

BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

INTERIM FINANCIAL STATEMENTS

30 JUNE 2022



Independent auditor's report

To the Board of Directors of Bank of China (Thai) Public Company Limited

My opinion

In my opinion, the interim financial statements present fairly, in all material respects, the financial position of Bank of China (Thai) Public Company Limited (the Bank) as at 30 June 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Bank's interim financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the six-month period then ended;
- the statement of changes in equity for the six-month period then ended;
- the statement of cash flows for the six-month period then ended; and
- the notes to the interim financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Emphasis of matter

I draw attention to Note 2 of the interim financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2022 and 31 December 2023. My opinion is not modified in respect to this matter.

Responsibilities of management for the interim financial statements

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

In preparing the interim 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.

The audit committee assists management in discharging their responsibilities for overseeing the Bank's financial reporting process.



Auditor's responsibilities for the audit of the interim financial statements

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

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

- Identify and assess the risks of material misstatement of the interim 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 interim 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 interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Sakuna Y', with a stylized flourish at the end.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
22 September 2022

Bank of China (Thai) Public Company Limited
Statement of Financial Position
As at 30 June 2022

		30 June 2022	31 December 2021
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash		114,020	130,525
Interbank and money market items - net	6	9,422,059	13,356,329
Derivative assets	7	893,894	23,325
Investments - net	8	7,517,788	8,942,311
Loans to customers and accrued interest receivables - net	9	45,908,769	47,855,598
Properties foreclosed	11	42,837	42,837
Premises and equipment - net	12	81,540	105,517
Right-of-use assets - net	13.1	255,752	295,761
Intangible assets - net	14	9,762	9,412
Deferred tax assets	29	174,754	78,812
Other assets	15	127,955	111,596
Total assets		64,549,130	70,952,023

(Mr. Wu Lin)
Senior Executive Vice President

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

Bank of China (Thai) Public Company Limited
Statement of Financial Position (Cont'd)
As at 30 June 2022

		30 June 2022	31 December 2021
	Notes	Thousand Baht	Thousand Baht
Liabilities and shareholders' equity			
Liabilities			
Deposits	16	37,306,301	44,604,528
Interbank and money market items	17	12,558,156	11,937,201
Liabilities payable on demand		163,753	324,952
Derivative liabilities	7	320,329	37,741
Debts issued and borrowings	18	2,470,790	2,339,393
Lease liabilities	13.2	247,902	282,028
Provisions	19	243,539	239,354
Accrued interest payable		91,506	102,192
Other liabilities	20	657,001	675,083
Total liabilities		54,059,277	60,542,472
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	21	(43,809)	48,686
Retained earnings			
Appropriated - statutory reserve	22	36,964	24,439
Unappropriated		496,698	336,426
Total equity		10,489,853	10,409,551
Total liabilities and shareholders' equity		64,549,130	70,952,023

(Mr. Wu Lin)

Senior Executive Vice President

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Bank of China (Thai) Public Company Limited
Statement of Comprehensive Income
For the six-month period ended 30 June 2022

		30 June 2022	30 June 2021
	Notes	Thousand Baht	Thousand Baht
Interest income	24	761,633	716,258
Interest expenses	25	(202,855)	(246,416)
Net interest income		558,778	469,842
Fees and service income		121,876	103,878
Fees and service expenses		(10,048)	(9,535)
Net fees and service income	26	111,828	94,343
Net gains on financial instruments measured at fair value through profit or loss	27	173,277	107,442
Gains on investments		-	28,141
Other operating income		3,155	3,036
Total operating income		847,038	702,804
Other operating expenses			
Employee expenses		284,714	275,767
Directors' remunerations		2,540	2,496
Premises and equipment expenses		90,392	91,491
Taxes and duties		26,942	27,182
Other operating expenses		27,992	31,798
Total operating expenses		432,580	428,734
Expected credit losses	28	198,505	37,881
Profits from operation before income tax		215,953	236,189
Income tax	29	(43,156)	(39,714)
Net profits for the periods		172,797	196,475

(Mr. Wu Lin)
Senior Executive Vice President

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Bank of China (Thai) Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the six-month period ended 30 June 2021

		30 June 2022	30 June 2021
	Notes	Thousand Baht	Thousand Baht
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on investments in debt instruments measured at fair value through other comprehensive income		(117,460)	(62,482)
Income tax relating to other comprehensive income (loss) for items that will be reclassified subsequently to profit or loss	29	24,965	12,418
Other comprehensive income (loss) for the periods		(92,495)	(50,064)
Total comprehensive income for the periods		80,302	146,411
Earnings per share			
Basic earnings per share (Baht per share)	32	0.17	0.20

(Mr. Wu Lin)

Senior Executive Vice President

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Bank of China (Thai) Public Company Limited
Statement of Changes in Equity
For the six-month period ended 30 June 2022

	Other components of equity		Retained earnings		
	Issued and fully paid-up share capital Thousand Baht	Surplus (deficit) on changes in value of investments measured at fair value through other comprehensive income Thousand Baht	Appropriated Thousand Baht	Unappropriated Thousand Baht	Total Thousand Baht
Balance as of 1 January 2021	10,000,000	114,913	21,037	85,693	10,221,643
Profit for the period	-	-	-	196,475	196,475
Other comprehensive loss for the period	-	(50,064)	-	-	(50,064)
Total comprehensive income (loss) for the period	-	(50,064)	-	196,475	146,411
Transferred unappropriated retained earnings to statutory reserve	-	-	3,402	(3,402)	-
Balance as of 30 June 2021	10,000,000	64,849	24,439	278,766	10,368,054
Balance as of 1 January 2022	10,000,000	48,686	24,439	336,426	10,409,551
Profit for the period	-	-	-	172,797	172,797
Other comprehensive loss for the period	-	(92,495)	-	-	(92,495)
Total comprehensive income (loss) for the period	-	(92,495)	-	172,797	80,302
Transferred unappropriated retained earnings to statutory reserve	-	-	12,525	(12,525)	-
Balance as of 30 June 2022	10,000,000	(43,809)	36,964	496,698	10,489,853



(Mr. Wu Lin)

Senior Executive Vice President

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Bank of China (Thai) Public Company Limited

Statement of Cash Flows

For the six-month period ended 30 June 2022

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Cash flows from operating activities		
Profits from operation before income tax	215,953	236,189
Adjustments to reconcile profits from operation before income tax to net cash received (paid) from operating activities:		
Depreciation and amortisation	47,659	53,332
Expected credit losses	(196,297)	37,881
Impairment charge on non-financial assets	14,895	16,445
Amortisation of (premium) discount on debt instruments	8,899	10,355
Gains on investments	-	(28,141)
Unrealised gains on changes in fair value of financial derivative instruments	(587,981)	(6,772)
Unrealised (gains) losses on exchange rate	(201,637)	107,497
Gains on disposal of equipments	(340)	(234)
Losses (gains) on lease modification	210	(1,341)
Losses on assets written-off	-	2,588
Withholding tax written-off	-	1,181
Provision for restoration and dismantling cost	1,600	-
Provisions for long-term employee benefits	6,045	5,601
Net interest income	(567,677)	(469,842)
Cash received on interest income	732,464	768,807
Cash paid on interest expenses	(221,555)	(423,218)
Cash paid on income tax	(3,280)	(1,167)
Profits from operating activities before changes in operating assets and liabilities	(751,042)	309,161
(Increase) decrease in operating assets		
Interbank and money market items	3,949,581	(518,202)
Loans to customers	2,503,745	(4,259,436)
Other assets	(30,128)	(11,230)
Increase (decrease) in operating liabilities		
Deposits	(7,298,227)	(2,662,987)
Interbank and money market items	620,955	2,455,600
Liabilities payable on demand	(161,199)	(292,361)
Provisions for long-term employee benefits	-	-
Other liabilities	(116,916)	18,876
Net cash flows from operating activities	(1,283,231)	(4,960,579)



(Mr. Wu Lin)

Senior Executive Vice President

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Bank of China (Thai) Public Company Limited

Statement of Cash Flows (Cont'd)

For the six-month period ended 30 June 2022

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Cash flows from investing activities		
Proceeds from redemption of investments	1,400,000	5,481,185
Cash paid for investments	(96,354)	(475,295)
Proceeds from disposal of premises and equipment	342	234
Purchases of premises and equipment	(2,561)	(8,826)
Purchases of intangible assets	(1,370)	(69)
Net cash flows from investing activities	1,300,057	4,997,229
Cash flows from financing activities		
Cash paid on lease liabilities	(33,331)	(34,379)
Net cash flows from financing activities	(33,331)	(34,379)
Net increase in cash and cash equivalents	(16,505)	2,271
Cash and cash equivalents as at 1 January	130,525	146,824
Cash and cash equivalents as at 30 June	114,020	149,095
Supplemental disclosures of cash flows information		
Non-cash items:		
Increase in account payables from premises and equipment purchased	-	7
Increase in account payables from Intangible assets purchased	187	-
Right-of-use assets	-	8,294

(Mr. Wu Lin)

Senior Executive Vice President

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1 General information

Bank of China (Thai) Public Company Limited ("the Bank") is 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 30 June 2022 and 31 December 2021, the Bank conducts its business through a network of 6 branches throughout all regions in Thailand. Its major shareholder is Bank of China (Hong Kong) Limited, a company registered in Hong Kong.

