

BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2022



Independent auditor's report

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

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Bank of China (Thai) Public Company Limited (the Bank) as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (TFAC Code) that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with the TFAC Code. 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 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.

Other information

The management are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

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

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

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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 financial statements

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

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

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

I communicate with 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 black ink, appearing to read 'Sakuna Y'.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
4 April 2023

Bank of China (Thai) Public Company Limited
Statement of Financial Position
As at 31 December 2022

		2022	2021
	Notes	Thousand Baht	Thousand Baht
Assets			
Cash		124,803	130,525
Interbank and money market items - net	7	12,593,045	13,356,329
Derivative assets	8	97,891	23,325
Investments - net	9	6,996,323	8,942,311
Loans to customers and accrued interest receivables - net	10	41,303,046	47,855,598
Properties foreclosed	12	-	42,837
Premises and equipment - net	13	96,388	105,517
Right-of-use assets - net	14.1	247,149	295,761
Intangible assets - net	15	12,441	9,412
Deferred tax assets	30	179,286	78,812
Other assets	16	106,478	111,596
Total assets		61,756,850	70,952,023

(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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

Bank of China (Thai) Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2022

		2022	2021
	Notes	Thousand Baht	Thousand Baht
Liabilities and shareholders' equity			
Liabilities			
Deposits	17	43,060,263	44,604,528
Interbank and money market items	18	4,039,321	11,937,201
Liabilities payable on demand		272,241	324,952
Derivative liabilities	8	116,020	37,741
Debts issued and borrowings	19	2,419,368	2,339,393
Lease liabilities	14.2	234,842	282,028
Provisions	20	243,043	239,354
Accrued interest payable		92,004	102,192
Other liabilities	21	529,376	675,083
Total liabilities		51,006,478	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	22	(13,360)	48,686
Retained earnings			
Appropriated - statutory reserve	23	36,964	24,439
Unappropriated		726,768	336,426
Total equity		10,750,372	10,409,551
Total liabilities and shareholders' equity		61,756,850	70,952,023

(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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Bank of China (Thai) Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

		2022	2021
	Notes	Thousand Baht	Thousand Baht
Interest income	25	1,726,894	1,409,392
Interest expenses	26	(491,381)	(444,542)
Net interest income		1,235,513	964,850
Fees and service income		257,444	234,327
Fees and service expenses		(20,788)	(18,911)
Net fees and service income	27	236,656	215,416
Net gains on financial instruments measured at fair value through profit or loss	28	362,492	243,190
Gains on investments		4,183	28,141
Other operating income		36,330	13,257
Total operating income		1,875,174	1,464,854
Other operating expenses			
Employee expenses		602,871	558,167
Directors' remunerations		4,376	5,179
Premises and equipment expenses		163,546	168,764
Taxes and duties		61,803	54,287
Other operating expenses		56,995	56,867
Total operating expenses		889,591	843,264
Expected credit losses	29	486,255	317,231
Profits from operation before income tax		499,328	304,359
Income tax	30	(99,721)	(53,869)
Profits for the years		399,607	250,490

(Mr. Wang Hongwei)

Chief Executive Officer, Country Head

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Bank of China (Thai) Public Company Limited
Statement of Comprehensive Income (Cont'd)
For the year ended 31 December 2022

		2022	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		(79,535)	(82,424)
Income tax relating to other comprehensive income (loss) for items that will be reclassified subsequently to profit or loss	30	17,489	16,197
Total items that will be reclassified subsequently to profit or loss		(62,046)	(66,227)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gains (losses) on defined benefit plan		4,075	4,557
Income tax relating to other comprehensive income (loss) for items that will not be reclassified subsequently to profit or loss	30	(815)	(912)
Total items that will not be reclassified subsequently to profit or loss		3,260	3,645
Other comprehensive income (loss) for the years		(58,786)	(62,582)
Total comprehensive income for the years		340,821	187,908
Earnings per share			
Basic earnings per share (Baht per share)	33	0.40	0.25

(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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Bank of China (Thai) Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Issued and fully paid-up share capital Thousand Baht	Other components of equity Surplus (deficit) on changes in value of investments measured at fair value through other comprehensive income Thousand Baht	Retained earnings			Total
			Appropriated Thousand Baht	Unappropriated Thousand Baht	Thousand Baht	Thousand Baht
Balance as of 1 January 2021	10,000,000	114,913	21,037	85,693		10,221,643
Profit for the year	-	-	-	250,490		250,490
Other comprehensive income for the year	-	(66,227)	-	3,645		(62,582)
Total comprehensive income for the year	10,000,000	48,686	21,037	339,828		10,409,551
Transferred unappropriated retained earnings to statutory reserve	-	-	3,402	(3,402)		-
Balance as of 31 December 2021	10,000,000	48,686	24,439	336,426		10,409,551
Balance as of 1 January 2022	10,000,000	48,686	24,439	336,426		10,409,551
Profit for the year	-	-	-	399,607		399,607
Other comprehensive loss for the year	-	(62,046)	-	3,260		(58,786)
Total comprehensive income (loss) for the year	10,000,000	(13,360)	24,439	739,293		10,750,372
Transferred unappropriated retained earnings to statutory reserve	-	-	12,525	(12,525)		-
Balance as of 31 December 2022	10,000,000	(13,360)	36,964	726,768		10,750,372



(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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Bank of China (Thai) Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2022

