

**TMBThanachart Bank Public Company Limited
and its Subsidiaries**

Financial statements for the year ended

31 December 2023

and

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of TMBThanachart Bank Public Company Limited

Opinion

I have audited the consolidated and the Bank's financial statements of TMBThanachart Bank Public Company Limited and its subsidiaries (the "Group"), and of TMBThanachart Bank Public Company Limited, (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2023, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of Bank of Thailand.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for expected credit loss for loans to customers	
For disclosures related to credit risk, loans to customers and allowance for expected credit loss for loans to customers, refer to notes 4, 13 and 14 the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 31 December 2023, loans to customers represented 72.79% and 72.88% of the total assets of consolidated and the Bank only financial statements, respectively, against which an allowance for expected credit loss ("ECL") of Baht 63,502 million and Baht 61,423 million, respectively were provided. Management's estimation of ECL on loans to customers measured at amortised cost is based on credit models which are dependent on significant management judgements and estimates including selection of model, the use of forward-looking macroeconomic forecast, establishing the criteria for determining whether credit risk has increased significantly since initial recognition, qualitative assessment of significant increase in credit risk and credit impaired, and consideration for post model adjustments. In particular, the ongoing economic situation and relief program provided to the customer resulting from COVID-19 adds further complexity to management's estimation process especially for consideration of post model adjustments. Accordingly, it is considered a Key Audit Matter.	In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or other factors which could influence the judgments and estimates. I inspected of the Group and the Bank accounting policies and credit risk policy to determine whether this has been set up in accordance with the requirements of TFRS 9, the relevant Bank of Thailand notification and guidance. My audit procedures included testing the design and operating effectiveness of controls over credit review, model monitoring, forward-looking macro-economic factors and post model adjustments. I sampled loans as identified in my risk assessment to perform credit review procedures, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. Selected key technical decisions, assumptions and model methodologies were tested, where appropriate, including involvement of my own credit risk specialists to inspect model documentation, model validation report performed by expert engaged by the Group and the Bank's management and back-testing results. I and my credit specialist assessed assumptions and methodology used by the management in the identification and estimation of post model adjustments. I assessed whether the financial statement disclosures are adequate and appropriately reflect the Bank and its subsidiaries' exposures to credit risk.

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to notes 5 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 31 December 2023, financial assets measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 132,903 million. Financial liabilities measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 7,523 million. Of these amounts, as at 31 December 2023, financial assets and liabilities designated at level 2 and 3 fair value amounted to Baht 132,748 million and Baht 7,523 million in consolidated and the Bank's financial statements respectively, for which the fair value is based upon inputs other than quoted prices in active markets or valuation techniques incorporating those inputs. The use of different valuation techniques and assumptions could produce different estimates of fair value. Accordingly, it is considered a Key Audit Matter.	In planning my audit procedures, I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied. For financial instruments, I and my own valuation specialist valued a selection of Group's and the Bank's derivative positions independently and sampled to check selected pricing inputs that were externally sourced and were correctly input into pricing models. I also assessed that the selected models and assumptions were appropriate and valued a selection of the Group's and the Bank's equity securities, debt securities, and compared the valuation to the Group's and the Bank's valuation on a sample basis. I assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank only 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank only 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 Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank only financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Chokechai Ngamwutikul)
 Certified Public Accountant
 Registration No. 9728

KPMG Phoomchai Audit Ltd.
 Bangkok
 20 February 2024

TMBThanachart Bank Public Company Limited and its Subsidiaries

Statements of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2023	2022	2023	2022
<i>(in thousand Baht)</i>					
Cash		15,487,258	15,505,583	15,487,258	15,505,582
Interbank and money market items, net	8	267,486,262	187,563,316	267,468,700	187,545,416
Financial assets measured at fair value through profit or loss	9	2,470,257	1,533,033	2,470,257	1,533,024
Derivative assets	10	7,236,364	10,375,799	7,236,364	10,375,799
Investments, net	11	179,087,531	211,431,500	179,087,531	211,431,500
Investments in subsidiaries and associates, net	12	8,614,449	8,573,610	4,833,511	5,143,948
Loans to customers and accrued interest receivables, net	13,14	1,273,135,869	1,326,504,537	1,270,223,673	1,323,737,079
Properties for sale, net	15	12,312,102	12,152,366	9,886,857	10,613,877
Premises and equipment, net	16	20,858,778	19,788,332	20,788,483	19,718,903
Goodwill and other intangible assets, net	17	23,433,891	22,890,214	23,382,161	22,843,092
Deferred tax assets	18	1,560,030	829,779	2,058,787	1,398,594
Other assets, net		12,750,927	9,130,807	12,266,705	8,663,928
Total assets		1,824,433,718	1,826,278,876	1,815,190,287	1,818,510,742
Liabilities and equity					
Liabilities					
Deposits	19	1,386,580,912	1,399,246,571	1,387,960,507	1,400,077,734
Interbank and money market items	20	87,794,128	84,769,857	87,794,128	84,769,857
Liabilities payable on demand		6,061,311	5,586,302	6,061,252	5,586,281
Financial liabilities measured at fair value through profit or loss	21	1,816,492	438,041	1,816,492	438,041
Derivative liabilities	10	5,706,921	9,499,240	5,706,921	9,499,240
Debts issued and borrowings	22	59,531,381	59,644,222	52,633,050	54,644,222
Provisions for employee benefits	23	4,230,460	3,872,429	4,070,633	3,744,549
Provisions for other liabilities	24	2,333,830	2,662,494	2,333,328	2,661,860
Deferred revenue	25	16,740,861	17,950,211	16,742,119	17,951,986
Other liabilities	26	24,290,289	23,601,927	23,870,059	23,239,904
Total liabilities		1,595,086,585	1,607,271,294	1,588,988,489	1,602,613,674

