independent Director |
| 3) Dr. Thiraphong Tangthirasunan | Independent Director |

The purpose of the AC is to assist the Board in fulfilling its oversight responsibility for BOCT relating to:

1. The integrity of financial statements and the financial reporting process;
2. The systems of internal control;
3. The performance of internal audit functions and internal auditors;
4. The appointment of external auditors and the evaluation of the external auditors’ qualifications, independence and performance;
5. The periodic review, where appropriate, and the annual audit of the Company’s financial statements;
6. Compliance with applicable accounting standards and legal and regulatory requirements on financial disclosures; and
7. Enhancing the corporate governance framework of the Company.

The function of the Audit Committee is oversight. The Management is responsible for the preparation, presentation and integrity of the financial statements. The external auditors are responsible for planning and carrying out a proper audit of the Group’s annual financial statements, for the review of half-yearly financial statements and (if appropriate) for performing agreed-upon procedures of quarterly financial results. Both the Management and the external auditors are ultimately accountable to the Board and the shareholders.

Composition and Term of Office

All three members of the Audit Committee are served by the independent directors of the Bank, who are fully qualified in accordance with the qualifications prescribed by the Securities and Exchange Commission, and/or the Capital Market Supervisory Board, and/or the Bank of Thailand, and have sufficient knowledge and experience in reviewing reliability of financial statements.

The term of office of each member of the Audit Committee shall be determined by the Board of Directors.

Duties and Responsibilities

1. To review and monitor the effectiveness of the financial reporting processes.
2. To review and evaluate whether the Management is setting up internal control for all employees to understand their roles and responsibilities.
3. To review the reports submitted by internal audit and external audit, together with the Management's response to any identified weaknesses on internal control.
4. To review significant issues in accounting and financial reporting raised by internal and external auditors.
5. To review reports from regulators regarding legal and compliance matters that may have a significant impact on the financial standing and reputation, and ensure that the matters have been properly addressed and any significant impact of these issues is reflected in the financial statements.
6. To report conflict of interest transactions, fraud, corruption and internal control failure to the Board for further corrective actions, including non-compliance with related laws that have material effects on the financial position or performance as required by the Bank of Thailand and other regulators.
7. To report and update the Board of the AC's activities and consider other topics as defined by the Board, ensuring that the Board is aware of matters which may significantly impact the Bank's financial condition or business affairs and make appropriate recommendations.
8. To review and assess the adequacy of the corporate governance framework (including the roles and responsibilities of the Bank's other committees, where appropriate) to ensure its financial reporting, risk management and internal control meet governance standards.
9. To consider, select and propose the appointment of the Bank's auditors, including their remunerations.

Risk Oversight Committee**Objective**

The Risk Oversight Committee (ROC) assists the Board of Directors (BOD) in meeting its responsibilities for an effective risk management system that aligns with the bank's overall governance framework.

1. The ROC shall be appointed by the Board, comprising no less than 3 (three) directors of the Bank.
2. At least half of the ROC members must be either independent or non-executive directors whereby the Chairman shall be either independent or non-executive director.
3. At least 1 (one) ROC member is knowledgeable or having expertise/understanding in associated/relevant risks to the Bank's businesses.

As of 31st December 2020, there are 6 members as follows:

- | | |
|----------------------------------|--|
| 1) Mr. Chaoyuth Sudthitanakorn | Chairman of the Risk Oversight Committee |
| 2) Mr. Krish Follett | Independent Director |
| 3) Dr. Thiraphong Tangthirasunan | Independent Director |
| 4) Mr. Yin Rong | Non-executive Director |
| 5) Dr. Li Feng | Executive Director |
| 6) Ms. Xie Xia | Executive Director |

The term of office of each ROC member shall be equal to the period of time that they remain BOCT's directors or otherwise determined as deemed appropriate by the Board.

Duties and Responsibilities

1. To propose to the Board policies for overall risk management, including major risks such as credit risk, market risk, liquidity risk, operational risk, information technology risk, compliance risk, AML risk and other significant risks facing by the Bank.
2. To advise the Board on risk appetite/ risk tolerance and strategy for the Bank.
3. To supervise capital and liquidity management strategy to comply with the acceptable risk level.
4. To recommend the risk limits for Board's approval, in alignment with the Board's risk appetite.
5. To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the Bank's risks are at appropriate levels.
6. To review and monitor risks and risk management practices, including internal control, compliance and AML systems and processes.
7. To review adequacy and effectiveness of overall risk management policy and strategy, including risk appetite at least annually or when having material change. The ROC should

consult or exchange opinion with the Audit Committee (AC) to assess the Bank's risk management policy and strategy covering every risk type.

8. To report to the Board on the matters pertaining to risk exposure, efficiency of risk management, risk culture, including the important factors and/or problems of which required rectifications to meet the Bank's risk management policies and strategies.
9. To give opinion or participate in evaluating performance of Head of Risk Management function.
10. To perform other duties and responsibilities as assigned by the Board or regulation requirements.

Strategy and Budget Committee

Objective

The Strategy and Budget Committee is to assist the Board in fulfilling its oversight responsibilities in strategic direction of the bank in order to align with the parent company. The purpose and function of the Committee is oversight of the Bank's medium to long-term strategy plan, budget control and other major strategic decisions and reporting responsibilities.

Composition and Term of Office

The Strategy and Budget Committee comprises of non-executive directors and executive directors appointed by the Board of Directors. As of 31st December 2020, there are 6 members as follows:

- | | |
|----------------------------------|---|
| 1) Mr. Wang Hongwei | Chairman of the Strategy & Budget Committee |
| 2) Mr. Krish Follett | Independent Director |
| 3) Mr. Chaiyuth Sudthitanakorn | Independent Director |
| 4) Dr. Thiraphong Tangthirasunan | Independent Director |
| 5) Dr. Li Feng | Executive Director |
| 6) Ms. Xie Xia | Executive Director |

The term of office of each member of the Strategy & Budget Committee shall be determined by the Board of Directors.

Duties and Responsibilities

1. Prepare, with input from the Management, the Bank's medium to long-term strategic plans for the Board's approval;

2. Work with the Management to devise a strategic plan based on the targets to be achieved within given timeframe specified and provide guidance to the Management as appropriate;
3. Ensure that the process of formulating the Bank's medium to long-term strategic plan is sufficiently robust to take into account a range of alternatives. After evaluating the strategic plans in terms of feasibility and cost-benefit analysis, the Committee shall prioritize the plan and present to the Board for approval.
4. Be responsible for reviewing, monitoring, updating the Bank's medium to long-term key strategic plans timely for approval of the Board.
5. Review and monitor the Bank's regular/periodic (including annual) business plan and financial budget as formulated by the Management on the basis of the Bank's medium to long-term strategic plans for the Board's approval.
6. During the process of formulating the Bank's annual business plan and financial budget, the Committee shall engage in proactive communication with the Management to ensure that such plans and budgets are capable of achieving pre-determined targets;
7. Monitor the implementation of the annual business plan and financial budget. In case of significant deviation from the business plan and financial budget, the Committee shall request the Management to identify and analyse the underlying reasons and to present solutions for the problem. The Committee is to review the Management's presentation and provide guidance to the Management in reworking the draft. The Committee will then present the revised version to the Board for discussion and approval.
8. With regard to opportunities for significant merger and acquisition, the Committee shall review and make recommendations to the Board on any proposal presented by the Management in this respect.
9. Be responsible for making recommendations to the Board on proposed major capital expenditure, major investments, and strategic commitments by the Bank and monitoring their implementations.
10. Be responsible for reviewing key issues on corporate social responsibilities.
11. Report to the Board on the matters set out, regularly update the Board at the Board meetings or by other means about the Committee's activities and consider other topics as defined by the Board.
12. Communicate with other Board committees regularly.
13. Review written reports submitted by the Management which fall within the responsibilities of the Committee.

Nomination and Remuneration Committee**Objective**

The Nomination and Remuneration Committee (the “NRC”) has duties and authorities with independence to carry out the oversight function relating to the nomination and remuneration system of the Directors and persons with power of management in place.

Composition & Term of Office

The Nomination and Remuneration Committee shall be appointed by the Board of Directors and shall consist of (at least) 3 members, as of 31st December 2020; there are 4 members as follows:

- | | |
|----------------------------------|------------------------|
| 1) Dr. Thiraphong Tangthirasunan | Chairman of NRC |
| 2) Mr. Wang Hongwei | Non-executive Director |
| 3) Mr. Krish Follett | Independent Director |
| 4) Mr. Chaiyuth Sudthitanakorn | Independent Director |

The term of office of each member of NRC shall be determined by the Board of Directors.

Duties and Responsibilities

The authorities, duties, and responsibilities of the Nomination and Remuneration Committee are as follows:

1. Nomination

- 1.1 To formulate policies, guidelines, and methods for selection of candidates for directors and persons with power of management for the Board’s consideration and appointment, and such submit policies to the Bank of Thailand upon request.
- 1.2 To select and nominate qualified candidates for the following positions to the Board:
 - 1.2.1 Directors
 - 1.2.2 Members of the board committees whose duties, responsibilities, and authorities are directly assigned by the Board.
 - 1.2.3 Persons with power of management i.e. Senior Executive Staff Level (Executive Vice President and above)
 - 1.2.4 Advisors of BOCT

- 1.3 To recommend the size and composition of the Board that is appropriate for the Bank's organization and the dynamic business environment. Board members shall possess appropriate expertise and experience in diverse fields. NRC must oversee that there is a mechanism or tools to support a process for selecting or nominating candidates for directors such as a skill matrix that is necessary for the Board and Board Committees.
 - 1.4 To disclose the nomination policy and details of nomination process in the Bank's annual report.
 - 1.5 To ensure that the Bank has in place a proper succession and manage continuity plan for the position of the CEO and person with power of management that typically would require the Board approval.
 - 1.6 To provide professional expertise across a diverse range of job/position framework and support greater understanding and enhance visibility of career paths upon job/position framework.
 - 1.7 To deliver professional consultancy involving the integration of Bank's organization structure, processes and people to support implementation of strategy in order to enhance the most important outcomes and channel BOCT's efforts into achieving them.
2. Remuneration
- 2.1 To formulate clear and transparent remuneration and other benefit policies as well as remuneration packages and benefits for directors and persons with power of management that reflect the objectives, duties and responsibilities, relevant risks for the consideration and approval of the Board.
 - 2.2 To ensure that directors and persons with power of management's remuneration packages are commensurate with their duties and responsibilities. Directors who have been assigned additional duties and responsibilities should be compensated accordingly.
 - 2.3 To set out performance assessment criteria for directors and persons with power of management for annual remuneration review, by taking into account their responsibilities and relevant risks, while emphasizing the value added to long-term shareholders' interest.
 - 2.4 To review performance target and criteria for directors and persons with power of management that typically would require the Board approval.
 - 2.5 To disclose the remuneration policies and various forms of remuneration packages and the remuneration report that must, at least contain details of factors used for assessing the overall performance, objectives and operations, as well as opinions of the committee,

methods and tools for determining remuneration packages that respond to relevant risks (if any) to be disclosed in BOCT's annual report.

2.6 To work closely with the risk oversight committee to ensure that the remuneration policy can reflect important risks facing BOCT.

3. Others

To perform other duties and responsibilities as assigned by the Board or duly performs all prescribed tasks required by the Bank of Thailand and corporate governance practices. NRC may seek professional advice from external council as necessary at expense of BOCT.

Summary of meetings held by Board of Directors and Sub-Committees in 2020

Meeting in 2020	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy and Budget Committee	Risk Oversight Committee
	<i>Attendance/Number of Meetings</i>				
Mr. Wang Hongwei	9/9	-	6/6	5/5	-
Mr. Yin Rong ⁽¹⁾	6/9	-	-	-	6/6
Ms. Mok Tze Shan Teresa ⁽²⁾	7/9	-	-	-	-
Mr. Krish Follett	9/9	8/8	6/6	5/5	6/6
Mr. Chaityuth Sudthitanakorn	9/9	7/8	5/6	5/5	6/6
Dr. Thiraphong Tangthirasunan	9/9	8/8	6/6	5/5	6/6
Dr. Li Feng	9/9	-	-	5/5	6/6
Ms. Li Jun ⁽³⁾	7/9	-	-	5/5	4/6
Mr. Wu Lin	9/9	-	-	-	-
Ms. Xie Xia ⁽⁴⁾	-	-	-	-	-

Remark:

** Number of Meetings defines the number of meeting of Board of Directors and/or sub-committee for each Director during his/her Directorship*

(1) Mr. Yin Rong was appointed on 13th March 2020;

(2) Ms. Mok Tze Shan Teresa was appointed on 13th March 2020;

(3) Ms. Li Jun resigned on 28th September 2020;

(4) Ms. Xie Xia was appointed on 1st October 2020

Note:

- Mr.Yin Rong and Ms.Mok Tze Shan Teresa is a non-executive director who does not have residence in Thailand.

- Mr.Yin Rong joined the Risk Oversight Committee no. 3/2020 on 11 June 2020, no.4/2020 on 14 August 2020, no.5/2020 on 9 September 2020, no.6/2020 on 15 December 2020 via video conferencing.

- Mr.Yin Rong joined the Board of Directors no. 3/2020 on 18 June 2020, no.4/2020 on 14 August 2020, no.5/2020 on 22 September 2020, no.6/2020 on 25 September 2020, no.8/2020 on 27 November 2020, no.9/2020 on 17 December 2020 via video conferencing.

- Ms.Mok Tze Shan Teresa joined the Board of Directors no. 3/2020 on 18 June 2020, no.4/2020 on 14 August 2020, no.5/2020 on 22 September 2020, no.6/2020 on 25 September 2020, no.7/2020 on 28 October 2020 no.8/2020 on 27 November 2020, no.9/2020 on 17 December 2020 via video conferencing.

Remuneration and Incentive Policy

The Bank's Remuneration and Incentive Policy is closely linked to the performance of the Bank, the business units (including bank and department level) and individuals' target achievement in KPI as well as employees' enhanced risk awareness in alignment with BOC Group's core value of "Strive for Performance". Remuneration packages and benefits for directors and persons with power of management shall reflect the objectives, duties and responsibilities, and relevant risks, where the practices contain clear and transparent criteria.

Directors' Remuneration for Year 2020

The directors' remuneration is comprised of Retaining Fee, Committee Fee and Attendance Fee as per table below whereby the directors who are BOCT's executives and the representative directors from BOCHK, excluding Chairman of the Board of Directors (BOD) position shall not receive the directors' remuneration.

	THB	
	Chairman of BOD	Independent Director
Retaining Fee (per year)	960,000 (80,000 x 12 M)	960,000 (80,000 x 12 M)
Committee Fee (per year)	--	100,000
Attendance Fee (per meeting)	--	Chairman of Board Committee: 20,000 Member of Board and Board Committee: 12,000

Note: Board Committees: Audit Committee (AC), Nomination and Remuneration Committee (NRC), Strategy and Budget Committee (SBC) and Risk Oversight Committee (ROC).

Directors' remuneration for year 2020 are as following:

No.	Director's Name	Position	*****Meeting Attendance Fee (34 times)	Committee Fee	Chairman of Sub-Committee	Total remuneration /Person/Year
1	Mr. Wang Hongwei	Chairman	-	960,000.00	-	960,000.00
2*	Mr. Ying Rong	Director	The Representative Directors from Bank of China (Hong Kong) Limited shall not receive Director's remuneration from Bank of China (Thai) Public Company Limited.			
3**	Ms. Mok Tze Shan Teresa	Director				
4	Mr. Krish Follett	Independent Director	472,000.00	960,000.00	100,000.00	1,532,000.00
5	Mr. Chaiyuth Sudthitanakorn	Independent Director	432,000.00	960,000.00	100,000.00	1,492,000.00
6	Mr. Thiraphong Tangthirasunan	Independent Director	456,000.00	960,000.00	100,000.00	1,516,000.00
7	Mr. Li Feng	Director	Executive Directors in Thailand shall not receive Director's remuneration from Bank of China (Thai) Public Company Limited.			
8***	Mrs. Li Jun	Director				
9	Mr. Wu Lin	Director				
10****	Ms. Xie Xia	Director				

Remark:

- *No. 2 was appointed on 13th March 2020
- **No. 3 was appointed on 13th March 2020
- ***No. 8 resigned on 28th September 2020
- ****No. 10 was appointed on 1st October 2020

Executives' Remuneration for Year 2020

The total remuneration amount of 5 Executives in year 2020 is THB 51.43 million.

Dividend Payout Policy

Referring to Articles of Association of BOCT, the Bank shall pay the dividends under the conditions as following:

- Dividends shall not be paid other than out of profits. If the Company still has an accumulated loss, no dividends shall be distributed.
- The Bank should not pay dividend from unrealized profits or profits without real cash flow.
- The Bank should not pay dividend from gains from sale of assets not considered a true sale which would result in higher-than-normal profit or lower-than-normal losses.
- The Bank should not pay dividend or return to the shareholders if it has not yet derecognized assets or set aside provision for assets and commitments in full.
- Unless otherwise specified by the Articles of Association regarding preferred shares, dividends shall be distributed according to the number of shares, with each share receiving an equal amount. Payment of dividends shall be approved by the shareholder meeting.
- The Board of Directors may pay interim dividends to the shareholders from time to time if the board believes that the profits of the Company justify such payment. After the dividends

have been paid, such dividend payment shall be reported to the shareholders at the next shareholder meeting.