	2022	2021
	Thousand Baht	Thousand Baht
Cash flows from operating activities		
Profits from operation before income tax	499,328	304,359
Adjustments to reconcile profits from operation before income tax to net cash received (paid) from operating activities:		
Depreciation and amortisation	92,939	98,974
Expected credit losses	88,303	286,591
Impairment (reversal) charge on non-financial assets	14,895	(2,399)
Amortisation of discount (premium) on debt instruments	21,322	21,729
Gains on investments	(4,183)	(28,141)
Unrealised losses (gains) on changes in fair value of financial derivative instruments	3,713	39,408
Unrealised losses (gains) on exchange rate	190,456	134,437
Gains on disposal of equipments	(16,457)	(3,887)
Losses on lease modification	210	3,715
Losses on assets written-off	-	17,822
Withholding tax written-off	-	1,181
Provision for restoration and dismantling cost	-	1,391
Provisions for employee benefits	11,885	18,363
Net interest income	(1,256,835)	(986,579)
Cash received on interest income	1,619,315	1,415,746
Cash paid on interest expenses	(503,020)	(615,325)
Cash paid on income tax	(117,868)	(2,082)
Profits from operating activities before changes in operating assets and liabilities	644,003	705,303
(Increase) decrease in operating assets		
Interbank and money market items	814,593	(4,146,739)
Loans to customers	6,498,669	(2,700,321)
Properties foreclosed	42,837	-
Other assets	2,251	(7,330)
Increase (decrease) in operating liabilities		
Deposits	(1,544,265)	(2,489,344)
Interbank and money market items	(7,897,880)	4,554,581
Liabilities payable on demand	(52,711)	(30,809)
Provision for restoration and dismantling cost	-	(4,861)
Provisions for employee benefits	-	(5,595)
Other liabilities	(201,911)	181,797
Net cash flows from operating activities	(1,694,414)	(3,943,318)



(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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

Bank of China (Thai) Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2022

	2022 Thousand Baht	2021 Thousand Baht
Cash flows from investing activities		
Proceeds from redemption of investment in debt designated at fair value through other comprehensive income	3,354,183	5,681,185
Cash paid for investment in debt designated at fair value through other comprehensive income	(96,354)	(1,674,948)
Proceeds from redemption of investment in debt at amortised cost	-	-
Cash paid for investment in debt at amortised cost	(1,484,149)	-
Proceeds from disposal of premises and equipment	19,520	5,217
Purchases of premises and equipment	(31,756)	(14,925)
Purchases of intangible assets	(5,650)	(85)
Net cash flows from investing activities	1,755,794	3,996,444
Cash flows from financing activities		
Cash paid on lease liabilities	(67,102)	(69,425)
Net cash flows from financing activities	(67,102)	(69,425)
Net decrease in cash and cash equivalents	(5,722)	(16,299)
Cash and cash equivalents as at 1 January	130,525	146,824
Cash and cash equivalents as at 31 December	124,803	130,525
Supplemental disclosures of cash flows information		
Non-cash items:		
Increase in account payables from premises and equipment purchased	-	48
Increase in account payables from Intangible assets purchased	12	-



(Mr. Wang Hongwei)
Chief Executive Officer, Country Head

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

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

These financial statements were authorised for issue by the Bank's Board of Directors on 4 April 2023.

2 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 31 December 2022, the Bank has provided assistance to 37 affected debtors in total which 6 debtors classified as corporate loans and 31 as retail loans with outstanding balances of Baht 2,238 million whose classification remains at the same stage as prior to the measures.

3 Significant accounting policies

The significant accounting policies applied in the preparation of the Bank's financial statements are set out below:

3.1 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS"). The primary 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 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 financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with 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 financial statements are disclosed in Note 5.

An English version of the financial statements has been prepared from the 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 financial statements shall prevail.

3.2 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.

Management hasn't applied the accounting relief Interest rate benchmark (IBOR) reform – phase 2. The impact from IBOR reform discloses in Note 4.

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.

Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2023 and are related to the Bank.

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

- A) Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the entity must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.
- B) Amendment to TFRS 9 - Financial Instruments clarified which fees should be included in the 10% test for the derecognition of financial liabilities. It should only include fees between the borrower and lender.

The above amendment financial reporting standards and accounting guidance do not have significant impact on the Bank.

3.3 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.

3.4 Expenses recognition

The Bank recognises expenses on an accrual basis.

3.5 Cash

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

3.6 Interbank and money market items (assets/liabilities)

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

3.7 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).

3.8 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. The classifications of debt instruments are as follows;

- Amortised cost

Financial assets that are held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.

- Fair value through other comprehensive income (FVOCI)

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.

- Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on subsequent measurement is presented in other gains/(losses).

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 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.

3.9 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.

3.10 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 year ended 31 December 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 and measured at amortised cost 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.

3.11 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.

3.12 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.

3.13 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

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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

4 IBOR reform

In 2022, the Bank established an IBOR transition plan to amend existing contracts and agreements that reference with maturity after 30 June 2023 to other reference rates, or include fallback provisions. The Bank plans to complete the transition before the cessation date.

The following table contains details of all the financial instruments the Bank holds as at 31 December 2022 which reference and haven't transitioned to an alternative interest rate benchmark yet:

	2022 USD LIBOR Thousand Baht
Non-derivative assets and liabilities	
Measured at amortised cost	
Long term loans	8,968,035
Interbank and money market items (liabilities)	1,382,496
Long-term borrowings	2,419,368
Derivatives	
Interest rate swap	2,799,554

The Bank does not apply hedge accounting.

5 Significant accounting judgements and estimates

The preparation of 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:

5.1 Recognition and derecognition of assets and liabilities

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

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

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

5.3 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both the Bank and its counterparty), liquidity, correlation and long-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosure of fair value hierarchy.

5.4 Premises and equipment and depreciation

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

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

5.5 Intangible assets

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

5.6 Leases

Determination of the lease term for lease contracts with renewal 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.