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

TMBThanachart Bank Public Company Limited and its Subsidiaries

Statements of financial position

		Consolidated		Bank only	
		31 December		31 December	
Liabilities and equity	Note	2023	2022	2023	2022
<i>(in thousand Baht)</i>					
Equity					
Share capital					
Authorised share capital					
97,830,583,125 ordinary shares of Baht 0.95 each	29	92,939,054	92,939,054	92,939,054	92,939,054
Issued and paid-up share capital					
97,101,487,977 ordinary shares of Baht 0.95 each					
(31 December 2022: 96,776,073,897 ordinary shares					
of Baht 0.95 each)	29	92,246,413	91,937,270	92,246,413	91,937,270
Premium on share capital		43,373,984	43,360,227	43,373,984	43,360,227
Other reserves		5,735,214	4,455,714	6,703,806	5,413,835
Retained earnings					
Appropriated					
Legal reserve	30	10,091,000	10,091,000	10,091,000	10,091,000
Unappropriated		77,900,479	69,162,228	73,786,595	65,094,736
Equity attributable to equity holders of the Bank		229,347,090	219,006,439	226,201,798	215,897,068
Non-controlling interest		43	1,143	-	-
Total equity		229,347,133	219,007,582	226,201,798	215,897,068
Total liabilities and equity		1,824,433,718	1,826,278,876	1,815,190,287	1,818,510,742

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

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

TMBThanachart Bank Public Company Limited and its Subsidiaries

Statements of profit or loss and other comprehensive income

		Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
	Note	2023	2022	2023	2022
		(in thousand Baht)			
Interest income	39	79,133,805	65,626,627	78,996,783	65,551,297
Interest expenses	40	21,926,383	14,009,703	21,805,503	13,965,721
Net interest income		57,207,422	51,616,924	57,191,280	51,585,576
Fees and service income	41	14,006,711	14,025,343	13,115,829	13,405,279
Fees and service expenses	41	3,644,573	3,634,371	4,066,958	3,846,852
Net fees and service income		10,362,138	10,390,972	9,048,871	9,558,427
Gain on financial instruments measured at fair value through profit or loss, net	42	1,666,400	1,692,722	1,729,672	1,692,722
Gain (loss) on investments, net	43	51,687	6,721	(5,469)	(3,631)
Share of profit from investment using equity method		283,845	261,352	-	-
Other operating income		1,389,985	1,883,800	2,050,335	2,423,231
Total operating income		70,961,477	65,852,491	70,014,689	65,256,325
Other operating expenses					
Employee expenses		16,672,610	16,006,486	15,860,574	15,486,081
Directors' remuneration		122,646	59,698	122,646	59,698
Premises and equipment expenses		4,816,941	4,864,135	4,754,629	4,821,917
Taxes and duties		1,830,882	1,510,348	1,816,179	1,504,126
Others		7,836,776	7,511,440	7,787,825	7,446,680
Total other operating expenses		31,279,855	29,952,107	30,341,853	29,318,502
Expected credit loss	44	22,199,393	18,353,241	22,309,180	18,478,224
Profit from operations before income tax		17,482,229	17,547,143	17,363,656	17,459,599
Income tax	18	(979,979)	3,351,947	(1,062,734)	3,353,827
Profit for the year		18,462,208	14,195,196	18,426,390	14,105,772
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gain (loss) on investments in debt instruments at fair value					
through other comprehensive income		224,856	(586,912)	288,785	(570,410)
Loss on cash flow hedges		(55,530)	(37,519)	(118,793)	(37,519)
Reclassify loss arising from translating the financial statements of					
foreign operations to profit or loss		-	58,187	-	58,187
Income tax relating to items that will be reclassified					
subsequently to profit or loss	18	(33,865)	113,249	(33,998)	109,949
		135,461	(452,995)	135,994	(439,793)

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

TMBThanachart Bank Public Company Limited and its Subsidiaries

Statements of profit or loss and other comprehensive income

		Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
	Note	2023	2022	2023	2022
		(in thousand Baht)			
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		2,281,534	(119,455)	2,281,534	(119,455)
Loss on investments in equity instruments designated at fair value through other comprehensive income		(408,814)	(16,530)	(408,814)	(16,530)
Actuarial gain (loss) on post-employment benefit plan	23	(117,290)	14,370	(112,051)	19,828
Share of other comprehensive income of associates (equity method)		6,067	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	(352,300)	24,323	(352,134)	23,232
		<u>1,409,197</u>	<u>(97,292)</u>	<u>1,408,535</u>	<u>(92,925)</u>
Total other comprehensive income for the year, net of income tax		<u>1,544,658</u>	<u>(550,287)</u>	<u>1,544,529</u>	<u>(532,718)</u>
Total comprehensive income for the year		<u>20,006,866</u>	<u>13,644,909</u>	<u>19,970,919</u>	<u>13,573,054</u>
Profit attributable to:					
Equity holders of the Bank		18,462,181	14,195,190	18,426,390	14,105,772
Non-controlling interest	27	6	-	-	-
Profit for the year		<u>18,462,208</u>	<u>14,195,196</u>	<u>18,426,390</u>	<u>14,105,772</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		20,006,840	13,644,906	19,970,919	13,573,054
Non-controlling interest	26	3	-	-	-
Total comprehensive income for the year		<u>20,006,866</u>	<u>13,644,909</u>	<u>19,970,919</u>	<u>13,573,054</u>
Earnings per share					
Basic earnings per share (in Baht)	45	<u>0.19</u>	<u>0.15</u>	<u>0.19</u>	<u>0.15</u>
Diluted earnings per share (in Baht)		<u>0.19</u>	<u>0.15</u>	<u>0.19</u>	<u>0.15</u>

