

Advance Finance Public Company Limited
Report and financial statements
30 June 2022

Independent Auditor's Report

To the Shareholders of Advance Finance Public Company Limited

Opinion

I have audited the accompanying financial statements of Advance Finance Public Company Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advance Finance Public Company Limited as at 30 June 2022, its financial performance and cash flows for the six-month period then ended in accordance with the Bank of Thailand's regulations and Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matters

I draw attention to Note 1.2 and Note 13 to the financial statements regarding the COVID-19 pandemic impact on various businesses and industries. This situation could create uncertainties and may be impacting the Company's operating results and cash flows in the future. As a result, the Company has elected to adopt the Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 issued by the Federation of Accounting Professions. My opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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- 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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Review of Interim Financial Information

I have reviewed the accompanying statement of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2022 (collectively called "interim financial information") of Advance Finance Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations.

Emphasis of Matters

I draw attention to Notes 1.2 and 13 to the financial statements regarding the COVID-19 pandemic impact on various businesses and industries. This situation could create uncertainties and may be impacting the Company's operating results and cash flows in the future. As a result, the Company has elected to adopt the Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.



Saranya Pludsri

Certified Public Accountant (Thailand) No. 6768

EY Office Limited

Bangkok: 26 August 2022

Advance Finance Public Company Limited

Statement of financial position

As at 30 June 2022

		(Unit: Baht)	
	Note	30 June 2022	31 December 2021
Assets			
Interbank and money market items - net	9	2,172,081,504	3,093,922,051
Financial assets measured at fair value through profit or loss	10	192,896,830	240,177,809
Derivative assets	11	888,000	-
Investments - net	12	3,903,420,476	4,130,067,238
Loans to customers and accrued interest receivables - net	13	5,769,894,852	4,396,867,690
Properties for sale - net	17	273,277,875	278,603,018
Leasehold improvement and equipment - net	18	4,739,208	6,055,028
Right-of-use assets - net	23	14,272,919	19,161,411
Intangible assets - net	19	11,890,821	16,321,330
Deferred tax assets	38	81,642,233	37,765,383
Accrued interest receivables on investments		7,367,454	7,635,456
Receivables from Legal Execution Department		24,563,450	24,089,150
Other assets	20	11,442,760	9,845,579
Total assets		12,468,378,382	12,260,511,143

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

Advance Finance Public Company Limited

Statement of financial position (continued)

As at 30 June 2022

(Unit: Baht)

	Note	30 June 2022	31 December 2021
Liabilities and equity			
Liabilities			
Deposits	21	7,963,635,569	7,882,331,970
Interbank and money market items	22	3,050,800,000	2,809,650,000
Accrued interest payable		36,658,010	27,831,726
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency payable		9,334,070	8,301,140
Lease liabilities - net	23	12,957,052	17,326,798
Provisions	24	25,709,909	22,830,830
Accrued expenses		20,006,520	15,106,149
Other liabilities	25	6,685,766	5,392,509
Total liabilities		11,125,786,896	10,788,771,122
Equity			
Share capital			
Authorised share capital			
1,250,000,000 ordinary shares, par value at Baht 1 per share		1,250,000,000	1,250,000,000
Issued and paid-up share capital			
1,250,000,000 ordinary shares, par value at Baht 1 per share		1,250,000,000	1,250,000,000
Other components of equity	26	(260,105,012)	(105,341,686)
Retained earnings			
Appropriated			
Legal reserve	27	32,359,409	32,359,409
Unappropriated		320,337,089	294,722,298
Total equity		1,342,591,486	1,471,740,021
Total liabilities and equity		12,468,378,382	12,260,511,143

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

[Signature]

[Signature]

Directors



บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

Advance Finance Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 June 2022

		(Unit: Baht)	
	Note	2022	2021
Profit or loss			
Interest income	32	131,661,643	92,698,478
Interest expenses	33	32,972,745	28,676,927
Net interest income		<u>98,688,898</u>	<u>64,021,551</u>
Fees and service income	34	183,643	399,455
Net fees and service income		<u>183,643</u>	<u>399,455</u>
Net losses on financial instruments measured at fair value			
through profit or loss	35	(22,054,979)	(13,034,686)
Net losses on investments	36	-	(19,371,152)
Dividend income		243,567	2,593,988
Other operating income		952,830	4,017,481
Total operating income		<u>78,013,959</u>	<u>38,626,637</u>
Other operating expenses			
Employee's expenses		18,805,561	18,202,702
Directors' remuneration	30	852,500	852,500
Premises and equipment expenses		5,169,280	4,570,091
Taxes and duties		3,101,901	2,890,276
Others		5,153,214	3,794,657
Total other operating expenses		<u>33,082,456</u>	<u>30,310,226</u>
Expected credit losses	37	25,332,208	25,594,761
Profit (loss) from operating before income tax expense		<u>19,599,295</u>	<u>(17,278,350)</u>
Income tax expense (income)	38	4,195,520	(4,186,092)
Profit (loss) for the period		<u>15,403,775</u>	<u>(13,092,258)</u>

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

Advance Finance Public Company Limited**Statement of comprehensive income (continued)****For the three-month period ended 30 June 2022**

		(Unit: Baht)	
	Note	2022	2021
Other comprehensive income (loss):			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on investments in debt securities measured at fair value through other comprehensive income		(103,944,351)	106,450,147
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	38	20,788,870	(21,290,030)
Total other comprehensive income (loss) - net of income tax		(83,155,481)	85,160,117
Total comprehensive income (loss) for the period		(67,751,706)	72,067,859
Earnings per share			
Basic earnings per share	39	0.01	(0.01)

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

Advance Finance Public Company Limited
Statement of comprehensive income
For the six-month period ended 30 June 2022

		(Unit: Baht)	
	Note	2022	2021
Profit or loss			
Interest income	32	242,097,283	189,411,544
Interest expense	33	63,160,788	58,101,785
Net interest income		178,936,495	131,309,759
Fees and service income	34	605,791	730,982
Net fees and service income		605,791	730,982
Net losses on financial instruments measured at fair value			
through profit or loss	35	(22,853,230)	(3,339,488)
Net gains (losses) on investments	36	83,694	(11,136,568)
Dividend income		7,308,211	6,597,128
Other operating income		1,874,969	5,941,273
Total operating income		165,955,930	130,103,086
Other operating expenses			
Employee's expenses		37,974,527	38,188,892
Directors' remuneration	30	1,745,000	1,760,000
Premises and equipment expenses		10,481,493	9,283,091
Taxes and duties		5,872,515	6,154,755
Others		8,531,158	7,650,009
Total other operating expenses		64,604,693	63,036,747
Expected credit losses	37	40,158,547	50,408,242
Profit from operating before income tax expense		61,192,690	16,658,097
Income tax expense	38	12,202,899	2,830,332
Profit for the period		48,989,791	13,827,765

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

Advance Finance Public Company Limited

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2022

		(Unit: Baht)	
	Note	2022	2021
Other comprehensive income (loss):			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Losses on investments in debt securities measured at fair value through other comprehensive income		(193,454,157)	(114,359,843)
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	38	38,690,831	22,871,968
Total other comprehensive income (loss) - net of income tax		<u>(154,763,326)</u>	<u>(91,487,875)</u>
Total comprehensive income (loss) for the period		<u><u>(105,773,535)</u></u>	<u><u>(77,660,110)</u></u>
Earnings per share			
Basic earnings per share	39	<u>0.04</u>	<u>0.01</u>

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

Advance Finance Public Company Limited

Statement of changes in equity

For the six-month period ended 30 June 2022

	Note	Other components of equity		Retained earnings			Total	(Unit: Baht)
		Issued and paid-up share capital	Gains (losses) on revaluation of investments in debt securities measured at fair value through other comprehensive income	Legal reserve	Unappropriated			
Balance as at 1 January 2021		1,250,000,000	6,027,973	30,020,568	267,740,312	1,553,788,853		
Dividend paid	28	-	-	-	(19,250,000)	(19,250,000)		
Profit for the period		-	-	-	13,827,765	13,827,765	13,827,765	
Other comprehensive income for the period (loss)		-	(91,487,875)	-	-	-	(91,487,875)	
Total comprehensive income for the period (loss)		-	(91,487,875)	-	13,827,765	(77,660,110)		
Balance at 30 June 2021		1,250,000,000	(85,459,902)	30,020,568	262,318,077	1,456,878,743		
Balance as at 1 January 2022		1,250,000,000	(105,341,686)	32,359,409	294,722,298	1,471,740,021		
Dividend paid	28	-	-	-	(23,375,000)	(23,375,000)		
Profit for the period		-	-	-	48,989,791	48,989,791	48,989,791	
Other comprehensive income for the period (loss)		-	(154,763,326)	-	-	-	(154,763,326)	
Total comprehensive income for the period (loss)		-	(154,763,326)	-	48,989,791	(105,773,535)		
Balance at 30 June 2022		1,250,000,000	(260,105,012)	32,359,409	320,337,089	1,342,591,486		

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

Advance Finance Public Company Limited
Statement of cash flows
For the six-month period ended 30 June 2022

	(Unit: Baht)	
	2022	2021
Cash flows from operating activities		
Profit from operating before income tax expense	61,192,690	16,658,097
Adjustments to reconcile profit from operating before income tax expense to net cash received (paid) from operating activities		
Depreciation and amortisation	10,086,943	8,105,857
Expected credit losses	40,158,547	50,408,241
Net losses from financial instruments measured at fair value through profit or loss	22,853,230	3,339,488
Net losses (gains) on investments	(83,694)	11,136,568
Gains on disposal of properties for sale	(1,100,435)	(2,074,257)
Gains on disposal of equipments	10	-
Employee benefit expense	1,648,653	1,596,504
Net interest income	(178,936,495)	(131,309,759)
Dividend income	(7,308,211)	(6,597,128)
Proceeds from interest	220,944,045	144,471,253
Interest paid	(53,120,434)	(68,238,921)
Proceeds from dividend	7,308,211	6,597,128
Income tax paid	(9,680,552)	(1,377,411)
Profit from operating before changes in operating assets and liabilities	113,962,508	32,715,660
Decrease (increase) in operating assets		
Interbank and money market items	921,799,761	1,220,599,664
Loans to customers	(1,366,729,662)	51,406,440
Properties for sale	6,425,578	9,645,278
Receivables from Legal Execution Department	(474,300)	9,941,700
Other assets	(3,066,953)	(829,439)
Increase (decrease) in operating liabilities		
Deposits	81,303,599	290,001,230
Interbank and money market items	241,150,000	(1,906,818,976)
Provisions	(600,000)	(1,645,288)
Accrued expenses	(2,846,970)	(2,236,652)
Other liabilities	3,904,632	(2,900,333)
Net cash used in operating activities	(5,171,807)	(300,120,716)