7. Payment of dividends shall be made within 1 (one) month of the date of the resolution of the shareholder meeting or of the meeting of the board of Directors, as the case may be. The shareholders shall be notified in writing of such payment of dividends, and the notice shall also be published in a newspaper.

External Auditors

EY Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand

Name of statutory auditors

1. Ms. SomJai Khunpasut Certified Public Accountant (Thailand) No. 4499
2. Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734
3. Ms. Ratchada Yongsawatwanit Certified Public Accountant (Thailand) No. 4951

Remuneration of Auditors

The audit fee of the Bank for the year ended 31st of December 2020 was THB 3,650,000 plus out-of-pocket expenses. The fee includes professional services required as following:

Items	Baht
1) For the six-month period ended 30 June 2020	1,825,000
2) For the year ended 31 December 2020	1,825,000

1. On April 13, 2020 Bank of China (Thai) PCL. as the representative of Bank of China (Headquarter) and Bank of China (Hong Kong) donated the COVID-19 prevention equipment to the Public Health Ministry of Thailand. The equipment were the N95 Mask 20,000 pieces, PPE (Personal Protective Equipment) uniform 2,000 sets and the prevention goggles 1,000 pieces, all the mentioned equipment were received by Mr. Anutin Charnvirakul, Minister of Public Health. The minister revealed the equipment to the public media with the compliment that the equipment provided is the high-grade equipment.



2. According to the Bank of China (Headquarter) development strategies “Drive Development through Innovation”, Bank of China (Thai) PCL. grasp the “Cashless Society Creation” transformation policy from Bank of Thailand by launched “PromptPay”, the real time account transfer project, on August 23, 2020. The mentioned application was launched on the Bank of China Overseas Mobile Banking application and Internet Banking to catch up the trends of digital banking, to enhance the account transfer performance and to provide the convenience to the Thai local customers in term of real time transactions. From end of December 2020, the total transaction in “PromptPay” on our platform has more than 13,200 transactions; total amount is more than 800 million Baht. The “PromptPay” project has increased the performance of our bank. By end of December, the customer on the mobile banking platform increased 45% and the transaction on the mobile banking platform increased 71% compare to the same period of last year. The launch of the mentioned project is a next step of BOCT to catch up the digital banking transformation.



The advertisement features a red and purple gradient background. At the top left, the Chinese characters '中国银行' (Bank of China) are displayed in white. To their right is the 'PromptPay' logo, which includes the Thai text 'พร้อมเพย์' (PromptPay) and the English word 'PromptPay'. Further right is the Bank of China logo and the text '中國銀行' and 'BANK OF CHINA'. Below the Chinese characters, the word 'PromptPay' is written in large, bold, white letters. Underneath this, three lines of Chinese text are listed: '实时：转账-收款 实时到账' (Real-time: Transfer-Payment Real-time到账), '安全：无需携带现金' (Safe: No need to carry cash), and '免费：无需任何费用' (Free: No need for any fees). Below the Chinese text, the Thai text 'BOC พร้อมเพย์' is shown, followed by 'ทันทีทันใจ - ปลอดภัย - ฟรีค่าธรรมเนียม' (Instant - Safe - Free fees). On the right side, there is a graphic of a smartphone displaying the PromptPay interface, with a padlock icon and a Bitcoin symbol nearby. At the bottom, there are two QR codes for downloading the app, with 'Download on the App Store' and 'GET IT ON Google Play' logos next to them.

3. On September 14, 2020 Bank of China (Thai) PCL. and The Office of SMEs Promotion (OSMEP) has agreed to complete the MOU which supporting the Thai - Chinese SMEs Business and Investment. Aim to explore the cooperation between the two parties and to expand the business of Thai SMEs to the Chinese market. Bank of China (Thai) PCL. is the first financial institute which completed the MOU of supporting the Thai - Chinese SMEs MOU with The Office of SMEs Promotion.



4. On October 31, 2020, Bank of China (Thai) PCL organized the “Thai-Chinese Business Matching Conference” during the AGRO FEX 2020 conference. The said conference has 26 Chinese companies and 12 Thai companies who joined the video conference aiming to extend cooperation on Rice, Tapioca and Sugar business between the two countries. Bank of China (Thai) PCL also facilitated the on-site system to support the business matching for the purpose of the cooperation. In the conference, Mr. Jurin Laksanawisit, the Deputy Prime Minister and the Minister of Commerce, joined and inspected the event with high compliment to the system and the organized facilitation by Bank of China (Thai) PCL.



5. On October 28, 2020, Mr. Prayuth Chan-ocha, Prime Minister of Thailand, and Mr. Yang Xin, Minister Counsellor of Embassy of the People's Republic of China in The Kingdom of Thailand, as the witness of the 50.63 billion Baht contract for a construction of high-speed railway project between State Railway of Thailand (STR), China Railway International Co., Ltd and China Railway Design Corporation Co., Ltd, which took place at Government House and known as contract 2.3. Bank of China (Thai) PCL. took part on issue bank guarantee for this project.



6. On November 6, 2020 Bank of China (Thai) PCL. together with Bank of China Head Quarter and Bank of China (Hong Kong), has organized the “Trade and Investment Matchmaking Conference of the Third CIIE”. 60 Thai Enterprises and Chinese Enterprises has agreed for both way cooperation, signs 41 MOUs which worth around 1 billion baht. Those MOUs signing is bringing about the cooperation of foods, medicine, textile, and rubber, etc. between the two countries, acquired the compliment from the attended organization and the ministry of commerce.



7. On November 30, to support both Thailand and China domestically and between the 2 countries setting up new form of economics development, Mr. Wang Hongwei - Chairman of Bank of China (Thai) PCL., Mr. Narongsak Putthapornmongkol – President of Thai - Chinese Chamber of Commerce together with the representatives of the Overseas Chinese and both countries journalists, as the witness of the MOU signing ceremony between Mr. Li Feng – CEO and Country Head of Bank of China (Thai) PCL. and Mr. Boonyong Yongchalearnrat – Vice President of Thai - Chinese Chamber of Commerce for the mentioned purpose under the MOU “Corporate Strategies Agreement”.



8. On December 14, 2020 Mr. Wang Hongwei, Chairman, and team met Mr. Arkhom Termpittayapaisith, Minister of Finance Ministry, for the cooperation in the next future with Bank of China (Thai) PCL about the project of supporting the 2 countries' economics, pushing forward the investment on Chinese capital market, including the promoting of the USD and RMB bond, etc.



1. Mr. Wang Hongwei

**Chairman of the Board of Directors (Non-Executive Director) and
Chairman of the Strategy and Budget Committee**

Date of Appointment: March 20, 2019



Aged 58, is the Chairman of the Board of Directors of BOCT since March 2019. Since joining BOC in 1983, Mr. Wang has assumed various positions at Bank of China Dalian Branch and overseas branch. He served as Deputy Manager and became Manager of BOC London Branch from 1999 to 2003; Deputy General Manager of Corporate Banking Department and became General Manager of e-Banking Department in BOC Liaoning Branch from 2003 to 2007; Branch Manager in BOC Yingkou Branch from 2007 to 2010; General Manager of BOC Zambia Ltd. from 2010 to 2012 and Chief Executive Officer of BOC Malaysia Berhad from January 2013 to March 2019. Mr. Wang holds a Master's degree in Business Administration from Dongbei University of Finance and Economics in 2004 and graduated with a bachelor's degree in Business Management (Economics, Foreign Trade and Economy) from Dalian Radio and TV University in 1987.

Position in Other Companies

-None-

2. Mr. Ying Rong**Director (Non-Executive Director)****Date of Appointment: March 13, 2020**

Aged 56, is the Director of BOCT since March 2020. Mr. Yin first started his career with Bank of China at Sichuan Branch since 1990. From April 2003 to February 2009, he was appointed as Manager of Application Development Division for America Data Center of Bank of China. From February 2009 to March 2010, he was appointed as Manager of IT Department and from March 2010 to February 2014, he was appointed as the Deputy General Manager of Software Center of Bank of China. Since February 2014 to present, he holds the position of Deputy General Manager of IT Department of BOCHK. Mr. Yin graduated with a Bachelor's degree in Software Engineering at Beihang University in 1987, obtained his Master's degree in Business Administration at Sichuan University in 2004, and his Master's degree in Business Information System at Baruch College, The City University of New York in 2008. His extensive knowledge in technology risk management, IT administration, and application development has helped create the most advanced and sophisticated IT strategies to the Bank.

Position in Other Companies

-None-

Replace Mr. Zhong Xiangqun on March 13, 2020

3. Ms. Mok Tze Shan Teresa**Director (Non-Executive Director)****Date of Appointment: March 13, 2020**



Aged 56, is the Director of BOCT since March 2020. Ms. Mok has started her career in the banking industry since 1990 with solid working experiences in various well known international financial institutions. Prior to join BOCHK, she was Managing Director, Chief Operating Officer Institutional Banking Group, DBS Bank (HK) Limited from March 2012 to May 2017. She has been appointed to be General Manager, Corporate Credit Risk, Risk Management Department, BOCHK since February 2019. She graduated with a Bachelor's degree in Commerce at University of Alberta, Canada in 1987 and then later obtained her Master's degree in Business Administration at The Chinese University of Hong Kong in 1990. With her exposure with various international banks in marketing, credit risk, and operations management, her knowledge, competence, and experience will help oversee the corporate credit portfolio management for the Bank. As well as the formulation of credit policies, credit review and credit monitoring and reporting to ensure the quality is consistent with Bank's risk appetite and achieve Bank's target levels.

Position in Other Companies

-None-

Replace Ms. Liu Guizhen on March 13, 2020

4. Mr. Krish Follett**Director (Independent Director) and Chairman of Audit Committee****Date of Appointment: August 26, 2014**

Aged 72, is an Independent Director of BOCT since 2014 without shareholding in the Bank. From 1971 to 2009, Mr. Krish had held various positions in the Bank of Thailand i.e. Assistant Governor, Senior Director of IAD, Senior Director of On-site Examination 1 Department, Director of Modernization Program Office, Director of North-eastern Region Office, Assistant Director of Payment System Department, and Division Chief of Special Investigation Team. Mr. Krish obtained his Bachelor's Degree in Economics, and Master's Degree in Business Administration in Finance from Thammasat University. He also obtained Certificate in Advanced Management Program from Business School of Harvard University.

Position in Other Companies**2012 – Present****Independent Director and Chairman of the Risk Management Committee, Thai Wacoal Public Company Limited****2017 – November 2020****Independent Director, Chairman of Audit Committee and Chairman of Risk Management Committee, Do Day Dream Public Company Limited**

5. Mr. Chaoyuth Sudthitanakorn**Director (Independent Director) and Chairman of Risk Oversight Committee****Date of Appointment: June 12, 2015**



Aged 71, is an Independent Director of BOCT since 2015 without shareholding in the Bank. Currently, Mr. Chaoyuth Sudthitanakorn serves as Senior Advisor of TEAM Consulting Engineering and Management Co., Ltd since 2014. From 1977 to 2009, Mr. Chaoyuth Sudthitanakorn held various positions in the Ministry of Finance i.e. Director of Bureaus of Tax Policy, Financial System Policy, and International Economic Policy. From 2009 to 2012, he was also the Executive Director, the Chairman of Ethics Committee, member of Audit Committee, member of Compliance and Review Committee, and member of Pension Committee of the Asian Development Bank, Manila, Philippines. He was also a representative of Ministry of Finance in Board of Directors of SOEs i.e. Forest Industry Organization, Marketing Organization for Farmers, Agricultural Futures Exchange of Thailand during 1997 to 2003, and a member of Board of Directors of Government Housing Bank from 2006 to 2009. Mr. Chaoyuth holds a Master Degree of Public Administration (Management Program) from National Institute of Development Administrative and Bachelor of Science in Agricultural Economics from Kasetsart University.

Position in other companies

-None-

6. Dr. Thiraphong Tangthirasunan**Director (Independent Director) and Chairman of Nomination and Remuneration Committee****Date of Appointment: December 17, 2018**

Aged 69, is an Independent Director of BOCT since 2018 without shareholding in the Bank. He is also an Advisor of Business Administration, Faculty of Kasetsart University, Yunus Center Social Business, Kasetsart University and Eternal Energy Public Company Limited. Dr. Thiraphong Tangthirasunan has expertise in banking business with solid background from the Bank of Agriculture and Agricultural Cooperatives (BAAC). He had extensive experience and was appointed to various positions at BAAC, for example, Managing Director and Secretary to the Board, Senior Vice President Information Technology, Director Agri-business Promotion Division, etc. Furthermore, he was also actively involved in group activities regarding community, economics and culture as he used to serve as Acting Managing Director of Thai Farmers Business Promotion Co., Ltd., Chairman of Asia-Pacific Rural and Agricultural Credit Association (APRACA), Appointed Member, Senior Advisor of Kasetsart University Council and BAAC Commissioner for the amendment of the BAAC Act, and Labour Commission Advisor for the Standing Committee of the House of Representatives. Dr. Thiraphong graduated from Kasetsart University, with a Bachelor's Degree in Marine Science, and obtained his Master's Degree in Agribusiness from University of Philippines at Los Banos. He also obtained an Honorary Doctoral Degree in Rural Planning and Development from Maejo University.

Position in other companies

2019 – Present

Executive Director, Khoontadwai Smart Community Co., Ltd.

7. Dr. Li Feng**Director (Executive Director) and CEO & Country Head****Date of Appointment: December 26, 2017**

Aged 48, is Executive Director and CEO & Country Head of BOCT since December 2017. Prior to the appointment as Executive Director and CEO, Mr. Li has extensive experience in banking business where he has joined BOC since 1995. He started his first career at Fuyang Branch before being promoted as the Head (Rules and Regulations) of Risk Management Department of BOC Anhui Branch in 2005. From October 2005 to December 2011, he was appointed to various positions in Risk Management Department at BOC Bangkok Branch. Then, he was transferred to BOC Johannesburg Branch, where he was appointed as Assistant General Manager from December 2011 to June 2016 and after that from June 2016 until April 2017 he was appointed as Executive Vice President and Chief of Preparatory Team for BOC Tanzania Representative Office. Prior to the appointment as Executive Director and CEO & Country Head of BOCT, he was appointed as Chief Representative of BOC Tanzania Representative Office between April until December 2017.

He possesses a strong professional track record with extensive years in financial business, especially in-depth experiences in Risk Management and Internal Control, as well as overseas branch management. Mr. Li graduated from Shaanxi Economics and Trade Institute in 1995 with Bachelor's Degree in Industrial Economics; then obtained Master's Degree in Business Administration in 2006, and Doctorate's Degree in Development Economics from Northwest University in 2006 and 2010 respectively.

Position in Other Companies

2017 – Present

Executive Director, China Bridge Group (Thailand) Co., Ltd.

8. Ms. Li Jun**Director (Executive Director)****Date of Appointment: August 26, 2014**

Aged 55, is a Director of BOCT since August 2014 until September 2020. Mrs. Li started her career with BOC since 1989 at Shanxi Branch and had gained great experiences in Credit Management and Risk Management. She was appointed as Deputy General Manager, Risk Management Department, at BOC Qinghai Branch in 2002, and at BOC Shanxi Branch in 2004. She held a position of Head of Risk Management Department at BOC Singapore Branch in 2007 to 2012, before being designated as Assistant General Manager at BOC Bangkok Branch in September 2012. Mrs. Li graduated her Bachelor's Degree in Economics from Fudan University in 1989, and obtained her Master's Degree in Industrial Economics from Shanxi University of Finance and Economics in 2003.

Position in Other Companies

2014 – February 2021

Executive Director, China Bridge Group (Thailand) Co., Ltd.

Resigned from Director since September 28, 2020

9. Mr. Wu Lin**Director (Executive Director)****Date of Appointment: November 30, 1994**



Aged 49, is a Director and Executive Vice President of BOCT. He joined BOC since 1994 started at Shandong Dezhou Branch where he has gained in-depth experience in banking business in charge of particularly in managing large corporate business group. In 2016, he transferred to BOCT in charge of overseeing Corporate Business. Mr. Wu obtained Bachelor's Degree in Economics in Enterprise Management from Nanjing University in 1994 and Master's Degree in Business Administration in Finance from City University of London (UK) in 2015.

Position in Other Companies

-None-

10. Ms. Xie Xia**Director (Executive Director)****Date of Appointment: October 1, 2020**

Aged 49, is the Director of the Board of Directors of BOCT since October 2020. Ms. Xie has extensive working experience in the banking industry especially in the corporate banking. She started working at the Bank of China, Head Office since 2000 as a staff member in Business Department. She was appointed to be Director, Dispose of Project Accountability Review Team of Credit Execution Module of Risk Management Headquarters from May 2012 to July 2014, and Director of the Credit Management Department from July 2014 to September 2015. She held the Director, Accountability Review Team of Credit Management Department from September 2015 to December 2020. With her knowledge, competence, and experience, she became qualified for the management of the whole business line and risk management of corporate banking. Ms. Xie obtained her Bachelor's degree in Engineering Surveying in 1992 and Master's degree in Management Science and Engineering in 2000 from University of Petroleum.