5.7 Deferred tax assets

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

5.8 Post-employment benefits under the defined benefit plan

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

5.9 Litigation

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

6 Classification of financial assets and liabilities

	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	-	-	-	124,803	124,803
Interbank and money market items - net	-	-	-	12,593,045	12,593,045
Derivative assets	97,891	-	-	-	97,891
Investments - net	-	5,516,544	5	1,479,774	6,996,323
Loans to customers and accrued interest receivables - net	-	-	-	41,303,046	41,303,046
Total financial assets	97,891	5,516,544	5	55,500,668	61,115,108
Financial liabilities					
Deposits	-	-	-	43,060,263	43,060,263
Interbank and money market items	-	-	-	4,039,321	4,039,321
Liabilities payable on demand	-	-	-	272,241	272,241
Derivative liabilities	116,020	-	-	-	116,020
Debts issued and borrowings	-	-	-	2,419,368	2,419,368
Lease liabilities	-	-	-	234,842	234,842
Total financial liabilities	116,020	-	-	50,026,035	50,142,055
	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

7 Interbank and money market items (assets)

	2022			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	507,157	-	507,157	1,447,176	-	1,447,176
Commercial banks	31,270	5,210,000	5,241,270	44,418	8,767,359	8,811,777
Total	538,427	5,210,000	5,748,427	1,491,594	8,767,359	10,258,953
<u>Add</u> Accrued interest receivables	-	651	651	-	354	354
<u>Less</u> Allowance for expected credit losses	-	(146)	(146)	-	(290)	(290)
Total domestic items	538,427	5,210,505	5,748,932	1,491,594	8,767,423	10,259,017
Foreign items						
US Dollar	726,089	4,173,533	4,899,622	349,729	1,327,030	1,676,759
Yen	8,447	-	8,447	5,058	-	5,058
Euro	31,749	-	31,749	53,878	-	53,878
Hong Kong Dollar	846	-	846	438	857,720	858,158
Chinese Yuan	1,122,363	744,960	1,867,323	90,664	421,925	512,589
Other currencies	80,819	-	80,819	86,431	-	86,431
Total	1,970,313	4,918,493	6,888,806	586,198	2,606,675	3,192,873
<u>Add</u> Accrued interest receivables	-	15,990	15,990	-	525	525
<u>Less</u> Deferred income	-	(60,223)	(60,223)	-	(93,864)	(93,864)
<u>Less</u> Allowance for expected credit losses	-	(460)	(460)	-	(2,222)	(2,222)
Total foreign items	1,970,313	4,873,800	6,844,113	586,198	2,511,114	3,097,312
Total domestic and foreign items	2,508,740	10,084,305	12,593,045	2,077,792	11,278,537	13,356,329

8 Derivatives

Derivatives held for trading

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

Type of risk	2022			2021		
	Fair value		Notional Amount*	Fair value		Notional Amount*
	Assets Thousand Baht	Liabilities Thousand Baht		Assets Thousand Baht	Liabilities Thousand Baht	
Foreign exchange	30,705	48,834	5,286,864	19,798	34,214	6,712,585
Interest rate	67,186	67,186	2,799,554	3,527	3,527	1,002,597
Total	97,891	116,020	8,086,418	23,325	37,741	7,715,182

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

9 Investments

Classified by type of investments

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

	2022 Fair value Thousand Baht	2021 Fair value Thousand Baht
Investments in debt instruments measured at amortised cost		
Government and state enterprises instruments	987,651	-
Private debt instruments	492,833	-
Total	1,480,484	-
Less Allowance for expected credit losses	(710)	-
Total	1,479,774	-
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprises instruments	4,227,120	7,587,969
Private debt instruments	34,697	35,174
Foreign debt instruments	1,254,727	1,326,631
Total	5,516,544	8,949,774
Allowance for expected credit losses	(6,292)	(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	6,996,323	8,942,311

As at 31 December 2022, Government bonds amounting to Baht 3,261 million (2021: Baht 5,552 million) are used as collateral for credit balance on clearing position with the Bank of Thailand.

10 Loans to customers and accrued interest receivables

10.1 Classified by loan type

	2022 Thousand Baht	2021 Thousand Baht
Overdrafts	29,455	92,412
Loans	43,029,941	49,466,819
Trade bills	53,845	52,676
Total loans to customers	43,113,241	49,611,907
Add Interest receivables and undue interest receivables	255,262	194,780
Total loans to customers and accrued interest receivables	43,368,503	49,806,687
Less Deferred income	(63,423)	(85,305)
Total loans to customers and interest receivables net of deferred income	43,305,080	49,721,382
Less Allowance for expected credit losses	(2,002,034)	(1,865,784)
Total loans to customers and accrued interest receivables - net	41,303,046	47,855,598

10.2 Classified by currency and residency of debtors

	2022			2021		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	25,841,842	-	25,841,842	32,117,725	-	32,117,725
US Dollar	8,147,727	8,144,569	16,292,296	7,688,529	8,297,184	15,985,713
Euro	-	978,557	978,557	-	1,006,919	1,006,919
Other currencies	546	-	546	731	500,819	501,550
Total loans to customers	33,990,115	9,123,126	43,113,241	39,806,985	9,804,922	49,611,907

10.3 Classified by loan classification

	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)	39,948,568	430,996
Financial assets where there has been a significant increase in credit risk (Under-Performing)	1,862,510	708,268
Financial assets that are credit-impaired (Non-Performing)	1,557,425	862,770
Total	43,368,503	2,002,034
	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

10.4 Movement of loans to customers and interest receivables

	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	(1,550,164)	1,541,579	8,585	-
New financial assets purchased or acquired	19,103,138	-	-	19,103,138
Derecognised financial assets	(22,002,111)	(504,784)	(341)	(22,507,236)
Changes due to collection and modification	(2,903,140)	(238,938)	(4,222)	(3,146,300)
Bad debt written - off	(692)	(694)	(396,567)	(397,953)
Foreign exchange	412,774	48,287	49,106	510,167
Other	-	-	-	-
Ending balance	39,947,568	1,863,510	1,557,425	43,368,503