These Interim Financial Statements were authorised for issue by the Bank's Board of Directors on 22 September 2022.

2 Significant accounting policies

The significant accounting policies applied in the preparation of the Bank's Interim Financial Statements are set out below:

2.1 Basis of preparation

The Interim Financial Statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS"). The primary Interim Financial Statements (including statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows) are prepared in the full format as required by the Notification of the Bank of Thailand ("BoT"), No. SorNorSor. 21/2561 dated 31 October 2018, "The Preparation and Format of the Interim Financial Statements of Commercial Bank and Holding Parent Company of Financial Group" and BoT circular letter No. TorPorTor ForNorSor 2. Wor. 802/2564 dated 3 September 2021, "Guidance on temporary relief measures for entities assisting debtors affected by COVID-19 (Measures for Sustainable Debt Solutions)".

The Interim Financial Statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of Interim Financial Statements in conformity with TFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Financial Statements are disclosed in Note 4.

An English version of the Interim Financial Statements has been prepared from the Interim Financial Statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language Interim Financial Statements shall prevail.

2.2 New and amended financial reporting standards

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

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

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

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

TFRS 7 requires additional disclosure about:

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

The management is currently assessing the impact of initial adoption of this standard. The above amendment financial reporting standards and accounting guidance do not have significant impact on the interim financial statements.

Accounting guidance on temporary relief measures for entities assisting debtors affected by the COVID-19 Pandemic

The Bank which assists debtors affected by the COVID-19 pandemic can apply the accounting guidance announced by TFAC based on BOT circular ForNorSor 2. Wor. 802/2564 to help debtors between 1 January 2022 and 31 December 2023. The key relief measures involve, for example, the consideration for debt staging for ECL calculation where there is debt restructuring, revising EIR for the restructured debt and ECL calculation regarding unused credit line. This accounting relief has the similar content to this existing accounting guidance (BoT circular letter number TorPorTor ForNorSor. (23) Wor. 276/2563, regarding to "The relief programs for customers affected by Thai economic situations.") which the Bank currently applies.

2.3 Revenue recognition

a) Interest and discount

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.

b) Fees and service income

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 including income recognised over the time of servicing such as fees and service income from acceptances, avals and guarantees, certain fee income received from corporate business customers and income recognised at a point in time such as other fee income related to transaction business of the bank.

c) Interest on investments

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

2.4 Expenses recognition

The Bank recognises expenses on an accrual basis.

2.5 Cash

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

2.6 Interbank and money market items (assets/liabilities)

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

2.7 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).

2.8 Financial instruments

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 statement of comprehensive income. 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.

Income from investments and disposals of investments

Gains or 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 value

Financial 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.

The Bank chooses to use new calculated EIR from the new estimated future cash flows for the amendment contracts of some customers for maintaining good relationship by decrease the interest rate following the market rate with those customers and the Bank assesses that there is no significant increase in credit risks in those customers.

The Bank applies staging guideline to debtors, who make debt restructuring contract as a result from being affected by the situation impacting the Thai economy, from BoT circular letter number TorPorTor ForNorSor 2. Wor. 802/2564 dated 3 September 2021, "Guidance on temporary relief measures for entities assisting debtors affected by COVID-19 (Measures for Sustainable Debt Solutions)" with effective date from 1 January 2022 until 31 December 2023 as following detail:

- The Bank will classify debt restructuring for debtors without non-performing loans (non-NPL) as Stage 1 immediately. If analysing the status and business of debtors and it's clear that the debtors can comply with debt restructuring agreements without waiting for the results of debt restructuring compliance conditions, it will be considered as pre-emptive debt restructuring and not troubled debt restructuring (TDR).
- The Bank will classify debt restructuring for debtors with non-performing loans (NPL) as Stage 1 if the debtors can repay in accordance with the debt restructuring contract for three consecutive months or three instalment payment periods, whichever period is longer.
- In case that the debt restructuring causes the previously effective interest rate (EIR) no longer reflect the estimated cash flow received from the loan. The Bank can use new calculated EIR as an interest rate for the new debt restructuring under the guidelines of the BoT circular.

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 liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Cash collateral on exchange traded derivative transactions is presented gross unless the collateral cash flows are always settled net with the derivative cash flows. In certain situations, even though master netting agreements exist, the lack of management intention to settle on a net basis results in the financial assets and liabilities being reported gross on the statement of financial position.

2.9 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.

2.10 Allowance for expected credit losses on financial assets

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.

For the six-month period ended 30 June 2022, the management considered to provision the additional expected credit losses as management overlay due to the Bank cautionary measure after assessing the various conditions and economic uncertainties arising from the COVID-19 situation which could result in asset quality deterioration in the coming periods.

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 for debt instruments measured at fair value through other comprehensive income 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 (undrawn credit facility). 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 period in profit or loss.

2.11 Properties foreclosed

Properties foreclosed consist of immovable and movable properties which are stated at lower of cost or net realisable value which referred from the latest appraised value less estimated selling expenses, which are additionally adjusted considering the type and characteristic of the properties in accordance with BoT's guideline. 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.

2.12 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

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

No depreciation is determined for assets under construction/installation.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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.

2.13 Leases

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.

2.14 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.

2.15 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.

2.16 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.

Remeasurements of post-employment benefit obligations arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

2.17 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.

2.18 Current and deferred income taxes

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

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

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

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

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

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

2.19 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.

2.20 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.

3 Significant events during the current period

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.

As at 30 June 2022, the Bank has provided assistance to 28 affected debtors in total which 6 debtors classified as corporate loans and 22 as retail loans with outstanding balances of Baht 2,599 million whose classification remains at the same stage as prior to the measures.

4 Significant accounting judgements and estimates

The preparation of interim financial statements in conformity with TFRS 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:

4.1 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 Leases

Determination of the lease term for lease contracts with renewal or 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.

4.7 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.

4.8 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.

4.9 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.

5 Classification of financial assets and liabilities

	30 June 2022				
	Financial Instruments measured at fair value through profit or loss Thousand Baht	Financial instruments measured at fair value through other comprehensive income Thousand Baht	Investments in equity Instruments designated at fair value through other comprehensive income Thousand Baht	Financial Instruments measured at amortised cost Thousand Baht	Total Thousand Baht
Financial assets					
Cash	-	-	-	114,020	114,020
Interbank and money market items - net	-	-	-	9,422,059	9,422,059
Derivative assets	893,894	-	-	-	893,894
Investments - net	-	7,517,783	5	-	7,517,788
Loans to customers and accrued interest receivables - net	-	-	-	45,908,769	45,908,769
Total financial assets	893,894	7,517,783	5	55,444,848	63,856,530
Financial liabilities					
Deposits	-	-	-	37,306,301	37,306,301
Interbank and money market items	-	-	-	12,558,156	12,558,156
Liabilities payable on demand	-	-	-	163,753	163,753
Derivative liabilities	320,329	-	-	-	320,329
Debts issued and borrowings	-	-	-	2,470,790	2,470,790
Lease liabilities	-	-	-	247,902	247,902
Total financial liabilities	320,329	-	-	52,746,902	53,067,231

	31 December 2021				
	Financial Instruments measured at fair value through profit or loss Thousand Baht	Financial instruments measured at fair value through other comprehensive income Thousand Baht	Investments in equity Instruments designated at fair value through other comprehensive income Thousand Baht	Financial Instruments measured at amortised cost Thousand Baht	Total Thousand Baht
Financial assets					
Cash	-	-	-	130,525	130,525
Interbank and money market items - net	-	-	-	13,356,329	13,356,329
Derivative assets	23,325	-	-	-	23,325
Investments - net	-	8,942,306	5	-	8,942,311
Loans to customers and accrued interest receivables - net	-	-	-	47,855,598	47,855,598
Total financial assets	23,325	8,942,306	5	61,342,452	70,308,088
Financial liabilities					
Deposits	-	-	-	44,604,528	44,604,528
Interbank and money market items	-	-	-	11,937,201	11,937,201
Liabilities payable on demand	-	-	-	324,952	324,952
Derivative liabilities	37,741	-	-	-	37,741
Debts issued and borrowings	-	-	-	2,339,393	2,339,393
Lease liabilities	-	-	-	282,028	282,028
Total financial liabilities	37,741	-	-	59,488,102	59,525,843