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

Advance Finance Public Company Limited**Statement of cash flows (continued)****For the six-month period ended 30 June 2022**

	(Unit: Baht)	
	2022	2021
Cash flows from investing activities		
Acquisition of investment in equity securities	(245,579,383)	(262,212,313)
Proceeds from sale of investment in equity securities	269,119,132	333,908,028
Acquisition of investment in debt securities	-	(253,758,954)
Proceeds from redemption of debt securities	10,083,694	509,349,029
Acquisition of equipment	(297,809)	(181,769)
Acquisition of intangible assets	(295,925)	(3,924,558)
Net cash provided by investing activities	33,029,709	323,179,463
Cash flows from financing activities		
Dividend paid	(23,336,026)	(18,536,871)
Cash paid on lease liabilities	(4,521,876)	(4,521,876)
Net cash used in financing activities	(27,857,902)	(23,058,747)
Net increase in cash	-	-
Cash as at 1 January		-
Cash as at 30 June	-	-
Supplement cash flow information		
Non cash item		
Right-of-use assets	-	16,217,659

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

Advance Finance Public Company Limited
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For the three-month and six-month periods ended 30 June 2022

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Advance Finance Public Company Limited

Notes to financial statements

For the three-month and six-month periods ended 30 June 2022

1. General information

1.1 Corporate information

Advance Finance Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 87/2, 40th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company registered as a public company limited in accordance with the Public Company Limited Act B.E. 2535 on 26 May 2004 and had been approved by the Ministry of Finance on 20 December 1974. The Company engages in finance business in accordance with the Financial Institutions Business Act B.E. 2551.

The Company’s major shareholders as at 30 June 2022 were The Brooker Group Public Company Limited (10% shareholding), which was incorporated in Thailand, Miss Kantima Pornsriniyom (10% shareholding), Mr. Amorn Saphaweeikul (10% shareholding) and Mr. Somphote Ahunai (10% shareholding).

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is impacting various businesses and industries. This situation could create uncertainties, and this may be impacting the operating results and cash flows in the future of the Company. The impact cannot be reasonably estimated at this stage. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, including the cash flow management of the Company and has used estimates and judgement in respect of various issues in order to continuously assessed the impact as the situation has evolved.

2. Basis of preparation of the financial statements

Financial statements for the six-month period ended 30 June 2022 were prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, Accounting Guidance announced by the Federation of Accounting Professions and accounting practices generally accepted in Thailand including the relevant regulations stipulated by the Bank of Thailand (BOT). The presentation of the financial statements has been made in compliance with the BOT’s notification No. Sor Nor Sor. 22/2561 regarding “The preparation and announcement of the financial statements of a finance companies and a credit foncier companies”, dated 31 October 2018.

The statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2022 were prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, whereby the Company chose to present statements of comprehensive income and notes to the financial statements in the full format, as presented in the annual financial statements.

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

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statement.

3.2 Accounting Guidance that became effective for current period

The Federation of Accounting Professions has announced Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the Bank of Thailand (“BOT”). The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes with which the entities are to comply.

Under this accounting guidance, the Group may elect to adopt accounting treatments consistent with the circular of the BOT No. BOT.RPD2.C.802/2564 dated 3 September 2021 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)”. The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

1. For debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension (Assistance type 1), the Company may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions as follows:
 - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
 - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
 - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
 - Loans are classified as loans with significant increase in credit risk (Under-performing or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due counting from the due date.
 - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
2. For debt restructuring involving only a payment timeline extension, e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts (Assistance type 2), the Company is required to perform staging assessment and set aside provisions in accordance with the related financial reporting standards. However, the Company may elect to adopt treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C.802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2.

Both types of assistance allow the Company to determine expected credit losses based on the outstanding balance of the drawn down portion only.

During the six-month period ended 30 June 2022, The Company provided both types of assistance to debtors.

4. Significant accounting policies

4.1 Interest income and discounts on loans

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or a shorter period, when appropriate, to the gross carrying amount of the financial asset.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Company estimates future cash flows considering all contractual terms of the financial instruments, excluding expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance for expected credit loss.

However, for financial asset that have become credit-impaired subsequent to initial recognition the Company recognises interest income using the effective interest rate method applied to the net carrying value of the loan (the loan amount net of allowance for expected credit loss). Subsequently, if the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross carrying amount.

Interest income and dividend income on investments

Interest income on investment is recognised on an accrual basis. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

4.2 Fees and service income

Fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition at a point in time or over time, except fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability.

4.3 Expenses recognition

Expenses are recognised on an accrual basis.

4.4 Net gains (losses) on financial instruments measured at fair value through profit or loss

Net gains (losses) on financial instruments measured at fair value through profit or loss comprises gains less losses related to trading, fair value measurement or transfer of financial assets measured at fair value through profit or loss. The Company recognises them as revenues or expenses on the measurement or transaction dates.

4.5 Cash

Cash comprises cash on hand.

4.6 Financial instruments

Recognition of financial instruments

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

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Company classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- Financial assets measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and 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 on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).

- Financial assets 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. The unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realised, after which such gains or losses on disposal of the instruments will be recognised as gains or losses in income statement. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognised in profit or loss.
- Financial assets measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, 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 are subsequently measured at fair value. Unrealised gains and losses from changes in fair value, and gains and losses on disposal of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Investment in equity instruments

The Company has classified investment in equity securities that not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial assets measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently reclassified to profit or loss when disposal, instead, it is 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 Company classifies financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Derecognition of financial instruments

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company continues to recognise the financial assets to the extent of its continuing involvement.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain or loss recognised in other comprehensive income in respect of investments in equity instruments designated at FVOCI is not recognised in profit or loss on derecognition of such instruments. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial assets are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognised in profit or loss as a part of impairment loss.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

4.7 Loans to customers

Loans to customers are stated at the outstanding principal amount. Hire purchase receivables are stated at outstanding balance, net of deferred revenue.

4.8 Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

4.9 Allowance for expected credit losses on financial assets

The Company recognises an allowance for expected credit losses for all financial debt instruments, which are interbank and money market (assets), loan to customer and investment in debt securities, including loan commitments and financial guarantee contracts measured at amortised cost or fair value through other comprehensive income using the General Approach. The Company 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 Company recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Company 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 Company 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 Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting date, the Company 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 Company uses internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, loans under the watchlist (Early warning sign), loans that are classified as in the high risk group, changes of internal credit rating of the borrower since initial recognition, and issuer credit rating as either 'under investment grade' or 'no rating' for investments, etc.

The Company assesses whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Company classifies financial assets on the basis of shared credit risk characteristics, taking into account type of instrument, internal credit ratings, overdue status, and other relevant factors.

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 arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Company 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 Company determines both current and future economic scenario, and probability-weighted in each scenario (base scenario, and downturn scenario) for calculating expected credit losses. The use of macroeconomic factors which major are include, but are not limited to, unemployment rate and property price index, etc. The Company has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on an annual basis.

In the case of investments in debt securities measured at fair value through other comprehensive income, the Company recognises impairment charge in profit and loss as expected credit losses and the allowance for expected credit losses with the corresponding amount in other comprehensive income, whereas the carrying amount of the investments in debt securities in the statement of financial position still present at fair value.

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

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

Write-offs of credit-impaired instruments

To the extent a financial instrument is considered irrecoverable, the applicable portion of the gross carrying amount is written off against the related loan impairment. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the expected credit loss in profit or loss.

4.10 Financial assets with modifications of terms/Debt restructuring

When a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or existing financial asset is replaced with a new financial asset because the debtor is having financial problem, the Company assesses whether to derecognise the financial asset and measure allowance for expected credit losses as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Company calculates the gross carrying value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises gain or loss on contract modification of terms in profit or loss, no any impairment loss on the financial asset.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset on the date of derecognition. The difference between the carrying amount of the asset and the sum of the consideration received from the financial asset is recognised in profit or loss.

In cases where debt restructuring does not result in derecognition, a debtor is classified in the stage where there has been a significant increase in credit risk (Stage 2) until the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period or that is credit-impaired (Stage 3) until the repayment is made in compliance with the new debt restructuring agreement for not less than 12 months from the restructuring date. The financial asset is therefore classified in the stage where there has not been a significant increase in credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

In addition, the Company has adopted the Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to debtors Affected by COVID-19.

4.11 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Company enters into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items - net (assets)" in the statement of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items (liabilities)" in the statement of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

4.12 Properties for sale

Properties for sale are measured at the lower of fair value at the acquisition date or the amount of the legal claim on the related debt, including interest receivables. The fair value is estimated by using the latest appraisal value after deduction of estimated disposal expenses. The assets bought from Legal Execution Department's public auction are recognised at purchase price plus transfer costs, less expected direct selling expenses.

Loss on impairment is charged to profit or loss. Gain or loss on disposal of properties for sale are recognised as other operating income or expense upon disposal.

4.13 Leasehold improvement and equipment

Recognition and measurement

Owned assets

Leasehold improvement and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The Company derecognises leasehold improvement and equipment upon disposal or when no future economic benefits are expected from its use or disposal.

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

Subsequent costs

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

Depreciation

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

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

Leasehold improvement	5	years
Computer and equipment	5	years
Furniture and fixtures	5	years
Vehicles	5	years

No depreciation is provided on assets under installation.

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

4.14 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for software licenses in the current year and comparative year are 5 years.

No amortisation is provided on assets under installation.