	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	
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

11 Allowance for expected credit losses

	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
Interbank and money market items (assets)				
Beginning balance	2,512	-	-	2,512
Changes due to revaluation of allowance for credit losses	86	-	-	86
New financial assets purchased or acquired	296	-	-	296
Derecognised financial assets	(2,288)	-	-	(2,288)
Ending balance	606	-	-	606
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	855	-	-	855
New financial assets purchased or acquired	764	-	-	764
Derecognised financial assets	(2,084)	-	-	(2,084)
Ending balance	7,003	-	-	7,003
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	(341,948)	340,663	1,285	-
Changes due to revaluation of allowance for credit losses	14,080	195,171	209,301	418,552
New financial assets purchased or acquired	329,112	-	-	329,112
Derecognised financial assets	(194,876)	(18,975)	(549)	(214,400)
Bad debt written-off	(36)	(418)	(396,560)	(397,014)
Bad debt recovery	-	-	-	-
Ending balance	430,996	708,268	862,770	2,002,034

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	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

12 Properties foreclosed

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

Type of properties foreclosed	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	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

13 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)
<u>Less</u> Accumulated impairment	-	-	-	-	-	-
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)
<u>Less</u> Accumulated impairment	-	-	-	-	-	-
Net book amount	81,247	12,762	7,425	4,083	-	105,517
For the year ended 31 December 2022						
Opening net book amount	81,247	12,762	7,425	4,083	-	105,517
Additions	3,511	1,781	4,098	3,395	19,040	31,825
Transfer in (out)	907	-	73	-	(980)	-
Disposal, net	(2,813)	-	(247)	(3)	-	(3,063)
Write-off, net	-	-	-	-	-	-
Reclassification	-	50	(119)	-	-	(69)
Depreciation charge	(12,102)	(6,067)	(3,705)	(1,053)	-	(22,927)
Impairment charge	(14,895)	-	-	-	-	(14,895)
Closing net book amount	55,855	8,526	7,525	6,422	18,060	96,388
As at 31 December 2022						
Cost	246,071	83,595	116,008	31,691	18,060	495,425
<u>Less</u> Accumulated depreciation	(175,321)	(75,069)	(108,483)	(25,269)	-	(384,142)
<u>Less</u> Accumulated impairment	(14,895)	-	-	-	-	(14,895)
Net book amount	55,855	8,526	7,525	6,422	18,060	96,388

Depreciation included in profit or loss for the year ended 31 December 2022 and 2021 are summarised as follows:

	2022 Thousand Baht	2021 Thousand Baht
Depreciation for the years	22,927	30,298

14 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.

14.1 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 - Transfer from building	<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	<u>(140,684)</u>
Net book amount	<u>295,761</u>
For the year ended 31 December 2022	
Opening net book amount	295,761
Additions	23,966
Lease modifications and reassessment	(5,197)
Depreciation charge	<u>(67,381)</u>
Closing net book amount	<u>247,149</u>
As at 31 December 2022	
Cost	450,015
<u>Less</u> Accumulated depreciation	<u>(202,866)</u>
Net book amount	<u>247,149</u>

14.2 Lease liabilities

	2022 Thousand Baht	2021 Thousand Baht
Lease payments	250,417	303,033
<u>Less</u> Deferred interest expenses	<u>(15,575)</u>	<u>(21,005)</u>
Total	<u>234,842</u>	<u>282,028</u>

A maturity analysis of lease payments is disclosed in Note 37.3 to the financial statements under the liquidity risk.

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

	2022 Thousand Baht	2021 Thousand Baht
Depreciation of right-of-use assets	67,381	64,283
Interest expenses on lease liabilities	8,012	10,054
Losses on lease modification	210	3,715

The Bank had total cash outflows for leases for the year ended 31 December 2022 of Baht 67 million (2021: Baht 69 million).

15 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 year ended 31 December 2022				
Opening net book amount	2,053	7,359	-	9,412
Additions	311	237	5,112	5,660
Amortisation charge	(298)	(2,333)	-	(2,631)
Transfer in (out)	-	2,728	(2,728)	-
Reclassification	(1,638)	1,638	-	-
Closing net book amount	428	9,629	2,384	12,441
As at 31 December 2022				
Cost	36,756	25,319	2,383	64,459
<u>Less</u> Accumulated amortisation	(36,328)	(15,690)	-	(52,018)
Net book amount	428	9,629	2,383	12,441

Amortisation included in profit or loss for the years ended 31 December 2022 and 2021 are summarised as follows:

	2022 Thousand Baht	2021 Thousand Baht
Amortisation for the years	2,631	4,393

16 Other assets

	2022 Thousand Baht	2021 Thousand Baht
Accrued interest receivables from investments	45,281	48,148
Deposits	21,280	21,688
Prepaid expenses	15,356	16,027
Others	24,561	25,733
Total	106,478	111,596

17 Deposit

17.1 Classified by type of deposits

	2022 Thousand Baht	2021 Thousand Baht
Current accounts	795,377	590,379
Saving accounts	25,382,339	20,087,899
Fixed accounts		
- not over 6 months	5,945,772	4,173,697
- 6 months and up to 1 year	9,473,448	10,693,508
- over 1 year	1,463,327	9,059,045
Total	43,060,263	44,604,528

17.2 Classified by currency and residency of deposits

	2022			2021		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	22,883,940	30,702	22,914,642	33,291,375	18,310	33,309,685
US Dollar	16,016,783	341,838	16,358,621	9,096,196	235,120	9,331,316
Chinese Yuan	3,023,562	656,522	3,680,084	1,898,786	466	1,899,252
Other currencies	100,788	6,128	106,916	58,246	6,029	64,275
Total	42,025,073	1,035,190	43,060,263	44,344,603	259,925	44,604,528