6 Interbank and money market items (assets)

	30 June 2022			31 December 2021		
	At call Thousand Baht	Term Thousand Baht	Total Thousand Baht	At call Thousand Baht	Term Thousand Baht	Total Thousand Baht
Domestic items						
Bank of Thailand and Financial Institutions Development Fund	824,491	-	824,491	1,447,176	-	1,447,176
Commercial banks	55,146	3,100,000	3,155,146	44,418	8,767,359	8,811,777
Total	879,637	3,100,000	3,979,637	1,491,594	8,767,359	10,258,953
<u>Add</u> Accrued interest receivables	-	807	807	-	354	354
<u>Less</u> Allowance for expected credit losses	-	(39)	(39)	-	(290)	(290)
Total domestic items	879,637	3,100,768	3,980,405	1,491,594	8,767,423	10,259,017
Foreign items						
US Dollar	1,479,335	2,594,529	4,073,864	349,729	1,327,030	1,676,759
Yen	585,690	-	585,690	5,058	-	5,058
Euro	66,242	-	66,242	53,878	-	53,878
Hong Kong Dollar	1,438	629,986	631,424	438	857,720	858,158
Chinese Yuan	64,112	23,667	87,779	90,664	421,925	512,589
Other currencies	77,609	-	77,609	86,431	-	86,431
Total	2,274,426	3,248,182	5,522,608	586,198	2,606,675	3,192,873
<u>Add</u> Accrued interest receivables	-	1,086	1,086	-	525	525
<u>Less</u> Deferred income	-	(80,724)	(80,724)	-	(93,864)	(93,864)
<u>Less</u> Allowance for expected credit losses	-	(1,316)	(1,316)	-	(2,222)	(2,222)
Total foreign items	2,274,426	3,167,228	5,441,654	586,198	2,511,114	3,097,312
Total domestic and foreign items	3,154,063	6,267,996	9,422,059	2,077,792	11,278,537	13,356,329

7 Derivatives

Derivatives held for trading

As at 30 June 2022 and 31 December 2021, the Bank has fair value and notional amount of derivatives held for trading classified by type of risk as follows:

Type of risk	30 June 2022			31 December 2021		
	Fair value		Notional Amount [*] Thousand Baht	Fair value		Notional Amount [*] Thousand Baht
	Assets Thousand Baht	Liabilities Thousand Baht		Assets Thousand Baht	Liabilities Thousand Baht	
Foreign exchange	845,716	272,151	29,093,546	19,798	34,214	6,712,585
Interest rate	48,178	48,178	3,017,894	3,527	3,527	1,002,597
Total	893,894	320,329	32,111,440	23,325	37,741	7,715,182

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

8 Investments

Classified by type of investments

As at 30 June 2022 and 31 December 2021, the Bank has investments, as detailed follows:

	30 June 2022 Fair value Thousand Baht	31 December 2021 Fair value Thousand Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprises instruments	6,149,818	7,587,969
Private debt instruments	34,354	35,174
Foreign debt instruments	1,333,611	1,326,631
Total	7,517,783	8,949,774
Allowance for expected credit losses	7,562	7,468
Investments in equity instruments designated at fair value through other comprehensive income		
Non-marketable domestic equity instruments	5	5
Total	5	5
Investments - net	7,517,788	8,942,311

As at 30 June 2022, Government bonds amounting to Baht 4,238 million (31 December 2021: Baht 5,552 million) are used as collateral for credit balance on clearing position with the Bank of Thailand.

9 Loans to customers and accrued interest receivables

9.1 Classified by loan type

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Overdrafts	27,846	92,412
Loans	47,418,586	49,466,819
Trade bills	54,597	52,676
Total loans to customers	47,501,029	49,611,907
<u>Add</u> Interest receivables and undue interest receivables	216,046	194,780
Total loans to customers and accrued interest receivables	47,717,075	49,806,687
<u>Less</u> Deferred income	(68,887)	(85,305)
Total loans to customers and interest receivables net of deferred income	47,648,188	49,721,382
<u>Less</u> Allowance for expected credit losses	(1,739,419)	(1,865,784)
Total loans to customers and accrued interest receivables - net	45,908,769	47,855,598

9.2 Classified by currency and residency of debtors

	30 June 2022			31 December 2021		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	27,266,319	-	27,266,319	32,117,725	-	32,117,725
US Dollar	10,263,455	8,495,238	18,758,693	7,688,529	8,297,184	15,985,713
Euro	-	979,697	979,697	-	1,006,919	1,006,919
Other currencies	735	495,585	496,320	731	500,819	501,550
Total loans to customers	37,530,509	9,970,520	47,501,029	39,806,985	9,804,922	49,611,907

9.3 Classified by loan classification

	30 June 2022	
	Loans to customers and accrued interest receivables Thousand Baht	Allowance for expected credit losses Thousand Baht
Financial assets where there has not been a significant increase in credit risk (Performing)	43,777,956	490,418
Financial assets where there has been a significant increase in credit risk (Under-Performing)	2,347,215	554,764
Financial assets that are credit-impaired (Non-Performing)	1,591,904	694,237
Total	47,717,075	1,739,419
	31 December 2021	
	Loans to customers and accrued interest receivables Thousand Baht	Allowance for expected credit losses Thousand Baht
Financial assets where there has not been a significant increase in credit risk (Performing)	46,887,763	624,664
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,018,060	191,827
Financial assets that are credit-impaired (Non-Performing)	1,900,864	1,049,293
Total	49,806,687	1,865,784

9.4 Movement of loans to customers and interest receivables

	30 June 2022			Total Thousand Baht
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit-impaired (Lifetime ECL - credit impaired) Thousand Baht	
Loans to customers and accrued interest receivables				
Beginning balance	46,887,763	1,018,060	1,900,864	49,806,687
Changes due to changes in stages	(844,649)	843,569	1,080	-
New financial assets purchased or acquired	10,423,271	694,119	-	11,117,390
Derecognised financial assets	(11,764,655)	(182,512)	(229)	(11,947,396)
Changes due to collection and modification	(1,736,977)	(108,265)	(192)	(1,845,434)
Bad debt written - off	-	-	(394,802)	(394,802)
Foreign exchange	808,632	81,961	80,982	971,575
Other	4,571	283	4,201	9,055
Ending balance	43,777,956	2,347,215	1,591,904	47,717,075

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	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Loans to customers and accrued interest receivables				
Beginning balance	44,990,028	281,470	1,749,674	47,021,172
Changes due to changes in stages	(929,990)	923,423	6,567	-
New financial assets purchased or acquired	20,148,244	-	-	20,148,244
Derecognised financial assets	(13,978,933)	(111,177)	(2,522)	(14,092,632)
Changes due to collection and modification	(4,163,906)	(134,432)	(2,217)	(4,300,555)
Bad debt written - off	-	-	(35,337)	(35,337)
Foreign exchange	795,022	57,722	145,397	998,141
Other	27,298	1,054	39,302	67,654
Ending balance	46,887,763	1,018,060	1,900,864	49,806,687

10 Allowance for expected credit losses

	30 June 2022			
	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
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interbank and money market items (assets)				
Beginning balance	2,512	-	-	2,512
Changes due to revaluation of allowance for credit losses	(954)	-	-	(954)
New financial assets purchased or acquired	90	-	-	90
Derecognised financial assets	(293)	-	-	(293)
Ending balance	1,355	-	-	1,355
Investments in debt instruments measured at fair value through other comprehensive income				
Beginning balance	7,468	-	-	7,468
Changes due to revaluation of allowance for credit losses	488	-	-	488
New financial assets purchased or acquired	102	-	-	102
Derecognised financial assets	(496)	-	-	(496)
Ending balance	7,562	-	-	7,562
Loans to customers and accrued interest receivables				
Beginning balance	624,664	191,827	1,049,293	1,865,784
Changes due to changes in stages	(66,411)	65,829	582	-
Changes due to revaluation of allowance for credit losses	920	182,641	39,393	222,954
New financial assets purchased or acquired	44,489	118,840	-	163,329
Derecognised financial assets	(113,244)	(4,373)	(229)	(117,846)
Bad debt written-off	-	-	(394,802)	(394,802)
Bad debt recovery	-	-	-	-
Ending balance	490,418	554,764	694,237	1,739,419

	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit- impaired (Lifetime ECL - credit impaired) Thousand Baht	Total Thousand Baht
Interbank and money market items (assets)				
Beginning balance	3,058	-	-	3,058
Changes due to revaluation of allowance for credit losses	(989)	-	-	(989)
New financial assets purchased or acquired	476	-	-	476
Derecognised financial assets	(33)	-	-	(33)
Ending balance	2,512	-	-	2,512
Investments in debt instruments measured at fair value through other comprehensive income				
Beginning balance	12,489	-	-	12,489
Changes due to revaluation of allowance for credit losses	2,062	-	-	2,062
New financial assets purchased or acquired	1,889	-	-	1,889
Derecognised financial assets	(8,972)	-	-	(8,972)
Ending balance	7,468	-	-	7,468
Loans to customers and accrued interest receivables				
Beginning balance	579,641	15,386	873,199	1,468,226
Changes due to changes in stages	(24,475)	22,714	1,761	-
Changes due to revaluation of allowance for credit losses	14,424	159,508	209,396	383,328
New financial assets purchased or acquired	188,501	-	-	188,501
Derecognised financial assets	(133,427)	(5,781)	(4,015)	(143,223)
Bad debt written-off	-	-	(35,337)	(35,337)
Bad debt recovery	-	-	4,289	4,289
Ending balance	624,664	191,827	1,049,293	1,865,784

11 Properties foreclosed

Properties foreclosed as of 30 June 2022 and 31 December 2021 are summarised as follows:

Type of properties foreclosed	30 June 2022			Ending balance Thousand Baht
	Beginning balance Thousand Baht	Increase Thousand Baht	Decrease Thousand Baht	
Assets from debt repayment				
Immovable properties				
- Appraised by external appraisers	42,837	-	-	42,837
Total	42,837	-	-	42,837
<u>Less</u> Allowance for impairment	-	-	-	-
Total properties foreclosed	42,837	-	-	42,837
Type of properties foreclosed	31 December 2021			Ending balance Thousand Baht
	Beginning balance Thousand Baht	Increase Thousand Baht	Decrease Thousand Baht	
Assets from debt repayment				
Immovable properties				
- Appraised by external appraisers	42,837	-	-	42,837
Total	42,837	-	-	42,837
<u>Less</u> Allowance for impairment	-	-	-	-
Total properties foreclosed	42,837	-	-	42,837