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

4.15 Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

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

4.16 Employee benefits

Post - employment benefits and other long-term employee benefits

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

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

Defined benefit plans

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

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

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

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

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

4.17 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 Company measures fair value using valuation technique that are 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 or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

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 Company 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.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.19 Contributions to Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

4.20 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.21 Loan commitments

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

4.22 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(a) Current income tax

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

(b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

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

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

4.23 Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding.

4.24 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4.25 Segment reporting

Segment results that are reported to the Board of Directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.26 Lease

At inception of contract, the Company assess 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 Company 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 Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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, and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

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

Building	1 - 3	years
Equipment	4	years

If the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of asset.

Lease liabilities

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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company'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

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.

5. Significant accounting judgements and estimates

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

5.1 Allowance for expected credit loss on financial assets including loan commitments issued and financial guarantee

The management is required to use judgement in estimating the allowance for expected credit loss of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts. The estimation relies on a complex model, a dataset of assumptions, model development and assessments related to the increase in credit risk, as well as the selection of forward-looking information, which involves a large number of variables. Therefore, actual results could differ from these estimates.

5.2 Allowance for impairment on investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" and "prolonged" requires management's judgement.

5.3 Allowance for impairment of properties for sale

The Company assess allowance for impairment of properties for sale when their net realisable value is below their carrying value. The management uses judgement in estimating impairment loss, taking into account changes in the value of an asset, appraisal value, the type and quality of the asset, how long it is expected to take to dispose of the asset and changes in economic circumstances.

5.4 Recognition and derecognition of assets and liabilities

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

5.5 Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Company 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 Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Company cannot readily determine the 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 that the Company 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.

5.6 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, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

5.7 Leasehold improvement and equipment / Depreciation

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

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

5.8 Intangible assets

The initial recognition and measurement of intangible assets, including subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profits will be available against which the temporary differences and 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.

5.10 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, and staff turnover rate.

5.11 Contingent liabilities and Litigation

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

6. Financial risk management

Risk management framework

Risk Management is an important basis for financial institution business. The purpose of risk management enables the Company to manage and maintain risk management at the target and acceptable level in accordance with the rules of the BoT and corporate governance.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Oversight Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Risk Oversight Committee is responsible for managing overall risks of the Company by planning, reviewing and monitoring risk management strategies to maintain a balance between risks and return. Principally, the Company's risk management strategies consist of (1) risk identification, (2) risk assessment, (3) risk monitoring, (4) risk control in order to manage risks at a proper level in accordance with good governance. Other consolidating committees, e.g. Asset and Liability Management Committee (ALCO), Credit Committee and Debt Restructuring Committee were also formed to be responsible for each specific risk to ensure the Company's risk management efficiency.

6.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer and or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally granting loans.

Credit policies/Framework

Under credit risk management policies and framework, the Company monitors and controls credit risk by implementing appropriate risk analysis processes for credit transaction according to types of credit. Credit Risk Management Department under Credit Risk Group which is an independent department is responsible to identify and assess risk relating to aforementioned credit transaction. The Company sets up Credit Committee, an authority assigned for credit decision, credit limit approval or contractual obligation and appropriate return and interest rate. The Credit Committee also controls the credit risk by diversifying such risk to each corporate and retail customer under the specified risk ceiling and monitor credit quality of loans to be in accordance with the Company's policies.

For the "loans" item shown in the statement of financial position, the Company's maximum credit loss is the carrying amount of net loans after deduction of applicable allowance for losses without considering the value of collateral. In addition, credit risk may arise from off-financial reporting items relating to other guarantees.

Credit approval process

In the credit approval process, the Company prudently focuses on the business potential and the customer's ability to repay by considering loan objectives and stipulate to obtain sufficient and appropriate collateral as a means of mitigating the risk of financial losses from failure to meet the contractual obligations. The Company also has processes for regularly reviewing customers' credit including credit quality control to minimise non-performing loan (NPL). For non-performing loans, the Company has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Company.

Credit review process

The Company has established Credit Review unit, an independent unit from Lending department, Debt Restructuring unit and Appraisal department, where the responsibility is to perform individual credit reviews to ensure that the credit process approval, credit monitoring, debt restructuring and classification and provision process are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

6.1.1 Exposure to credit risk

The following tables provide information about the exposure to credit risk and expected credit losses for loans to customers without taking into account of any collateral held or other credit enhancements.

(Unit: Baht)				
30 June 2022				
	Stage 1	Stage 2	Stage 3	Total
Interbank and money market items (assets)				
Investment grade	2,172,087,316	-	-	2,172,087,316
Non-investment grade	-	-	-	-
Total	2,172,087,316	-	-	2,172,087,316
<u>Less</u> Allowance for expected credit losses	(5,812)	-	-	(5,812)
Net book value	2,172,081,504	-	-	2,172,081,504
Loans to customers and accrued interest				
Not yet due	3,968,108,332	17,255,241	4,563,069	3,989,926,642
Overdue 30 days	481,603,425	70,016,301	2,821,276	554,441,002
Overdue 31 - 60 days	-	9,497,688	-	9,497,688
Overdue 61 - 90 days	-	4,331,932	-	4,331,932
More than 90 days	-	-	1,562,510,247	1,562,510,247
Total	4,449,711,757	101,101,162	1,569,894,592	6,120,707,511
<u>Less</u> Allowance for expected credit losses	(40,283,206)	(3,312,670)	(307,216,783)	(350,812,659)
Net book value	4,409,428,551	97,788,492	1,262,677,809	5,769,894,852

(Unit: Baht)

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments				
Loan commitments	661,455,563	-	-	661,455,563
<u>Less</u> Allowance for expected credit losses	(3,418,383)	-	-	(3,418,383)
Net book value	658,037,180	-	-	658,037,180

(Unit: Baht)

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Interbank and money market items (assets)				
Investment grade	3,093,939,621	-	-	3,093,939,621
Non-investment grade	-	-	-	-
Total	3,093,939,621	-	-	3,093,939,621
<u>Less</u> Allowance for expected credit losses	(17,570)	-	-	(17,570)
Net book value	3,093,922,051	-	-	3,093,922,051

Loans to customers and accrued interest

Not yet due	1,603,226,196	21,741,393	2,418,321	1,627,385,910
Overdue 30 days	1,408,965,423	88,820,460	2,902,432	1,500,688,315
Overdue 31 - 60 days	-	4,862,935	-	4,862,935
Overdue 61 - 90 days	-	3,057,671	-	3,057,671
More than 90 days	-	-	1,577,159,376	1,577,159,376
Total	3,012,191,619	118,482,459	1,582,480,129	4,713,154,207
<u>Less</u> Allowance for expected credit losses	(35,427,111)	(3,319,617)	(277,539,789)	(316,286,517)
Net book value	2,976,764,508	115,162,842	1,304,940,340	4,396,867,690

Loan commitments

Loan commitments	281,845,883	-	-	281,845,883
<u>Less</u> Allowance for expected credit losses	(1,616,967)	-	-	(1,616,967)
Net book value	280,228,916	-	-	280,228,916

Exposure to credit risk of investments in debt instruments measured at fair value through other comprehensive income as at 30 June 2022 and 31 December 2021. The analysis has been based on Moody's Investors Service, Fitch Ratings (Thailand) Limited and Tris Rating Co., Ltd. which provide same credit rating.

(Unit: Baht)

	30 June 2022			
	Stage 1	Stage 2	Stage 3	Total
Government bonds				
Rated BBB+	3,508,468,375	-	-	3,508,468,375
Corporate bonds				
Rated AA- to AA+	25,286,998	-	-	25,286,998
Rated A- to A+	369,665,103	-	-	369,665,103

(Unit: Baht)

	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
Government bonds				
Rated BBB+	3,709,675,637	-	-	3,709,675,637
Corporate bonds				
Rated AA- to AA+	26,543,525	-	-	26,543,525
Rated A- to A+	393,848,076	-	-	393,848,076

6.1.2 Collateral held and other credit enhancements

Beside from consideration of ability to repay, the Company also focuses on types and value of collateral pledged a guarantee for the loans to alleviate loss to the Company in the case of default. Movable or immovable collaterals' appraisal value are reviewed in accordance with the Company's policies and requirement by the Bank of Thailand. Type of collaterals consist of deposits, marketable equity instruments, immovable property, vehicles, machines and etc. The Company sets a frequency for reviewing the value of each type of collateral by using independent appraisers who are qualified as professionals and have appropriate experience and approved by the Securities and Exchange Commission to be an appraiser. The appraisal report contains a clear and sufficient information and analysis for the price determination of the Asset Appraisal Committee of the Company.

The following table sets out the types of collateral held against different types of financial assets as at 30 June 2022 and 31 December 2021.

(Unit: Baht)				
Type of credit exposure	Note	30 June 2022	31 December 2021	Type of collateral held
Credit risk exposure of financial assets on-financial reporting				
Loans to customers and accrued interest receivables	13			
- Loans to retail customers		229,483,928	258,406,460	Land, land and buildings, and residential properties
- Loans to corporate customers		5,881,442,139	4,443,886,217	Land, land and buildings, residential properties, shares, machines, vehicles and certificates of deposit
- Hire-purchase loans		9,781,444	10,861,530	Vehicles
Investments in debt instruments	12	3,903,420,476	4,130,067,238	None
Other contingencies	29			
- Other guarantee		57,705,933	61,423,039	Land, land and buildings, machines and certificates of deposit
- Committed line		661,455,563	281,845,883	Land, land and buildings, and machines

Residential mortgage lending

The following tables stratify credit exposures from mortgage lending to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of loan to customers to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of collateral is based on the most recent appraisals.

(Unit: Baht)		
	30 June 2022	31 December 2021
LTV ratio		
<i>Stage 1 and stage 2</i>		
Less than 50%	70,279,232	34,327,640
51-70%	83,753,987	141,513,984
More than 70%	27,431,960	31,268,993
Total	181,465,179	207,110,617
<i>Credit-impaired loans</i>		
Less than 50%	4,429,100	2,612,521
51-70%	21,740,522	16,925,500
More than 70%	14,571,958	23,361,933
Total	40,741,580	42,899,954

Loans to corporate customers and hire-purchase loans

The Company mainly focuses on consideration of the ability to repay for corporate customers and hire-purchase loans to be in accordance with loan objectives and obtain sufficient collateral or other securities, where appropriate. To reduce potential credit risks, the pledged collaterals may be borrower's own asset, related individual of borrower's asset or related company of borrower's asset. Collaterals pledged for corporate lending and hire-purchase loans for which loans are provided comprise of both movable and immovable properties. The Company sets a frequency for reviewing the value of each type of collateral. For machines and vehicles, the collateral value is monthly adjusted with depreciation.