18 Interbank and money market items (liabilities)

	2022			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	2,995	700,000	702,995	8,188	-	8,188
Total domestic items	2,995	700,000	702,995	8,188	-	8,188
Foreign items						
Baht	289,278	-	289,278	166,304	-	166,304
US Dollars	-	2,119,712	2,119,712	-	9,570,524	9,570,524
Hong Kong Dollars	-	6,651	6,651	-	857,720	857,720
Australian Dollars	-	-	-	-	327,546	327,546
Euro	-	920,685	920,685	-	1,006,919	1,006,919
Total foreign items	289,278	3,047,048	3,336,326	166,304	11,762,709	11,929,013
Total domestic and foreign items	292,273	3,747,048	4,039,321	174,492	11,762,709	11,937,201

19 Debts issued and borrowings

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

Type	Maturity	Interest rate per annum (%)	Currency	2022			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	-	2,419,368	2,419,368	-	2,339,393	2,339,393
Total				-	2,419,368	2,419,368	-	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 31 December 2022 and 2021, the Bank was approved by BoT to count proceeds received from the issuance of the above subordinated debentures for an amount of Baht 1,861 and 2,326 million respectively as a part of its Tier II capital, in accordance with the conditions specified in the BoT's guidelines regarding the Basel III framework.

20 Provisions

	2022 Thousand Baht	2021 Thousand Baht
Allowance for expected credit losses on loan commitments and financial guarantee contracts	114,754	125,950
Provision for restoration and dismantling cost	77,727	70,652
Provision for long-term employee benefits	48,258	40,201
Others	2,304	2,551
Total	243,043	239,354

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

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

	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)	17,872,561	29,304
Financial assets where there has been a significant increase in credit risk (Under-Performing)	82,443	11,300
Financial assets that are credit-impaired (Non-Performing)	74,150	74,150
Total	18,029,154	114,754
	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:

	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	
Beginning balance	45,694	6,106	74,150	125,950
Changes due to changes in stages	(844)	844	-	-
Changes due to revaluation of allowance for credit losses	(10,727)	4,528	-	(6,199)
New loan commitments/ guarantee contracts issued	5,561	-	-	5,561
Derecognised financial assets	(10,380)	(178)	-	(10,558)
Ending balance	29,304	11,300	74,150	114,754

	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	
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

20.2 Provisions for long-term employee benefits

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

	2022 Thousand Baht	2021 Thousand Baht
Provisions for long-term employee benefits at the beginning of the year	40,201	34,541
Recognised in profit or loss:		
Current service cost	11,526	10,852
Interest cost	606	349
Losses from settlement	-	4,611
Total benefits recognised in profit or loss	12,132	15,812
Recognised in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumption changes	1,381	478
Financial assumption changes	(2,033)	(1,424)
Experience adjustments	(3,423)	(3,611)
Total benefits recognised in other comprehensive income	(4,075)	(4,557)
Benefits paid during the year	-	(5,595)
Provisions for long-term employee benefits at the end of the year	48,258	40,201

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

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

	2022 Percentage per annum	2021 Percentage per annum
Average salary incremental rate	5.00	5.00
Average staff turnover rate	0.00-22.00	0.00 - 25.00
Discount rate	2.17	1.51

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

	2022		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	3,516	(3,172)	2,759	(2,499)
Average staff turnover rate	(3,206)	1,816	(2,920)	1,653
Discount rate	(2,954)	3,332	(2,698)	3,043

Expected maturity analysis of undiscounted retirement benefits:

	2022 Thousand Baht	2021 Thousand Baht
Maturity analysis of benefits expected to be paid		
Benefits expected to be paid within 1 year	1,169	-
Benefits expected to be paid between 1 and 2 years	8,124	1,125
Benefits expected to be paid between 2 and 5 years	17,635	21,953
Benefits expected to be paid in more than 5 years	552,810	514,215

21 Other liabilities

	2022 Thousand Baht	2021 Thousand Baht
Accrued expenses	194,618	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	68,003	2,349
Others	52,953	283,823
Total other liabilities	529,376	675,083

22 Other components of equity

	2022 Thousand Baht	2021 Thousand Baht
Revaluation surplus (deficit) on investments		
Revaluation surplus on investments		
Debt instruments	31,271	66,609
Revaluation deficit on investments		
Debt instruments	(49,611)	(5,413)
Total revaluation surplus on investment measured fair value through other comprehensive income	(18,340)	61,196
<u>Less</u> Income tax effects	4,980	(12,510)
Revaluation surplus on investments measured through other comprehensive income - net of income tax	(13,360)	48,686

23 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.

24 Capital funds

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

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

	2022 Thousand Baht	2021 Thousand Baht
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital	10,000,000	10,000,000
Statutory reserve	36,964	24,439
Retained earnings after appropriation	700,612	462,647
Other components of equity	(13,360)	48,686
Less Deduction items from Common Equity Tier I	(657,982)	(416,336)
Total Tier I capital	10,066,234	10,119,436
<u>Tier II capital</u>		
Subordinated debentures	1,860,583	2,325,729
Total Tier II capital	1,860,583	2,325,729
Total capital funds	11,926,817	12,445,165

	2022		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	18.99	7.00	16.03
Tier I capital funds to risk-weighted assets	8.50	18.99	8.50	16.03
Total capital funds to risk-weighted assets	11.00	22.50	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 31 December 2021 on its website (www.bankofchina.com/th) by April 2023.