12 Premises and equipment

Movements of the premises and equipment are summarised as follows:

	Building and building improvements Thousand Baht	Computer equipment Thousand Baht	Furniture and office equipment Thousand Baht	Vehicles Thousand Baht	Asset under construction/ installation Thousand Baht	Total Thousand Baht
As at 1 January 2021						
Cost	287,078	74,281	133,675	30,189	1,396	526,619
<u>Less</u> Accumulated depreciation	(179,076)	(62,533)	(116,866)	(28,150)	-	(386,625)
<u>Less</u> Accumulated impairment	(2,399)	-	-	-	-	(2,399)
Net book amount	105,603	11,748	16,809	2,039	1,396	137,595
For the year ended 31 December 2021						
Opening net book amount	105,603	11,748	16,809	2,039	1,396	137,595
Additions	3,801	7,629	874	2,669	-	14,973
Transfer in (out)	1,396	-	-	-	(1,396)	-
Disposal, net	(1,289)	(32)	(9)	-	-	(1,330)
Write-off, net	(17,814)	(8)	-	-	-	(17,822)
Depreciation charge	(12,849)	(6,575)	(10,249)	(625)	-	(30,298)
Impairment charge	2,399	-	-	-	-	2,399
Closing net book amount	81,247	12,762	7,425	4,083	-	105,517
As at 31 December 2021						
Cost	262,317	81,764	114,524	31,260	-	489,865
<u>Less</u> Accumulated depreciation	(181,070)	(69,002)	(107,099)	(27,177)	-	(384,348)
Net book amount	81,247	12,762	7,425	4,083	-	105,517
As at 1 January 2022						
Cost	262,317	81,764	114,524	31,260	-	489,865
<u>Less</u> Accumulated depreciation	(181,070)	(69,002)	(107,099)	(27,177)	-	(384,348)
Net book amount	81,247	12,762	7,425	4,083	-	105,517
For the six-month period ended 30 June 2022						
Opening net book amount	81,247	12,762	7,425	4,083	-	105,517
Additions	2,079	23	459	-	-	2,561
Transfer in (out)	-	-	-	-	-	-
Disposal, net	-	-	-	(2)	-	(2)
Reclassification	-	(48)	48	-	-	-
Depreciation charge	(5,884)	(3,088)	(2,202)	(467)	-	(11,641)
Impairment charge	(14,895)	-	-	-	-	(14,895)
Closing net book amount	62,547	9,649	5,730	3,614	-	81,540
As at 30 June 2022						
Cost	264,396	81,739	113,233	29,411	-	488,779
<u>Less</u> Accumulated depreciation	(186,954)	(72,090)	(107,503)	(25,797)	-	(392,344)
<u>Less</u> Accumulated impairment	(14,895)	-	-	-	-	(14,895)
Net book amount	62,547	9,649	5,730	3,614	-	81,540

13 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 3 and 12 years.

13.1 Right-of-use assets

Movements of the right-of-use assets are summarised below:

	Building Thousand Baht
As at 1 January 2021	
Cost	451,041
<u>Less</u> Accumulated depreciation	<u>(107,764)</u>
Net book amount	<u>343,277</u>
For the year ended 31 December 2021	
Opening net book amount	343,277
Additions	8,294
Lease modifications and reassessment	8,473
Depreciation charge	<u>(64,283)</u>
Closing net book amount	<u>295,761</u>
As at 31 December 2021	
Cost	436,445
<u>Less</u> Accumulated depreciation	<u>(140,684)</u>
Net book amount	<u>295,761</u>
As at 1 January 2022	
Cost	436,445
<u>Less</u> Accumulated depreciation - Transfer from building	<u>(140,684)</u>
Net book amount	<u>295,761</u>
For the six-month 30 June 2022	
Opening net book amount	295,761
Additions	-
Lease modifications and reassessment	(5,198)
Depreciation charge	<u>(34,811)</u>
Closing net book amount	<u>255,752</u>
As at 30 June 2022	
Cost	428,489
<u>Less</u> Accumulated depreciation	<u>(172,737)</u>
Net book amount	<u>255,752</u>

13.2 Lease liabilities

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Lease payments	264,148	303,033
<u>Less</u> Deferred interest expenses	(16,246)	(21,005)
Total	247,902	282,028

A maturity analysis of lease payments is disclosed in Note 36.3 to the interim financial statements under the liquidity risk.

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

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Depreciation of right-of-use assets	34,811	34,177
Interest expenses on lease liabilities	4,192	5,388
Expenses relating to lease of low-value assets	-	-
Losses (Gains) on lease modification	210	(1,341)

The Bank had total cash outflows for leases for the six-month period ended 30 June 2022 of Baht 33.33 million (30 June 2021: Baht 34.38 million).

14 Intangible assets

	License fee Thousand Baht	Computer software Thousand Baht	Software under development Thousand Baht	Total Thousand Baht
As at 1 January 2021				
Cost	37,998	21,610	-	59,608
<u>Less</u> Accumulated amortisation	(33,794)	(11,207)	-	(45,001)
Net book amount	4,204	10,403	-	14,607
For the year ended 31 December 2021				
Opening net book amount	4,204	10,403	-	14,607
Additions	85	-	-	85
Disposal, net	-	(887)	-	(887)
Amortisation charge	(2,236)	(2,157)	-	(4,393)
Closing net book amount	2,053	7,359	-	9,412
As at 31 December 2021				
Cost	38,083	20,716	-	58,799
<u>Less</u> Accumulated amortisation	(36,030)	(13,357)	-	(49,387)
Net book amount	2,053	7,359	-	9,412
As at 1 January 2022				
Cost	38,083	20,716	-	58,799
<u>Less</u> Accumulated amortisation	(36,030)	(13,357)	-	(49,387)
Net book amount	2,053	7,359	-	9,412
For the six-month period ended 30 June 2022				
Opening net book amount	2,053	7,359	-	9,412
Additions	-	193	1,364	1,557
Amortisation charge	(142)	(1,065)	-	(1,207)
Closing net book amount	1,911	6,487	1,364	9,762
As at 30 June 2022				
Cost	38,083	20,909	1,364	60,356
<u>Less</u> Accumulated amortisation	(36,172)	(14,422)	-	(50,594)
Net book amount	1,911	6,487	1,364	9,762

15 Other assets

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Accrued interest receivables from investments	34,378	48,148
Deposits	21,697	21,688
Prepaid expenses	23,795	16,027
Others	48,085	25,733
Total	127,955	111,596

16 Deposit

16.1 Classified by type of deposits

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Current accounts	855,230	590,379
Saving accounts	20,685,763	20,087,899
Fixed accounts		
- not over 6 months	4,059,581	4,173,697
- 6 months and up to 1 year	10,032,093	10,693,508
- over 1 year	1,673,634	9,059,045
Total	37,306,301	44,604,528

16.2 Classified by currency and residency of deposits

	30 June 2022			31 December 2021		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	24,416,799	43,606	24,460,405	33,291,375	18,310	33,309,685
US Dollar	9,722,080	285,045	10,007,125	9,096,196	235,120	9,331,316
Chinese Yuan	2,766,098	656	2,766,754	1,898,786	466	1,899,252
Other currencies	65,715	6,302	72,017	58,246	6,029	64,275
Total	36,970,692	335,609	37,306,301	44,344,603	259,925	44,604,528

17 Interbank and money market items (liabilities)

	30 June 2022			31 December 2021		
	At call Thousand Baht	Term Thousand Baht	Total Thousand Baht	At call Thousand Baht	Term Thousand Baht	Total Thousand Baht
Domestic items						
Commercial banks	2,873	-	2,873	8,188	-	8,188
Total domestic items	2,873	-	2,873	8,188	-	8,188
Foreign items						
Baht	227,178	-	227,178	166,304	-	166,304
US Dollars	-	10,116,191	10,116,191	-	9,570,524	9,570,524
Hong Kong Dollars	-	904,480	904,480	-	857,720	857,720
Australian Dollars	-	327,737	327,737	-	327,546	327,546
Euro	-	979,697	979,697	-	1,006,919	1,006,919
Total foreign items	227,178	12,328,105	12,555,283	166,304	11,762,709	11,929,013
Total domestic and foreign items	230,051	12,328,105	12,558,156	174,492	11,762,709	11,937,201

18 Debts issued and borrowings

As at 30 June 2022 and 31 December 2021, debts issued and borrowings classified by type of securities, maturity and interest rate are as follows:

Type	Maturity	Interest rate per annum (%)	Currency	30 June 2022			31 December 2021		
				Amount			Amount		
				Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Subordinated debentures	21 August 2027	3M LIBOR + 0.3	USD	-	2,470,790	2,470,790	-	2,339,393	2,339,393
Total				-	2,470,790	2,470,790	-	2,339,393	2,339,393

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 30 June 2022 and 31 December 2021, 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.