The following tables set out the carrying amount of loans to corporate customers and hire-purchase loans and the value of pledged collaterals.

(Unit: Baht)		
30 June 2022		
	Carrying amount	Collateral*
Stage 1 and Stage 2	4,326,704,635	4,394,782,517
Stage 3	1,232,847,950	1,549,739,413

(Unit: Baht)		
31 December 2021		
	Carrying amount	Collateral*
Stage 1 and Stage 2	2,884,694,128	2,123,696,755
Stage 3	1,272,962,656	1,289,747,570

* The value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

6.1.3 Information related to Expected Credit losses

Significant increase in credit risk (SICR)

When determining whether the Probability of default (PD) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience which are segmented by customer group as follows:

Corporate customers and hire-purchase loans

- Debt repayment status and debt covenants
- Data obtained during credit review process including audited financial statements, estimated operational performance and business trend, significant operational financial data such as gross profit margin, financial leverage ratios, ability to repay, debt covenants and any amendment in management structure.
- Data from credit reference agencies, news, press articles and changes in external credit ratings

Retail customers

- Debt repayment status
- Indicators on observed liquidity issues which may affect income and ability to repay
- Frequency of amendment to repayment conditions which indicates the lessen of ability to repay

Default

In assessing whether a borrower is in default, the Company considers the following indicators:

Quantitative indicators

- the borrower has an overdue of principal and/or interest more than 90 days or 3 months past due in an earlier of on any material credit obligation or on the date of call by the Company, including the borrower's credit facility is cancelled or is at maturity date from an earlier of the date of credit facility cancellation or at the maturity date.

Qualitative indicators

- the collateral tends to be unable to enforce for entire claim or the claiming right is lower than the existing debt burden.
- the borrower is in the process of debt rehabilitation process.
- the borrower has misuse of loans or under cease of its operation.
- the borrower intentionally delays debt repayment or contractual obligations.
- the borrower is not cooperative and cannot be contacted without a valid reason.

Credit risk grade

In determining credit risk grade, the Company considers both quantitative and qualitative indicators of each individual borrower based on available information about the borrower and debt repayment status monitoring. The Company classified credit risk in 3 stages based on changes in credit risk since initial recognition.

Concentrations of credit risk

The Company monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans to customers, investments in debt instruments and loan commitments is shown as below.

	(Unit: Baht)		
	30 June 2022		
	Loans to customers	Investments in debt instruments	Loan commitments
Gross carrying amount	6,120,707,511	-	-
Investments in debt instruments	-	3,903,420,476	-
Loan commitments	-	-	661,455,563
<i>Concentration by sector</i>			
Corporate			
Manufacturing and commerce	1,082,681,471	365,997,374	196,771,639
Property development and construction	3,226,461,280	-	320,434,331
Infrastructure and services	1,572,299,388	28,954,727	144,249,593
Retail			
Housing loans	222,206,759	-	-
Secured personal loans	7,277,169	-	-
Hire-purchase loans	9,781,444	-	-
Government	-	3,508,468,375	-
Financial institutions	-	-	-

(Unit: Baht)

	31 December 2021		
	Loans to customers	Investments in debt instruments	Loan commitments
Gross carrying amount	4,713,154,207	-	-
Investments in debt instruments	-	4,130,067,238	-
Loan commitments	-	-	281,845,883
<i>Concentration by sector</i>			
Corporate			
Manufacturing and commerce	1,044,487,786	380,207,968	28,266,880
Property development and construction	2,206,476,329	-	23,232,679
Infrastructure and services	1,192,922,102	40,183,633	230,346,324
Retail			
Housing loans	250,010,571	-	-
Secured personal loans	8,395,889	-	-
Hire-purchase loans	10,861,530	-	-
Government	-	3,709,675,637	-
Financial institutions	-	-	-

6.2 Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Company.

The Company closely monitors and manages its liquidity to meet the market condition by monitoring its investment diversification and customers' deposit behavior to conform to the lending maturity profile by using Liquidity Gap Analysis and Liquidity Stress Test, and also setting limits for Liquidity Risk Tolerance. The Company mainly invests its excess liquidity in highly liquid assets in order to prepare for customers' deposit withdrawal in both normal and crisis situations.

The following tables set out significant cash flows by the remaining contractual maturities at the reporting date:

(Unit: Baht)

30 June 2022								
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
Financial assets								
Interbank and money market items *	172,087,316	2,000,000,000	-	-	-	-	-	2,172,087,316
Financial assets measured at fair value through profit or loss	-	-	-	-	-	192,896,830	-	192,896,830
Derivative assets	-	-	-	888,000	-	-	-	888,000
Investments - net	-	-	-	15,818,445	3,887,602,031	-	-	3,903,420,476
Loans to customers	-	80,154,624	819,692,284	3,254,274,300	366,032,170	-	1,320,824,188	5,840,977,566
Accrued interest receivables and undue interest receivables	-	19,521,133	11,138,409	-	-	-	249,070,403	279,729,945
Total	172,087,316	2,099,675,757	830,830,693	3,270,980,745	4,253,634,201	192,896,830	1,569,894,591	12,390,000,133
Financial liabilities								
Deposits	-	1,072,415,420	964,799,119	5,926,421,030	-	-	-	7,963,635,569
Interbank and money market items	-	2,101,000,000	147,300,000	802,500,000	-	-	-	3,050,800,000
Lease liabilities	-	2,185,314	6,486,391	4,285,347	-	-	-	12,957,052
Total	-	3,175,600,734	1,118,585,510	6,733,206,377	-	-	-	11,027,392,621

* Before deducting allowance for expected credit losses amounting to Baht 5,812.

(Unit: Baht)

31 December 2021								
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
Financial assets								
Interbank and money market items *	93,939,621	3,000,000,000	-	-	-	-	-	3,093,939,621
Financial assets measured at fair value through profit or loss	-	-	-	-	-	240,177,809	-	240,177,809
Investments - net	-	-	-	26,184,965	4,103,882,273	-	-	4,130,067,238
Loans to customers	-	39,528,488	436,245,557	2,314,611,525	316,211,114	-	1,376,220,377	4,482,817,061
Accrued interest receivables and undue interest receivables	-	8,347,239	15,730,155	-	-	-	206,259,752	230,337,146
Total	93,939,621	3,047,875,727	451,975,712	2,340,796,490	4,420,093,387	240,177,809	1,582,480,129	12,177,338,875
Financial liabilities								
Deposits	-	2,751,328,098	1,167,597,718	3,963,406,154	-	-	-	7,882,331,970
Interbank and money market items	-	1,582,600,000	34,600,000	1,192,450,000	-	-	-	2,809,650,000
Lease liabilities	-	2,179,414	6,539,876	8,607,508	-	-	-	17,326,798
Total	-	4,336,107,512	1,208,737,594	5,164,463,662	-	-	-	10,709,308,768

* Before deducting allowance for expected credit losses amounting to Baht 17,570.

6.3 Market risk

The Company is exposed to normal business risks from changes in market interest rates, equity price and from non-performance of contractual obligations by counterparties.

6.3.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates that will affect the results of the Company's operation and its cash flows.

The Company has managed interest rate risk which results from a change in interest rate of assets and liabilities that may affect the Company's net interest income by using an Interest Rate Gap Model to ensure that any possible effects are at the acceptable level in accordance with the interest rate risk management policy of the Company.

Exposure to interest rate risk were as follows:

	30 June 2022				
	Floating rate	Fixed rate	Non-interest bearing	Non-Performing Loans	Total
Financial assets					
Interbank and money market items*	26,134,772	2,000,000,000	145,952,544	-	2,172,087,316
Financial assets measured at fair value					
through profit or loss	-	-	192,896,830	-	192,896,830
Derivative assets	-	-	888,000	-	888,000
Investments - net	-	3,903,420,476	-	-	3,903,420,476
Loans to customers	4,326,552,957	193,600,421	-	1,320,824,188	5,840,977,566
Total	4,352,687,729	6,097,020,897	339,737,374	1,320,824,188	12,110,270,188
Financial liabilities					
Deposits	-	7,963,635,569	-	-	7,963,635,569
Interbank and money market items	-	3,050,800,000	-	-	3,050,800,000
Lease liabilities	-	12,957,052	-	-	12,957,052
Total	-	11,027,392,621	-	-	11,027,392,621

* Before deducting allowance for expected credit losses amounting to Baht 5,812

(Unit: Baht)

31 December 2021					
	Floating rate	Fixed rate	Non-interest bearing	Non-Performing Loans	Total
Financial assets					
Interbank and money market items [*]	27,110,173	3,000,000,000	66,829,448	-	3,093,939,621
Financial assets measured at fair value					
through profit or loss	-	-	240,177,809	-	240,177,809
Investments - net	-	4,130,067,238	-	-	4,130,067,238
Loans to customers	2,916,008,172	190,588,512	-	1,376,220,377	4,482,817,061
Total	2,943,118,345	7,320,655,750	307,007,257	1,376,220,377	11,947,001,729
Financial liabilities					
Deposits	-	7,882,331,970	-	-	7,882,331,970
Interbank and money market items	-	2,809,650,000	-	-	2,809,650,000
Lease liabilities	-	17,326,798	-	-	17,326,798
Total	-	10,709,308,768	-	-	10,709,308,768

^{*} Before deducting allowance for expected credit losses amounting to Baht 17,570.