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

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

Statements of changes in equity

Consolidated														
Other reserves										Retained earnings				
Translation adjustment arising from translating the financial statements of foreign operations, net										Equity attributable to equity holders of the Bank				
Revaluation surplus (deficit) on investments, net										Share of other comprehensive income of associates				
Cash flow hedge reserve (effective portion)										Total other reserve				
Issued and paid-up share capital										Premium on share capital				
Other reserve - share-based payments										Revaluation surplus on assets, net				
Note										Total equity				
(in thousand Baht)														
Year ended 31 December 2022														
Balance as at 1 January 2022	91,791,731	43,344,840	103,301	5,181,187	(6,513)	(59,168)	(46,550)	-	5,172,257	10,091,000	60,434,727	210,834,555	1,140	210,835,695
Transactions with owners, recorded directly in equity														
Contributions by and distribution to owners of the bank														
Reserve in relation to share-based payments	-	-	122,089	-	-	-	-	-	122,089	-	-	122,089	-	122,089
Issued ordinary shares to employees	137,248	17,429	(154,677)	-	-	-	-	-	(154,677)	-	-	-	-	-
Issued ordinary shares under the TTB-W1 Warrants Program	8,291	-	-	-	-	-	-	-	-	-	-	8,291	-	8,291
Expenses in relation to issuance of ordinary shares	-	(2,042)	-	-	-	-	-	-	-	-	-	(2,042)	-	(2,042)
Dividend paid	33	-	-	-	-	-	-	-	-	-	(5,601,360)	(5,601,360)	-	(5,601,360)
Total contributions by and distribution to owners of the bank	145,539	15,387	(32,588)	-	-	-	-	-	(32,588)	-	(5,601,360)	(5,473,022)	-	(5,473,022)
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	14,195,190	14,195,190	6	14,195,196
Other comprehensive income	-	-	-	(95,564)	(482,750)	(30,015)	46,550	-	(561,779)	-	11,495	(550,284)	(3)	(550,287)
Total comprehensive income for the year	-	-	-	(95,564)	(482,750)	(30,015)	46,550	-	(561,779)	-	14,206,685	13,644,906	3	13,644,909
Transfer to retained earnings	-	-	-	(122,176)	-	-	-	-	(122,176)	-	122,176	-	-	-
Balance as at 31 December 2022	91,937,270	43,360,227	70,713	4,963,447	(489,263)	(89,183)	-	-	4,455,714	10,091,000	69,162,228	219,006,439	1,143	219,007,582
Year ended 31 December 2023														
Balance as at 1 January 2023	91,937,270	43,360,227	70,713	4,963,447	(489,263)	(89,183)	-	-	4,455,714	10,091,000	69,162,228	219,006,439	1,143	219,007,582
Transactions with owners, recorded directly in equity														
Contributions by and distribution to owners of the bank														
Reserve in relation to share-based payments	28	-	-	135,459	-	-	-	-	135,459	-	-	135,459	-	135,459
Issued ordinary shares to employees	28,29	75,642	15,925	(91,567)	-	-	-	-	(91,567)	-	-	-	-	-
Issued ordinary shares under the TTB-W1 Warrants Program	29	233,501	-	-	-	-	-	-	-	-	-	233,501	-	233,501
Met the defined criteria under Employee Joint Investment Program	28	-	-	(48,999)	-	-	-	-	(48,999)	-	-	(48,999)	-	(48,999)
Expenses in relation to issuance of ordinary shares	28	-	(2,168)	-	-	-	-	-	-	-	-	(2,168)	-	(2,168)
Dividend paid	33	-	-	-	-	-	-	-	-	-	(9,983,982)	(9,983,982)	-	(9,983,982)
Total contributions by and distribution to owners of the bank	309,143	13,757	(5,107)	-	-	-	-	-	(5,107)	-	(9,983,982)	(9,666,189)	-	(9,666,189)
Distribution to non-controlling interest														
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,111)	(1,111)
Total distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,126)	(1,126)
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	18,462,181	18,462,181	27	18,462,208
Other comprehensive income	-	-	-	1,825,226	(147,167)	(44,422)	-	1,051	1,634,688	-	(90,029)	1,544,659	(1)	1,544,658
Total comprehensive income for the year	-	-	-	1,825,226	(147,167)	(44,422)	-	1,051	1,634,688	-	18,372,152	20,006,840	26	20,006,866
Transfer to retained earnings	-	-	-	(221,191)	(128,890)	-	-	-	(350,081)	-	350,081	-	-	-
Balance as at 31 December 2023	92,246,413	43,373,984	65,606	6,567,482	(765,320)	(133,605)	-	1,051	5,735,214	10,091,000	77,900,479	229,347,090	43	229,347,133