19 Provisions

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Allowance for expected credit losses on loan commitments and financial guarantee contracts	122,490	125,950
Provision for restoration and dismantling cost	72,252	70,652
Provision for long-term employee benefits	46,246	40,201
Others	2,551	2,551
Total	243,539	239,354

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

As at 30 June 2022 and 31 December 2021, allowance for expected credit losses of loan commitments and financial guarantee contracts by classification are as follows:

	30 June 2022	
	Loan commitments and financial guarantee contracts Thousand Baht	Allowance for expected credit losses Thousand Baht
Financial assets where there has not been a significant increase in credit risk (Performing)	21,715,480	41,004
Financial assets where there has been a significant increase in credit risk (Under-Performing)	83,605	7,336
Financial assets that are credit-impaired (Non-Performing)	74,150	74,150
Total	21,873,235	122,490

	31 December 2021	
	Loan commitments and financial guarantee contracts Thousand Baht	Allowance for expected credit losses Thousand Baht
Financial assets where there has not been a significant increase in credit risk (Performing)	23,619,631	45,694
Financial assets where there has been a significant increase in credit risk (Under-Performing)	129,063	6,106
Financial assets that are credit-impaired (Non-Performing)	74,150	74,150
Total	23,822,844	125,950

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

30 June 2022				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit-impaired (Lifetime ECL - credit impaired) Thousand Baht	Total Thousand Baht
Beginning balance	45,694	6,106	74,150	125,950
Changes due to changes in stages	(807)	807	-	-
Changes due to revaluation of allowance for credit losses	(1,757)	541	-	(1,216)
New loan commitments/ guarantee contracts issued	3,879	-	-	3,879
Derecognised financial assets	(6,005)	(118)	-	(6,123)
Ending balance	41,004	7,336	74,150	122,490

31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit-impaired (Lifetime ECL - credit impaired) Thousand Baht	Total Thousand Baht
Beginning balance	79,859	3,496	74,150	157,505
Changes due to changes in stages	(77)	77	-	-
Changes due to revaluation of allowance for credit losses	(22,793)	2,782	-	(20,011)
New loan commitments/ guarantee contracts issued	15,939	-	-	15,939
Derecognised financial assets	(27,234)	(249)	-	(27,483)
Ending balance	45,694	6,106	74,150	125,950

19.2 Provisions for long-term employee benefits

Changes in provisions for long-term employee benefits for the six-month period ended 30 June 2022 and for the year ended 31 December 2021 can be summarised as follows:

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Provisions for long-term employee benefits at the beginning of the period/year	40,201	34,541
Recognised in profit or loss:		
Current service cost	5,742	10,852
Interest cost	303	349
Losses from settlement	-	4,611
Total benefits recognised in profit or loss	6,045	15,812
Recognised in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumption changes	-	478
Financial assumption changes	-	(1,424)
Experience adjustments	-	(3,611)
Total benefits recognised in other comprehensive income	-	(4,557)
Benefits paid during the year	-	(5,595)
Provisions for long-term employee benefits at the end of the period/year	46,246	40,201

As at 30 June 2022, the weighted average duration of the Bank's long-term employee benefit obligation is 7 years (31 December 2021: 7 years).

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

	30 June 2022 Percentage per annum	31 December 2021 Percentage per annum
Average salary incremental rate	5.00	5.00
Average staff turnover rate	0.00 - 25.00	0.00 - 25.00
Discount rate	1.51	1.51

Sensitivity analysis for principal assumptions that affects provisions for long-term employee benefits as at 30 June 2022 and 31 December 2021 are summarised as follows:

	30 June 2022		31 December 2021	
	Increased by 1% Thousand Baht	Decreased by 1% Thousand Baht	Increased by 1% Thousand Baht	Decreased by 1% Thousand Baht
Average salary incremental rate	3,279	(2,963)	2,759	(2,499)
Average staff turnover rate	(3,201)	1,817	(2,920)	1,653
Discount rate	(2,953)	3,333	(2,698)	3,043

Expected maturity analysis of undiscounted retirement benefits:

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 1 year	1,125	-
Benefits expected to be paid between 1 and 2 years	7,530	1,125
Benefits expected to be paid between 2 and 5 years	20,973	21,953
Benefits expected to be paid in more than 5 years	507,665	514,215

20 Other liabilities

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Accrued expenses	122,692	175,109
Cash subscription payable	203,013	203,013
Other liabilities payable on behalf of Bank of China Limited, Bangkok branch	10,789	10,789
Corporate income tax payable	113,152	2,349
Others	207,355	283,823
Total other liabilities	657,001	675,083

21 Other components of equity

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Revaluation surplus (deficit) on investments		
Revaluation surplus on investments		
Debt instruments	41,036	66,609
Revaluation deficit on investments		
Debt instruments	(97,301)	(5,413)
Total revaluation (deficit) surplus on investment measured fair value through other comprehensive income	(56,265)	61,196
<u>Less</u> Income tax effects	12,456	(12,510)
Revaluation surplus (deficit) on investments measured through other comprehensive income - net of income tax	(43,809)	48,686

22 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.

23 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 30 June 2022 and 31 December 2021, Capital funds of the Bank calculated in accordance with the BoT's guidelines with reference to Basel III framework consist of the following:

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Tier I capital		
Common Equity Tier I capital		
Issued and fully paid-up share capital	10,000,000	10,000,000
Statutory reserve	36,964	24,439
Retained earnings after appropriation	700,612	462,647
Other components of equity	(43,809)	48,686
Less Deduction items from Common Equity Tier I	(566,701)	(416,336)
Total Tier I capital	10,127,066	10,119,436
Tier II capital		
Subordinated debentures	2,325,729	2,325,729
Total Tier II capital	2,325,729	2,325,729
Total capital funds	12,452,795	12,445,165

	30 June 2022		31 December 2021	
Capital Adequacy Ratio	Minimum requirement by BoT Percentage	The Bank Percentage	Minimum requirement by BoT Percentage	The Bank Percentage
Common Equity Tier I to risk-weighted assets	7.00	17.88	7.00	16.03
Tier I capital funds to risk-weighted assets	8.50	17.88	8.50	16.03
Total capital funds to risk-weighted assets	11.00	21.98	11.00	19.72

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 30 June 2022 on its website (www.bankofchina.com/th) by October 2022.

24 Interest income

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Interbank and money market items	39,959	37,330
Investments in debt instruments	65,226	69,228
Loans to customers	656,448	609,700
Total interest income	761,633	716,258

25 Interest expenses

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Deposits	95,957	157,715
Interbank and money market items	58,703	36,018
Contributions to the Deposit Protection Agency	33,116	42,057
Debts issued and borrowings	10,886	5,238
Others	4,193	5,388
Total interest expense	202,855	246,416

26 Net fees and service income

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Fees and service income		
- Acceptances, avals and guarantees	48,053	40,459
- Others	73,823	63,419
Total fees and service income	121,876	103,878
Fees and service expenses	(10,048)	(9,535)
Net fees and service income	111,828	94,343

27 Net gains on financial instruments measured at fair value through profit or loss

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Foreign currencies and derivatives on foreign exchange	173,277	107,442
Total	173,277	107,442

28 Expected credit losses

Expected credit losses for financial assets for the six-month periods ended 30 June 2022 and 2021 are as follows:

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Interbank and money market items	104	(214)
Debt instruments measured at fair value through other comprehensive income	94	(6,792)
Loans to customers and accrued interest receivables	202,504	72,846
Total	202,702	65,840
Loan commitments and financial guarantee contracts	(4,197)	(27,959)
Total expected credit losses	198,505	37,881

29 Income tax

Income tax expenses of the Bank for the six-month periods ended 30 June 2022 and 2021 are as follows:

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Current income tax		
Income tax for the periods	114,267	-
Adjustments in respect of corporate income tax of previous years	(134)	1,006
Deferred tax		
Deferred tax on temporary differences and reversal of temporary differences	(70,977)	38,708
Deferred tax effect from change in tax rate	-	-
Income tax expenses reported in the statement of comprehensive income	43,156	39,714

The amount of income tax relating to each component of other comprehensive income for the six-month periods ended 30 June 2022 and 2021 are as follows:

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Revaluation surplus on investments	24,965	12,418
Income tax recorded directly to other comprehensive income	24,965	12,418

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the six-month periods ended 30 June 2022 and 2021 are as follows:

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Accounting profits before tax	215,953	236,189
Applicable tax rates	20%	20%
Accounting profits before tax multiplied by applicable tax rate	43,191	47,238
Adjustments in respect of corporate income tax of previous years	(134)	1,006
Tax effect of non-taxable income and non-deductible expenses	223	980
Utilisation of previously unrecognised tax losses	(124)	(9,510)
Deferred tax effect from change in tax rate	-	-
Income tax expenses reported in the statement of comprehensive income	43,156	39,714

The weighted average income tax rate for the period ended 30 June 2022 was 19.98% (2021: 16.81%).