The following tables set out the interest repricing periods:

(Unit: Baht)

30 June 2022					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets					
Interbank and money market items	2,000,000,000	-	-	-	2,000,000,000
Investments - net	-	-	15,818,445	3,887,602,031	3,903,420,476
Loans to customers	-	39,794,944	152,301,378	1,504,099	193,600,421
Total	2,000,000,000	39,794,944	168,119,823	3,889,106,130	6,097,020,897
Financial liabilities					
Deposits	1,072,415,420	964,799,119	5,926,421,030	-	7,963,635,569
Interbank and money market items	2,101,000,000	147,300,000	802,500,000	-	3,050,800,000
Lease liabilities	31,936	-	12,925,116	-	12,957,052
Total	3,173,447,356	1,112,099,119	6,741,846,146	-	11,027,392,621

(Unit: Baht)

31 December 2021					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets					
Interbank and money market items	3,000,000,000	-	-	-	3,000,000,000
Investments - net	-	-	26,184,965	4,103,882,273	4,130,067,238
Loans to customers	-	-	189,000,982	1,587,530	190,588,512
Total	3,000,000,000	-	215,185,947	4,105,469,803	7,320,655,750
Financial liabilities					
Deposits	2,751,328,098	1,167,597,718	3,963,406,154	-	7,882,331,970
Interbank and money market items	1,582,600,000	34,600,000	1,192,450,000	-	2,809,650,000
Lease liabilities	-	127,231	17,199,567	-	17,326,798
Total	4,333,928,098	1,202,324,949	5,173,055,721	-	10,709,308,768

Sensitivity Analysis

The Company uses a number of sensitivity measurements to monitor the market risk in a trading book. The key measurement is PV01. PV01 is used to monitor interest rate risk in which it measures the impact on portfolio value due to the increase in interest rate of 1 basis point. The methodology and parameters that the Company used to calculate these sensitivity measurements are in accordance with international standard whereby the measurement are different in current detail. The key sensitivities are as follow:

(Unit: Baht)

	Interest rate sensitivities (PV01)	
	30 June 2022	31 December 2021
THB	2,597,967	2,973,949
Total	2,597,967	2,973,949

6.3.2 Foreign exchange risk

The Company is not exposed to foreign currency risk as there is no foreign currency transaction.

6.3.3 Equity price risk

Equity price risk is any risk that arises from changes in the price of equities or common stock that may cause volatility in the earnings or fluctuations in the value of the financial assets.

The equity portfolio of the Company is managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and Treasury and Investment Department. All investments in equity instruments must comply with investment policy and framework, and related risk policies. The criteria for equity investments include consideration of fundamental value, dividend yield and market risk. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

7. Maintenance of capital fund

The Company maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As announced by the BoT's notification dated 10 January 2017 and Sor Nor Sor 12/2562 dated 7 May 2019, regarding to Guideline for maintenance of capital fund and liquidity reserve requirement for finance company, the Company is required to calculate its Capital Fund in accordance with Basel III as follows:

	(Unit: Baht)	
	30 June 2022	31 December 2021
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	1,250,000,000	1,250,000,000
Legal reserve	32,359,409	30,020,568
Net income after appropriation	271,347,299	248,490,313
Other components of equity	(260,105,012)	(105,341,686)
Others	1,968,210	3,936,420
Capital deduction items on common equity Tier 1	(95,757,732)	(54,086,713)
Total Tier 1 capital	1,199,812,174	1,373,018,902
Tier 2 capital		
General provision	2,224,679	-
Total Tier 2 capital	2,224,679	-
Total capital funds	1,202,036,853	1,373,018,902
Total risk-weighted assets	7,612,253,646	6,145,970,979

	(Unit: percent)			
	The BoT's regulation minimum requirement*	30 June 2022	The BoT's regulation minimum requirement	31 December 2021
The ratio of total capital funds to risk assets	11.000	15.79	11.000	22.34
The ratio of total Tier 1 capital fund to risk assets	8.500	15.76	8.500	22.34
The ratio of Common Equity Tier 1 capital fund to risk assets	7.000	15.76	7.000	22.34
The ratio of Tier 2 capital fund to risk assets	-	0.03	-	-

* Conservation buffer requires additional CET1 of 0.625% per annum from 1 January 2018 onwards until reaching 2.50% in 2021.

As at 30 June 2022 and 31 December 2021, the Company had no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the BoT's notification number Sor Nor Sor 5/2556 dated 2 May 2013 regarding to Disclosures Requirement on Capital Adequacy for a Financial Group and the BoT's notification number Sor Nor Sor 15/2562 dated 7 May 2019, regarding to Disclosure Requirement on Capital Adequacy for a Financial Group (Volumn2) were as follows:

Location of disclosure	The Company's website under Investor Relations section at http://www.advancefin.com
Disclosure period requirement	Within 4 months after the year ended as indicated in the BoT's notification
Latest information as at	31 December 2021

Capital management

The Board of Directors' policy is to maintain an adequate level of capital to support growth strategies within an acceptable risk framework, and to meet Bank of Thailand regulatory requirements to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total equity, and also monitors the dividends to ordinary shareholders.

8. Classification of financial assets and financial liabilities

(Unit: Baht)

	30 June 2022			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<i>Financial assets</i>				
Interbank and money market items - net	-	-	2,172,081,504	2,172,081,504
Financial assets measured at fair value through profit or loss	192,896,830	-	-	192,896,830
Derivative assets	888,000	-	-	888,000
Investments - net	-	3,903,420,476	-	3,903,420,476
Loans to customers and accrued interest receivables - net	-	-	5,769,894,852	5,769,894,852
Total	193,784,830	3,903,420,476	7,941,976,356	12,039,181,662
<i>Financial liabilities</i>				
Deposits	-	-	7,963,635,569	7,963,635,569
Interbank and money market items	-	-	3,050,800,000	3,050,800,000
Lease liabilities - net	-	-	12,957,052	12,957,052
Total	-	-	11,027,392,621	11,027,392,621

(Unit: Baht)

	31 December 2021			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets				
Interbank and money market items - net	-	-	3,093,922,051	3,093,922,051
Financial assets measured at fair value through profit or loss	240,177,809	-	-	240,177,809
Investments - net	-	4,130,067,238	-	4,130,067,238
Loans to customers and accrued interest receivables - net	-	-	4,396,867,690	4,396,867,690
Total	240,177,809	4,130,067,238	7,490,789,741	11,861,034,788
Financial liabilities				
Deposits	-	-	7,882,331,970	7,882,331,970
Interbank and money market items	-	-	2,809,650,000	2,809,650,000
Lease liabilities - net	-	-	17,326,798	17,326,798
Total	-	-	10,709,308,768	10,709,308,768

9. Interbank and money market items - net (assets)

	30 June 2022	31 December 2021
Domestic		
Bank of Thailand	100,149,770	26,135,440
Commercial banks	71,911,241	67,725,332
Specialised financial institutions*	2,000,000,000	3,000,000,000
Total	2,172,061,011	3,093,860,772
Add: Accrued interest receivables and undue interest receivables	26,305	78,849
Less: Allowance for expected credit losses	(5,812)	(17,570)
Total	2,172,081,504	3,093,922,051

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Cooperatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand, Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

10. Financial assets measured at fair value through profit or loss

(Unit: Baht)

	30 June 2022	31 December 2021
Domestic marketable equity securities	192,896,830	240,177,809
Total	192,896,830	240,177,809

11. Derivatives assets and liabilities

(Unit: Baht)

	30 June 2022			
	Assets		Liabilities	
	Notional		Notional	
	Fair Value	Amount	Fair Value	Amount
Type of risk				
- Warrant	888,000	9,600,000	-	-
Total	888,000	9,600,000	-	-

12. Investments - net

(Unit: Baht)

	30 June 2022	31 December 2021
Investments in debt securities measured at fair value through other comprehensive income		
Government bonds and state enterprise securities	3,508,468,375	3,709,675,637
Corporate debenture	394,952,101	420,391,601
Total	3,903,420,476	4,130,067,238
Allowance for expected credit losses	166,834	416,689

13. Loans to customers and accrued interest receivables - net

13.1 Classified by type of loans

	(Unit: Baht)	
	30 June 2022	31 December 2021
Loans	5,831,305,122	4,472,077,621
Hire-purchase receivables	9,672,444	10,739,440
Total loans to customers	5,840,977,566	4,482,817,061
Add: Accrued interest receivables and undue interest receivables	279,729,945	230,337,146
Total loans to customers and accrued interest receivables and undue interest receivables	6,120,707,511	4,713,154,207
Less: Allowance for expected credit losses	(350,812,659)	(316,286,517)
Total loans to customers and accrued interest receivables - net	5,769,894,852	4,396,867,690

13.2 Classified by currency and residence of customers

As at 30 June 2022 and 31 December 2021, loans to customers were domestic and denominated entirely in Thai Baht.

13.3 Classified by loan classifications

	(Unit: Baht)	
	30 June 2022	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	4,449,711,757	40,283,206
Financial assets where there has been a significant increase in credit risk (Under-Performing)	101,101,162	3,312,670
Financial assets that are credit-impaired (Non-Performing)	1,569,894,592	307,216,783
Total	6,120,707,511	350,812,659

(Unit: Baht)

	31 December 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	3,012,191,619	35,427,111
Financial assets where there has been a significant increase in credit risk (Under-Performing)	118,482,459	3,319,617
Financial assets that are credit-impaired (Non-Performing)	1,582,480,129	277,539,789
Total	4,713,154,207	316,286,517

13.4 Classified by business type and stages

(Unit: Baht)

	30 June 2022			
	Performing	Under- performing	Non- performing	Total*
Manufacturing and commerce	871,705,455	-	176,778,365	1,048,483,820
Property development and construction	2,075,208,449	85,975,804	895,304,609	3,056,488,862
Infrastructure and services	1,289,760,565	-	210,953,533	1,500,714,098
Housing loans	166,073,919	14,935,450	37,394,721	218,404,090
Secured personal loans	6,821,292	-	392,960	7,214,252
Hire-purchase loans	9,672,444	-	-	9,672,444
Total	4,419,242,124	100,911,254	1,320,824,188	5,840,977,566

* Excluding accrued interest receivables and undue interest receivables

(Unit: Baht)