Statements of changes in equity

Bank only												
Other reserves										Retained earnings		
								Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Total equity
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Surplus on business combination under common control	Revaluation surplus on assets, net	Revaluation (deficit) on investments, net	Cash flow hedge reserve (effective portion)					
Note												
(in thousand Baht)												
Year ended 31 December 2022												
Balance as at 1 January 2022	91,791,731	43,344,840	103,301	884,526	5,181,187	3,271	(8,555)	(46,550)	6,117,180	10,091,000	56,452,285	207,797,036
Transactions with owners, recorded directly in equity												
Contributions by and distribution to owners of the bank												
Reserve in relation to share-based payments	-	-	122,089	-	-	-	-	-	122,089	-	-	122,089
Issued ordinary shares to employees	137,248	17,429	(154,677)	-	-	-	-	-	(154,677)	-	-	-
Issued ordinary shares under the TTB-W1 Warrants Program	8,291	-	-	-	-	-	-	-	-	-	-	8,291
Expenses in relation to issuance of ordinary shares	-	(2,042)	-	-	-	-	-	-	-	-	-	(2,042)
Dividend paid	33	-	-	-	-	-	-	-	-	-	(5,601,360)	(5,601,360)
Total contributions by and distribution to owners of the bank	145,539	15,387	(32,588)	-	-	-	-	-	(32,588)	-	(5,601,360)	(5,473,022)
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	-	-	14,105,772	14,105,772
Other comprehensive income	-	-	-	-	(95,564)	(469,552)	(30,015)	46,550	(548,581)	-	15,863	(532,718)
Total comprehensive income for the year	-	-	-	-	(95,564)	(469,552)	(30,015)	46,550	(548,581)	-	14,121,635	13,573,054
Transfer to retained earnings	-	-	-	-	(122,176)	-	-	-	(122,176)	-	122,176	-
Balance as at 31 December 2022	91,937,270	43,360,227	70,713	884,526	4,963,447	(466,281)	(38,570)	-	5,413,835	10,091,000	65,094,736	215,897,068
Year ended 31 December 2023												
Balance as at 1 January 2023	91,937,270	43,360,227	70,713	884,526	4,963,447	(466,281)	(38,570)	-	5,413,835	10,091,000	65,094,736	215,897,068
Transactions with owners, recorded directly in equity												
Contributions by and distribution to owners of the bank												
Reserve in relation to share-based payments	28	-	-	135,459	-	-	-	-	135,459	-	-	135,459
Issued ordinary shares to employees	28,29	75,642	15,925	(91,567)	-	-	-	-	(91,567)	-	-	-
Issued ordinary shares under the TTB-W1 Warrants Program	29	233,501	-	-	-	-	-	-	-	-	-	233,501
Met the defined criteria under Employee Joint Investment Program	28	-	-	(48,999)	-	-	-	-	(48,999)	-	-	(48,999)
Expenses in relation to issuance of ordinary shares	28	-	(2,168)	-	-	-	-	-	-	-	-	(2,168)
Dividend paid	33	-	-	-	-	-	-	-	-	-	(9,983,982)	(9,983,982)
Total contributions by and distribution to owners of the bank	309,143	13,757	(5,107)	-	-	-	-	-	(5,107)	-	(9,983,982)	(9,666,189)
Comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	-	-	18,426,390	18,426,390
Other comprehensive income	-	-	-	-	1,825,226	(96,021)	(95,035)	-	1,634,170	-	(89,641)	1,544,529
Total comprehensive income for the year	-	-	-	-	1,825,226	(96,021)	(95,035)	-	1,634,170	-	18,336,749	19,970,919
Transfer to retained earnings	-	-	-	-	(221,191)	(117,901)	-	-	(339,092)	-	339,092	-
Balance as at 31 December 2023	92,246,413	43,373,984	65,606	884,526	6,567,482	(680,203)	(133,605)	-	6,703,806	10,091,000	73,786,595	226,201,798

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

Statements of cash flows

	Consolidated		Bank only	
	For the year ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022
	(in thousand Baht)			
Cash flows from operating activities				
Profit from operations before income tax	17,482,229	17,547,143	17,363,656	17,459,599
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	3,994,289	4,145,105	3,959,427	4,114,474
Expected credit loss	22,199,393	18,353,241	22,309,180	18,478,224
Impairment loss on premises and equipment (reversal of)	49,823	(52,598)	49,823	(52,598)
Impairment loss on intangible assets	21,719	-	21,719	-
Impairment loss on properties for sale and other assets	527,433	255,412	524,214	255,692
Provisions for liabilities	553,851	809,433	533,521	794,444
Gain on revaluation of investments measured at FVTPL	(45,524)	(72,870)	(45,533)	(72,870)
Loss on written-off investment in subsidiary	-	-	1,153	-
Loss on disposal and written-off of intangible assets	40,569	140,983	40,569	140,983
Gain on disposal of premises and equipment	(5,871)	(54,094)	(5,871)	(50,032)
Loss (gain) on disposal of investments	(51,687)	(6,721)	4,316	3,631
Unrealised loss (gain) on exchange and revaluation	(490,002)	357,475	(553,265)	357,475
Reserve in relation to share-based payments	135,459	122,089	135,459	122,089
Share of profit from investments using the equity method	(283,845)	(261,352)	-	-
Deferred revenue	(2,121,872)	(2,200,364)	(2,125,174)	(2,203,452)
Net interest income	(57,207,422)	(51,616,924)	(57,191,280)	(51,585,576)
Dividend income	(228,641)	(174,354)	(764,995)	(482,261)
Interest received	77,852,894	65,977,124	77,758,892	65,901,790
Interest paid	(18,589,538)	(11,033,744)	(18,597,388)	(11,039,957)
Income tax paid	(5,049,687)	(3,278,110)	(4,925,391)	(3,198,286)
Profit from operations before changes in operating assets and liabilities	38,783,570	38,956,874	38,493,032	38,943,369
Decrease (increase) in operating assets				
Interbank and money market items	(79,834,584)	(28,722,798)	(79,834,922)	(28,715,137)
Financial assets measured at fair value through profit or loss	(891,700)	(39,263)	(891,700)	(39,263)
Loans to customers	29,082,978	(24,031,706)	29,082,778	(22,116,281)
Properties for sale	228,266	(857,666)	1,118,241	680,542
Other assets	(1,566,064)	(411,924)	(1,552,649)	(92,732)
Increase (decrease) in operating liabilities				
Deposits	(10,773,499)	60,044,704	(10,225,068)	55,991,404
Interbank and money market items	3,024,271	(196,190)	3,024,271	(196,190)
Liabilities payable on demand	475,009	261,180	474,972	261,159
Financial liabilities measured at fair value through profit or loss	1,493,057	-	1,493,057	-
Provisions for liabilities	(704,465)	(692,327)	(710,686)	(755,953)
Other liabilities	234,097	4,902,702	238,053	4,888,351
Net cash provided by (used in) operating activities	(20,449,064)	49,213,586	(19,290,621)	48,849,269