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht	Change in deferred tax assets/liabilities for the six-month periods ended	
			30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Deferred tax assets (liabilities) arose from				
Revaluation surplus on investments	12,455	(12,510)	24,965	12,418
Allowance for expected credit losses	26,011	26,684	(673)	(6,772)
Provisions	33,167	43,158	(9,991)	(4,404)
Stop accrued interest	816	816	-	-
Deferred fees income	9,640	13,194	(3,554)	(916)
Unused tax loss	-	-	-	(28,060)
Others	92,665	7,470	85,195	1,444
Deferred tax assets	174,754	78,812	95,942	(26,290)
Changes in deferred income tax				
Recognised in profit or loss			70,977	(38,708)
Recognised in other comprehensive income (loss)			24,965	12,418
Total			95,942	(26,290)

30 Contingent liabilities

30.1 Commitments

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Guarantees of loans	901,143	908,596
Letters of credit	303,581	292,890
Liabilities under unmatured import bills	168,450	168,942
Other commitments		
- Undrawn overdraft amount	56,217	41,651
- Other guarantees	19,388,092	20,223,341
- Others	1,055,752	2,187,424
Total	21,873,235	23,822,844

30.2 Service commitments

The Bank has entered into other service commitments. The terms of the agreements are approximately 1 year. As at 30 June 2022, the Bank has future minimum payments required under these non-cancellable contracts ending on 31 March 2023 amounting to approximately Baht 1 million (31 December 2021: Baht 3.4 million).

30.3 Contingent liabilities/Litigation cases

As at 30 June 2022, the Bank has contingent liabilities amounting to approximately Baht 74 million (31 December 2021: Baht 31 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.

31 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 periods, 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 as follow:

	For the six-month periods ended		Terms and pricing policy
	30 June 2022	30 June 2021	
	Thousand Baht	Thousand Baht	
Parent company			
Interest income	25,696	19,943	At market price
Interest expenses	35,870	8,822	At market price
Premises and equipment expenses	2,032	3,257	At the rate agreed under the service contract
Fee income	2,073	1,322	At the rate agreed under the service contract
Fee expenses	149	146	At the rate agreed under the service contract
Other expenses	331	551	At the rate agreed under the service contract
Companies in the Bank of China Group			
Interest income	298	1,661	At market price
Interest expenses	33,514	32,322	At market price
Premises and equipment expenses	3,710	2,458	At the rate agreed under the service contract
Fee income	8,280	12,499	At the rate agreed under the service contract
Fee expenses	506	382	At the rate agreed under the service contract
Other expenses	67	1,195	At the rate agreed under the service contract
Related parties			
Interest expenses	229	101	At market price

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As at 30 June 2022 and 31 December 2021, the outstanding balances of the accounts between the Bank and related companies are as follows:

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Outstanding balance		
Parent company		
Interbank and money market items (assets)	4,926,460	2,868,790
Derivative assets	482,677	4,194
Accrued interest receivables	1,086	526
Interbank and money market items (liabilities)	7,249,986	5,690,473
Derivative liabilities	1,474	750
Debts issued and borrowings	2,470,790	2,339,393
Accrued interest payables	17,370	2,903
Accrued expenses	3,444	2,162
Commitment from foreign exchange contracts	3,492,923	439,748
Commitment from interest rate swap contracts	1,508,947	501,299
Companies in the Bank of China Group		
Interbank and money market items (assets)	252,872	197,619
Accrued fee income	4,885	4,799
Interbank and money market items (liabilities)	5,305,297	6,238,540
Accrued interest payables	11,283	6,805
Cash subscription payable	203,013	203,013
Other liabilities on behalf of Bank of China Limited, Bangkok branch	10,789	10,789
Accrued expenses	13,232	9,438
Other liabilities	7,211	7,381
Related parties		
Investments	5	5
Deposits	176,484	190,416
Accrued interest payables	41	53

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

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Loans to customers	39	134
Deposits	18,964	11,522

Directors and management's benefits

During the six-month periods ended 30 June 2022 and 2021, the Bank had short-term benefit expenses paid to their directors and key management as follows:

	30 June 2022 Thousand Baht	30 June 2021 Thousand Baht
Short-term benefits*	27,157	27,501
Total	27,157	27,501

* Short-term benefits include directors' remuneration amounting to Baht 2.5 million (30 June 2021: Baht 2.5 million).

32 Earnings per share

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

	30 June 2022	30 June 2021
Profits for the periods (Thousand Baht)	172,797	196,475
Basic earnings per share (Baht per share)	0.17	0.20
Weighted average number of shares (shares)	1,000,000,000	1,000,000,000

33 Financial position and results of operations classified by business activity

Financial position of the Bank classified by geographic locations as at 30 June 2022 and 31 December 2021 and the operating results of the Bank for the six-month periods ended 30 June 2022 and 2021 classified by geographic locations are only from domestic operation. The Bank does not operate in foreign locations.

34 Fair value of financial instruments

As at 30 June 2022 and 31 December 2021, the Bank had the financial assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

	30 June 2022				
	Carrying value Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets and liabilities measured at fair value					
Financial assets					
Derivative assets	893,894	-	893,894	-	893,894
Investments in debt instruments measured at fair value through other comprehensive income	7,517,783	-	7,517,783	-	7,517,783
Investments in equity instruments designated at fair value through other comprehensive income	5	-	5	-	5
Financial liabilities					
Derivative liabilities	320,329	-	320,329	-	320,329
Financial assets and liabilities not measured at fair value					
Financial assets					
Cash	114,020	114,020	-	-	114,020
Interbank and money market items - net (assets)	9,422,059	3,154,063	6,267,996	-	9,422,059
Loan to customers and accrued interest receivables - net	45,908,769	-	45,908,769	-	45,908,769
Financial liabilities					
Deposits	37,306,301	21,540,993	15,765,308	-	37,306,301
Interbank and money market items (liabilities)	12,558,156	230,051	12,328,105	-	12,558,156
Liabilities payable on demand	163,753	-	163,753	-	163,753
Debts issued and borrowings	2,470,490	-	2,243,999	-	2,243,999
Lease liabilities	247,902	-	247,902	-	247,902

	31 December 2021				
	Carrying value Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets and liabilities measured at fair value					
Financial assets					
Derivative assets	23,325	-	23,325	-	23,325
Investments in debt instruments measured at fair value through other comprehensive income	8,942,306	-	8,942,306	-	8,942,306
Investments in equity instruments designated at fair value through other comprehensive income	5	-	5	-	5
Financial liabilities					
Derivative liabilities	37,741	-	37,741	-	37,741
Financial assets and liabilities not measured at fair value					
Financial assets					
Cash	130,525	130,525	-	-	130,525
Interbank and money market items - net (assets)	13,356,329	2,077,792	11,278,537	-	13,356,329
Loan to customers and accrued interest receivables - net	47,855,598	-	47,855,598	-	47,855,598
Financial liabilities					
Deposits	44,604,528	20,678,278	23,926,250	-	44,604,528
Interbank and money market items (liabilities)	11,937,201	174,492	11,762,709	-	11,937,201
Liabilities payable on demand	324,952	-	324,952	-	324,952
Debts issued and borrowings	2,339,393	-	2,185,954	-	2,185,954
Lease liabilities	282,028	-	282,028	-	282,028

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

Fair value of each item of assets and 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 loans to customers is presented at the carrying value of loans to customers and accrued interest receivables net of allowance for expected credit losses. The majority of loans to customer are floating rate loans, which the management has assessed that their effective interest rate are comparable to effective interest rate in the market.

(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.

35 Offsetting of financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 30 June 2022 and 31 December 2021.

	30 June 2022					
	Amounts subject to enforceable netting arrangements					
				Amount not set off in the statement of financial position		
	Gross amounts Thousand Baht	Amount offset Thousand Baht	Net amounts in the statement of financial position Thousand Baht	Financial instruments Thousand Baht	Cash collateral Thousand Baht	Net amount Thousand Baht
Financial assets						
Derivatives assets	349,239	-	349,239	153,666	170,372	-
Total financial assets	349,239	-	349,239	153,666	170,372	-
Financial liabilities						
Derivatives liabilities	256,736	-	256,736	61,163	39,672	21,491
Total financial liabilities	256,736	-	256,736	61,163	39,672	21,491
	31 December 2021					
	Amounts subject to enforceable netting arrangements					
				Amount not set off in the statement of financial position		
	Gross amounts Thousand Baht	Amount offset Thousand Baht	Net amounts in the statement of financial position Thousand Baht	Financial instruments Thousand Baht	Cash collateral Thousand Baht	Net amount Thousand Baht
Financial assets						
Derivatives assets	4,545	-	4,545	-	-	-
Total financial assets	4,545	-	4,545	-	-	-
Financial liabilities						
Derivatives liabilities	26,974	-	26,974	22,429	18,381	4,048
Total financial liabilities	26,974	-	26,974	22,429	18,381	4,048

36 Risk management

36.1 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.

Concentration of exposure

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Bank use a number of controls and measures to minimise undue concentration of exposure in the portfolios across industries. These include portfolio and counterparty limits, approval and review controls, and stress testing.

As at 30 June 2022 and 31 December 2021, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows:

	30 June 2022	31 December 2021
	Thousand Baht	Thousand Baht
Agriculture and mining	4,319,912	4,544,516
Manufacturing and commercial	18,638,851	16,766,095
Property development and construction	5,382,765	6,459,473
Infrastructure and service	7,850,529	8,897,323
Housing loans	2,112,236	2,371,402
Others	9,196,736	10,573,098
Total	47,501,029	49,611,907

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 or for non-derivative off-statement of financial position transaction equals to their contractual nominal amounts.