Position in Other Companies

February 2021 - Present

Executive Director, China Bridge Group (Thailand) Co., Ltd.

Replaced Ms. Li Jun on October 1, 2020

The Executive List

- | | |
|----------------------|--|
| 1) Dr. Li Feng | CEO & Country Head |
| 2) Ms. Li Jun | Executive Vice President |
| | (Completed term of service on January 1, 2021) |
| 3) Ms. Liu Guizhen | Executive Vice President |
| 4) Mr. Wu Lin | Executive Vice President |
| 5) Ms. Xie Xia | Executive Vice President |
| | (Appointed on January 21, 2021) |
| 6) M.L. Ayuth Jayant | Chief Compliance Officer and Company Secretary |

General Manager of Audit Department

- | | | |
|-----------------|------------|---------------------------|
| 1) Ms. Pattarin | Srikunaruk | Resigned on March 1, 2021 |
|-----------------|------------|---------------------------|

The Executive Committee

The Executive Committee has been established to discharge the responsibilities of the Board of Directors relating to the transaction and business routine, administrative matters, including administrative matters and regularly reports the performance to the Board of Directors.

The Executive Committee is comprised of five Executive appointed by the Board of Directors. CEO is the Chairman of the Executive Committee.

The Executive Committee under leading of CEO is responsible to formulate and propose to the Board of Directors the business strategy, business structure, operating principle, financial goals, business plan (in short/medium/long term), including the annual budget and profit of the bank, and is responsible for their execution. The Committee shall consider, follow up, monitor and approve matters related to the business of the Bank according to the Bank's regulations including Bank strategy, organization structure and human resources, budget, investment, financial report, crucial matters such as new business, channel distribution, liquidity crisis, internal audit and regulatory audit reports, and other tasks delegated by the Board of Directors.

Audit Committee Report for the year 2020

The Audit Committee of Bank of China (Thai) Public Company Limited comprises three members of the Board of Directors, all of them are independent directors, and they are knowledgeable in various fields, namely risk management, accounting and finance, regulations and organizational management.

Responsibilities

The Audit Committee's charter, which was approved by the Board of Directors, stipulated the roles and responsibilities of Audit Committee in accordance with the Bank of Thailand ("BOT")'s notifications including the Securities and Exchange Commission Thailand (SEC)'s regulations.

The Audit Committee is responsible for oversights the Bank's management and operations in order to assure that transparency and fairness can be achieved for the confidence of shareholders, investors, and stakeholders.

In year 2020, the Audit Committee held eight meetings and made the recommendations to Board of Directors as follows;

1. Financial Reporting Review

The Audit Committee has reviewed and discussed with the external auditor on the audited financial statement for half-year and annual as well as considered the quarterly financial status and analysis on important issues of the financial status with the management to ensure that the preparation of financial statements and disclosure of important information were accurate, complete and reliable in accordance with generally accepted Thai Accounting Standards and Thai Financial Reporting Standards.

In year 2020, the Audit Committee held two meetings with the external auditors without the participation of the Bank's management to discuss the independence of the auditors and restrictions or limitations in performing their duties and acknowledge opinions and any concerns arising from their audits.

2. Internal Control, Good Corporate Governance, and Risk Management

The Audit Committee has considered and approved the annual audit plan which covers important aspects as risk-based audit engagements including mandatory audit engagements required by regulators.

In addition, the Audit Committee has reviewed and assessed the Bank's internal controls and internal audit's activities, risk management and relevant managements to ensure their adequacy and effectiveness by supervising and monitoring the internal audit's activities as well as the rectification status of external and internal auditor's findings.

Besides, the Audit Committee assesses the efficiency and effectiveness of the performance of the Head of Audit Department.

In year 2020, the Audit Committee not only reviewed the risk management and internal control assessment result but also recommended the good practices to ensure that the comprehensive internal controls have been established and the risk exposures are in the acceptable level.

The Audit Committee ensured that the Bank has supervised and monitored to ascertain that all business units complied with relevant requirements and regulations.

3. Legal and Regulatory Compliance

The Audit Committee has assigned Audit Department to review the Bank's operation to ascertain compliance with requirements and laws relevant to the banking business, which are the Public Limited Companies Act B.E.2535 (1992), the Securities and Exchange Act B.E.2535 (1992), and other requirements of supervisory authorities.

Besides, The Audit Committee considered the audit results of BOT, external auditor and BOCHK's group IT audit. In addition, the Audit Committee closely monitored the audit rectifications status in order to ensure that all business units prudently comply with relevant regulations.

4. The Potential Conflict of Interest

The Audit Committee has considered connected transactions or potential conflicts of interests by adhering to principles of rationality, transparency, and sufficient information disclosure, which represents normal business practice and benefit maximization for the Bank.

The Audit Committee has performed its duties carefully and independently and has been forthcoming in expressing its opinions for the maximum benefit of the Bank. It has not encountered any difficulty in obtaining information, resources or cooperation from the Bank.

Furthermore, The Audit Committee has assessed its individual performance in 2020 in order to ascertain that it has been efficient and effective and has achieved the strategic goals as assigned by the Board of Directors.

For and on behalf of the Audit Committee of
Bank of China (Thai) Public Company Limited



(Mr. Krish Follett)
Chairman of the Committee
4 February 2021

Independent Auditor's Report

To the Shareholders of Bank of China (Thai) Public Company Limited

Opinion

I have audited the accompanying financial statements of Bank of China (Thai) Public Company Limited (“the Bank”), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of China (Thai) Public Company Limited as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand’s regulations.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. 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 Bank in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to the following matters:

- (a) As described in Note 6 to the financial statements, the Bank has adopted a new accounting policy regarding the financial instruments which is in accordance with a set of Thai Financial Reporting Standards related to financial instruments.
- (b) As described in Notes 1.2 and 3.2 to the financial statements, the COVID-19 pandemic is impacting various businesses and industries. This situation could create uncertainties and impact the Bank's operating results and cash flows in the future. The Bank has therefore prepared the financial statements by electing to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy issued by the Federation of Accounting Professions.

My opinion is not modified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Bank, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.



Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 24 March 2021

Bank of China (Thai) Public Company Limited

Statements of financial position

As at 31 December 2020

		(Unit: Thousand Baht)	
	Note	2020	2019
Assets			
Cash		146,824	139,719
Interbank and money market items - net	8	9,266,527	13,374,046
Derivative assets	9	48,364	5,113
Investments - net	10	12,873,976	9,529,490
Loans to customers and accrued interest receivables - net	11, 12	45,455,163	46,596,388
Properties foreclosed	13	42,837	-
Premises and equipment - net	14	137,595	184,228
Right-of-use assets - net	15	343,277	-
Intangible assets - net	16	14,607	16,168
Deferred tax assets	32	111,959	42,537
Other assets	17	99,739	104,415
Total assets		68,540,868	69,992,104

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

Bank of China (Thai) Public Company Limited

Statements of financial position (continued)

As at 31 December 2020

		(Unit: Thousand Baht)	
	Note	2020	2019
Liabilities and shareholders' equity			
Liabilities			
Deposits	18	47,093,872	47,087,838
Interbank and money market items	19	7,382,620	8,975,290
Liabilities payable on demand		355,761	284,478
Derivative liabilities	9	23,372	7,747
Debts issued and borrowings	20	2,102,597	2,110,780
Lease liabilities	15	320,917	-
Provisions	21, 39	266,168	87,207
Accrued interest payable		270,821	252,231
Other liabilities	22, 39	503,097	723,760
Total liabilities		58,319,225	59,529,331
Equity			
Share capital			
Registered, issued and fully paid-up			
1,000,000,000 ordinary shares of Baht 10 each		10,000,000	10,000,000
Other components of equity	23	114,913	43,730
Retained earnings			
Appropriated - statutory reserve	24	21,037	7,818
Unappropriated		85,693	411,225
Total equity		10,221,643	10,462,773
Total liabilities and shareholders' equity		68,540,868	69,992,104

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



(Mr. Li Feng)

Chief Executive Officer, Country Head

Bank of China (Thai) Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2020

		(Unit: Thousand Baht)	
	Note	2020	2019
Interest income	26	1,650,277	1,771,775
Interest expenses	27	(888,315)	(877,106)
Net interest income		761,962	894,669
Fees and service income		228,193	275,004
Fees and service expenses		(18,486)	(19,514)
Net fees and service income	28	209,707	255,490
Net gains on financial instruments measured at fair value			
through profit or loss	29	232,297	-
Net gains on trading and foreign exchange transactions	29	-	269,638
Gains on investments		1,985	-
Other operating income	39	6,944	8,202
Total operating income		1,212,895	1,427,999
Other operating expenses			
Employee expenses		526,067	481,439
Directors' remunerations		5,500	4,642
Premises and equipment expenses		176,681	188,777
Taxes and duties		65,370	53,996
Other operating expenses		62,701	73,667
Total operating expenses		836,319	802,521
Expected credit losses	30	301,521	-
Bad debts, doubtful accounts and impairment losses	31,39	-	250,051
Profits from operation before income tax		75,055	375,427
Income tax	32	(7,013)	(111,055)
Profits for the years		68,042	264,372

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

Bank of China (Thai) Public Company Limited

Statements of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Note	2020	2019
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains on investments in debt instruments measured at fair value through other comprehensive income		88,957	-
Gains on revaluation of available-for-sale investments		-	51,157
Income tax relating to other comprehensive income (loss)			
for items that will be reclassified subsequently to profit or loss	32	(17,774)	(10,231)
Items that will be reclassified subsequently to profit or loss		71,183	40,926
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial losses on defined benefit plan		(1,269)	(724)
Income tax relating to other comprehensive income (loss) for items that will not be reclassified subsequently to profit or loss	32	297	134
Items that will not be reclassified subsequently to profit or loss		(972)	(590)
Other comprehensive income for the years		70,211	40,336
Total comprehensive income for the years		138,253	304,708
Earnings per share			
Basic earnings per share (Baht per share)	35	0.07	0.26

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



(Mr. Li Feng)

Chief Executive Officer, Country Head

Bank of China (Thai) Public Company Limited

Statements of changes in equity

For the year ended 31 December 2020

(Unit: Thousand Baht)

Note	Issued and fully paid-up share capital	Other components of equity		Retained earnings		Total
		Surplus (deficit) on changes in value of available-for-sale investments	Surplus (deficit) on changes in value of investments measured at fair value through other comprehensive income	Appropriated	Unappropriated	
Balance as of 1 January 2019	10,000,000	2,804	-	3,887	151,374	10,158,065
Profit for the year	-	-	-	-	264,372	264,372
Other comprehensive income (loss) for the year	-	40,926	-	-	(590)	40,336
Total comprehensive income for the year	-	40,926	-	-	263,782	304,708
Transferred unappropriated retained earnings to statutory reserve	-	-	-	3,931	(3,931)	-
Balance as of 31 December 2019	<u>10,000,000</u>	<u>43,730</u>	<u>-</u>	<u>7,818</u>	<u>411,225</u>	<u>10,462,773</u>
Balance as of 1 January 2020	10,000,000	43,730	-	7,818	411,225	10,462,773
Cumulative effect of changes in accounting policies 6	-	(43,730)	43,730	-	(379,383)	(379,383)
Balance as of 1 January 2020 - as restated	<u>10,000,000</u>	<u>-</u>	<u>43,730</u>	<u>7,818</u>	<u>31,842</u>	<u>10,083,390</u>
Profit for the year	-	-	-	-	68,042	68,042
Other comprehensive income (loss) for the year	-	-	71,183	-	(972)	70,211
Total comprehensive income for the year	-	-	71,183	-	67,070	138,253
Transferred unappropriated retained earnings to statutory reserve	-	-	-	13,219	(13,219)	-
Balance as of 31 December 2020	<u>10,000,000</u>	<u>-</u>	<u>114,913</u>	<u>21,037</u>	<u>85,693</u>	<u>10,221,643</u>

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



(Mr. Li Feng)

Chief Executive Officer, Country Head

Bank of China (Thai) Public Company Limited

Statements of cash flows

For the year ended 31 December 2020

	2020	(Unit: Thousand Baht) 2019
Cash flows from operating activities		
Profits from operation before income tax	75,055	375,427
Adjustments to reconcile profits from operation before income tax to net cash received (paid) from operating activities:		
Depreciation and amortisation	115,309	60,608
Expected credit losses	301,521	-
Bad debts, doubtful accounts and impairment losses	-	250,051
Amortisation of premium on debt instruments	(2,525)	(40,137)
Allowance for impairment of assets	2,399	-
Unrealised (gains) losses on changes in fair value of financial derivative instruments	(27,626)	4,913
Unrealised gains on exchange rate of debts issued and borrowings	(8,183)	(160,706)
Unrealised losses on exchange rate of investments in debt instruments measured at fair value through other comprehensive income	87	-
Gains on disposal of investments in debt instruments measured at fair value through other comprehensive income	(1,985)	-
Gains on disposal and write-off of equipments	(959)	-
Provisions for long-term employee benefits	8,574	9,455
Net interest income	(761,962)	(894,669)
Cash received on interest income	1,627,789	1,762,909
Cash paid on interest expenses	(891,972)	(708,475)
Cash paid on income tax	(81,381)	(68,777)
Profits from operating activities before changes in operating assets and liabilities	354,141	590,599
(Increase) decrease in operating assets		
Interbank and money market items	4,213,328	(3,873,203)
Loans to customers	437,912	(11,956,925)
Properties foreclosed	(42,837)	-
Other assets	22,243	(28,277)
Increase (decrease) in operating liabilities		
Deposits	6,034	17,670,810
Interbank and money market items	(1,592,670)	1,626,204
Liabilities payable on demand	71,283	19,902
Provisions for long-term employee benefits	(1,466)	(561)
Provisions	-	(7)
Other liabilities	(109,739)	15,020
Net cash flows from operating activities	3,358,229	4,063,562

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

Bank of China (Thai) Public Company Limited**Statements of cash flows (continued)****For the year ended 31 December 2020**

	2020	(Unit: Thousand Baht) 2019
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	7,558,000	5,100,000
Cash paid for investments	(10,823,581)	(9,142,926)
Proceeds from disposal of premises and equipment	972	(10,778)
Purchases of premises and equipment	(16,816)	-
Purchases of intangible assets	(3,907)	(1,295)
Net cash flows used in investing activities	(3,285,332)	(4,054,999)
Cash flows from financing activities		
Cash paid on lease liabilities	(65,792)	-
Net cash flows used in financing activities	(65,792)	-
Net increase in cash and cash equivalents	7,105	8,563
Cash and cash equivalents as at 1 January	139,719	131,156
Cash and cash equivalents as at 31 December	146,824	139,719
	-	-
Supplemental disclosures of cash flows information		
Non-cash items:		
Right-of-use assets	168,885	-
Account payables from purchase of premises and equipment	2,084	374
Provision for restoration and dismantling cost	-	8,142

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



(Mr. Li Feng)
Chief Executive Officer, Country Head

Bank of China (Thai) Public Company Limited**Notes to the financial statements****For the year ended 31 December 2020****1. General information****1.1 Corporate information**

Bank of China (Thai) Public Company Limited (“the Bank”) was a public company incorporated under Thai law and domiciled in Thailand. The Bank has been operated mainly commercial banking business and its registered office is located at No.179/4 Bangkok City Tower, South Sathorn Road, Tungmahamek Sub District, Sathorn District, Bangkok. As at 31 December 2020, the Bank conducts its business through a network of 8 branches throughout all regions in Thailand (2019: 8 branches). Its major shareholder is Bank of China (Hong Kong) Limited, a company registered in Hong Kong.

1.2 Coronavirus disease 2019 (COVID-19) pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is impacting various businesses and industries both directly and indirectly, resulting in an economic slowdown. This situation could create uncertainties and affect the Bank’s business activities, and this may be impacting the Bank’s operating results and cash flows at present and is expected to do so in the future. The Bank’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation of financial statements

The financial statements for the year ended 31 December 2020 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 including guidelines promulgated by the Federation of Accounting Professions and the Bank of Thailand’s relevant regulations, and their presentation of the financial statements has been made in compliance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 21/2561 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Banks”, dated 31 October 2018.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from such financial statements in Thai language.

The financial statements have been prepared on a historical cost basis except otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

3. New financial reporting standards

3.1 New financial reporting standards that became effective in the current period

During the year, the Bank has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new financial reporting standards that involve changes to key principles are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments, consisting of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial reporting standard interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these set of financial reporting standards on the Bank are as follows:

Classification and measurement of financial assets and financial liabilities

Financial asset - debt instruments

The Bank classifies its financial asset - debt instruments as financial assets subsequently measured at amortised cost or fair value in accordance with the Bank's business model in managing the financial assets and the contractual cash flows characteristics of the financial assets. A financial asset is classified as a financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investment in equity instruments

The Bank classifies the investment in domestic non-marketable equity instruments as the financial asset measured at fair value through other comprehensive income.

Financial liabilities

The adoption of these financial reporting standards does not have an impact on the classification of financial liabilities. The Bank continues to classify and measure all financial liabilities at amortised cost except for derivative liabilities which are measured at fair value through profit of loss.