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

Statements of cash flows

	Consolidated		Bank only	
	For the year ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	2,942,134	1,774,842	2,942,134	1,774,842
Dividend received	476,501	482,261	764,995	482,261
Cash received from liquidation of subsidiary	-	-	309,284	-
Purchase of investments measured at FVOCI	(30,826,524)	(45,176,552)	(30,826,524)	(45,176,552)
Proceeds from investments measured at FVOCI	69,514,812	41,021,002	69,514,812	41,021,002
Purchase of investments measured at amortised cost	(6,813,199)	(27,873,317)	(6,813,199)	(27,873,317)
Purchase of investments in subsidiary	-	-	-	(30,000)
Purchase of premises and equipment	(830,699)	(1,057,483)	(825,433)	(1,033,888)
Purchase of intangible assets	(1,734,830)	(1,602,694)	(1,718,327)	(1,577,839)
Proceeds from disposals of premises and equipment	42,447	184,395	42,447	180,162
Net cash provided by (used in) investing activities	32,770,642	(32,247,546)	33,390,189	(32,233,329)
<i>Cash flows from financing activities</i>				
Cash received on debenture and borrowings	12,098,332	21,998,420	-	5,458,420
Cash paid for redemption of debenture and repayment of borrowings	(12,216,580)	(31,515,098)	(2,016,580)	(14,675,098)
Interest paid on debts issued and borrowings	(2,468,917)	(2,418,180)	(2,348,663)	(2,368,063)
Increase in issued and fully paid-up - ordinary shares	233,501	8,291	233,501	8,291
Expenses in relation to issuance of ordinary shares	(2,168)	(2,042)	(2,168)	(2,042)
Dividend paid to equity holders of the Bank	(9,983,982)	(5,601,360)	(9,983,982)	(5,601,360)
Dividend paid to non-controlling interest	(15)	-	-	-
Remaining cash from liquidation of subsidiary paid to non-controlling interest	(74)	-	-	-
Net cash used in financing activities	(12,339,903)	(17,529,969)	(14,117,892)	(17,179,852)
Change in translation adjustments of foreign operations	-	58,187	-	58,187
Net decrease in cash	(18,325)	(505,742)	(18,324)	(505,725)
Cash at 1 January	15,505,583	16,011,325	15,505,582	16,011,307
Cash at 31 December	15,487,258	15,505,583	15,487,258	15,505,582

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

Notes to the financial statements

For the year ended 31 December 2023

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of Directors on 20 February 2024.

1 General information

TMBThanachart Bank Public Company Limited, (the "Bank"), is incorporated in Thailand and has its registered office at 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. The subsidiaries are incorporated as company under Thai laws and have been operating in Thailand, with its core businesses being provision of asset management and brokerage service. Details of the Bank's subsidiaries and associates as at 31 December 2023 and 2022 are given in note 12.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards; guidelines promulgated by the Federation of Accounting Professions and; applicable rules and regulations of the Thai Securities and Exchange Commission and the Bank of Thailand ("BoT") notification number Sor Nor Sor 21/2561, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group*; and other additional BoT notification.

The financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

Revised TFRS are effective for annual accounting periods beginning on or after 1 January 2023 which have no material impact on the financial statements.

Due to uncertainty of the situation of the COVID-19 pandemic since 2020, the Bank of Thailand ("BoT") has provided measures, which are intended to support the financial institutions and to help the borrowers and industries that are affected by COVID-19 and by Thai economic situations. Additional measures continue to be provided until the end of 2023.

The Bank and its subsidiaries have applied the following accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the BoT optional treatments which are in line with BoT circular letter number For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution)* and accounting guidelines according to the announcement from Federation of Accounting Professions letter number 37/2564 dated 3 December 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19*:

- (1) The debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Bank and its subsidiaries will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)
- (2) The debt restructuring by term extension only: Under this restructuring, the Bank and its subsidiaries are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)

Notes to the financial statements

For the year ended 31 December 2023

The Bank and its subsidiaries will provide both form of financial assistance and have chosen to apply temporary accounting relief measures in accordance with this accounting guidance for the 1st form of financial assistance:

- Non-NPL customers can be classified as performing loan when new restructuring includes principal and interest repayment which is clearly specified in the modification contract.
- The use of new Effective Interest Rate (EIR) at the time of contracts are changed.

The temporary accounting relief measures have been expired at 31 December 2023. From 1 January 2024, the loan's staging and provisioning of all modifications will be classified as per requirement of relevant financial reporting standards. The Bank and its subsidiaries have assessed the changes with no material impact to the financial statements.

In addition, details of Sor Nor Sor. 4/2564, regarding "*Measurement of asset warehousing for debt repayment*" are given in note 15.

For the TFRSs which will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2024, the Bank and its subsidiaries have made a preliminary assessment on the consolidated and the Bank's financial statements and expects that there will be no material impact in the first adoption period of initial application.