25 Interest income

	2022 Thousand Baht	2021 Thousand Baht
Interbank and money market items	142,234	77,801
Investments in debt instruments	129,616	129,940
Loans to customers	1,455,044	1,201,651
Total interest income	1,726,894	1,409,392

26 Interest expenses

	2022 Thousand Baht	2021 Thousand Baht
Deposits	203,491	270,041
Interbank and money market items	165,087	73,704
Contributions to the Deposit Protection Agency	61,850	80,258
Debts issued and borrowings	52,941	10,485
Others	8,012	10,054
Total interest expense	491,381	444,542

27 Net fees and service income

	2022 Thousand Baht	2021 Thousand Baht
Fees and service income		
- Acceptances, avals and guarantees	97,804	84,508
- Others	159,640	149,819
Total fees and service income	257,444	234,327
Fees and service expenses	(20,788)	(18,911)
Net fees and service income	236,656	215,416

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

	2022 Thousand Baht	2021 Thousand Baht
Foreign currencies and derivatives on foreign exchange	362,492	243,190
Total	362,492	243,190

29 Expected credit losses

Expected credit losses for financial assets for the years ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Interbank and money market items	(2,528)	(969)
Debt instruments measured at fair value through other comprehensive income	(466)	(5,025)
Loans to customers and accrued interest receivables	502,197	356,169
Total	499,203	350,175
Loan commitments and financial guarantee contracts	(12,948)	(32,944)
Total expected credit losses	486,255	317,231

30 Income tax

Income tax expenses of the Bank for the years ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Current income tax		
Income tax for the years	183,655	4,431
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	(83,800)	48,432
Income tax expenses reported in the statement of comprehensive income	99,721	53,869

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Revaluation surplus (deficit) on investments	17,489	16,197
Actuarial losses on defined benefit plan	(815)	(912)
Income tax recorded directly to other comprehensive income	16,674	15,285

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2022 and 2021 are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Accounting profits before tax	499,328	304,359
Applicable tax rates	20%	20%
Accounting profits before tax multiplied by applicable tax rate	99,866	60,872
Adjustments in respect of corporate income tax of previous years	(134)	1,006
Tax effect of non-taxable income and non-deductible expenses	113	1,501
Utilisation of previously unrecognised tax losses	(124)	(9,510)
Income tax expenses reported in the statement of comprehensive income	99,721	53,869

The weighted average income tax rate for the year ended 31 December 2022 was 19.97% (2021: 17.70%).

	2022 Thousand Baht	2021 Thousand Baht	Change in deferred tax assets/liabilities for the year ended	
			2022 Thousand Baht	2021 Thousand Baht
Deferred tax assets (liabilities) arose from				
Revaluation surplus on investments	4,979	(12,510)	17,489	16,197
Allowance for expected credit losses	24,214	26,684	(2,470)	(7,389)
Provisions	48,520	43,158	5,362	8,158
Stop accrued interest	816	816	-	-
Deferred fees income	7,944	13,194	(5,250)	(3,388)
Unused tax loss	-	-	-	(48,509)
Others	92,813	7,470	85,343	1,784
Deferred tax assets	179,286	78,812	100,474	(33,147)
Changes in deferred income tax				
Recognised in profit or loss			83,800	(48,432)
Recognised in other comprehensive income (loss)			16,674	15,285
Total			100,474	(33,147)

31 Contingent liabilities

31.1 Commitments

	2022 Thousand Baht	2021 Thousand Baht
Guarantees of loans	872,674	908,596
Letters of credit	141,225	292,890
Liabilities under unmatured import bills	377,247	168,942
Other commitments		
- Undrawn overdraft amount	48,389	41,651
- Other guarantees	15,825,159	20,223,341
- Others	764,461	2,187,424
Total	18,029,155	23,822,844

31.2 Service commitments

The Bank has entered into other service commitments. As at 31 December 2022, the Bank has future minimum payments required under these non-cancellable contracts amounting to approximately Baht 0.3 million (2021: Baht 3.4 million).

31.3 Contingent liabilities/Litigation cases

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

32 Related party transactions

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

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

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

	For the year ended		Terms and pricing policy
	2022 Thousand Baht	2021 Thousand Baht	
Parent company			
Interest income	100,529	46,535	At market price
Interest expenses	105,389	18,692	At market price
Premises and equipment expenses	4,210	3,212	At the rate agreed under the service contract
Fee income	23,782	16,731	At the rate agreed under the service contract
Fee expenses	290	274	At the rate agreed under the service contract
Other expenses	681	762	At the rate agreed under the service contract
Companies in the Bank of China Group			
Interest income	6,661	1,683	At market price
Interest expenses	109,395	65,305	At market price
Premises and equipment expenses	7,416	10,780	At the rate agreed under the service contract
Fee income	17,070	21,996	At the rate agreed under the service contract
Fee expenses	1,179	973	At the rate agreed under the service contract
Other expenses	-	2,908	At the rate agreed under the service contract
Related parties			
Interest expenses	388	288	At market price

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

	2022 Thousand Baht	2021 Thousand Baht
Outstanding balance		
Parent company		
Interbank and money market items (assets)	4,677,974	2,868,790
Derivative assets	74,223	4,194
Accrued interest receivables	11,286	526
Interbank and money market items (liabilities)	927,336	5,690,473
Derivative liabilities	2,913	750
Debts issued and borrowings	2,419,368	2,339,393
Accrued interest payables	14,195	2,903
Accrued expenses	3,940	2,162
Commitment from foreign exchange contracts	1,170,974	439,748
Commitment from interest rate swap contracts	1,399,777	501,299
Companies in the Bank of China Group		
Interbank and money market items (assets)	2,107,439	197,619
Accrued interest receivables	4,704	-
Accrued fee income	1,542	4,799
Interbank and money market items (liabilities)	2,408,990	6,238,540
Accrued interest payables	16,685	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	16,000	9,438
Other liabilities	6,521	7,381
Related parties		
Investments	5	5
Deposits	170,032	190,416
Accrued interest payables	90	53

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

	2022 Thousand Baht	2021 Thousand Baht
Loans to customers	303	134
Deposits	16,382	11,522

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Bank had short-term benefit expenses paid to their directors and key management as follows:

	2022 Thousand Baht	2021 Thousand Baht
Short-term benefits*	70,603	65,389
Total	70,603	65,389

* Short-term benefits include directors' remuneration amounting to Baht 4.4 million (2021: Baht 5.2 million).