Impairment of financial assets

The TFRS 9 sets out an entity estimates the expected credit losses instead of recognising its incurred losses under previous accounting policy. This financial reporting standards requires to recognise impairment by based on an Expected Credit Losses model and management overlay for the factors which are not captured by the model and requires the Bank to recognise an allowance for expected credit losses for all loans to customers and investments in debt instruments which are not measured at fair value through profit or loss, together with loan commitments and financial guarantee contracts. The allowance is measured at the amount equal to 12-month expected credit losses, except for the case that there has been a significant increase in credit risk since initial recognition and financial assets that are credit-impaired, the allowance is measured at the amount equal to the lifetime expected credit losses of financial instrument. In addition, the Bank applies the General Approach to calculate expected credit losses of financial assets such as loans to customers, interbank and money market items (assets), investments in debt instruments and so on.

Practice during transitional period

The Bank recognised the cumulative effects of the first-time adoption of these set of financial reporting standards as an adjustment to retained earnings or other components of shareholders' equity as at 1 January 2020. The comparative information was not restated; therefore, the presentation of the year 2019 is not comparable with the presentation of the year 2020.

The cumulative effect of the change is described in Note 6 to the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Bank recognised the cumulative effect of the first-time adoption of this financial reporting standard as an adjustment to the retained earnings (if any) as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 6 to the financial statements.

3.2 Accounting Guidance**Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures specified in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy with the helping period during the period from 1 January 2020 to 31 December 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

An entity providing assistance to affected debtors in accordance with the Bank of Thailand's guidelines applies these following procedures.

- Loans that are not yet non-performing (Non-NPL) are classified as loans where there has not been a significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring. Such debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, stage classification of the debtor remains at the same stage as before.
- Non-performing loans (NPL) are classified as performing loans if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to support liquidity and enable the debtor to continue run its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support its repayment or if, considering other factors, the debtor has ability to repay its debts.
- The guidelines specified in the appendix of the circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.

- A newly calculated effective interest rate is applied to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, if it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, an entity recognises its interest income during the repayment holiday using the new calculated effective interest rate, or set out by Bank of Thailand's guidelines if there are changes.
- Consideration is given to placing less weighted on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where General Approach is used in determining expected credit losses.

In addition, on 19 June 2020 the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 "Measures to provide additional assistance to retail debtors during the COVID-19 pandemic - Phase 2".

As at 31 December 2020, the Bank has provided assistance to 126 affected debtors in total (8 debtors classified as corporate loans and 118 as retail loans) with outstanding balances of Baht 3,014 million whose classification remains at the same stage as prior to the measures.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Bank elected to apply the temporary relief measures on the following accounting alternatives.

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

In the fourth quarter of 2020, the Bank has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic. As a result, in preparing the financial statements for the year ended 31 December 2020, the Bank has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Bank's financial statements.

3.3 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Bank has evaluated that these standards do not have any significant impact on the Bank's financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest and discount

Accounting policy adopted since 1 January 2020

The Bank recognises interest income on an accrual basis by using the effective interest method. The effective interest rate is the rate used to discount the estimated future cashflow receipts throughout the expected lifetime of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Calculation of the effective interest rate takes into account any discounts or premiums on acquisition, fees and costs that are an integral part of the effective interest rate.

The Bank calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets. When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial asset. If the financial asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

Discount received on purchase of bills are recognised based on the effective interest method over the period to maturity.

Accounting policy adopted before 1 January 2020

The Bank recognises interest on loans as revenue on an accrual basis and will stop accrual of interest when the debtor has defaulted for more than three months regardless of whether the loans are fully collateralised and recognises interest on such loans on a cash basis, which is in accordance with the BOT's regulations. In addition, interest accrued in arrears for three months is reversed against interest income.

Discount received on purchase of bills are recognised based on the effective interest method over the period to maturity.

(b) Fees and service income

Accounting policy adopted since 1 January 2020

Unless included in the effective interest rate calculation, the Bank recognises fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

Accounting policy adopted before 1 January 2020

Fees and other service fees are recognised as revenue on an accrual basis.

(c) Interest on investments

Interest on investments is recognised as revenue on an accrual basis based on the effective interest rate.

4.2 Expenses recognition

The Bank recognises expenses on an accrual basis.

4.3 Cash

Cash represents cash on hand and cash items in process of the collection.

4.4 Interbank and money market items (assets/liabilities)

The Bank recognises and derecognises interbank and money market items on settlement date.

4.5 Financial derivatives

Financial derivative instruments are initially recognised at fair value on which the derivative contracts are entered into (trade date).

Financial derivative contracts are recorded as commitments. At the end of the reporting period, outstanding financial derivative contracts are measured at fair value while the changes in their fair value are recognised in profit or loss. Unrealised gains or losses on outstanding financial derivative contracts are presented as derivative assets or liabilities in the statements of financial position.

The fair values of the contracts are based on the quoted market prices. If the fair value of a financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models in which the variables used are derived from observable market factors and adjusted to reflect counterparty credit risk (if any).

4.6 Financial instruments

Accounting policy adopted since 1 January 2020

Recognition of financial instruments

The Bank recognises financial assets or financial liabilities when the Bank becomes a party to the contractual provisions of the financial instrument.

Classification and measurement of financial assets and financial liabilities

Financial asset - debt instruments

The Bank classifies its financial asset - debt instruments as financial assets subsequently measured at amortised cost or fair value in accordance with the Bank's business model in managing the financial assets and the contractual cash flows characteristics of the financial assets. A financial asset is classified as a financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognised at fair value and subsequently measured at fair value. Unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until disposal of the instruments, after which such gains or losses on disposal are recognised as gains or losses in the income statement. Gains or losses on foreign exchange, expected credit losses, and interest income calculated using the effective interest method are recognised in profit or loss.

Investment in equity instruments

The Bank classifies investment in equity instruments as a financial asset measured at fair value through other comprehensive income, and this classification is irrevocable. Gains and losses arising from changes in fair value are recognised in other comprehensive income and not subsequently transferred to profit or loss upon disposal. Instead, they are transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities

The Bank classifies and measures financial liabilities at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Fair value

The fair value of debt instruments is determined based on the yield rates quoted by the Thai Bond Market Association or reliable sources.

The fair value of non-marketable securities is calculated using discounted future cash flows techniques and/or determined by comparing with information of similar companies.

Income from investments and disposals of investments

Gains (losses) on disposals of investments are recognised in profit or loss on the transaction date by using weighted average method for computation of the cost of investments, except that those of investments in equity instruments classified as the financial assets designated at fair value through other comprehensive income are directly recognised in retained earnings.

Changes in classification of investments in debt instruments

When there are changes in the Bank's business model for management of financial assets, the Bank has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income depending on the classification of the investments.

Modifications of financial instruments not measured at fair valueFinancial assets

If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified financial asset are significantly different from the original financial assets. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the derecognised financial asset and the new financial asset is recognised in profit or loss as a part of the expected credit losses.

If the cash flows of the modified financial asset are not substantially different, the Bank recalculates the gross carrying amount of the new financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss, which is presented as a part of the expected credit losses.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Bank adjusts the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as modification gains or losses.

Derecognition of financial instruments

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

A financial liability is derecognised from the statement of financial position when the Bank has discharged its obligation, or the contract is cancelled or expires.

Write-off

Bad debts are written off (in part or in full) in the period in which the Bank decides the debts are irrecoverable. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in compliance with the Bank's procedures for recovery of amounts due.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Bank has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.7 Investments

Accounting policy adopted before 1 January 2020

Available-for-sale investments are stated at fair value. Change in the fair value of these investments are recorded in other comprehensive income and will then be recognised in profit or loss when the investments are sold.

Purchases and sales of investments in debt securities are recorded on settlement date.

Realised gains or losses on disposals of investments are recognised in profit or loss when they are disposed of, using the weighted average method in determining costs of the disposed investments.

Interest on investments in debt securities is recognised as revenue on an accrual basis. Premiums and discounts arising on the acquisition of investments are amortised against interest income in profit or loss based on the effective interest method over the term of the investments.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost, net of allowance for impairment (if any).

In the event that the Bank reclassifies investments from one type to another, such investments are readjusted to their fair value on the date of reclassification. The difference between the carrying value and the fair value on the date of reclassification is recorded as gain or loss in profit or loss or recorded as other comprehensive income, depending on the type of investment which is reclassified.

4.8 Loans to customers

Loans to customers are presented at the principal balances. Unrealised discounts received in advances on loans to customers are deducted from loans to customers. Accrued interest receivables on all items categorised under loans to customers are presented separately as a single line item in the statements of financial position.

Overdrafts are stated at the drawn amounts together with any accrued interest receivables.

Discounts received in advance in respect of bills purchased and other unearned interest income are recognised as revenue on an accrual basis over the terms of the bills.

4.9 Allowance for expected credit losses on financial assets / Allowance for doubtful accounts

Accounting policy adopted since 1 January 2020

The Bank recognises expected credit losses of financial asset - debt instruments, which are interbank and money market (assets), loans to customers and investments in debt instruments, including loan commitments and financial guarantee contracts, which are measured at amortised cost or fair value through other comprehensive income using the General Approach.

The Bank classifies its financial assets into three stages based on the changes in credit risk since initial recognition as follows:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Bank recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Bank will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting period-end date, the Bank assesses whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default over the expected lifetime at the reporting date with the credit risk at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank uses internal quantitative and qualitative indicators to assess the deterioration in credit quality of financial assets. When the financial asset meets criteria such as being arrears of over 30 days past due or a non-retail exposure on the watch list, it should be classified as Stage 2. Financial assets meeting criteria such as being arrears of over 90 days or having an internal credit rating of level 8, should be classified as Stage 3.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-

impaired financial assets includes indications that the issuer or the borrower are experiencing significant financial difficulties, a breach of contract, bankruptcy, distressed restructuring or a significant increase in the country risk and industry risk of the borrower/issuer and so on.

The Bank considers its historical loss experience, adjusted by current observable data and plus on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. The Bank determines both current and future economic scenario, and probability-weighted in each scenario (good scenario, baseline scenario and downturn scenario) for calculating expected credit losses. The use of macroeconomic factors is also applied. The Bank has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on an annual basis.

In the case of investments in debt instruments, the factors used to justify a significant increase in credit risk are a drop in the market value of a debt security, the downgrading of a bond issuer's credit rating and significant deterioration of a bond issuers' financial performance, operations or management. The Bank recognises impairment charged in profit or loss as expected credit losses.

The measurement of expected credit losses on loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. The measurement of expected credit losses on financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the year in profit or loss.

Accounting policy adopted before 1 January 2020

The Bank provides allowance for doubtful accounts on loans to customers in accordance with BOT's regulations based on an analysis and evaluation of the current status of the debtors, taking into consideration the credit risk and the value of collateral.

For loans to customers classified as pass and special mention, the Bank records provision at a rate of not less than 1% and 2%, respectively of the loan balances (excluding accrued interest receivables) net of collateral value, in accordance with the BOT's guidelines.

For non-performing loans, the Bank records allowance for doubtful accounts at a rate of 100% of the loan balances after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the expected period of collateral disposal being set with reference to the BOT's guidelines.

Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to the amount of impairment losses in the period of recovery.

4.10 Properties foreclosed

Properties foreclosed consist of immovable and movable properties which are stated at lower of cost or market value less allowance for impairment (if any). The Bank recognises losses on impairment or reversal of losses on impairment as other operating expenses or income in the statements of comprehensive income. Gains or losses on disposals of those properties foreclosed after deducting selling expenses are recognised as other operating income or expenses in the statements of comprehensive income, except for sales that allow buyer to borrow money which gains or losses on disposals will be recognised in accordance with the BOT's guidelines.

According to the BOT's Policy No. Thor Por Thor. Phor Thor Sor. (23) Wor.575/2562 dated 8 May 2019, regarding Delivery Policy of Appraisal Guarantee and Properties foreclosed acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, all properties foreclosed are appraised by the external appraisers. Except for properties foreclosed in risk areas in the southern region (Pattani, Yala, Narathiwat and Sadao District of Songkhla) with a book value of less than Baht 50 million, appraised by an internal appraiser or an external appraiser on a case-by-case basis.

4.11 Premises and equipment and depreciation

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

Depreciation is calculated by reference to their cost based on a straight-line basis over the following estimated useful lives for each type of assets:

Buildings and building improvement	-	10 - 20 years
Computer equipment	-	3 - 5 years
Furniture and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining operating result.

No depreciation is determined for land and assets under construction/installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.12 Leases

Accounting policy adopted since 1 January 2020

At inception of contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank as a lessee

The Bank applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

At the commencement date, right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs on the straight-line basis over the shorter of the lease term and the estimated useful lives as follows:

Buildings	1 - 9 years
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If ownership of the leased asset is transferred to the Bank at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Bank includes costs of dismantling, relocating and restoring the site on which it is located, when the Bank has obligation to do so, as a part of right-of-use assets. The Bank calculates the depreciation using straight-line method over the residual life of rental contract.

Lease liabilities

At the commencement date of the lease, lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising an option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.

The Bank discounted the present value of the lease payments by the interest rate implicit in the lease or the Bank's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and Leases of low-value assets

Payments under a lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policy adopted before 1 January 2020

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss based on a straight-line basis over the lease terms.

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 termination takes place.

4.13 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and allowance for impairment loss (if any).

Intangible assets with finite useful lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indicator that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation expenses are charged to profit or loss.

Useful lives of intangible assets with finite useful lives are 3 - 10 years.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Bank assesses whether there is an indicator that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount of the asset. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on available information, reflects the amount that the Bank could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indicator that previously recognised impairment loss may no longer exist or may have decreased, the Bank estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying value of the asset attributable to a reversal of an impairment loss shall not exceed the carrying value that would have been determined in case that no impairment loss has been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Bank and its employees have jointly established a provident fund. The employees contribute to the fund at the rate of 3% - 15% of their basic salary and the Bank contributes to the fund at the rate of 3% - 7% of their basic salary. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

Defined benefit plans

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Bank treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.16 Provisions

Provisions are recognised when the Bank has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

4.17 Income tax

Income tax represents the sum of current income tax payable and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses can be utilised.

At each reporting date, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.18 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitments, which are limited to forward exchange contracts and currency swap contracts, outstanding at the end of reporting date are translated into Baht at the exchange rates ruling by the BOT at the end of reporting date.

Gains and losses on exchange rate are recognised in profit or loss.

4.19 Fair value measurement

Fair value is the price that is expected to be received from selling an asset or to pay to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Bank measures fair value using valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured and disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on category of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates effect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets and liabilities, the management is required to make judgement on whether significant risks and rewards of those assets and liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts

The management is required to use judgement in estimation in determining the allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts. The calculation of allowance for expected credit losses of the Bank is based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit losses model with a series of underlying assumptions, including the choice of inputs the forecasted macroeconomic variables in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.3 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management

exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both the Bank and its counterparty), liquidity, correlation and long-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosure of fair value hierarchy.

5.4 Premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment, and to review estimated useful lives and residual values when there is any change.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to exercise judgement as to the recoverable amount to be generated by the asset or the cash generating units, and to select a suitable discount rate in order to determine the present value of that cash flow.

5.6 Leases

Determination of the lease term for lease contracts with renewal and termination options - Bank as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Bank is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Bank to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Bank cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

5.7 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.8 Post-employment benefits under the defined benefit plan

Obligations under the defined benefit plan are determined based on actuarial techniques which involves various assumptions including discount rate, future salary incremental rate, staff turnover rate and mortality rate.

5.9 Litigation

The Bank has contingent liabilities as a result of litigation. The management has used judgement to assess results of the litigation and believes that no loss will be incurred. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3.1 to the financial statements, during the current year, the Bank has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these financial reporting standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of TFRS 16 does not impact to retained earnings as at 1 January 2020.

The amounts of adjustments affecting the statements of financial position as at 1 January 2020 from changes in accounting policies due to the adoption of these financial reporting standards are presented as follows.