31 December 2021				
	Performing	Under-performing	Non-performing	Total*
Manufacturing and commerce	821,050,136	20,418,645	176,778,365	1,018,247,146
Property development and construction	1,037,701,403	88,781,108	938,181,743	2,064,664,254
Infrastructure and services	913,458,304	-	220,618,785	1,134,077,089
Housing loans	197,457,961	9,042,309	40,229,921	246,730,191
Secured personal loans	7,947,378	-	411,563	8,358,941
Hire-purchase loans	10,739,440	-	-	10,739,440
Total	2,988,354,622	118,242,062	1,376,220,377	4,482,817,061

* Excluding accrued interest receivables and undue interest receivables

13.5 Hire-purchase receivables

(Unit: Baht)

30 June 2022				
	Amounts due under the agreement			
	Less than	Over		Total
	1 year	1-5 years	5 years	
Total gross investment under hire-purchase contracts	3,302,920	8,188,200	-	11,491,120
Less: Unearned interest income	(857,418)	(961,258)	-	(1,818,676)
Present value of minimum lease payments	2,445,502	7,226,942	-	9,672,444
Add: Accrued interest receivable	109,000	-	-	109,000
Total	2,554,502	7,226,942	-	9,781,444
Less: Allowance for expected credit losses	(131,680)	(123,183)	-	(254,863)
Hire-purchase receivables - net	2,422,822	7,103,759	-	9,526,581

(Unit: Baht)

31 December 2021				
	Amounts due under the agreement			
	Less than	Over		Total
	1 year	1-5 years	5 years	
Total gross investment under hire-purchase contracts	3,302,920	9,739,369	-	13,042,289
Less: Unearned interest income	(969,484)	(1,333,365)	-	(2,302,849)
Present value of minimum lease payments	2,333,436	8,406,004	-	10,739,440
Add: Accrued interest receivable	122,090	-	-	122,090
Total	2,455,526	8,406,004	-	10,861,530
Less: Allowance for expected credit losses	(25,716)	(82,401)	-	(108,117)
Hire-purchase receivables - net	2,429,810	8,323,603	-	10,753,413

14. Modified loans to customers and troubled debt restructuring

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. However, there are government and other support measures intended to mitigate the negative impact of the economy. The future uncertain events including the impact of the COVID-19 are still not reflected in the current credit models. Therefore, the management considered the impact from these uncertain events based on available information for individual customers level and industry level and recorded additional allowance for expected credit losses as a management overlay.

As at 30 June 2022, there were loans to customers including loans with modification of contracts, for which the Company has elected to apply the Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 where the assistance were the 1st type of financial assistance amounting to Baht 618 million and the 2nd type of financial assistance amounting to Baht 869 million, representing 25.45 percent of total loans (31 December 2021: 26.57 percent of total loans).

As at 30 June 2022 and 31 December 2021, there was no outstanding balance of the Company's restructured debtors.

15. Classified assets

	(Unit: Baht)			
	30 June 2022			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
Financial assets where there has not been a significant increase in credit risk (Performing)	4,449,711,757	3,903,420,476	-	8,353,132,233
Financial assets where there has been a significant increase in credit risk (Under-Performing)	101,101,162	-	-	101,101,162
Financial assets that are credit-impaired (Non-Performing)	1,569,894,592	7,820,000	-	1,577,714,592
Total	6,120,707,511	3,911,240,476	-	10,031,947,987

(Unit: Baht)

31 December 2021				
	Loans and accrued interest receivables	Investments	Properties for sale	Total
Financial assets where there has not been a significant increase in credit risk (Performing)	3,012,191,619	4,130,067,238	-	7,142,258,857
Financial assets where there has been a significant increase in credit risk (Under-Performing)	118,482,459	-	-	118,482,459
Financial assets that are credit-impaired (Non-Performing)	1,582,480,129	7,820,000	-	1,590,300,129
Total	4,713,154,207	4,137,887,238	-	8,851,041,445

16. Allowance for expected credit losses

(Unit: Baht)

For the six-month period ended 30 June 2022				
	Financial assets where there have not been a significant increase in credit risk (12-mth ECL)	Financial assets where there have been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items				
Beginning balance	17,570	-	-	17,570
Changes due to remeasurement of allowance for credit losses	(11,758)	-	-	(11,758)
Ending balance	5,812	-	-	5,812
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	416,689	-	-	416,689
Changes due to remeasurement of allowance for credit losses	(240,047)	-	-	(240,047)
New financial assets purchased or acquired	-	-	-	-
Derecognition of financial assets	(9,808)	-	-	(9,808)
Ending balance	166,834	-	-	166,834

(Unit: Baht)

For the six-month period ended 30 June 2022

	Financial assets where there have not been a significant increase in credit risk (12-mth ECL)	Financial assets where there have been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Loans to customers and accrued interest receivables				
Beginning balance	35,427,111	3,319,617	277,539,789	316,286,517
Changes due to changes in stages	2,766,830	(905,787)	(1,861,043)	-
Changes due to remeasurement of allowance for credit losses	(8,185,832)	898,840	35,720,641	28,433,649
New financial assets purchased or acquired	12,261,513	-	-	12,261,513
Derecognition of financial assets	(1,986,416)	-	(3,550,187)	(5,536,603)
Bad debt written-off	-	-	(632,417)	(632,417)
Ending balance	40,283,206	3,312,670	307,216,783	350,812,659
Loan commitments				
Beginning balance	1,616,967	-	-	1,616,967
Changes due to remeasurement of allowance for credit losses	(629,963)	-	-	(629,963)
New issued obligations to grant credit	2,677,279	-	-	2,677,279
Derecognition of financial assets	(245,900)	-	-	(245,900)
Ending balance	3,418,383	-	-	3,418,383

(Unit: Baht)

For the year ended 31 December 2021

	Financial assets where there have not been a significant increase in credit risk (12-mth ECL)	Financial assets where there have been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items				
Beginning balance	27,445	-	-	27,445
Changes due to remeasurement of allowance for credit losses	(9,875)	-	-	(9,875)
Ending balance	17,570	-	-	17,570
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	556,424	-	-	556,424
Changes due to remeasurement of allowance for credit losses	38,171	-	-	38,171
New financial assets purchased or acquired	351,953	-	-	351,953
Derecognition of financial assets	(529,859)	-	-	(529,859)
Ending balance	416,689	-	-	416,689
Loans to customers and accrued interest receivables				
Beginning balance	28,071,192	11,387,579	174,114,983	213,573,754
Changes due to changes in stages	5,110,675	(8,087,864)	2,977,189	-
Changes due to remeasurement of allowance for credit losses	373,715	121,449	101,241,628	101,736,792
New financial assets purchased or acquired	8,744,814	-	-	8,744,814
Derecognition of financial assets	(6,873,285)	(101,547)	(494,676)	(7,469,508)
Bad debt written-off	-	-	(299,335)	(299,335)
Ending balance	35,427,111	3,319,617	277,539,789	316,286,517
Loan commitments				
Beginning balance	1,056,483	-	-	1,056,483
Changes due to remeasurement of allowance for credit losses	(335,557)	-	-	(335,557)
New issued obligations to grant credit	1,491,590	-	-	1,491,590
Derecognition of financial assets	(595,549)	-	-	(595,549)
Ending balance	1,616,967	-	-	1,616,967

17. Properties for sale - net

(Unit: Baht)

30 June 2022				
	Beginning balance	Increase	Decrease	Ending balance
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	278,603,018	4,374,422	(9,699,565)	273,277,875
Less: Allowance for impairment (reversal)	-	-	-	-
Total properties for sale - net	<u>278,603,018</u>	<u>4,374,422</u>	<u>(9,699,565)</u>	<u>273,277,875</u>

(Unit: Baht)

31 December 2021				
	Beginning balance	Increase	Decrease	Ending balance
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	286,235,221	5,478,413	(13,110,616)	278,603,018
Less: Allowance for impairment (reversal)	(184,873)	-	184,873	-
Total properties for sale - net	<u>286,050,348</u>	<u>5,478,413</u>	<u>(12,925,743)</u>	<u>278,603,018</u>

18. Leasehold improvement and equipment - net

(Unit: Baht)

	Leasehold improvement	Computer and equipment	Furniture and fixtures	Vehicles	Total
Cost					
At 1 January 2021	20,346,285	20,019,035	124,389	16,836,900	57,326,609
Additions	12,024	279,466	-	-	291,490
Disposals / write-off	-	(11,734)	-	(6,016,500)	(6,028,234)
At 31 December 2021	20,358,309	20,286,767	124,389	10,820,400	51,589,865
Additions	-	297,809	-	-	297,809
Disposals / write-off	(60,669)	(64,019)	-	-	(124,688)
At 30 June 2022	20,297,640	20,520,557	124,389	10,820,400	51,762,986
Accumulated depreciation					
At 1 January 2021	19,884,208	14,910,655	96,873	12,834,669	47,726,405
Depreciation for the year	208,250	2,151,341	13,262	1,463,811	3,836,664
Disposals / write-off	-	(11,733)	-	(6,016,499)	(6,028,232)
At 31 December 2021	20,092,458	17,050,263	110,135	8,281,981	45,534,837
Depreciation for the period	99,807	959,312	3,592	550,908	1,613,619
Disposals / write-off	(60,669)	(64,009)	-	-	(124,678)
At 30 June 2022	20,131,596	17,945,566	113,727	8,832,889	47,023,778
Net book value					
At 31 December 2021	265,851	3,236,504	14,254	2,538,419	6,055,028
At 30 June 2022	166,044	2,574,991	10,662	1,987,511	4,739,208
Depreciation for the six-month periods ended 30 June					
2021					1,924,823
2022					1,613,619

As at 30 June 2022, certain items of leasehold improvement and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 37.2 million (31 December 2021: Baht 33.2 million).