In addition to the above TFRSs, TFRS 17, Insurance Contracts, has been issued and will be effective for the financial statement periods beginning on or after 1 January 2025. Management is currently considering the potential impact from this TFRS on the financial statements in the initial period adopted.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the Bank and its subsidiaries' accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgments made in applying accounting policies that have significant effects on the amounts recognised in the financial statements, and information about assumption and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are included in the following notes:

Note 4	Loan staging, determining the criteria for assessing if there has been a significant increase in credit risk and expected credit loss models, determination of inputs into the model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
Note 5	Measurement of the fair value of financial instruments with significant unobservable inputs.
Note 18	The unrecognised deferred tax assets for deductible temporary differences and unused tax loss are subjected to significant management judgement based upon the level of the Bank and its subsidiaries' estimated future taxable profits.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries")

Business combinations

The Bank and its subsidiaries' apply the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank and its subsidiaries to the previous owners of the acquiree, and equity interests issued by the Bank and its subsidiaries. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank and its subsidiaries incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment or dissolution of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank and its subsidiaries control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statements are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

At the acquisition date, the Bank and its subsidiaries measure any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank and its subsidiaries interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Bank and its subsidiaries lose control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss from loss of control over a subsidiary is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank and its subsidiaries' interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Significant intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gain arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised loss is eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank and its subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate announced by the Bank of Thailand at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity investments that have been elected to be measured at FVOCI
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedge is effective

Foreign operations

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at the exchange rates at the dates of the transactions.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation are recognised in other comprehensive income until dissolution of the branch's business.

3.3 Cash

Cash includes cash in hand and cash on collection.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

The Bank and its subsidiaries initially recognise financial instruments (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become a party to the contractual provisions of the instrument except for investment in debt instruments which are recognised on the settlement date.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

3.4.2 Derecognition

Derecognition of financial assets

The Bank and its subsidiaries derecognise 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 Bank and its subsidiaries neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank and its subsidiaries are recognised as a separate asset or liability.

Disposal of investments

For debt and equity securities, cost of both investments sold and those still held are determined using the weighted average method.

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled or expire.

3.4.3 Classification and measurement of financial instruments

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets - debt instruments

Classification of debt instruments included loan and investments in debt securities depend on Business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

Business model assessment

The Bank and its subsidiaries make an assessment of the objective of a business model in which an asset is held. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the financial asset is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries' stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principle and interest

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank and its subsidiaries consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank and its subsidiaries' claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Based on business model and the contractual term of cash flows assessment, there are three categories into which the Bank and subsidiaries classify and measure debt instruments:

Amortised cost

Debt instruments are measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Debt instruments measured at amortised cost is initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method adjusted by impairment loss. Interest income, foreign exchange gain and loss and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through Other Comprehensive income (FVOCI)

Debt instruments are measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

For debt instruments measured at FVOCI, these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gain and loss and impairment are recognised in profit or loss. Other net gain and loss are recognised in OCI. On derecognition, gain and loss accumulated in OCI are reclassified to profit or loss.

Fair value through Profit or loss (FVTPL)

Unless debt instruments are classified as measured at amortised cost or FVOCI, debt instruments are classified as measured at FVTPL.

On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For debt instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gain and loss, including any interest are recognised in profit or loss.

Financial assets - Equity instruments

All equity instruments included equity investment measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Unless equity investments are elected to present subsequent changes in fair value in OCI, equity instruments are classified as measured at FVTPL.

For equity instruments measured at FVTPL, these assets are subsequently measured at fair value. Net gain and loss, including any dividend income are recognised in profit or loss.

For equity instruments measured at FVOCI, these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and loss are recognised in OCI and are never reclassified to profit or loss.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change its business model for managing financial assets.

Classification of financial liabilities

On initial recognition, financial instrument is classified as financial liability in accordance with the substance of the contractual arrangement.

The Bank and its subsidiaries classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

The Bank and its subsidiaries have designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities measured at FVTPL are subsequently measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss.

For financial liabilities measured at amortised cost, these liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and loss are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4.4 *Interest recognition*

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not ECL.

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 expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.4.5 *Modifications of financial assets and financial liabilities*

Modifications of financial assets

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate 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 asset 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.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

3.4.6 *Impairment of financial assets*

The Bank and its subsidiaries recognise loss allowance for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL and no impairment loss is recognised on equity investments.

Measurement of ECL

Expected credit loss are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECL are a probability-weighted estimate of credit loss. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows in accordance with the contract and the cash flows that the Bank and its subsidiaries expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and its subsidiaries if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

- Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, expected credit loss are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. (see details in Note 4.1) Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Expected credit loss of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

Staging and provisioning on modified portfolio

The Bank established the staging and provisioning guideline on modified portfolio, as well as upstaging criteria, to ensure the prudent staging and the sufficient provision level to cover potential credit loss of modified portfolio. The Bank has also applied certain accounting relief according to accounting guideline (see note 2). The key factors to determine staging and provisioning consists of the customer's credit quality, repayment type and monitoring period.

Improvement in credit risk

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

Financial asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

Loss allowance for ECL are presented in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- financial assets measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, expected credit loss is recognised in profit or loss.

3.4.7 Derivative held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Bank and its subsidiaries designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank and its subsidiaries formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank and its subsidiaries make an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Bank and its subsidiaries make an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

These hedging relationships are summarised below.

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

For derivatives used to dynamic hedge of assets or liabilities, the Bank and its subsidiaries continue using an accrual basis of derivatives.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Bank and its subsidiaries account for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form a part of a qualifying cash flow or net investment hedging relationship.

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

The Bank and its subsidiaries enter 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)" or "Loans to customers", depending upon the type of its counterparty, in the statements 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)" or "Debt issued and borrowings", depending upon the type of its counterparty, in the statements 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.

3.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment loss, (if any). Impairment loss are recorded as expenses in profit or loss. Investment in associates in the consolidated financial statements are accounted for using equity method.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively.

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission.

3.7 Bill purchased, trade finance and factoring

The Bank and its subsidiaries classify bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank and its subsidiaries have their legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank and its subsidiaries will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank and its subsidiaries recognise the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against “Loans to customers” or “Interbank and money market items, net (assets)” as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

3.8 *Properties for sale*

Properties for sale are stated at the lower of cost or net realisable value. Impairment loss is recognised as an expense in profit or loss. Gain or loss on disposal is recognised in profit or loss when a disposal is made.