(Unit: Thousand Baht)

	31 December 2019	The impact of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
Statements of financial position				
Assets				
Interbank and money market items - net	13,374,046	105,587	-	13,479,633
Investments - net	9,529,490	(8,729)	-	9,520,761
Loans to customers and accrued interest receivables - net	46,596,388	(419,963)	-	46,176,425
Right-of-use assets	-	-	221,113	221,113
Deferred tax assets	42,537	94,846	-	137,383
Other assets	104,415	-	(840)	103,575
Liabilities and equity				
Liabilities				
Lease liabilities	-	-	221,722	221,722
Provisions	87,207	151,124	-	238,331
Other liabilities	723,760	-	(1,449)	722,311
Equity				
Retained earnings - unappropriated	411,225	(379,383)	-	31,842

6.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)
	The impact
Recognition of expected credit losses	(474,229)
Less: Income tax effects	94,846
Impact on retained earnings due to the adoption of financial reporting standards related to financial instruments	(379,383)

As at 1 January 2020, the classification and measurement of financial assets and financial liabilities in accordance with TFRS 9 compared to the classification and measurement under the former accounting basis, are as follows:

		(Unit: Thousand Baht)				
	Carrying amount under the former basis	Classification and measurement in accordance with TFRS 9				
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets as at 1 January 2020						
Cash	139,719	-	-	-	139,719	139,719
Interbank and money market items - net	13,374,046	-	-	-	13,479,633	13,479,633
Derivative assets	5,113	5,113	-	-	-	5,113
Investments - net	9,529,490	-	9,520,756	5	-	9,520,761
Loans to customers and accrued interest receivables - net	46,596,388	-	-	-	46,176,425	46,176,425
Total financial assets	69,644,756	5,113	9,520,756	5	59,795,777	69,321,651
Financial liabilities as at 1 January 2020						
Deposits	47,087,838	-	-	-	47,087,838	47,087,838
Interbank and money market items	8,975,290	-	-	-	8,975,290	8,975,290
Liabilities payable on demand	284,478	-	-	-	284,478	284,478
Derivative liabilities	7,747	7,747	-	-	-	7,747
Debts issued and borrowings	2,110,780	-	-	-	2,110,780	2,110,780
Lease liabilities	221,722	-	-	-	221,722	221,722
Provisions	87,207	-	-	-	238,331	238,331
Total financial liabilities	58,775,062	7,747	-	-	58,918,439	58,926,186

The table below presents a reconciliation of allowance for impairment as at 31 December 2019 which was recognised in accordance with the BOT's regulations and Thai Accounting Standard No. 105 Accounting for Investments in Debt and Equity Securities, and provision for contingent obligation which was recognised in accordance with Thai Accounting Standard No. 37 Provisions, Contingent Liabilities and Contingent Assets, and allowance for expected credit losses as at 1 January 2020 which was recognised in accordance with TFRS 9. The changes are the result of the remeasurement of allowance for expected credit losses in accordance with TFRS 9.

	31 December 2019	Remeasurement	(Unit: Thousand Baht) 1 January 2020
Allowance for expected credit losses - interbank and money market items - net (assets)	108,867	(105,587)	3,280
Allowance for expected credit losses - investments in debt instruments measured at fair value through other comprehensive income	-	8,729	8,729
Allowance for expected credit losses - loans to customers and accrued interest receivables	901,542	419,963	1,321,505
Allowance for expected credit losses - loan commitments and financial guarantee contracts	-	151,124	151,124
Total	1,010,409	474,229	1,484,638

6.2 Leases

Upon initial application of TFRS 16, the Bank recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rates on 1 January 2020, ranging between the percentages of 1.55 to 4.52 per annum. For leases previously classified as finance leases, the Bank recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the leased assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	92,984
Add: Option to extend lease term	156,189
Less: Contracts reassessed as service agreements	(1,901)
Less: Others	(7,208)
Less: Deferred interest expenses	(18,342)
Increase in lease liabilities due to TFRS 16 initial adoption	221,722
Liabilities under finance lease agreements as at 31 December 2019	-
Lease liabilities as at 1 January 2020	221,722

The adjustments of right-of-use assets due to TFRS 16 initial adoption as at 1 January 2020 are summarised below:

)Unit: Thousand Baht)

Buildings	221,113
Total right-of-use assets	221,113

7. Classification of financial assets and liabilities

)Unit: Thousand Baht)

	31 December 2020				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity instruments designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	146,824	146,824
Interbank and money market items - net	-	-	-	9,266,527	9,266,527
Derivative assets	48,364	-	-	-	48,364
Investments - net	-	12,873,971	5	-	12,873,976
Loans to customers and accrued interest receivables - net	-	-	-	45,455,163	45,455,163
Total financial assets	48,364	12,873,971	5	54,868,514	67,790,854
<u>Financial liabilities</u>					
Deposits	-	-	-	47,093,872	47,093,872
Interbank and money market items	-	-	-	7,382,620	7,382,620
Liabilities payable on demand	-	-	-	355,761	355,761
Derivative liabilities	23,372	-	-	-	23,372
Debts issued and borrowings	-	-	-	2,102,597	2,102,597
Lease liabilities	-	-	-	320,917	320,917
Total financial liabilities	23,372	-	-	57,255,767	57,279,139

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 6.1 to the financial statements.

8. Interbank and money market items (assets)

(Unit: Thousand Baht)

	2020			2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	1,210,500	-	1,210,500	465,941	1,000,000	1,465,941
Commercial banks	84,636	5,500,000	5,584,636	52,700	8,810,000	8,862,700
Total	1,295,136	5,500,000	6,795,136	518,641	9,810,000	10,328,641
Add: Accrued interest receivables	-	146	146	72	2,743	2,815
Less: Allowance for expected credit						
losses	-	(22)	(22)	-	-	-
Less: Allowance for doubtful accounts	-	-	-	-	(88,100)	(88,100)
Total domestic items	1,295,136	5,500,124	6,795,260	518,713	9,724,643	10,243,356
Foreign						
US Dollars	835,250	315,606	1,150,856	342,468	723,696	1,066,164
Yen	5,384	-	5,384	745	-	745
Euro	42,385	-	42,385	7,498	-	7,498
Hong Kong Dollars	1,567	775,060	776,627	6,288	792,069	798,357
Chinese Yuan	27,056	461,870	488,926	250,984	992,381	1,243,365
Other currencies	45,773	-	45,773	31,670	-	31,670
Total	957,415	1,552,536	2,509,951	639,653	2,508,146	3,147,799
Add: Accrued interest receivables	-	1,066	1,066	10	3,648	3,658
Less: Deferred income	-	(36,714)	(36,714)	-	-	-
Less: Allowance for expected credit						
losses	-	(3,036)	(3,036)	-	-	-
Less: Allowance for doubtful accounts	-	-	-	-	(20,767)	(20,767)
Total foreign items	957,415	1,513,852	2,471,267	639,663	2,491,027	3,130,690
Total domestic and foreign items	2,252,551	7,013,976	9,266,527	1,158,376	12,215,670	13,374,046

9. Derivatives

Derivatives held for trading

As at 31 December 2020 and 2019, the Bank has fair value and notional amount of derivatives held for trading classified by type of risk as follows:

Type of risk	2020			2019		
	Fair value		Notional Amount*	Fair value		Notional Amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange	44,938	19,946	5,244,532	5,113	7,747	1,920,416
Interest rate	3,426	3,426	901,113	-	-	-
Total	48,364	23,372	6,145,645	5,113	7,747	1,920,416

* Disclosed only in case that the Bank has an obligation to pay.

10. Investments

10.1 Classified by type of investments

As at 31 December 2020 and 2019, the Bank has investments, as detailed follows:

	2020	2019
	Fair value	Fair value/Cost*
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprises instruments	11,317,943	-
Private debt instruments	884,593	-
Foreign debt instruments	683,924	-
Less: Allowance for expected credit losses	(12,489)	-
Total	12,873,971	-
Investments in equity instruments designated at fair value through other comprehensive income		
Non-marketable domestic equity instruments	5	-
Total	5	-
Available-for-sale investments		
Government and state enterprises instruments	-	8,474,628
Private debt securities	-	1,054,857
Total	-	9,529,485
General investments		
Non-marketable domestic equity instruments	-	5
Total	-	5
Investments - net	12,873,976	9,529,490

* Available-for-sale investments are stated at fair value and general investments are stated at cost.

As at 31 December 2020, Government bonds amounting to Baht 10,390 million (2019: Baht 8,363 million) are used as collateral for credit balance on clearing position with the Bank of Thailand.

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

	(Unit: Thousand Baht)	
	2020	2019
Overdrafts	70,969	125,409
Loans	46,760,040	47,189,227
Trade bills	49,936	49,334
Total loans to customers	46,880,945	47,363,970
Add: Accrued interest receivables and undue interest receivables	140,227	133,960
Total loans to customers and accrued interest receivables	47,021,172	47,497,930
Less: Deferred income	(97,783)	-
Total loans to customers and accrued interest receivables net of deferred income	46,923,389	47,497,930
Less: Allowance for expected credit losses	(1,468,226)	-
Less: Allowance for doubtful accounts	-	(901,542)
Total loans to customers and accrued interest receivables - net	45,455,163	46,596,388

11.2 Classified by currency and residency of debtors

	(Unit: Thousand Baht)		
	2020		
	Domestic	Foreign	Total
Baht	31,185,549	-	31,185,549
US Dollars	5,279,281	8,892,576	14,171,857
Euro	-	1,106,292	1,106,292
Hong Kong Dollars	-	-	-
Other currencies	107,843	309,404	417,247
Total loans to customers	36,572,673	10,308,272	46,880,945

	2019		
	Domestic	Foreign	Total
Baht	31,140,655	-	31,140,655
US Dollars	7,287,253	6,789,347	14,076,600
Euro	-	1,011,933	1,011,933
Hong Kong Dollars	-	849,125	849,125
Other currencies	1,493	284,164	285,657
Total loans to customers	38,429,401	8,934,569	47,363,970

11.3 Classified by loan classification

(Unit: Thousand Baht)

	31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	44,990,028	579,641
Financial assets where there has been a significant increase in credit risk (Under-Performing)	281,470	15,386
Financial assets that are credit-impaired (Non-Performing)	1,749,674	873,199
Total	47,021,172	1,468,226

(Unit: Thousand Baht)

	31 December 2019			
	Loans to customers and accrued interest receivables	Net balance used in setting allowance for doubtful accounts	Loan loss provisioning rates	Allowance for doubtful accounts
			(Percentage)	
The BOT's minimum required provision				
Pass	46,551,444	43,451,676	1	434,517
Special mention	150,518	149,779	2	2,995
Sub-standard	33,443	31,754	100	31,754
Doubtful	504	504	100	504
Doubtful of loss	762,021	431,772	100	431,772
Total	47,497,930	44,065,485		901,542

12. Allowance for expected credit losses / Allowance for doubtful accounts

(Unit: Thousand Baht)

	31 December 2020				
	Allowance for expected credit losses				Total
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	
Interbank and money market items (assets)					
Beginning balance	-	-	-	108,867	108,867
Changes due to the adoption of new accounting standards ⁽¹⁾	3,280	-	-	(108,867)	(105,587)
	3,280	-	-	-	3,280
Changes due to revaluation of allowance for credit losses	220	-	-	-	220
New financial assets purchased or acquired	75	-	-	-	75
Derecognised financial assets	(517)	-	-	-	(517)
Ending balance	3,058	-	-	-	3,058
Investments in debt instruments measured at fair value through other comprehensive income					
Beginning balance	-	-	-	-	-
Changes due to the adoption of new accounting standards ⁽¹⁾	8,729	-	-	-	8,729
	8,729	-	-	-	8,729
Changes due to revaluation of allowance for credit losses	2,327	-	-	-	2,327
New financial assets purchased or acquired	3,825	-	-	-	3,825
Derecognised financial assets	(2,392)	-	-	-	(2,392)
Ending balance	12,489	-	-	-	12,489
Loans to customers and accrued interest receivables					
Beginning balance	-	-	-	901,542	901,542
Changes due to the adoption of new accounting standards ⁽¹⁾	805,027	12,150	504,328	(901,542)	419,963
	805,027	12,150	504,328	-	1,321,505
Changes due to changes in stages	(25,851)	18,623	7,228	-	-
Changes due to revaluation of allowance for credit losses	(261,652)	(12,720)	511,023	-	236,651
New financial assets purchased or acquired	195,830	-	-	-	195,830
Derecognised financial assets	(133,713)	(2,667)	(134,779)	-	(271,159)
Bad debt written - off	-	-	(18,926)	-	(18,926)
Bad debt recovery	-	-	4,325	-	4,325
Ending balance	579,641	15,386	873,199	-	1,468,226

⁽¹⁾ The beginning balance of allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently, it is shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 6 to the financial statements.

(Unit: Thousand Baht)

	For the year ended 31 December 2019					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
Balance - beginning of the year	293,817	26,100	143,921	84,773	327,334	875,945
Increase (decrease) during the year	140,700	(23,105)	(112,167)	(84,269)	307,430	228,589
Bad debt recovery	-	-	-	-	6,404	6,404
Bad debt written-off	-	-	-	-	(209,396)	(209,396)
Balance - end of the year	434,517	2,995	31,754	504	431,772	901,542

13. Properties foreclosed

Properties foreclosed as of 31 December 2020 are summarised as follows:

Type of properties foreclosed	(Unit: Thousand Baht)			
	31 December 2020			
	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment				
Immovable properties				
Appraised by external appraisers	-	42,837	-	42,837
Total	-	42,837	-	42,837
Less: Allowance for impairment	-	-	-	-
Properties foreclosed	-	42,837	-	42,837

14. Premises and equipment

Premises and equipment as at 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

	Building and building improvements	Computer equipment	Furniture and office equipment	Vehicles	Asset under construction/ installation	Total
<u>Cost</u>						
As at 1 January 2019	334,613	72,304	135,212	36,465	-	578,594
Acquisition	10,694	1,465	5,050	-	2,085	19,294
Transfer in (out)	-	110	(110)	-	-	-
Write-off	(1,904)	(260)	(7,841)	-	-	(10,005)
As at 31 December 2019	343,403	73,619	132,311	36,465	2,085	587,883
Transfer to right-of-use assets due to TFRS 16 adoption	(61,043)	-	-	-	-	(61,043)
Acquisition	3,312	9,824	2,254	2,050	1,396	18,836
Transfer in (out)	1,406	-	679	-	(2,085)	-
Disposal	-	(9,162)	(1,569)	(8,326)	-	(19,057)
As at 31 December 2020	287,078	74,281	133,675	30,189	1,396	526,619
<u>Accumulated depreciation</u>						
As at 1 January 2019	179,346	55,457	89,678	33,916	-	358,397
Depreciation for the year	26,454	8,967	18,546	1,296	-	55,263
Transfer in (out)	-	6	(6)	-	-	-
Write-off	(1,904)	(260)	(7,841)	-	-	(10,005)
As at 31 December 2019	203,896	64,170	100,377	35,212	-	403,655
Transfer to right-of-use assets due to TFRS 16 adoption	(37,739)	-	-	-	-	(37,739)
Depreciation for the year	12,919	7,523	18,055	1,255	-	39,752
Disposal	-	(9,160)	(1,566)	(8,317)	-	(19,043)
As at 31 December 2020	179,076	62,533	116,866	28,150	-	386,625
<u>Allowance for impairment</u>						
As at 31 December 2019	-	-	-	-	-	-
Increase during the year	2,399	-	-	-	-	2,399
As at 31 December 2020	2,399	-	-	-	-	2,399
<u>Net book value</u>						
As at 31 December 2019	139,507	9,449	31,934	1,253	2,085	184,228
As at 31 December 2020	105,603	11,748	16,809	2,039	1,396	137,595
Depreciation included in profit or loss for the years ended 31 December						
2019						55,263
2020						39,752

As at 31 December 2020, certain building improvements and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 298 million (2019: Baht 231 million).

15. Leases

The Bank has entered into the lease agreements for rental of premises for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 9 years.

15.1 Right-of-use assets

Movements of the right-of-use assets for the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)
	31 December 2020
	Building
<u>Cost</u>	
As at 1 January 2020	
Changes due to the adoption of new accounting standards	221,113
Transfer from building	61,043
Increase during the year	168,885
As at 31 December 2020	451,041
<u>Accumulated depreciation</u>	
As at 1 January 2020	
Transfer from buildings	37,739
Depreciation for the year	70,025
As at 31 December 2020	107,764
<u>Net book value</u>	
As at 31 December 2020	343,277

15.2 Lease liabilities

	(Unit: Thousand Baht)
	31 December 2020
Lease payments	350,635
Less: Deferred interest expenses	(29,718)
Total	320,917

A maturity analysis of lease payments is disclosed in Note 38.3 to the financial statements under the liquidity risk.

15.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

For the year ended

31 December 2020

Depreciation of right-of-use assets	70,025
Interest expenses on lease liabilities	9,184
Expenses relating to lease of low-value assets	1,422

The Bank had total cash outflows for leases for the year ended 31 December 2020 of Baht 67 million.

16. Intangible assets

(Unit: Thousand Baht)

	License fee	Computer software	Total
<u>Cost</u>			
As at 1 January 2019	35,965	18,377	54,342
Acquisition	-	1,295	1,295
As at 31 December 2019	35,965	19,672	55,637
Acquisition	2,033	1,938	3,971
As at 31 December 2020	37,998	21,610	59,608
<u>Accumulated amortisation</u>			
As at 1 January 2019	26,557	7,567	34,124
Amortisation for the year	3,596	1,749	5,345
As at 31 December 2019	30,153	9,316	39,469
Amortisation for the year	3,641	1,891	5,532
As at 31 December 2020	33,794	11,207	45,001
<u>Net book value</u>			
As at 31 December 2019	5,812	10,356	16,168
As at 31 December 2020	4,204	10,403	14,607
Amortisation included in profit or loss for the years ended 31 December			
2019			5,345
2020			5,532

As at 31 December 2020, certain intangible assets have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those assets amounted to approximately Baht 2 million (2019: Baht 2 million).