19. Intangible assets - net

(Unit: Baht)

	Software licenses	Intangible assets under installation	Total
Cost			
At 1 January 2021	19,585,057	7,819,356	27,404,413
Additions	3,664,492	3,610,003	7,274,495
Transfer in (out)	11,429,359	(11,429,359)	-
At 31 December 2021	34,678,908	-	34,678,908
Additions	295,925	-	295,925
Write-off	(2,611,375)	-	(2,611,375)
At 30 June 2022	32,363,458	-	32,363,458
Accumulated amortisation			
At 1 January 2021	15,344,822	-	15,344,822
Amortisation for the year	3,012,756	-	3,012,756
At 31 December 2021	18,357,578	-	18,357,578
Amortisation for the period	2,445,000	-	2,445,000
Write-off	(329,941)	-	(329,941)
At 30 June 2022	20,472,637	-	20,472,637
Net book value			
At 31 December 2021	16,321,330	-	16,321,330
At 30 June 2022	11,890,821	-	11,890,821
Depreciation for the six-month periods ended 30 June			
2021			1,208,011
2022			2,115,059

As at 30 June 2022, certain items of software licenses were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 9.8 million (31 December 2021: Baht 9.6 million).

20. Other assets

	(Unit: Baht)	
	30 June 2022	31 December 2021
Prepaid income tax	2,909,970	4,379,741
Deposits	2,283,656	2,289,853
Prepaid expenses	4,491,398	2,045,084
Others	1,757,736	1,130,901
Total	11,442,760	9,845,579

21. Deposits

21.1 Classified by type of deposit

	(Unit: Baht)	
	30 June 2022	31 December 2021
Certificates of deposit	7,963,635,569	7,882,331,970
Total	7,963,635,569	7,882,331,970

21.2 Classified by currency and residence of customers

As at 30 June 2022 and 31 December 2021, deposits were domestic and denominated entirely in Thai Baht.

22. Interbank and money market items (liabilities)

	(Unit: Baht)	
	30 June 2022	31 December 2021
Domestic		
Commercial banks	800,000,000	-
Specialised financial institutions*	1,290,000,000	1,350,000,000
Other financial institutions**	960,800,000	1,459,650,000
Total	3,050,800,000	2,809,650,000

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Cooperatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand, Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

** Other financial institutions represent financial institutions other than the above, such as Finance companies, Securities companies, Credit fancier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited.

23. Leases

The Company has lease contracts for various items of leasehold improvement and equipment use in its operations. Leases generally have lease terms between 1 - 4 years.

23.1 Right-of-use assets

Movement of the right-of-use assets during the six-month periods ended 30 June 2022 and 2021 are summarised below.

			(Unit: Baht)
	Building	Equipment	Total
Cost			
At 1 January 2021	9,090,181	693,888	9,784,069
Additions	19,424,855	-	19,424,855
Contract termination	(189,252)	-	(189,252)
At 31 December 2021	28,325,784	693,888	29,019,672
Additions	-	-	-
Contract termination	-	-	-
At 30 June 2022	28,325,784	693,888	29,019,672
Accumulated depreciation			
At 1 January 2021	63,085	208,166	271,251
Depreciation for the year	9,568,096	208,166	9,776,262
Accumulated depreciation on contract termination	(189,252)	-	(189,252)
At 31 December 2021	9,441,929	416,332	9,858,261
Depreciation for the period	4,784,408	104,084	4,888,492
Accumulated depreciation on contract termination	-	-	-
At 30 June 2022	14,226,337	520,416	14,746,753
Net book value			
At 31 December 2021	18,883,855	277,556	19,161,411
At 30 June 2022	14,099,447	173,472	14,272,919
Depreciation for the six-month periods ended 30 June			
2021			4,385,140
2022			4,888,492

23.2 Lease liabilities

	(Unit: Baht)	
	30 June 2022	31 December 2021
Lease payments	13,153,628	17,675,504
Less: Deferred interest expense	(196,576)	(348,706)
Total	12,957,052	17,326,798

Movement of the lease liabilities during the three-month and six-month periods ended 30 June 2022 and 2021 summarised below:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2022	2021	2022	2021
Balance at beginning of period	15,147,384	23,346,152	17,326,798	9,530,051
Additions	-	-	-	14,835,893
Accretion of interest	70,606	113,310	152,131	237,418
Repayments	(2,260,938)	(1,996,210)	(4,521,877)	(3,140,110)
Other	-	-	-	-
Ending balance	12,957,052	21,463,252	12,957,052	21,463,252

A maturity analysis of lease payments is described in Note 6.2 under the Liquidity risk.

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

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets	2,192,841	2,192,570	4,385,683	4,385,140
Interest expense on lease liabilities	70,606	113,310	152,131	237,418
Expense relating to short-term leases	43,283	50,600	94,733	101,200

23.4 Others

The Company had total cash outflows for leases for the six-month period ended 30 June 2022 of Baht 5 Million (31 December 2021: Baht 9 Million), including the cash outflow related to short-term leases and leases of low-value assets.

24. Provisions

	(Unit: Baht)	
	30 June 2022	31 December 2021
Allowance for expected credit losses for loan commitments	3,418,383	1,616,967
Provisions for employee benefits	19,188,448	18,139,795
Provisions for decommissioning costs	3,103,078	3,074,068
Total	25,709,909	22,830,830

24.1 Allowance for expected credit losses on loan commitments

As at 30 June 2022 and 31 December 2021 allowance for expected credit losses on loan commitments classified by classification are as follows:

	(Unit: Baht)	
	30 June 2022	
	Loan commitments	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	661,455,563	3,418,383
Total	661,455,563	3,418,383

	(Unit: Baht)	
	31 December 2021	
	Loan commitments	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	281,845,883	1,616,967
Total	281,845,883	1,616,967

24.2 Provisions for employee benefits

Defined benefit plan

The Company operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations

	(Unit: Baht)	
	30 June 2022	31 December 2021
Provision for employee benefits at the beginning of the period/year	18,139,795	18,834,589
Include in profit or loss:		
Current service cost	1,497,183	2,981,203
Interest cost	151,470	211,806
Include in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	-
Financial assumptions changes	-	(511,009)
Experience adjustment	-	(1,731,506)
Benefit paid during the period/year	(600,000)	(1,645,288)
Provision for employee benefits at the end of the period/year	19,188,448	18,139,795

The Company expects to pay Baht 5 million of long-term employee benefits during the next year (31 December 2022: Baht 6 million).

At 30 June 2022, the weighted-average duration of the defined benefit obligation was 9 years (31 December 2021: 9 years).

Principal actuarial assumptions

	(Unit: Percent per annum)	
	30 June 2022	31 December 2021
Discount rate	1.89	1.89
Future salary growth	5.00	5.00
Turnover rate (depending on age)	2.87 – 34.38	2.87 – 34.38

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Effect to the defined benefit obligation

	(Unit: Baht)			
	Increase in assumptions		Decrease in assumptions	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Discount rate (1% movement)	(941,324)	(889,880)	1,056,415	998,682
Future salary growth (1% movement)	1,013,038	957,676	(923,223)	(872,769)
Employee turnover rate (20% movement)	(719,975)	(680,629)	815,769	771,187
Future mortality (20% movement)	(107,006)	(101,158)	108,036	102,132

25. Other liabilities

	(Unit: Baht)	
	30 June 2022	31 December 2021
Other payables	3,417,099	1,749,665
Deposits	24,000	552,131
Margin payables under private repurchase transactions	-	-
Specific business tax and value added tax payable	1,130,491	887,698
Withholding tax payable	1,004,418	845,218
Payable from Legal Executive Department	955,900	1,136,900
Others	153,858	220,897
Total	6,685,766	5,392,509

26. Other components of equity

	(Unit: Baht)	
	30 June 2022	31 December 2021
Revaluation surplus (deficit) on investments measured at fair value through other comprehensive income		
Revaluation surplus on debt instruments	55,786,672	25,380,517
Revaluation deficit on debt instruments	(381,084,771)	(157,474,314)
Allowance for expected credit losses	166,834	416,689
Total revaluation surplus (deficit) on investments measured at fair value through other comprehensive income	(325,131,265)	(131,677,108)
Add (less): income taxes	65,026,253	26,335,422
Other components of equity - net of income taxes	(260,105,012)	(105,341,686)

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit 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.

28. Dividend payment

	Approved by	Payment schedule	Dividend rate per share (Baht per share)	Amounts of dividend paid (Baht)
2022	Annual General Meeting of the shareholders on 8 April 2022	5 May 2022	0.0187	23,375,000
2021	Annual General Meeting of the shareholders on 27 April 2021	21 May 2021	0.0154	19,250,000

29. Commitments and contingent liabilities

29.1 Contingent liabilities

	(Unit: Baht)	
	30 June 2022	31 December 2021
Other contingencies		
- Other guarantee	57,705,933	61,423,039
- Committed line	661,455,563	281,845,883
Total	719,161,496	343,268,922

29.2 Service commitments

The Company has no commitment under consultancy service agreements relating to software development as at 30 June 2022 (2020: Baht 15 million).

29.3 Litigation

As at 30 June 2022, the Company is being sued in civil cases with claims totaling Baht 3.7 million that have not yet been finalised. The management of the Company has exercised judgement to assess the possible outcomes of litigation and believes that when the case is finally settled, there will be no material impact on the financial position and operating results of the Company. Therefore, no contingent liability has been recognised.

30. Related parties

Other related parties that the Company had significant transactions with during the period were as follows:

Name of entity/personnel	Country of incorporation	Nature of relationships
	/nationality	
Energy Absolute PCL.	Thai	Entities in which the directors, management of their related persons
KTM Capital Land Co., Ltd.	Thai	Entities in which the directors, management of their related persons
Land Prosperity Holding Co., Ltd.	Thai	Entities in which the directors, management of their related persons
Wealth Concept Co., Ltd.	Thai	Entities in which the directors, management of their related persons
Nex Point PCL.	Thai	Entities in which the directors, management or their related persons
Blockfint Co., Ltd.	Thai	Entities in which the shareholders management or their related persons

Name of entity/personnel	Country of incorporation	
	/nationality	Nature of relationships
Industrial Water Resource Management Co., Ltd.	Thai	Entities in which the shareholders management or their related persons
Key management personnel	Thai	Persons having authority and responsibility for planning, directly and controlling the activities of the Company, directly or indirectly, including any director of the Company (whether executive or otherwise)

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Interest rate of loans	Interest rate as offered to general customers
Interest rate on deposits	Interest rate as offered to general customers
Intangible assets	Contractual price

Interest rate and other pricing for key management personnel and other related parties are at the same rate as in the normal course of business with the same business conditions as general customers.