33 Earnings per share

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

	2022	2021
Profits for the years (Thousand Baht)	399,607	250,490
Basic earnings per share (Baht per share)	0.40	0.25
Weighted average number of shares (shares)	1,000,000,000	1,000,000,000

34 Financial position and results of operations classified by business activity

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

35 Fair value of financial instruments

As at 31 December 2022 and 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:

	2022				
	Carrying value Thousand Baht	Fair value			Total Thousand Baht
		Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets and liabilities measured at fair value					
Financial assets					
Derivative assets	97,891	-	97,891	-	97,891
Investments in debt instruments measured at fair value through other comprehensive income	5,516,544	-	5,516,544	-	5,516,544
Investments in equity instruments designated at fair value through other comprehensive income	5	-	5	-	5
Financial liabilities					
Derivative liabilities	116,020	-	116,020	-	116,020
Financial assets and liabilities not measured at fair value					
Financial assets					
Cash	124,803	124,803	-	-	124,803
Interbank and money market items - net (assets)	12,593,045	2,508,740	10,084,305	-	12,593,045
Investments in debt instruments measured at amortised cost	1,479,774	-	1,506,047	-	1,506,047
Loan to customers and accrued interest receivables - net	41,303,046	-	41,303,046	-	41,303,046
Financial liabilities					
Deposits	43,060,263	26,177,716	16,882,547	-	43,060,263
Interbank and money market items (liabilities)	4,039,321	292,273	3,747,048	-	4,039,321
Liabilities payable on demand	272,241	-	272,241	-	272,241
Debts issued and borrowings	2,419,368	-	2,395,783	-	2,395,783
Lease liabilities	234,842	-	234,842	-	234,842

	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 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.

36 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 31 December 2022 and 2021.

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	15,204	-	15,204	1,094	-	1,094
Total financial assets	15,204	-	15,204	1,094	-	1,094
Financial liabilities						
Derivatives liabilities	27,945	-	27,945	13,836	19,225	-
Total financial liabilities	27,945	-	27,945	13,836	19,225	-
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

37 Risk management

37.1 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 31 December 2022 and 2021, concentrations of credit risk relative to the loans and receivables net of deferred revenue summarised by type of industry are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Agriculture and mining	4,339,149	4,544,516
Manufacturing and commercial	16,752,984	16,766,095
Property development and construction	3,468,238	6,459,473
Infrastructure and service	7,335,308	8,897,323
Housing loans	1,955,729	2,371,402
Others	9,261,833	10,573,098
Total	43,113,241	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 31 December 2022 and 2021, the maximum exposure to credit risk are as follows:

	2022 Thousand Baht	2021 Thousand Baht
Interbank and money market items (assets)	12,653,874	13,452,705
Investments in debt instruments measured at fair value through other comprehensive income	7,023,240	8,847,675
Loans to customers and accrued interest receivables	43,368,503	49,806,687
Other accrued interest receivables	45,281	48,148
Total financial assets	63,090,898	72,155,215
Loan commitments	812,850	2,229,075
Financial guarantee contracts	17,216,305	21,593,769
Total	18,029,155	23,822,844
Total credit risk exposure	81,120,053	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 3.10 to the financial statements.

	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*	12,593,651	-	-	12,593,651
Non-investment grade*	-	-	-	-
Total	12,593,651	-	-	12,593,651
Less Allowance for expected credit losses	(606)	-	-	(606)
Net carrying amount	12,593,045	-	-	12,593,045
Investments in debt instruments measured at fair value through other comprehensive income				
Investment grade*	6,997,028	-	-	6,997,028
Non-investment grade*	-	-	-	-
Total	6,997,028	-	-	6,997,028
Less Allowance for expected credit losses	(7,002)	-	-	(7,002)
Net carrying amount	6,990,026	-	-	6,990,026
Loans to customers and accrued interest receivables - net				
0 - 30 days overdue	39,889,866	1,698,869	-	41,588,735
31 - 90 days overdue	-	164,153	-	164,153
Over 90 days overdue	-	-	1,552,192	1,552,192
Total	39,889,866	1,863,022	1,552,192	43,305,080
Less Allowance for expected credit losses	(130,996)	(708,268)	(862,770)	(2,002,034)
Net carrying amount	39,458,870	1,154,754	689,422	41,303,046
Loan commitments				
Loan commitments	812,470	380	-	812,850
Less Allowance for expected credit losses	(9,134)	(114)	-	(9,248)
Net carrying amount	803,336	266	-	803,602
Financial guarantee contracts				
Financial guarantee contracts	17,060,091	82,063	74,150	17,216,304
Less Allowance for expected credit losses	(20,170)	(11,186)	(74,150)	(105,506)
Net carrying amount	17,039,921	70,877	-	17,110,798

* Rating of external credit risk rating agency

	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:

Type of collateral	2022 Thousand Baht	2021 Thousand Baht
Lands, buildings, vehicle, and deposits	23,465,310	25,261,047

37.2 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:

	2022				Total Thousand Baht
	Floating rate Thousand Baht	Fixed rate Thousand Baht	Non-interest bearing Thousand Baht	Non-performing loan Thousand Baht	
Financial assets					
Cash	-	-	124,803	-	124,803
Interbank and money market items	1,850,648	10,128,493	658,092	-	12,637,233
Derivative assets	-	-	97,891	-	97,891
Investments	-	6,997,028	5	-	6,997,033
Loans to customers	25,302,435	16,290,761	-	1,520,045	43,113,241
Total financial assets	27,153,083	33,416,282	880,791	1,520,045	62,970,201
Financial liabilities					
Deposits	25,251,410	16,882,547	926,306	-	43,060,263
Interbank and money market items	1,684,580	2,065,242	289,499	-	4,039,321
Liabilities payable on demand	-	-	272,241	-	272,241
Derivative liabilities	-	-	116,020	-	116,020
Debts issued and borrowings	2,410,368	-	-	-	2,410,368
Lease liabilities	-	234,842	-	-	234,842
Total financial liabilities	29,355,358	19,182,631	1,604,066	-	50,142,055

	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:

	2022					Weighted average (% per annum)
	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	
Financial assets						
Interbank and money market items	9,158,529	158,121	811,843	-	10,128,493	2.62
Investments	749,909	575,402	5,565,899	105,818	6,997,028	2.02
Loans to customers	8,323,657	3,580,826	4,386,278	-	16,290,761	2.79
Total financial assets	18,232,095	4,314,349	10,764,020	105,818	33,416,282	
Financial liabilities						
Deposits	9,789,151	7,091,224	2,172	-	16,882,547	1.85
Interbank and money market items	1,627,336	-	437,906	-	2,065,242	1.63
Lease liabilities	15,595	46,604	164,124	8,519	234,842	2.57 - 4.52*
Total financial liabilities	11,432,082	7,137,828	604,202	8,519	19,182,631	

* Interest rate per annum

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

	2022	
	Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 1%	9,211	(142,947)
Decreased by 1%	(9,211)	142,947

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

	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	89,085	24,103	11,615	-	-	124,803
Interbank and money market items	5,749,055	4,855,121	1,867,612	846	121,017	12,593,651
Investments	5,249,473	-	1,747,560	-	-	6,997,033
Loans to customers	25,954,605	16,371,891	551	-	978,033	43,305,080
Other accrued interest receivables	10,762	-	34,519	-	-	45,281
Total financial assets	37,052,980	21,251,115	3,661,857	846	1,099,050	63,065,848
Financial liabilities						
Deposits	22,914,642	16,358,621	3,680,084	-	106,916	43,060,263
Interbank and money market items	989,499	2,119,712	2,774	6,651	920,685	4,039,321
Liabilities payable on demand	42,951	171,186	57,441	-	663	272,241
Debts issued and borrowings	-	2,419,368	-	-	-	2,419,368
Lease liabilities	234,842	-	-	-	-	234,842
Accrued interest payable	38,936	41,114	11,468	3	483	92,004
Total financial liabilities	24,220,870	21,110,001	3,751,767	6,654	1,028,747	50,118,039
Commitments						
Guarantees of loans	-	-	-	-	872,674	872,674
Letters of credit	-	96,003	45,222	-	-	141,225
Liabilities under unmatured import bills	-	377,247	-	-	-	377,247
Other commitments						
- Undrawn overdraft amount	48,389	-	-	-	-	48,389
- Other guarantees	13,493,965	2,109,635	78,611	-	142,948	15,825,159
- Others	668,454	96,007	-	-	-	764,461

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	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:

	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	1,216,837	3,181,987	875,383	-	-	5,274,207
- Sold	2,694,504	1,867,306	725,054	-	-	5,286,864
Interest rate swap contracts	-	2,799,554	-	-	-	2,799,554
	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 31 December 2022 and 2021 can be summarised as follows:

	2022	
	Sensitivity of	
	Profit or loss Thousand Baht	Equity Thousand Baht
Increased by 10%	3,086	3,086
Decreased by 10%	(3,086)	(3,086)
	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.

37.3 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:

	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	124,803	-	-	-	-	124,803
Interbank and money market items	2,508,847	9,329,187	755,617	-	-	12,593,651
Derivative assets	-	30,705	67,186	-	-	97,891
Investments	-	1,325,311	5,565,899	105,818	5	6,997,033
Loans to customers*	17,693	23,710,273	15,614,103	3,748,574	214,437	43,305,080
Other accrued interest receivables	-	45,281	-	-	-	45,281
Total financial assets	2,651,343	34,440,757	22,002,805	3,854,392	214,442	63,163,739
Financial liabilities						
Deposits	26,177,715	16,880,376	2,172	-	-	43,060,263
Interbank and money market items	292,273	1,926,646	1,820,402	-	-	4,039,321
Liabilities payable on demand	272,241	-	-	-	-	272,241
Derivative liabilities	-	48,834	67,186	-	-	116,020
Debts issued and borrowings	-	-	2,419,368	-	-	2,419,368
Lease liabilities	-	68,660	172,506	9,251	-	250,417
Accrued interest payable	2,447	80,732	8,825	-	-	92,004
Total financial liabilities	26,744,676	19,005,248	4,490,459	9,251	-	50,249,634
Commitments						
Guarantees of loans	-	198	26,813	845,663	-	872,674
Letters of credit	-	120,462	-	-	20,763	141,225
Liabilities under unmatured import bills	-	377,247	-	-	-	377,247
Other commitments						
- Undrawn overdraft amount	-	48,389	-	-	-	48,389
- Other guarantees	-	2,795,164	3,879,702	452,526	8,697,767	15,825,159
- Others	7,325	486,463	265,632	5,041	-	764,461

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

	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	37,695,023	27,480,973	4,711,565	135,978	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 31 December 2022 on its website (www.bankofchina.com/th) by April 2023.