17. Other assets

	(Unit: Thousand Baht)	
	2020	2019
Accrued interest receivables from investments	42,321	26,099
Deposits	22,146	18,812
Prepaid expenses	15,692	8,464
Others	19,580	51,040
Total other assets	99,739	104,415

18. Deposit**18.1 Classified by type of deposits**

	(Unit: Thousand Baht)	
	2020	2019
Current accounts	577,467	614,237
Saving accounts	16,410,398	11,128,402
Fixed accounts		
- not over 6 months	1,974,175	7,841,844
- 6 months and up to 1 year	17,600,798	11,385,973
- over 1 year	10,531,034	16,117,382
Total	47,093,872	47,087,838

18.2 Classified by currency and residency of deposits

	(Unit: Thousand Baht)					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	36,980,291	23,159	37,003,450	38,728,530	30,004	38,758,534
US Dollars	8,354,023	238,556	8,592,579	6,797,683	209,238	7,006,921
Chinese Yuan	1,456,133	408	1,456,541	1,306,655	367	1,307,022
Other currencies	36,383	4,919	41,302	9,461	5,900	15,361
Total	46,826,830	267,042	47,093,872	46,842,329	245,509	47,087,838

19. Interbank and money market items (liabilities)

	(Unit: Thousand Baht)					
	2020			2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	4,660	-	4,660	5,771	-	5,771
Total domestic items	4,660	-	4,660	5,771	-	5,771
Foreign						
Baht	163,499	-	163,499	241,397	-	241,397
US Dollars	-	5,023,705	5,023,705	-	5,808,263	5,808,263
Hong Kong Dollars	-	775,060	775,060	-	1,623,762	1,623,762
Australian Dollars	-	309,404	309,404	-	284,164	284,164
Euro	-	1,106,292	1,106,292	-	1,011,933	1,011,933
Total foreign items	163,499	7,214,461	7,377,960	241,397	8,728,122	8,969,519
Total domestic and foreign items	168,159	7,214,461	7,382,620	247,168	8,728,122	8,975,290

20. Debts issued and borrowings

As at 31 December 2020 and 2019, Debts issued and borrowings classified by type of securities, maturity and interest rate are as follows:

Type	Maturity	Interest rate per annum)%(Currency	(Unit: Thousand Baht)					
				2020			2019		
				Amount			Amount		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	21 August 2027	3M LIBOR + 0.3	USD	-	2,102,597	2,102,597	-	2,110,780	2,110,780
Total				-	2,102,597	2,102,597	-	2,110,780	2,110,780

The subordinated debentures are name-registered, unsecured, subordinated debentures with no debenture holders' representative through Bank of China (Hong Kong) Limited amounting to USD 70 million. The debentures have a 10-year tenor and bear interest at a floating rate of 3-month LIBOR plus 0.3 percent per annum, payable quarterly. The Bank has the right to early redeem all subordinated debentures from the fifth anniversary of the issuance date. The debentures have loss absorption features that will come into effect at the point of non-viability, in accordance with the BOT's guidelines with reference to Basel III framework. In addition, as at 31 December 2020 and 2019, the Bank was approved by BOT to count proceeds received from the issuance of the above subordinated debentures for an amount of Baht 2,326 million as a part of its Tier II capital, in accordance with the conditions specified in the BOT's guidelines regarding the Basel III framework.

21. Provisions

	(Unit: Thousand Baht)	
	2020	2019
Allowance for expected credit losses on loan commitments and financial guarantee contracts	157,505	-
Provision for restoration and dismantling cost	74,122	61,043
Provision for long-term employee benefits	34,541	26,164
Total provisions	266,168	87,207

21.1 Allowance for expected credit losses of loan commitments and financial guarantee contracts

As at 31 December 2020, Allowance for expected credit losses of loan commitments and financial guarantee contracts by classification are as follows:

	(Unit: Thousand Baht)	
	31 December 2020	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk)Performing)	32,711,227	79,859
Financial assets where there has been a significant increase in credit risk (Under-Performing)	131,606	3,496
Financial assets that are credit-impaired)Non-Performing)	74,150	74,150
Total	32,916,983	157,505

Change in allowance for expected credit losses of loan commitments and financial guarantee contracts are as follows:

)Unit: Thousand Baht(

	31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
Beginning balance	-	-	-	-
Changes due to the adoption of new accounting standards	75,297	1,577	74,250	151,124
	75,297	1,577	74,250	151,124
Changes due to changes in stages	90	(90)	-	-
Changes due to revaluation of allowance for credit losses	(7,406)	2,005	-	(5,401)
New loan commitments/guarantee contracts issued	39,351	81	-	39,432
Derecognised financial assets	(27,473)	(77)	(100)	(27,650)
Ending balance	79,859	3,496	74,150	157,505

21.2 Provisions for long-term employee benefits

Changes in provisions for long-term employee benefits for the years ended 31 December 2020 and 2019 can be summarised as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Provisions for long-term employee benefits at the beginning of the years	26,164	16,546
Recognised in profit or loss:		
Current service cost	8,206	7,156
Interest cost	368	279
Past service cost	-	2,020
Total benefits recognised in profit or loss	8,574	9,455
Recognised in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumption changes	(1,163)	(2,338)
Financial assumption changes	1,384	3,545
Experience adjustments	1,048	(483)
Total benefits recognised in other comprehensive income	1,269	724
Benefits paid during the years	(1,466)	(561)
Provisions for long-term employee benefits at the end of the years	34,541	26,164

As at 31 December 2020, the Bank does not expect to pay long-term employee benefits in the next one year (2019: Baht 1.47 million).

As at 31 December 2020, the weighted average duration of the Bank's long-term employee benefit obligation is 21 years (2019: 21 years).

The principal assumptions used in determining employee benefits under retirement plans can be summarised as follows:

	(Unit: Percentage per annum)	
	2020	2019
Average salary incremental rate	5.00	5.00
Average staff turnover rate	0.00 - 28.00	0.00 - 29.00
Discount rate	1.01	1.49

Sensitivity analysis for principal assumptions that affects provisions for long-term employee benefits as at 31 December 2020 and 2019 are summarised below:

	(Unit: Thousand Baht)			
	2020		2019	
	Increased by 1%	Decreased by 1%	Increased by 1%	Decreased by 1%
Average salary incremental rate	2,671	(2,416)	2,080	(1,877)
Average staff turnover rate	(2,828)	1,653	(2,184)	1,282
Discount rate	(2,621)	2,963	(2,022)	2,291

22. Other liabilities

	(Unit: Thousand Baht)	
	2020	2019
Accrued expenses	185,757	255,938
Cash subscription payable	203,013	203,013
Corporate income tax payable	-	80,127
Other liabilities payable on behalf of Bank of China Limited, Bangkok branch	10,789	10,789
Others	103,538	173,893
Total other liabilities	503,097	723,760

23. Other components of equity

	(Unit: Thousand Baht)	
	2020	2019
Revaluation surplus (deficit) on investments		
Revaluation surplus on investments		
Debt instruments	147,609	54,663
Revaluation deficit on investments		
Debt instruments	(3,989)	-
Total revaluation surplus on investment measured fair value through other comprehensive income	143,620	-
Total revaluation surplus on available-for-sale investments	-	54,663
Less: Income tax effects	(28,707)	(10,933)
Revaluation surplus on investments measured through other comprehensive income - net of income tax	114,913	-
Revaluation surplus on available-for-sale investments - net of income tax	-	43,730

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Bank is required to set aside a statutory reserve at least 5 percent of its net profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

25. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551.

As at 31 December 2020 and 2019, Capital funds of the Bank calculated in accordance with the BOT's guidelines with reference to Basel III framework consist of the following:

	(Unit: Thousand Baht)	
	2020	2019
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital	10,000,000	10,000,000
Statutory reserve	21,037	7,818
Retained earnings after appropriation	398,006	-
Other components of equity	114,913	43,730
Less: Deduction items from Common Equity Tier I	(315,533)	(72,004)
Total Tier I capital	10,218,423	9,979,544
<u>Tier II capital</u>		
Subordinated debentures	2,325,729	2,325,729
Total Tier II capital	2,325,729	2,325,729
Total capital funds	12,544,152	12,305,273

	(Unit: Percentage)			
	2020		2019	
	Minimum requirement by BOT	The Bank	Minimum requirement by BOT	The Bank
Capital Adequacy Ratio				
Common Equity Tier I to risk-weighted assets	7.00	17.82	7.00	16.23
Tier I capital funds to risk-weighted assets	8.50	17.82	8.50	16.23
Total capital funds to risk-weighted assets	11.00	21.88	11.00	20.01

In accordance with the Notification of the Bank of Thailand regarding the disclosure of capital maintenance for commercial banks, the Bank will disclose capital maintenance information as at 31 December 2020 on its website (www.bankofchina.com/th) by April 2021.

26. Interest income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Interbank and money market items	101,213	195,858
Investments in debt instruments	161,059	123,605
Loans to customers	1,388,005	1,452,313
Total interest income	1,650,277	1,771,776

27. Interest expenses

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Deposits	595,608	492,635
Interbank and money market items	152,952	176,089
Debts issued and borrowings	25,999	59,685
Contributions to Deposit Protection Agency and Financial Institutions Development Fund	104,572	148,697
Others	9,184	-
Total interest expenses	888,315	877,106

28. Net fees and service income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Fees and service income		
- Acceptances, avals and guarantees	87,548	89,079
- Others	140,645	185,925
Total fees and service income	228,193	275,004
Fees and service expenses	(18,486)	(19,514)
Net fees and service income	209,707	255,490

29. Net gains on financial instruments measured at fair value through profit or loss / Net gains on trading and foreign exchange transactions

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Foreign currencies and derivatives on foreign exchange	232,297	269,638
Total	232,297	269,638

30. Expected credit losses

Expected credit losses for financial assets for the year ended 31 December 2020 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2020
Interbank and money market items (reversal)	(222)
Investments in debt instruments measured at fair value through other comprehensive income	3,760
Loans to customers and accrued interest receivables	291,602
Total	295,140
Loan commitments and financial guarantee contracts	6,381
Total	301,521

31. Bad debts, doubtful accounts and impairment losses

(Unit: Thousand Baht)

	For the year ended 31 December 2019
Bad debts and doubtful accounts:	
Interbank and money market items	15,057
Loans to customers	234,994
Total bad debts, doubtful accounts and impairment losses	250,051

32. Income tax expenses

Income tax expenses of the Bank for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Current income tax:		
Income tax for the years	-	(119,332)
Adjustments in respect of corporate income tax of previous years	934	212
Deferred tax:		
Deferred tax on temporary differences and reversal of temporary differences	(17,191)	8,065
Deferred tax effect from change in tax rate	9,244	-
Income tax expenses reported in the statement of comprehensive income	(7,013)	(111,055)

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Revaluation surplus on investments	(17,774)	(10,231)
Actuarial losses on defined benefit plan	297	134
Income tax recorded directly to other comprehensive income	(17,477)	(10,097)

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Accounting profits before tax	75,055	375,427
Applicable tax rates	20%	10% and 20%
Accounting profits before tax multiplied by applicable tax rate	(15,011)	(75,001)
Adjustments in respect of corporate income tax of previous years	934	212
Tax effect of non-taxable income and non-deductible expenses	(2,180)	(36,266)
Deferred tax effect from change in tax rate	9,244	-
Income tax expenses reported in the statement of comprehensive income	(7,013)	(111,055)

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Change in deferred tax assets/liabilities for the years ended			
	31 December			
	2020	2019	2020	2019
Deferred tax assets (liabilities) arose from:				
Revaluation surplus on investments	(28,707)	(10,933)	(17,774)	(10,231)
Allowance for expected credit losses	34,073	-	34,073	-
Provisions	35,000	30,435	4,565	2,473
Stop-accrued interest	816	816	-	55
Deferred fees income	16,582	16,754	(172)	5,603
Unused tax loss	48,509	-	48,509	-
Others	5,686	5,465	221	68
Total	111,959	42,537	69,422	(2,032)
Changes in deferred income tax:				
Recognised in retained earnings as at 1 January 2020			94,846	-
Recognised in profit or loss			(7,947)	8,065
Recognised in other comprehensive income (loss)			(17,477)	(10,097)
Total			69,422	(2,032)

33. Contingent liabilities**33.1 Commitments**

	(Unit: Thousand Baht)	
	2020	2019
Guarantees of loans	869,590	942,569
Letters of credit	265,668	294,151
Liabilities under unmatured import bills	34,336	6,536
Other commitments		
- Undrawn overdraft amount	95,376	61,466
- Other guarantees	17,198,701	17,712,317
- Others	14,453,312	10,511,819
Total	32,916,983	29,528,858

33.2 Service commitments

The Bank has entered into other service commitments. The terms of the agreements are approximately 3 years. As at 31 December 2020, the Bank has future minimum lease payments required under these non-cancellable contracts amounting to approximately Baht 0.4 million.

33.3 Contingent liabilities/Litigation cases

As at 31 December 2020 and 2019, the Bank has contingent liabilities amounting to approximately Baht 3 million in respect of litigation, which final judgement has not yet been reached. However, the management of the Bank believes that no material losses to the financial statements will be incurred as a result of the mentioned lawsuit and therefore no liabilities are currently recorded.

34. Related party transactions

Related parties comprise individuals or enterprises that control or are controlled by the Bank, whether directly or indirectly, or which are under common control with the Bank.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors and officers with authority in the plan and the direction of the Bank's operations, together with close family members of such persons and companies which are controlled and influenced by them, whether directly or indirectly.

During the years, the Bank had significant business transactions with its related companies and related persons. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Bank and those parties are summarised below:

	For the years ended 31 December		(Unit: Thousand Baht)
	2020	2019	Terms and pricing policy
Parent company:			
Interest income	30,399	52,791	With reference to the terms and prices as offered to other customers
Interest expenses	68,358	144,094	With reference to the terms and prices as offered to other customers
Premises and equipment expenses	2,742	2,488	At the rate agreed under the service contract
Fee income	4,962	13,159	At the rate agreed under the service contract
Fee expenses	65	171	At the rate agreed under the service contract
Other expenses	317	442	At the rate agreed under the service contract
Companies in the Bank of China Group:			
Interest income	3,727	22,194	With reference to the terms and prices as offered to other customers
Interest expenses	110,391	90,398	With reference to the terms and prices as offered to other customers
Premises and equipment expenses	8,798	9,678	At the rate agreed under the service contract
Fee income	25,941	40,468	At the rate agreed under the service contract
Fee expenses	544	115	At the rate agreed under the service contract
Other expenses	-	807	At the rate agreed under the service contract
Related parties:			
Interest expenses	624	1,095	With reference to the terms and prices as offered to other customers

As at 31 December 2020 and 2019, the outstanding balances of the accounts between the Bank and related companies are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Outstanding balance		
Parent company:		
Interbank and money market items (assets)	1,950,780	2,437,658
Derivative assets	4,624	20
Accrued interest receivables	292	2,372
Other receivables	8,365	-
Interbank and money market items (liabilities)	450,557	2,775,617
Derivative liabilities	493	70
Debts issued and borrowings	2,102,597	2,110,780
Accrued interest payables	1,190	12,665
Accrued expenses	3,144	379
Commitment from foreign exchange contracts	292,824	101,074
Commitment from interest rate swap contracts	450,557	-
Companies in the Bank of China Group:		
Interbank and money market items (assets)	497,910	484,556
Accrued interest receivables	703	599
Accrued fee income	6,488	5,722
Interbank and money market items (liabilities)	6,927,403	6,193,902
Derivative liabilities	-	2,018
Accrued interest payables	3,284	4,966
Cash subscription payable	203,013	203,013
Other liabilities on behalf of Bank of China Limited,		
Bangkok branch	10,789	10,789
Accrued expenses	9,027	4,016
Other liabilities	6,413	6,624
Commitment from foreign exchange contracts	-	144,405
Related parties:		
Investments	5	5
Deposits	207,052	269,502
Accrued interest payables	7	60

Outstanding balances with directors and key management personnel are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Loans to customers	72	92
Deposits	52,664	3,224

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Bank had short-term benefit expenses paid to their directors and key management as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Short-term benefits ⁽¹⁾	51,429	45,270
Total	51,429	45,270

⁽¹⁾ Short-term benefits include directors' remuneration amounting to Baht 5.5 million (2019: Baht 5 million).

35. Earnings per share

Basic earnings per share is calculated by dividing profits for the years attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the years.