Significant transactions for the three-month and six-month periods ended 30 June 2022 and 2021 with related parties were as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Entities in which the directors, management of their families have significant influence				
Interest income	2,780,128	-	5,585,402	-
Interest expense	5,818,896	5,301,996	11,231,740	10,523,344

(Unit: Baht)				
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Key management personnel				
Interest expense	16,040	14,963	26,848	29,392
Major shareholder				
Interest expense	97,644	497,651	135,452	1,131,852

Significant balances with related parties as at 30 June 2022 and 31 December 2021 were as follows:

(Unit: Baht)		
	30 June 2022	31 December 2021
Entities in which the directors, management of their related persons		
Loans	199,570,347	196,000,000
Accrued interest receivables	31,439	63,901
Deposits	1,409,000,000	1,551,000,000
Accrued interest payables	21,658,452	13,717,119
Key management personnel		
Deposits	3,854,883	2,853,348
Accrued interest payables	27,715	17,621
Major shareholder		
Deposits	40,000,000	300,000,000
Accrued interest payables	97,644	1,597,397
Entities in which the directors, management or their related persons		
Intangible assets	10,565,216	12,880,666

The Company has not paid other benefits to executive directors and key management personnel, except for the benefits that are normally paid such as salary, bonus and post-employment benefits etc.

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Short-term benefits	5,936,025	3,723,264	15,795,150	10,169,953
Post-employment benefits	469,454	451,662	938,908	903,324
Total	6,405,479	4,174,926	16,734,058	11,073,277

Directors who have no position in executive level of the Company only receive an annual remuneration and allowances.

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Directors' remuneration	852,500	852,500	1,745,000	1,760,000
Total	852,500	852,500	1,745,000	1,760,000

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

Finance business is the main business segment of the Company which management considers that there is only one segment and when taking into consideration the business location of the Company, there is only one geographical segment as the business operates only in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

No operating income from transactions with a single external customer in an amount equal to 10% or more of the operating income.

32. Interest income

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Interbank and money market items	57,199	147,951	209,853	448,379
Investments in debt securities	17,142,933	13,639,208	33,618,751	29,052,250
Loans to customers	114,461,511	78,911,319	208,268,679	159,910,915
Total	131,661,643	92,698,478	242,097,283	189,411,544

The Company has interest income from financial assets that are credit-impaired for six-month periods ended 30 June 2022 and 2021 amounting to Baht 57 million and Baht 52 million, respectively.

33. Interest expenses

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Deposits	23,731,544	19,039,741	44,530,211	37,630,227
Interbank and money market items	4,286,641	5,326,720	9,115,367	11,861,601
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	4,869,415	4,129,182	9,334,070	8,372,539
Others	85,145	181,284	181,140	237,418
Total	32,972,745	28,676,927	63,160,788	58,101,785

On 8 April 2020, BoT's announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020. Later, On 1 November 2021, BoT's announced extended a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for 1 year in 2022.

34. Fees and service income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Acceptances, avals and guarantees	-	123,663	180,725	263,672
Fees on loans	183,643	275,792	425,066	467,310
Total	183,643	399,455	605,791	730,982

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

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Domestic marketable equity securities	(22,054,979)	(13,034,686)	(22,853,230)	(3,339,488)
Total	(22,054,979)	(13,034,686)	(22,853,230)	(3,339,488)

36. Net losses on investments

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Loss on disposal of investment in debt securities measured at fair value through other comprehensive income	-	(19,371,152)	83,694	(11,136,568)
Total	-	(19,371,152)	83,694	(11,136,568)

37. Expected credit losses

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Interbank and money market items (reversal)	(10,844)	2,173	(11,758)	1,492
Investment in debt securities measured at fair value through other comprehensive income (reversal)	(237,915)	4,350	(249,855)	(424,584)
Loans to customers and accrued interest receivables	26,276,416	26,875,592	38,618,744	50,485,396
Loan commitments (reversal)	(695,449)	(1,287,354)	1,801,416	345,938
Total	<u>25,332,208</u>	<u>25,594,761</u>	<u>40,158,547</u>	<u>50,408,242</u>

38. Income tax

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

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Current income tax:				
Corporate income tax for the period	7,763,663	(3,610,853)	17,388,919	6,487,954
Deferred tax:				
Relating to temporary differences and reversal of temporary differences	<u>(3,568,143)</u>	<u>(575,239)</u>	<u>(5,186,020)</u>	<u>(3,657,622)</u>
Income tax expenses (income) reported in statements of comprehensive income	<u>4,195,520</u>	<u>(4,186,092)</u>	<u>12,202,899</u>	<u>2,830,332</u>

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

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Deferred tax relating to gains (losses) on revaluation of investments in debt securities measured at fair value through other comprehensive income	(20,788,870)	21,290,030	(38,690,831)	(22,871,968)
Total	(20,788,870)	21,290,030	(38,690,831)	(22,871,968)

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

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Accounting profits (losses) before tax	19,599,295	(17,278,350)	61,192,690	16,658,097
Applicable tax rates	20%	20%	20%	20%
Accounting profits before tax multiplied by applicable tax rate	3,919,859	(3,455,670)	12,238,538	3,331,619
Effects of non-deductible expenses and non-taxable income	275,661	(730,422)	(35,639)	(501,287)
Total	4,195,520	(4,186,092)	12,202,899	2,830,332

The components of deferred tax assets are consisting of items as follows:

				(Unit: Baht)
	As at 1 January 2022	(Charged) / Credited to:		As at 30 June 2022
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Allowance for impairment of investment	1,564,000	-	-	1,564,000
Loss on remeasurement investments	32,209,922	4,527,753	38,690,831	75,428,506
Allowance for expected credit losses	115,611	338,984	-	454,595
Leases	247,891	109,551	-	357,442
Provisions for employee benefits	3,627,959	209,732	-	3,837,691
Total	37,765,383	5,186,020	38,690,831	81,642,234

				(Unit: Baht)
	As at 1 January 2021	(Charged) / Credited to:		As at 31 December 2021
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Allowance for impairment of investment	1,564,000	-	-	1,564,000
Loss on remeasurement investments	799,054	3,568,453	27,842,415	32,209,922
Allowance for expected credit losses	5,490	110,121	-	115,611
Allowance for impairment of properties for sale	36,975	(36,975)	-	-
Leases	-	247,891	-	247,891
Provisions for employee benefits	3,766,916	309,546	(448,503)	3,627,959
Total	6,172,435	4,199,036	27,393,912	37,765,383

39. Earnings per share

Basic earning per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by weighted average number to ordinary shares in issue during the period.

	(Unit: Baht / Share)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Profit attributable to ordinary shareholders of the Company (Baht)	15,403,775	(13,092,258)	48,989,791	13,827,765
Number of ordinary shares outstanding (Share)	1,250,000,000	1,250,000,000	1,250,000,000	1,250,000,000
Earnings per share (Baht/Share)	0.01	(0.01)	0.04	0.01

40. Fair value of financial instruments

40.1 Financial instruments measured at fair value

The following tables analyse financial instruments measured at fair value at the reporting date.

	(Unit: Baht)		
	30 June 2022		
	Fair value		
	Level 1	Level 2	Total
Financial assets			
Financial assets measured at fair value through profit or loss	193,784,830	-	193,784,830
Investment in debt securities measured at fair value through other comprehensive income	-	3,903,420,476	3,903,420,476
Total financial assets	193,784,830	3,903,420,476	4,097,205,306

(Unit: Baht)

31 December 2021			
	Fair value		
	Level 1	Level 2	Total
Financial assets			
Financial assets measured at fair value			
through profit or loss	240,177,809	-	240,177,809
Investment in debt securities measured at			
fair value through other comprehensive income	-	4,130,067,238	4,130,067,238
Total financial assets	240,177,809	4,130,067,238	4,370,245,047

40.2 Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as at 30 June 2022 and 31 December 2021 were as follows:

(Unit: Baht)

30 June 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial instruments measured at amortised cost					
Interbank and money market items - net (assets)	2,172,081,504	172,055,477	2,000,026,027	-	2,172,081,504
Loan to customers and accrued interest receivables - net	5,769,894,852	-	5,769,894,852	-	5,769,894,852
Financial liabilities					
Deposits	7,963,635,569	-	7,959,946,794	-	7,959,946,794
Interbank and money market items (liabilities)	3,050,800,000	-	3,046,684,832	-	3,046,684,832

(Unit: Baht)

31 December 2021					
	Carrying amount	Fair value			
Financial instruments measured at					
amortised cost	Level 1	Level 2	Level 3	Total	
Financial assets					
Interbank and money market items - net (assets)	3,093,922,051	93,843,969	3,000,078,082	-	3,093,922,051
Loan to customers and accrued interest receivables - net	4,396,867,690	-	4,396,867,690	-	4,396,867,690
Financial liabilities					
Deposits	7,882,331,970	-	7,866,655,983	-	7,866,655,983
Interbank and money market items (liabilities)	2,809,650,000	-	2,808,225,682	-	2,808,225,682

During the current period, there was no changes the fair value hierarchy

The following methods and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein.

Interbank and money market items (assets and liabilities)

The fair value of floating interest rate interbank and money market items (both assets and liabilities) was assumed to approximate the carrying value as at the reporting date. The fair value of fixed interest rate interbank and money market items with a remaining to maturity period of more than 1 year from the statement of financial position date was determined by discounting the expected future cash flows at the current average interest rate for similar debts.

Financial assets measured at fair value through profit or loss and investments

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors.

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced at the reporting date. The fair value of non-marketable equity securities is determined mainly based on common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value.

Loans to customers

Fair value of floating interest loans to customers where the rates change frequently without material impact on credit risk is measured at carrying value as at reporting date. Fixed interest loans to customers where the interest rate is expected to change within 1 year of the reporting date is measured approximately at their carrying value as at the reporting date. Other fixed interest loans to customers are measured by discounting future cash flow. The discount rate used is determined based on loans with similar credit risk.

Deposits

Fair values of deposits with term and fixed interest rates are estimated using discounted cash flow analyses based on current interest rates for similar types of deposit arrangements.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 August 2022.