Cost of properties for sale as a result of settlement from a debtor is stated at fair value to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties for sale through a public auction process is the purchase price plus transfer costs.

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

In accordance with asset warehousing, the assets are transferred to the Bank for repayment based on agreed price with the buy-back conditions not over 5 years and rent-back conditions for business operation. The Bank derecognises loans to customers and presents transferred assets as properties for sale in accordance with the ownership of the transferred assets. The transferred assets have the same measurement as other properties for sale. Income that the Bank receives is recorded as other income.

3.9 *Premises and equipment*

Land is measured at revalued amount less allowance for impairment loss (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment loss (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment loss (if any).

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

The cost of replacing a part of an item of premises 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 Bank and its subsidiaries, 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 assets are recognised in profit or loss as incurred.

The Bank and its subsidiaries thereafter, arrange to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank and its subsidiaries recognise surplus/deficit arising as a result of revaluation of their assets as follows:

- (1) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in other reserve under the heading of “Revaluation surplus on assets”. However, if the asset is previously devalued and the Bank and its subsidiaries used to recognise such revaluation decrease as an expense in profit or loss, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- (2) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50	years)
Leasehold improvement		6 - 20 years
Equipment		3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

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

3.10 Leases

At inception of a contract, the Bank and its subsidiaries assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement the Bank and its subsidiaries allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component.

The Bank and its subsidiaries recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognised as expenses on a straight-line basis over the respective lease terms.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank and its subsidiaries' incremental borrowing rate and subsequently at amortised cost using the effective interest method.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is

made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank and its subsidiaries present right-of-use assets in premises and equipment/intangible assets and lease liabilities in 'other liabilities' in the statement of financial position.

When the Bank and its subsidiaries acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Bank and its subsidiaries recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income.

The Bank and its subsidiaries recognise hire purchase receivables/finance lease receivables at the amount of the Bank and its subsidiaries' net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value. Hire purchase/finance lease income is allocated to accounting years to reflect a constant periodic rate of return on the Bank and its subsidiaries net investment outstanding in respect of the leases.

The Bank and its subsidiaries derecognise, modified cashflow of hire purchase/finance lease receivables and determine impairment on the lease receivables as disclosed in note 3.4.2, 3.4.5 and 3.4.6.

3.11 Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3.1 Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment loss.

Other intangible assets

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment loss.

Other intangible assets include car dealer relationship. These intangible assets were acquired in a business combination. These intangible assets are initially measured at their fair value at the date of acquisition and subsequently stated at cost less accumulated amortisation and allowance for impairment loss.

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, other than goodwill, 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 of computer software and car dealer relationship for the current and comparative years are 3 - 15 years.

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

3.12 Impairment

The carrying amounts of the Bank and its subsidiaries' 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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 estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. Impairment loss recognised in prior periods 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.

3.13 Employee benefits

Short-term employee benefits

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

The benefit from cumulative carry forward leave is recognised as a liability in the statements of financial position and employee's expenses in the statements of profit or loss and other comprehensive income when the employees render the service.

Post employment benefits and other long-term employee benefits

Defined contribution plan

The Bank and its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Bank and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss.

Share-based payments

The cost of the TTB Stock Retention Program and Employee Joint Investment Program is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees) and the date of the Bank contribution to employee, respectively.

The cost of the share-based payment plan is recognised as expenses in profit or loss with a corresponding increase in "Other reserve - share-based payments" in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expenses, which involve the Bank and its subsidiaries' management best estimate of number or ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expenses or reversal of expenses for a period represented the movement in cumulative expenses recognised as at the beginning and at the end of the reporting year.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have 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 a finance cost.

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank and its subsidiaries provide provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank and its subsidiaries were claimed against, using the same criteria and methods applied to allowance for expected credit loss that are described in note 3.4.6.

3.15 Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank and its subsidiaries has access at that date. The fair value of a liability reflects its non-performance risk.

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiaries Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.16 Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fees which are not integral to the effective interest rate on a financial asset or financial liability are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided and conditions in the contract. Fee received in advance is recorded as "Deferred revenue" in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The amount is recorded as "Deferred revenue" in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses which are not integral to the effective interest rate on a financial asset or financial liability on an accrual basis.

3.17 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income is presented in other operating income.

3.18 Net trading income and foreign exchange transactions

Net trading income comprises gain less loss related to trading assets and liabilities, and includes all fair value changes and foreign exchange differences.

Net income on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

3.19 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 it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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.

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 goodwill; 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; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, 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 at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Future taxable profit is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profit, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Bank and its subsidiaries. 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.

3.20 Earnings per share

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

3.21 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 Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and its subsidiaries have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

3.22 Segment reporting

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

3.23 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 Risk management

Risk management approach

Risk management is an integral part of the Bank and its subsidiaries' business activities and strategic planning with the objective to optimize risks and returns and create sustainable shareholder value whilst remaining in compliance with regulatory requirements. The Bank and its subsidiaries have established a solid risk governance framework which serves as the foundation for consistent and effective risk management. The risk governance framework mainly consists of a clear risk governance structure, risk appetite, risk management policies, consistent risk management processes and an embedded risk culture. All of this translates into a straight-forward risk management strategy in which:

- Products and portfolios are structured, underwritten, priced, approved and managed appropriately and within established risk appetites;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

4.1 Credit risk

Credit risk is the risk of potential loss as a result of borrowers and/or counterparties failing to meet their financial and contractual obligations in accordance with agreed terms. It arises primarily from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet items products such as derivatives.