	For the years ended 31 December	
	2020	2019
Profits for the years (Thousand Baht)	68,042	264,372
Basic earnings per share (Baht/share)	0.07	0.26
Weighted average number of shares (shares)	1,000,000,000	1,000,000,000

36. Financial position and results of operations classified by business activity

As at 31 December 2020 and 2019, financial positions of the Bank classified by geographic locations are as follows:

	(Unit: Thousand Baht)					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Total assets	62,120,572	6,420,296	68,540,868	61,105,009	8,887,095	69,992,104
Interbank and money market						
items - net (assets)	8,808,928	457,599	9,266,527	12,234,800	1,139,246	13,374,046
Investments - net	12,873,976	-	12,873,976	9,529,490	-	9,529,490
Loans to customers and accrued						
interest receivables - net	39,500,768	5,954,395	45,455,163	38,853,023	7,743,365	46,596,388
Deposits	47,093,800	72	47,093,872	47,087,766	72	47,087,838
Interbank and money market items						
(liabilities)	4,661	7,377,959	7,382,620	247,168	8,728,122	8,975,290
Liabilities payable on demand	355,269	492	355,761	284,478	-	284,478
Debts issued and borrowings	-	2,102,597	2,102,597	-	2,110,780	2,110,780

The operating results of the Bank for the years ended 31 December 2020 and 2019 classified by geographic locations are as follows:

	(Unit: Thousand Baht)					
	For the years ended 31 December					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Interest income	1,456,624	193,653	1,650,277	1,506,760	265,015	1,771,775
Less: Interest expenses	(769,728)	(118,587)	(888,315)	(702,411)	(174,695)	(877,106)
Net interest income	686,896	75,066	761,962	804,349	90,320	894,669
Net fees and service income	195,879	13,828	209,707	215,955	39,535	255,490
Other operating income	235,392	5,834	241,226	286,967	(9,127)	277,840
Less: Operating expenses	(836,319)	-	(836,319)	(698,901)	(103,620)	(802,521)
Profits from operation before						
expected credit losses/bad debts,						
doubtful accounts and impairment						
losses, and income tax	281,848	94,728	376,576	608,370	17,108	625,478

37. Fair value of assets and liabilities

As at 31 December 2020 and 2019, the Bank had the financial assets and financial liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2020				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial assets and financial liabilities measured at fair value					
Financial assets					
Derivative assets	48,364	-	48,364	-	48,364
Investments in debt instruments measured					
at fair value through other comprehensive income	12,873,971	-	12,873,971	-	12,873,971
Investments in equity instruments designated					
at fair value through other comprehensive income	5	-	5	-	5
Financial liabilities					
Derivative liabilities	23,372	-	23,372	-	23,372
Financial assets and financial liabilities not measured at fair value					
Financial assets					
Cash	146,824	146,824	-	-	146,824
Interbank and money market items - net (assets)	9,266,527	2,252,552	7,013,975	-	9,266,527
Loan to customers and accrued interest					
receivables - net	45,455,163	-	45,455,163	-	45,455,163
Financial liabilities					
Deposits	47,093,872	16,987,865	30,106,007	-	47,093,872
Interbank and money market items (liabilities)	7,382,620	168,160	7,214,460	-	7,382,620
Liabilities payable on demand	355,761	-	355,761	-	355,761
Debts issued and borrowings	2,102,597	-	2,023,248	-	2,023,248
Lease liabilities	320,917	-	320,917	-	320,917

(Unit: Thousand Baht)

	31 December 2019				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial assets and financial liabilities measured at fair value					
Financial assets					
Derivative assets	5,113	-	5,113	-	5,113
Available-for-sale-investments - Debt instruments	9,529,490	-	9,529,490	-	9,529,490
Financial liabilities					
Derivative liabilities	7,747	-	7,747	-	7,747
Financial assets and financial liabilities not measured at fair value					
Financial assets					
Cash	139,719	139,719	-	-	139,719
Interbank and money market items (assets)	13,374,046	1,158,376	12,215,670	-	13,374,046
Loan to customers and accrued interest receivables - net	46,596,388	-	46,596,388	-	46,596,388
Financial liabilities					
Deposits	47,087,838	11,742,639	35,345,199	-	47,087,838
Interbank and money market items (liabilities)	8,975,290	247,168	8,728,122	-	8,975,290
Liabilities payable on demand	284,478	-	284,478	-	284,478
Debts issued and borrowings	2,110,780	-	2,017,328	-	2,017,328

During the current year, there were no transfers among the fair value hierarchy levels.

Fair value of assets and liabilities

Fair value of each item of financial assets and financial liabilities is estimated using the following methods and assumptions.

(a) Cash

The fair value is assumed to approximate its book value in the statement of financial position.

(b) Interbank and money market items (asset)

The fair value is assumed to approximate their book value in the statement of financial position due to their short-term maturity.

(c) Derivatives

For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market such as spot rates, forward rates of foreign currencies and interest rate yield curves. The Bank had considered an effect of counterparty's credit risk when determining the fair value of derivatives.

(d) Investments

The fair value of investments in domestic debts instruments is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

The fair value of investments in foreign debt instruments is determined based on the latest published price obtained from reliable sources.

The fair value of investments in non-marketable equity instruments is determined based on generally accepted pricing models.

(e) Loans to customers

The fair value of the floating rate loans that are scheduled to be re-priced regularly and have no significant change in credit risk or of the fixed rate loans that is re-priced within 1 year as from the financial reporting date are estimated to approximate their carrying values. The fair values of fixed rate loans that are scheduled to be re-priced longer than 1 year as from the financial reporting date are estimated using the discounted cash flow techniques and applying an average interest rates currently being offered to other borrowers with similar credit quality and similar loan terms and conditions, except that such loans, upon which fair value calculation under such techniques, provide the fair values which are not materially different from their carrying values, the fair values are therefore approximated their carrying values.

(f) Deposits

The fair value of demand deposits, floating-rate deposits and deposits that are re-priced within 1 year as from the financial reporting date is estimated to approximate their carrying values. The fair values for other fixed-rate deposits are estimated using the discounted cash flow techniques by discounting the expected future cash flows at the Bank's interest rate for similar deposits.

(g) Interbank and money market items (liabilities)

The fair value of interbank and money market items payable on demand, floating-rate deposits or fixed-rate deposits with no more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book value.

(h) Liabilities payable on demand

The fair value is assumed to approximate its book value in the statement of financial position due to its short-term maturity.

(i) Debts issued and borrowings

The fair value of floating rate debts issued and borrowings with a remaining maturity period of longer than 1 year as from the financial reporting date is estimated using the discounted cash flow techniques and applying an average rate of interest currently charged on borrowings with similar arrangements.

(j) Lease liabilities

The fair value of lease liabilities is determined by discounting the expected future cash flows by the Bank's incremental borrowing rates with similar conditions.

38. Risk management

38.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to fulfill an obligation, causing the Bank to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial instrument less allowance for expected credit losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans and other guarantees.

In addition, the Bank manages credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability of customers to service debt, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

The Bank's credit risk management involves the performance of independent due diligence without management intervention, which takes both business developments and risk mitigation into consideration; credit approval based on careful decision-making and a systematic post-approval review, monitoring and evaluation process. The Bank's guidelines for credit risk management are consistent with both the policies of the parent company and regulatory guidelines.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at the gross carrying amount before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their carrying amount.

For financial guarantee contracts, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees are called upon. For undrawn credit limits that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

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

	(Unit: Thousand Baht) 31 December 2020
Interbank and money market items (assets)	9,305,087
Investments in debt instruments measured at fair value through other comprehensive income	12,886,460
Loans to customers and accrued interest receivables	46,923,389
Other accrued interest receivables	42,321
Total financial assets	69,157,257
Loan commitments	14,548,688
Financial guarantee contracts	18,368,295
Total	32,916,983
Total credit risk exposure	102,074,240

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted a policy to mitigate this risk, whereby credit analysis is performed based on customer information and the status of customers is followed up consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are the gross carrying amount (before netting allowance for expected credit losses). The amounts presented for undrawn credit limits and financial guarantee contracts are the amounts committed or guaranteed, respectively.

Explanations of the 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses - credit impaired are included in Note 4.9 to the financial statements.

(Unit: Thousand Baht)

	31 December 2020			
	Financial assets where there has been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items - net (assets)				
Investment grade*	9,269,585	-	-	9,269,585
Non-investment grade*	-	-	-	-
Total	9,269,585	-	-	9,269,585
Less: Allowance for expected credit losses	(3,058)	-	-	(3,058)
Net carrying amount	9,266,527	-	-	9,266,527
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	12,886,460	-	-	12,886,460
Non-investment grade*	-	-	-	-
Total	12,886,460	-	-	12,886,460
Less: Allowance for expected credit losses	(12,489)	-	-	(12,489)
Net carrying amount	12,873,971	-	-	12,873,971
Loans to customers and accrued interest receivables - net				
0 - 30 days overdue	44,883,684	278,585	-	45,162,269
31 - 90 days overdue	-	3,605	-	3,605
Over 90 days overdue	-	-	1,757,515	1,757,515
Total	44,883,684	282,190	1,757,515	46,923,389
Less: Allowance for expected credit losses	(579,641)	(15,386)	(873,199)	(1,468,226)
Net carrying amount	44,304,043	266,804	884,316	45,455,163
Loan commitments				
Loan commitments	14,526,569	22,119	-	14,548,688
Less: Allowance for expected credit losses	(43,150)	(188)	-	(43,338)
Net carrying amount	14,483,419	21,931	-	14,505,350
Financial guarantee contracts				
Financial guarantee contracts	18,184,658	109,487	74,150	18,368,295
Less: Allowance for expected credit losses	(36,709)	(3,308)	(74,150)	(114,167)
Net carrying amount	18,147,949	106,179	-	18,254,128

* Rating of external credit risk rating agency

Interbank and money market

As at 31 December 2020, the Bank has interbank and money market items amounting to Baht 9,269 million for which the counterparties have the credit ratings as investment grade according to the ratings of TRIS Rating, Fitch Ratings, Moody's Investors Service and Standard & Poor's.

Collateral and any operations to increase creditability

The Bank holds collateral and any operations to increase the creditability of its exposure to credit risk. Details of the collateral held by the Bank for each type of financial asset are as follows:

(Unit: Thousand Baht)

Exposure to risk with collateral		Type of collateral
31 December 2020		
Loans to customers	13,295,809	Lands, buildings, vehicle, and deposits

38.2 Market risk

Market risk is the risk that the Bank may be affected by changes in value of position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank has strict, prudent and reliable market risk management guidelines to ensure that the market risk remains at the low level and can be efficiently managed since the Bank's market risk is relatively limited. This enables the Bank to maintain foreign currency position within the specified risk limits and to improve the effectiveness in its monitoring of the value of positions, processes related to the management of derivative transactions, issuance of new derivative products as well as the adjustment of interest rates, when necessary, and adjustment related to the efficiency of the Bank's use of capital.

Interest rate risk

Interest rate risk in banking book is the risk or potential loss to earnings and economic value of the Bank due to the change in interest rates. This interest rate risk arises from mismatches between the maturities and the repricing terms of assets and liabilities.

These mismatches are actively monitored and managed as part of the overall interest rate risk management process which is conducted in accordance with the Bank's risk management policies.

However, financial assets and financial liabilities represented their carrying amounts in the statements of financial position, are classified by types of interest rates as follows:

(Unit: Thousand Baht)

	31 December 2020				
	Floating rate	Fixed rate	Non-interest bearing	Non-performing loan	Total
Financial assets					
Cash	-	-	146,824	-	146,824
Interbank and money market items	1,653,636	6,277,476	1,373,975	-	9,305,087
Derivative assets	-	-	48,364	-	48,364
Investments	-	12,886,460	5	-	12,886,465
Loans to customers	31,623,362	13,524,013	-	1,733,570	46,880,945
Total financial assets	33,276,998	32,687,949	1,569,168	1,733,570	69,267,685
Financial liabilities					
Deposits	16,351,470	30,106,007	636,395	-	47,093,872
Interbank and money market items	6,765,822	450,557	166,241	-	7,382,620
Liabilities payable on demand	-	-	355,761	-	355,761
Derivative liabilities	-	-	23,372	-	23,372
Debts issued and borrowings	2,102,597	-	-	-	2,102,597
Lease liabilities	-	320,917	-	-	320,917
Total financial liabilities	25,219,889	30,877,481	1,181,769	-	57,279,139

(Unit: Thousand Baht)

	31 December 2019				
	Floating rate	Fixed rate	Non-interest bearing	Non-performing loan	Total
Financial assets					
Cash	-	-	139,719	-	139,719
Interbank and money market items	1,339,847	11,543,506	593,087	-	13,476,440
Derivative assets	-	-	5,113	-	5,113
Investments	-	9,529,485	5	-	9,529,490
Loans to customers	36,448,463	10,046,278	73,261	795,968	47,363,970
Total financial assets	37,788,310	31,119,269	811,185	795,968	70,514,732
Financial liabilities					
Deposits	11,093,213	35,345,199	649,426	-	47,087,838
Interbank and money market items	5,986,179	2,747,714	241,397	-	8,975,290
Liabilities payable on demand	-	-	284,478	-	284,478
Derivative liabilities	-	-	7,747	-	7,747
Debts issued and borrowings	2,110,780	-	-	-	2,110,780
Total financial liabilities	19,190,172	38,092,913	1,183,048	-	58,466,133

With respect to financial instruments that carry fixed interest rates, the periods from the financial statement date to the repricing or maturity date (whichever is sooner) are presented below:

(Unit: Thousand Baht)

	31 December 2020					
	Repricing or maturity date					Weighted
	Within	3 - 12	1 - 5	More than		average
	3 months	months	years	5 years	Total	(% per annum)
Financial assets						
Interbank and money market items	5,961,870	29,180	183,289	103,137	6,277,476	0.76
Investments	2,602,755	1,203,622	8,963,205	116,878	12,886,460	1.31
Loans to customers	4,757,339	3,380,363	5,386,311	-	13,524,013	2.85
Total financial assets	13,321,964	4,613,165	14,532,805	220,015	32,687,949	
Financial liabilities						
Deposits	14,594,021	14,397,342	1,114,644	-	30,106,007	1.23
Interbank and money market items	-	450,557	-	-	450,557	0.92
Lease liabilities	14,579	43,652	226,192	36,494	320,917	1.55 - 4.52 ⁽¹⁾
Total financial liabilities	14,608,600	14,891,551	1,340,836	36,494	30,877,481	

⁽¹⁾ Interest rate per annum

(Unit: Thousand Baht)

	31 December 2019					
	Repricing or maturity date					Weighted average
	Within 3 months	3 - 12 months	1 - 5 years	More than 5 years	Total	(% per annum)
Financial assets						
Interbank and money market items	11,543,506	-	-	-	11,543,506	1.38
Investments	2,000,707	2,700,130	4,828,648	-	9,529,485	1.69
Loans to customers	1,811,951	1,470,861	6,741,640	21,826	10,046,278	3.05
Total financial assets	15,356,164	4,170,991	11,570,288	21,826	31,119,269	
Financial liabilities						
Deposits	11,739,776	7,498,393	16,107,030	-	35,345,199	1.71
Interbank and money market items	2,747,714	-	-	-	2,747,714	2.19
Total financial liabilities	14,487,490	7,498,393	16,107,030	-	38,092,913	

Interest rate sensitivity analysis

Analysis of sensitivity to changes in interest rates shows the impact of potential changes in interest rates on the income statement and equity of the Bank when other variables are set to constant values.

The sensitivity of the income statement is the effect of changes in interest rates to profit or loss of the year. For financial assets and financial liabilities at the end of the reporting period, the sensitivity of equity is calculated by measuring the fair value as at 31 December 2020 of financial assets measured at fair value through other comprehensive income using a new fixed rate, including the effect of hedging cash flow risk by assuming change in interest rate.

The effect of change in interest rates on profit or loss and equity as of 31 December 2020 can be summarised as follows:

(Unit: Thousand Baht)

	Sensitivity of	
	Profit or loss	Equity
Increased by 1%	(7,248)	(252,968)
Decreased by 1%	7,248	252,968

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in fluctuations in revenues or the values of financial assets and liabilities, and changes in the value of financial instruments.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to mitigate this foreign exchange exposure through management of its net foreign exchange position and operation in accordance with a risk management policy which has been approved by its Board of Directors and is in strict accordance with BOT's guidelines.