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 30 June 2022 and 31 December 2021, the maximum exposure to credit risk are as follows:

	30 June 2022 Thousand Baht	31 December 2021 Thousand Baht
Interbank and money market items (assets)	9,504,138	13,452,705
Investments in debt instruments measured at fair value through other comprehensive income	7,553,100	8,847,675
Loans to customers and accrued interest receivables	47,717,075	49,806,687
Other accrued interest receivables	34,378	48,148
Total financial assets	64,808,691	72,155,215
Loan commitments	1,111,969	2,229,075
Financial guarantee contracts	20,761,266	21,593,769
Total	21,873,235	23,822,844
Total credit risk exposure	86,681,926	95,978,059

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 2.10 to the Financial Statements.

	30 June 2022			Total Thousand Baht
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit-impaired (Lifetime ECL - credit impaired) Thousand Baht	
Interbank and money market items - net (assets)				
Investment grade*	9,423,414	-	-	9,423,414
Non-investment grade*	-	-	-	-
Total	9,423,414	-	-	9,423,414
<u>Less</u> Allowance for expected credit losses	(1,355)	-	-	(1,355)
Net carrying amount	9,422,059	-	-	9,422,059
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	7,517,783	-	-	7,517,783
Non-investment grade*	-	-	-	-
Total	7,517,783	-	-	7,517,783
<u>Less</u> Allowance for expected credit losses	(7,562)	-	-	(7,562)
Net carrying amount	7,510,221	-	-	7,510,221
Loans to customers and accrued interest receivables - net				
0-30 days overdue	43,709,069	2,329,895	-	46,038,964
31-90 days overdue	-	17,320	-	17,320
Over 90 days overdue	-	-	1,591,904	1,591,904
Total	43,709,069	2,347,215	1,591,904	47,648,188
<u>Less</u> Allowance for expected credit losses	(490,418)	(554,764)	(694,237)	(1,739,419)
Net carrying amount	43,218,651	1,792,451	897,667	45,908,769
Loan commitments				
Loan commitments	1,110,427	1,542	-	1,111,969
<u>Less</u> Allowance for expected credit losses	(18,056)	(148)	-	(18,204)
Net carrying amount	1,092,371	1,394	-	1,093,765
Financial guarantee contracts				
Financial guarantee contracts	20,605,053	82,063	74,150	20,761,266
<u>Less</u> Allowance for expected credit losses	(22,948)	(7,188)	(74,150)	(104,286)
Net carrying amount	20,582,105	74,875	-	20,656,980

* Rating of external credit risk rating agency

	31 December 2021			Total Thousand Baht
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL) Thousand Baht	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired) Thousand Baht	Financial assets that are credit-impaired (Lifetime ECL - credit impaired) Thousand Baht	
Interbank and money market items - net (assets)				
Investment grade*	13,358,841	-	-	13,358,841
Non-investment grade*	-	-	-	-
Total	13,358,841	-	-	13,358,841
<u>Less</u> Allowance for expected credit losses	(2,512)	-	-	(2,512)
Net carrying amount	13,356,329	-	-	13,356,329
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	8,949,774	-	-	8,949,774
Non-investment grade*	-	-	-	-
Total	8,949,774	-	-	8,949,774
<u>Less</u> Allowance for expected credit losses	(7,468)	-	-	(7,468)
Net carrying amount	8,942,306	-	-	8,942,306
Loans to customers and accrued interest receivables - net				
0 - 30 days overdue	46,802,458	1,004,854	-	47,807,312
31 - 90 days overdue	-	13,206	-	13,206
Over 90 days overdue	-	-	1,900,864	1,900,864
Total	46,802,458	1,018,060	1,900,864	49,721,382
<u>Less</u> Allowance for expected credit losses	(624,664)	(191,827)	(1,049,293)	(1,865,784)
Net carrying amount	46,177,794	826,233	851,571	47,855,598
Loan commitments				
Loan commitments	2,228,480	595	-	2,229,075
<u>Less</u> Allowance for expected credit losses	(21,243)	(99)	-	(21,342)
Net carrying amount	2,207,237	496	-	2,207,733
Financial guarantee contracts				
Financial guarantee contracts	21,391,151	128,468	74,150	21,593,769
<u>Less</u> Allowance for expected credit losses	(24,451)	(6,007)	(74,150)	(104,608)
Net carrying amount	21,366,700	122,461	-	21,489,161

* Rating of external credit risk rating agency

Collateral and any operations to increase creditability

The Bank holds collateral and any operations to increase the creditability of its exposure to credit risk. Fair value of collateral held in order to mitigate potential losses are shown below:

	30 June 2022	31 December 2021
Type of collateral	Thousand Baht	Thousand Baht
Lands, buildings, vehicle, and deposits	21,599,397	25,261,047

36.2 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:

	30 June 2022				
	Floating rate Thousand Baht	Fixed rate Thousand Baht	Non-interest bearing Thousand Baht	Non-performing loan Thousand Baht	Total Thousand Baht
Financial assets					
Cash	-	-	114,020	-	114,020
Interbank and money market items	2,239,397	5,718,196	1,544,652	-	9,502,245
Derivative assets	-	-	893,894	-	893,894
Investments	-	7,517,783	5	-	7,517,788
Loans to customers	29,747,114	16,208,204	-	1,545,711	47,501,029
Total financial assets	31,986,511	29,444,183	2,552,571	1,545,711	65,528,976
Financial liabilities					
Deposits	20,576,869	15,765,308	964,124	-	37,306,301
Interbank and money market items	3,732,822	8,597,179	228,155	-	12,558,156
Liabilities payable on demand	-	-	163,753	-	163,753
Derivative liabilities	-	-	320,329	-	320,329
Debts issued and borrowings	2,470,790	-	-	-	2,470,790
Lease liabilities	-	247,902	-	-	247,902
Total financial liabilities	26,780,481	24,610,389	1,676,361	-	53,067,231

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	31 December 2021				
	Floating rate Thousand Baht	Fixed rate Thousand Baht	Non-interest bearing Thousand Baht	Non-performing loan Thousand Baht	Total Thousand Baht
Financial assets					
Cash	-	-	130,525	-	130,525
Interbank and money market items	1,063,841	10,773,630	1,614,355	-	13,451,826
Derivative assets	-	-	23,325	-	23,325
Investments	-	8,949,774	5	-	8,949,779
Loans to customers	31,028,077	16,732,802	-	1,851,028	49,611,907
Total financial assets	32,091,918	36,456,206	1,768,210	1,851,028	72,167,362
Financial liabilities					
Deposits	20,012,834	23,926,250	665,444	-	44,604,528
Interbank and money market items	5,654,958	6,113,903	168,340	-	11,937,201
Liabilities payable on demand	-	-	324,952	-	324,952
Derivative liabilities	-	-	37,741	-	37,741
Debts issued and borrowings	2,339,393	-	-	-	2,339,393
Lease liabilities	-	282,028	-	-	282,028
Total financial liabilities	28,007,185	30,322,181	1,196,477	-	59,525,843

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:

	30 June 2022					
	Repricing or maturity date					
	Within 3 months Thousand Baht	3 - 12 months Thousand Baht	1 - 5 years Thousand Baht	More than 5 years Thousand Baht	Total Thousand Baht	Weighted average (% per annum)
Financial assets						
Interbank and money market items	4,487,548	259,402	912,923	58,323	5,718,196	1.39
Investments	1,152,425	802,314	5,460,203	102,841	7,517,783	1.89
Loans to customers	8,833,642	3,632,356	3,742,206	-	16,208,204	2.85
Total financial assets	14,473,615	4,694,072	10,115,332	161,164	29,444,183	
Financial liabilities						
Deposits	7,906,385	7,729,579	129,344	-	15,765,308	0.96
Interbank and money market items	6,710,930	1,439,036	447,213	-	8,597,179	1.21
Lease liabilities	14,806	44,219	186,260	2,617	247,902	2.57 - 4.52*
Total financial liabilities	14,632,121	9,212,834	762,817	2,617	24,610,389	

* Interest rate per annum

	31 December2021					
	Repricing or maturity date					
	Within 3 months Thousand Baht	3 - 12 months Thousand Baht	1 - 5 years Thousand Baht	More than 5 years Thousand Baht	Total Thousand Baht	Weighted average (% per annum)
Financial assets						
Interbank and money market items	9,553,838	158,591	987,443	73,758	10,773,630	0.82
Investments	300,948	2,258,197	6,279,876	110,753	8,949,774	1.74
Loans to customers	7,243,955	5,591,163	3,897,684	-	16,732,802	2.61
Total financial assets	17,098,741	8,007,951	11,165,003	184,511	36,456,206	
Financial liabilities						
Deposits	12,031,586	11,772,803	121,861	-	23,926,250	0.80
Interbank and money market items	3,852,379	1,838,094	423,430	-	6,113,903	0.23
Lease liabilities	14,514	44,764	218,966	3,784	282,028	2.57 - 4.52*
Total financial liabilities	15,898,479	13,655,661	764,257	3,784	30,322,181	

* Interest rate per annum

Interest rate sensitivity analysis

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

The sensitivity of the statement of comprehensive income 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 30 June 2022 and 31 December 2021 of financial assets measured at fair value through other comprehensive income using a new fixed rate.

The effect of change in interest rates on profit or loss and equity as of 30 June 2022 and 31 December 2021 can be summarised as follows:

30 June 2022	
Sensitivity of	
Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 1%	449 (152,062)
Decreased by 1%	(449) 152,062
31 December 2021	
Sensitivity of	
Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 1%	1,897 (191,965)
Decreased by 1%	(1,897) 191,965

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 30 June 2022 and 31 December 2021 can be summarised as follows:

30 June 2022						
	Baht Thousand Baht	US Dollar Thousand Baht	Chinese Yuan Thousand Baht	Hong Kong Dollar Thousand Baht	Others Thousand Baht	Total Thousand Baht
Financial assets						
Cash	80,022	18,581	15,417	-	-	114,020
Interbank and money market items	3,980,416	3,994,467	87,787	631,203	729,541	9,423,414
Investments	6,184,178	-	1,333,610	-	-	7,517,788
Loans to customers	27,360,173	18,814,002	174,883	-	1,299,130	47,648,188
Other accrued interest receivables	14,853	-	19,525	-	-	34,378
Total financial assets	37,619,642	22,827,050	1,631,222	631,203	2,028,671	64,737,788
Financial liabilities						
Deposits	24,460,405	10,007,125	2,766,754	-	72,017	37,306,301
Interbank and money market items	228,155	10,116,191	1,896	904,480	1,307,434	12,558,156
Liabilities payable on demand	26,628	113,155	22,393	-	1,577	163,753
Debts issued and borrowings	-	2,470,790	-	-	-	2,470,790
Lease liabilities	247,902	-	-	-	-	247,902
Accrued interest payable	48,496	31,944	10,090	310	666	91,506
Total financial liabilities	25,011,586	22,739,205	2,801,133	904,790	1,381,694	52,838,408
Commitments						
Guarantees of loans	-	-	-	-	901,143	901,143
Letters of credit	-	296,359	7,222	-	-	303,581
Liabilities under unmatured import bills	-	168,450	-	-	-	168,450
Other commitments						
- Undrawn overdraft amount	56,217	-	-	-	-	56,217
- Other guarantees	14,347,713	4,796,949	83,455	-	159,975	19,388,092
- Others	957,705	98,047	-	-	-	1,055,752

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	31 December 2021					
	Baht Thousand Baht	US Dollar Thousand Baht	Chinese Yuan Thousand Baht	Hong Kong Dollar Thousand Baht	Others Thousand Baht	Total Thousand Baht
Financial assets						
Cash	86,091	28,039	16,395	-	-	130,525
Interbank and money market items	9,991,911	1,852,186	512,671	856,707	145,366	13,358,841
Investments	7,623,148	-	1,326,631	-	-	8,949,779
Loans to customers	32,218,858	15,996,334	174,172	-	1,332,018	49,721,382
Other accrued interest receivables	17,244	-	30,904	-	-	48,148
Total financial assets	49,937,252	17,876,559	2,060,773	856,707	1,477,384	72,208,675
Financial liabilities						
Deposits	33,309,685	9,331,316	1,899,252	-	64,275	44,604,528
Interbank and money market items	168,340	9,570,524	6,152	857,720	1,334,465	11,937,201
Liabilities payable on demand	21,214	223,856	79,013	-	869	324,952
Debts issued and borrowings	-	2,339,393	-	-	-	2,339,393
Lease liabilities	282,028	-	-	-	-	282,028
Accrued interest payable	79,370	12,279	10,018	209	316	102,192
Total financial liabilities	33,860,637	21,477,368	1,994,435	857,929	1,399,925	59,590,294
Commitments						
Guarantees of loans	-	-	-	-	908,596	908,596
Letters of credit	-	277,741	8,652	-	6,497	292,890
Liabilities under unmatured import bills	-	168,942	-	-	-	168,942
Other commitments						
- Undrawn overdraft amount	41,651	-	-	-	-	41,651
- Other guarantees	15,543,496	4,323,402	170,701	-	185,742	20,223,341
- Others	1,908,925	278,499	-	-	-	2,187,424

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

	30 June 2022					
	Baht Thousand Baht	US Dollar Thousand Baht	Chinese Yuan Thousand Baht	Hong Kong Dollar Thousand Baht	Others Thousand Baht	Total Thousand Baht
Foreign exchange contracts						
- Bought	9,628,937	15,433,115	1,578,550	269,994	2,778,992	29,689,588
- Sold	11,112,963	14,261,233	370,981	-	3,348,368	29,093,545
Interest rate swap contracts	-	3,017,894	-	-	-	3,017,894

	31 December 2021					
	Baht Thousand Baht	US Dollar Thousand Baht	Chinese Yuan Thousand Baht	Hong Kong Dollar Thousand Baht	Others Thousand Baht	Total Thousand Baht
Foreign exchange contracts						
- Bought	984,005	5,622,712	92,045	-	-	6,698,762
- Sold	5,553,601	1,063,592	95,392	-	-	6,712,585
Interest rate swap contracts	-	1,002,597	-	-	-	1,002,597

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 statement of comprehensive income 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 30 June 2022 and 31 December 2021 can be summarised as follows:

	30 June 2022	
	Sensitivity of	
	Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 10%	10,956	10,956
Decreased by 10%	(10,956)	(10,956)

	31 December 2021	
	Sensitivity of	
	Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 10%	3,978	3,978
Decreased by 10%	(3,978)	(3,978)

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

36.3 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).

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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:

	30 June 2022					Total Thousand Baht
	At call Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	More than 5 years Thousand Baht	Unspecified maturity date Thousand Baht	
Financial assets						
Cash	114,020	-	-	-	-	114,020
Interbank and money market items	3,154,097	5,372,599	846,263	50,455	-	9,423,414
Derivative assets	803	844,913	48,178	-	-	893,894
Investments	-	1,954,739	5,460,203	102,841	5	7,517,788
Loans to customers*	252	25,490,981	17,972,658	4,111,581	72,716	48,648,188
Other accrued interest receivables	-	34,378	-	-	-	34,378
Total financial assets	3,269,172	33,697,610	24,327,302	4,264,877	72,721	65,631,682
Financial liabilities						
Deposits	21,596,094	15,580,863	129,344	-	-	37,306,301
Interbank and money market items	230,051	10,469,012	1,859,093	-	-	12,558,156
Liabilities payable on demand	163,753	-	-	-	-	163,753
Derivative liabilities	1,356	270,795	48,178	-	-	320,329
Debts issued and borrowings	-	-	-	2,470,790	-	2,470,790
Lease liabilities	-	65,809	195,661	2,678	-	264,148
Accrued interest payable	1,159	83,648	6,699	-	-	91,506
Total financial liabilities	21,992,413	26,470,127	2,238,975	2,473,468	-	53,174,983
Commitments						
Guarantees of loans	-	940	25,281	874,922	-	901,143
Letters of credit	-	295,621	-	-	7,960	303,581
Liabilities under unmatured import bills	-	168,450	-	-	-	168,450
Other commitments						
- Undrawn overdraft amount	-	56,217	-	-	-	56,217
- Other guarantees	367,022	2,719,858	4,062,702	488,500	11,750,010	19,388,092
- Others	7,010	706,317	336,542	5,781	102	1,055,752

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

	31 December 2021					Total Thousand Baht
	At call Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	More than 5 years Thousand Baht	Unspecified maturity date Thousand Baht	
Financial assets						
Cash	130,525	-	-	-	-	130,525
Interbank and money market items	2,077,824	10,308,013	909,719	63,285	-	13,358,841
Derivative assets	-	19,798	3,527	-	-	23,325
Investments	-	2,559,145	6,279,876	110,753	5	8,949,779
Loans to customers*	112	24,759,919	20,287,851	4,537,527	135,973	49,721,382
Other accrued interest receivables	-	48,148	-	-	-	48,148
Total financial assets	2,208,461	37,605,023	27,480,073	4,711,565	136,078	72,232,000
Financial liabilities						
Deposits	20,793,278	23,689,389	121,861	-	-	44,604,528
Interbank and money market items	174,492	9,713,067	2,049,642	-	-	11,937,201
Liabilities payable on demand	324,952	-	-	-	-	324,952
Derivative liabilities	-	34,214	3,527	-	-	37,741
Debts issued and borrowings	-	-	-	2,339,393	-	2,339,393
Lease liabilities	-	67,209	231,910	3,914	-	303,033
Accrued interest payable	1,358	97,113	3,721	-	-	102,192
Total financial liabilities	21,294,080	33,600,992	2,410,661	2,343,307	-	59,649,040
Commitments						
Guarantees of loans	-	706	23,839	884,051	-	908,596
Letters of credit	68,311	221,760	-	-	2,819	292,890
Liabilities under unmatured import bills	-	168,942	-	-	-	168,942
Other commitments						
- Undrawn overdraft amount	-	41,651	-	-	-	41,651
- Other guarantees	368,899	1,484,064	5,431,043	488,500	12,450,835	20,223,341
- Others	15,201	1,513,712	651,737	6,679	95	2,187,424

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

In accordance with the Notification of the BoT No. Sor Nor Sor. 2/2561 regarding liquidity coverage ratio disclosure standards, the Bank will disclose liquidity coverage ratio information as at 30 June 2022 on its website (www.bankofchina.com/th) by October 2022.