The foreign currency position of the Bank as at 31 December 2020 and 2019 can be summarised as follows:

(Unit: Thousand Baht)

	31 December 2020					Total
	Baht	US Dollars	Chinese Yuan	Hong Kong Dollars	Others	
Financial assets						
Cash	100,943	31,797	14,084	-	-	146,824
Interbank and money market items	6,795,106	1,150,887	488,926	776,627	93,541	9,305,087
Investments	12,202,541	-	683,924	-	-	12,886,465
Loans to customers	31,185,548	14,171,858	107,843	-	1,415,696	46,880,945
Total financial assets	50,284,138	15,354,542	1,294,777	776,627	1,509,237	69,219,321
Financial liabilities						
Deposits	37,003,451	8,592,578	1,456,542	-	41,301	47,093,872
Interbank and money market items	166,241	5,023,705	1,919	775,060	1,415,695	7,382,620
Liabilities payable on demand	21,899	306,318	26,573	10	961	355,761
Debts issued and borrowings	-	2,102,597	-	-	-	2,102,597
Lease liabilities	320,917	-	-	-	-	320,917
Total financial liabilities	37,512,508	16,025,198	1,485,034	775,070	1,457,957	57,255,767
Commitments						
Guarantees of loans	-	-	-	-	869,590	869,590
Letters of credit	146,973	88,650	23,527	-	6,518	265,668
Liabilities under unmatured import bills	2,529	-	31,807	-	-	34,336
Other commitments						
Undrawn overdraft amount	95,376	-	-	-	-	95,376
Other guarantees	12,489,080	4,150,669	400,976	-	157,976	17,198,701
Others	10,413,126	3,852,733	187,453	-	-	14,453,312

(Unit: Thousand Baht)

31 December 2019						
	Baht	US Dollars	Chinese Yuan	Hong Kong Dollars	Others	Total
Financial assets						
Cash	96,306	10,423	32,990	-	-	139,719
Interbank and money market items	10,328,641	1,066,164	1,243,365	798,358	39,912	13,476,440
Investments	9,529,490	-	-	-	-	9,529,490
Loans to customers	31,140,655	14,076,600	1,493	849,125	1,296,097	47,363,970
Total financial assets	51,095,092	15,153,187	1,277,848	1,647,483	1,336,009	70,509,619
Financial liabilities						
Deposits	38,758,534	7,006,921	1,307,022	-	15,361	47,087,838
Interbank and money market items	242,707	5,808,263	4,461	1,623,762	1,296,097	8,975,290
Liabilities payable on demand	45,293	197,745	28,412	141	12,887	284,478
Debts issued and borrowings	-	2,110,780	-	-	-	2,110,780
Total financial liabilities	39,046,534	15,123,709	1,339,895	1,623,903	1,324,345	58,458,386
Commitments						
Guarantees of loans	-	-	56,091	-	886,478	942,569
Letters of credit	49,843	58,896	185,412	-	-	294,151
Liabilities under unmatured import bills	-	6,536	-	-	-	6,536
Other commitments						
Undrawn overdraft amount	61,466	-	-	-	-	61,466
Other guarantees	10,234,564	6,404,120	943,661	-	129,972	17,712,317
Others	7,898,563	2,613,256	-	-	-	10,511,819

In addition, the Bank has commitments from foreign exchange contracts made for trading transactions as follows:

(Unit: Thousand Baht)

31 December 2020						
	Baht	US Dollars	Chinese Yuan	Hong Kong Dollars	Others	Total
Foreign exchange contracts						
- Bought	1,785,664	3,289,209	193,773	-	601	5,269,247
- Sold	3,303,831	1,940,701	-	-	-	5,244,532
Interest rate swap contracts	-	901,113	-	-	-	901,113

(Unit: Thousand Baht)

31 December 2019						
	Baht	US Dollars	Chinese Yuan	Hong Kong Dollars	Others	Total
Foreign exchange contracts						
- Bought	785,998	976,843	153,839	-	1,262	1,917,942
- Sold	975,827	868,028	71,433	5,128	-	1,920,416

Foreign exchange rate sensitivity analysis

Analysis of sensitivity to changes in foreign exchange rates shows the impact of potential changes in foreign exchange rates on the income statement and the shareholders' equity of the Bank when other variables are set to constant values. The risks encountered, and methods used for sensitivity analysis are unchanged from the previous period.

The effect of changes in exchange rate on profit or loss and equity as of 31 December 2020 can be summarised as follows:

	(Unit: Thousand Baht)	
	Sensitivity of	
	Profit or loss	Equity
Increased by 10%	6,278	6,278
Decreased by 10%	(6,278)	(6,278)

Note: The effect of increase (decrease) in exchange rate is the appreciation (depreciation) of foreign currencies compared to US Dollars.

38.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate funds for timely fulfillment of obligations.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Major source of fund is from share capital.

The Bank's guidelines for liquidity risk management involve continuous risk analysis and assessment to ensure that adequate liquidity is maintained for the business operations while risk appetites are not exceeded, and management costs are appropriate, including liquidity gap analysis covering both normal and crisis situations. Impact analysis is conducted under three scenarios i.e., a bank-specific liquidity crisis, a market-wide liquidity crisis and a combination liquidity crisis. The Bank has also adopted a Contingency Funding Plan (CFP) to mitigate the severity of impacts that may occur and tests the plan at least once a year. In addition, the Bank manages liquidity risk in accordance with the Basel III guidelines relating to Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

The maturity analysis of financial assets and financial liabilities presented at their carrying amounts in the statements of financial position and commitments presented at notional amount, which are computed from the remaining maturity to repayment date is as follows:

(Unit: Thousand Baht)

	31 December 2020					Total
	At call	Within 1 year	1 - 5 years	More than 5 years	Unspecifie d maturity date	
Financial assets						
Cash	146,824	-	-	-	-	146,824
Interbank and money market items	2,252,552	5,991,049	958,349	103,137	-	9,305,087
Derivative assets	-	44,938	3,426	-	-	48,364
Investments	-	3,806,377	8,963,205	116,878	5	12,886,465
Loans to customers ⁽¹⁾	-	18,161,785	23,377,502	5,215,080	126,578	46,880,945
Total financial assets	2,399,376	28,004,149	33,302,482	5,435,095	126,583	69,267,685
Financial liabilities						
Deposits	16,987,865	28,991,363	1,114,644	-	-	47,093,872
Interbank and money market items	168,160	3,118,452	4,096,008	-	-	7,382,620
Liabilities payable on demand	355,761	-	-	-	-	355,761
Derivative liabilities	-	19,946	3,426	-	-	23,372
Debts issued and borrowings	-	-	-	2,102,597	-	2,102,597
Lease liabilities	-	58,231	226,192	36,494	-	320,917
Total financial liabilities	17,511,786	32,187,992	5,440,270	2,139,091	-	57,279,139
Commitments						
Guarantees of loans	-	-	8,836	860,754	-	869,590
Letters of credit	-	206,805	-	-	58,863	265,668
Liabilities under unmatured import bills	-	34,336	-	-	-	34,336
Other commitments						
Undrawn overdraft amount	-	95,376	-	-	-	95,376
Other guarantees	165,309	2,214,795	2,569,711	873,627	11,375,259	17,198,701
Others	11,168	12,201,406	1,971,191	136,207	133,340	14,453,312

⁽¹⁾ Credit-impaired loans have been classified within loans to customers with maturity of more than 5 years.

(Unit: Thousand Baht)

31 December 2019

	At call	Within 1 year	1 - 5 years	More than 5 years	Unspecified maturity date	Total
Financial assets						
Cash	139,719	-	-	-	-	139,719
Interbank and money market items	1,158,294	11,543,506	774,640	-	-	13,476,440
Derivative assets	-	5,113	-	-	-	5,113
Investments - net	-	4,700,837	4,828,648	-	5	9,529,490
Loans to customers ⁽¹⁾	106,863	13,789,267	24,316,289	9,151,551	-	47,363,970
Total financial assets	1,404,876	30,038,723	29,919,577	9,151,551	5	70,514,732
Financial liabilities						
Deposits	11,742,639	19,238,169	16,107,030	-	-	47,087,838
Interbank and money market items	247,168	3,200,025	5,528,097	-	-	8,975,290
Liabilities payable on demand	284,478	-	-	-	-	284,478
Derivative liabilities	-	7,747	-	-	-	7,747
Debts issued and borrowings	-	-	-	2,110,780	-	2,110,780
Total financial liabilities	12,274,285	22,445,941	21,635,127	2,110,780	-	58,466,133
Commitments						
Guarantees of loans	-	56,389	13,739	872,441	-	942,569
Letters of credit	758	259,735	-	-	33,658	294,151
Liabilities under unmatured import bills	-	6,536	-	-	-	6,536
Other commitments						
Undrawn overdraft amount	-	61,466	-	-	-	61,466
Other guarantees	51,424	4,574,232	2,752,593	634,883	9,699,185	17,712,317
Others	161,513	7,687,206	2,593,047	10,358	59,695	10,511,819

⁽¹⁾ Non-performing loans have been classified within loans to customers with maturity of more than 5 years.

In accordance with the Notification of the Bank of Thailand No. Sor Nor Sor. 2/2561 regarding liquidity coverage ratio disclosure standards, the Bank will disclose liquidity coverage ratio information as at 31 December 2020 on its website (www.bankofchina.com/th) by April 2021.

39. Reclassification

The Bank has reclassified certain accounts for comparative purpose which this reclassification has been classified to conform with the presentation in the 2020 financial statements as follows:

(Unit: Thousand Baht)

	31 December 2019	
	As reclassified	As previously reported
Statements of financial position		
Provisions	87,207	92,073
Other liabilities	723,760	718,894
Statements of comprehensive income		
Other operating income	8,202	1,798
Bad debts, doubtful accounts and impairment losses	250,051	243,647

The reclassifications had no effect to previously reported profit or equity.

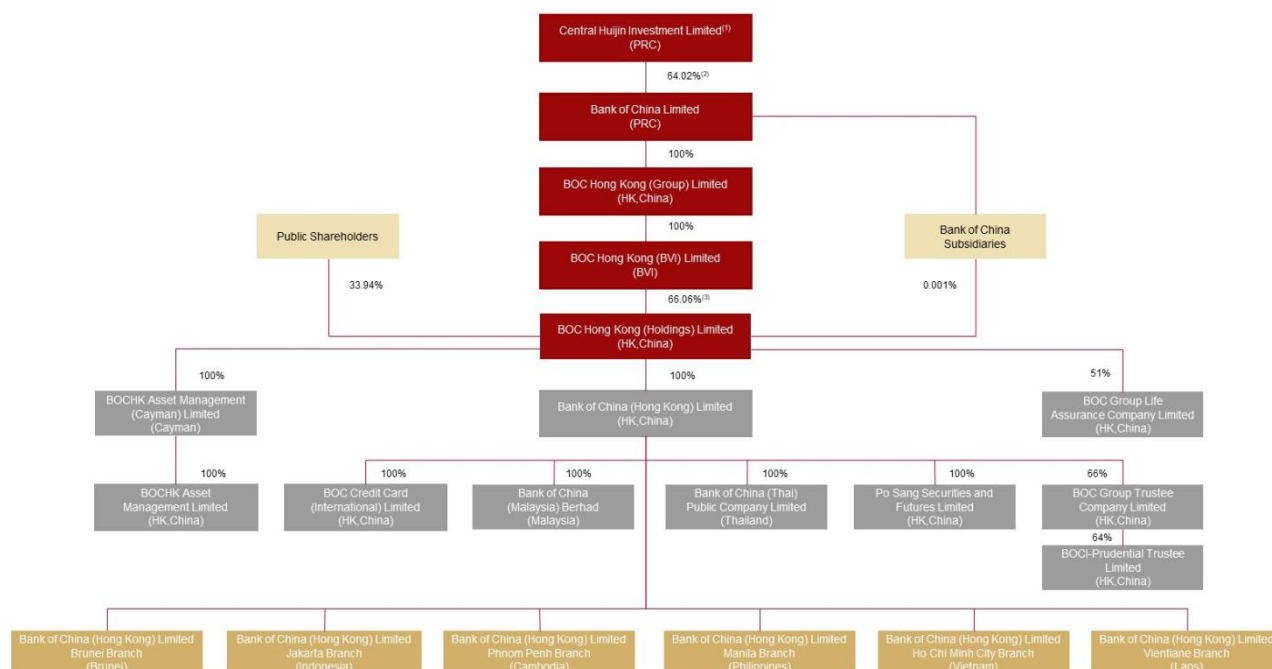
40. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 24 March 2021.

As of the end of 2020, the Bank had a registered capital of 10,000,000,000 Baht, issued and fully paid-up capital 10,000,000,000 Baht. Totally were 1,000,000,000 ordinary shares, par value 10 Baht.

Shareholder Structure

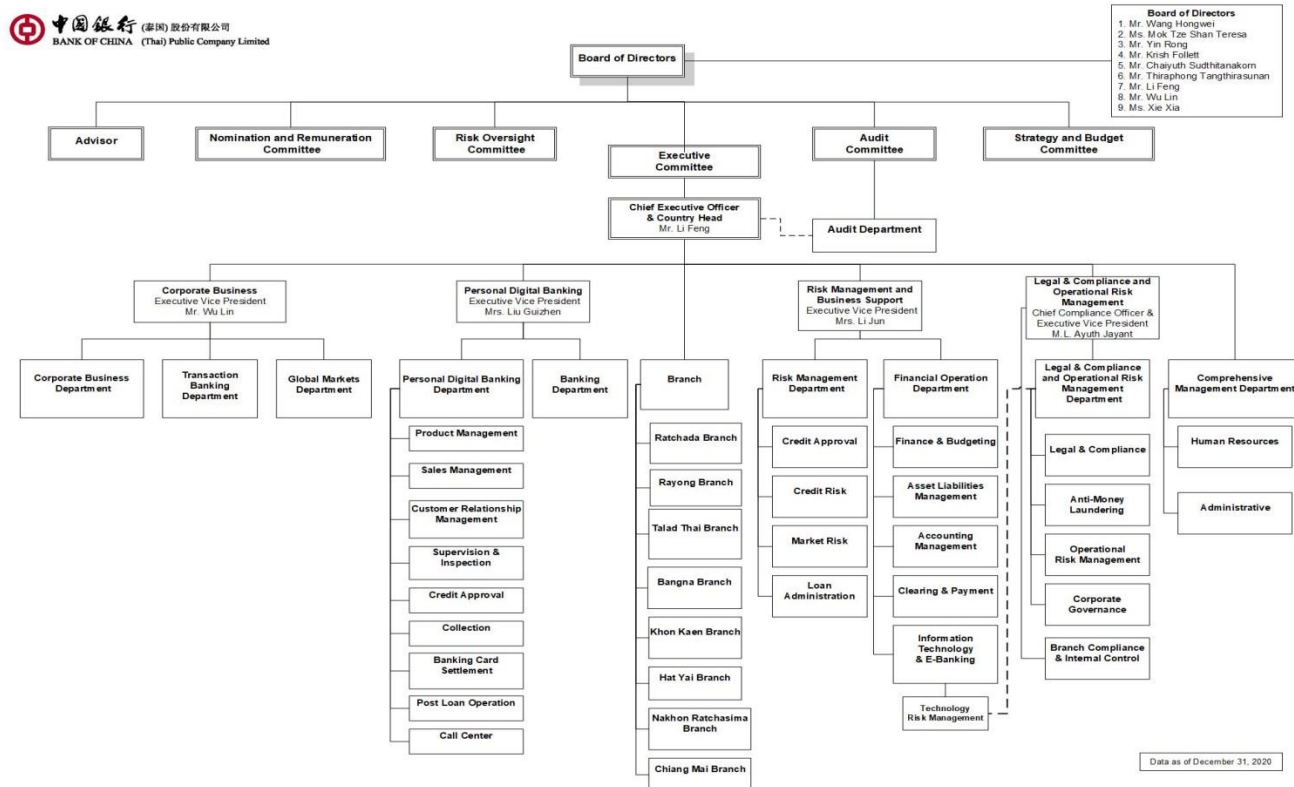
The shareholding chart of the bank as of 31 December 2020 as following



Name List of Major Shareholders

Name List of Shareholder	Number of Shares	Proportion of Shares
Bank of China (Hong Kong) Limited	999,999,986	99.99%

The organization chart as of 31 December 2020 as follows:



BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Register Address	1 st - 4 th Floor Bangkok City Tower, 179/4 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120 Thailand
Registration No.	0107557000098
Date of first registration	1 April 2014
Registered capital	10,000,000,000 Baht (As of 31 December 2020)
Paid-up capital	10,000,000,000 Baht (As of 31 December 2020)
Par value	10 Baht
Website	www.bankofchina.com/th
Telephone	(66)2-286-1010
Facsimile	(66)2-286-1020
Customer Service Centre (24 hours)	(66)2-679-5566
Auditor	EY Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand

Branch Office**Bangkok and Metropolitan**

Head office	1 st - 4 th Floor Bangkok City Tower, 179/4 South Sathorn Road Tungmahamek, Sathorn, Bangkok 10120 Thailand Tel: (66)2-286-1010 Fax: (66)2-286-1020
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Ratchada Branch	1 st Floor Paking Building, 9 Ratchadaphisek Road Dendaeng, Bangkok 10400 Thailand Tel: (66)2-203-7333 Fax: (66)2-203-7340
Talad Thai Branch	55/28-29 Moo 9 Tambol Klongsong Amphoe Klongluang, Prathumthani 12120 Thailand Tel: (66)2-150-2459 Fax: (66)2-150-2460
Bangna Branch	1 st Floor Mega Bangna Plaza, Bangna-Trad Road, Bangkaew Bangphli, Samutprakarn 10540 Thailand Tel: (66)2-105-2102 Fax: (66)2-105-2101
Eastern	
Rayong Branch	Amata City Industrial Estate, 9/21, Moo 4 Mabyangporn District Pluakdaeng, Rayong 21140 Thailand Tel: (66)3-802-5837 Fax: (66)3-802-5830
North Eastern	
KhonKaen Branch	Jompol Market Unit A1-3, 555 Moo 13, KasikornThungsang Road NaiMuang, MuangKhonKaen, KhonKaen 40000 Thailand Tel: (66)4-324-6710 Fax: (66)4-324-6711
Nakhonratchasima Branch	440/9–11, Mittraparb-Nongkai Road, Tumbol Naimuang Amphoe MuangNakhonRatchasima, NakhonRatchasima Province 30000 Tel: (66)4-424-8909 Fax: (66)4-424-8901

North

Chiangmai Branch 161, 161/1, Moo 4, Tumbol Nongpakrang
Amphoe Muang Chiang Mai, Chiang Mai Province, 50000
Tel: (66)5-326-1880
Fax: (66)5-326-1875

South

Hat Yai Branch Unit 1468/7-8, 1st Floor, Asean Plaza Hatyai
Kanchanavanit Road, Hat Yai, Songkhla, 90110
Tel: (66)7-455-9579
Fax: (66)7-455-9580