The objective of credit risk management is to optimize the Bank's risk-adjusted return by balancing the risk /return and by building a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

The Bank has established frameworks which set out Credit Risk Appetite, Credit Risk Policies and Guidelines and processes covering the measurement and management of credit risk.

Credit Risk Appetite Statement (Credit RAS)

Credit RAS is a formally documented statement of the maximum level of credit risk that the Bank and its subsidiaries are willing to accept in pursuit of its business objectives. The Bank and its subsidiaries develop and review its Credit RAS at Bank-wide level, BU level and Portfolio level, covering all relevant credit risk metrics to monitor the quality of credit portfolio and control obligor concentration.

Credit Risk Policies and Guidelines

The Bank has put in place Master Credit Risk Management Policy to govern all key aspects of credit risk management in compliance with the Bank of Thailand's regulatory requirements and the Bank's strategic direction. In addition, credit risk management sub policies, guidelines are established to provide the guidance in each credit risk aspect stated in Master Credit Risk Management Policy. The Board of Directors has the responsibility to review and approve the Bank's Master Credit Risk Management Policy and has delegated the approval authority of underlying credit risk management sub policies, guidelines to Sub-Committees as deemed appropriate. All relevant business units and support units are required to formulate supplementary credit policies, guidelines, framework, standards, criteria, processes and procedures specific to their respective businesses.

Credit Risk Management Processes

Credit Risk Management consists of 5 key processes:

- 1) **Risk appetite setting:** The Bank annually sets credit risk appetites which are input for and aligned with the business planning process, are discussed in and endorsed by the relevant Sub-Committees, and ultimately approved by the Board of Directors as part of Master Risk Appetite. Actual credit performance is regularly measured against and reported on the basis of credit risk appetites.

- 2) **Risk Identification:** The Bank identifies and manages credit risk inherent in all products and activities. The risks of new products and activities are subject to adequate risk management procedures and controls before being introduced or undertaken and approved in advance by relevant Committees.
- 3) **Risk Assessment & Measurement:** The Bank uses different methods and tools to measure credit risk in both quantitative and qualitative aspects. In addition, the Bank also conducts credit risk stress testing to measure the quality and resilience of the Bank's credit portfolio and the Bank's capacity to absorb the impact resulting from various stress event scenarios.
- 4) **Risk Monitoring and Control:** The Bank regularly monitors, controls and mitigates credit risk by setting key credit risk indicators, credit risk limits, as well as credit risk appetite at Bank-wide, BU, Portfolio and other levels as deemed appropriate.
- 5) **Risk Reporting & Communication:** The Bank regularly reports the status of credit risk as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balances. Individual credit risk is analyzed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and credit rating of customer.

Where appropriate, the Bank and its subsidiaries demand the placement of adequate collateral by customers in various forms, for example, land and building, bank deposits, securities, and personal/corporate guarantees, etc.

The Bank and its subsidiaries have contingent liabilities by issuing payment and other forms of guarantees, as well as issuing letters of credit and endorsing AVAL on commercial bills and notes for its customers. Such contingent transaction activities require assessment of financial condition of customers in the same manner as done for direct lending. The Bank and its subsidiaries also make a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

The Bank has established Credit Risk Management Departments in accordance with size of the customers and product offering, comprising of 1) Commercial Credit Risk Management, responsible for risk approval, measurement and management for the commercial clients, which is separated according to size of the business to enhance risk management efficiency, including large, medium and small corporates 2) Retail Credit Risk Management, responsible for risk approval, measurement and management for secured and unsecured lending to individuals and small non-juristic businesses and 3) Automotive Credit Risk Management, responsible for risk approval, measurement and management for Automotive Lending Portfolio.

Independent Unit related to Risk Management

Independent Credit Review and Quality Assurance is an independent unit to conduct credit review to support the quality of the Bank's credit exposures by timely and completely performing independent credit reviews based on the Bank's risk evaluating result and BoT's requirement and identifying weaknesses in credit related controls.

The Audit unit, an independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the credit risk management processes.

Internal Rating and External Rating Framework

Risk ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank and its subsidiaries developed internal credit risk models for supporting all bank-wide activities starting from setting of risk appetite statements, underwriting process, monitoring/measuring and predicting changes in portfolio quality, early response to deterioration trends, to serving as communication tool within the organization.

The Bank and its subsidiaries have developed credit risk models to consider probability that the debtor will default (PD), the estimate of the exposures when the debtor defaults (EAD), and the percentage of damage that may occur when the debtor defaults on the debt (LGD). All models are based on analytical principles based on quantitative and qualitative data. Qualitative data is collected from historical data or from external service providers. The implementation of these credit risk models is in addition to those used in the credit process mentioned above. It is also intended to be used to set an allowance for loss as well as estimation of regulatory capital and economic capital.

The Bank and its subsidiaries set up Risk Rating Guideline to provide the logic and use of creating and verifying model-based Risk Ratings. The Bank and its subsidiaries use different risk rating models according to different borrower segment.

The credit risk level depends on the estimation of the debtor's default risk and risk rating. The Bank and its subsidiaries have designed two types of credit risk assessment models: (1) Internal rating models for Commercial portfolio; Use information based on the latest financial position and quality assessments of borrowers and (2) Internal rating models for small business, Retail and Automotive Lending portfolio which are based on behavioral study and/or credit limit utilization history together with reliable statistical methods to categorize credit risk grade or determine the appropriate probability of default according to the debtor's risk level.

Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the Guideline. Risk rating models, and the performance of the models are subject to regular monitoring. This is a process to keep both risk grade and models up to date and qualified.

A credit risk grade is ranked from lowest to highest. The lower the number in the rank, the lower the probability of default. The highest rating represents stage 3 loans with probability of default of 100%.

In addition to the internal rating, the Bank and its subsidiaries also use external ratings from an international rating agency as references for credit risk grade of investment related activities/portfolios.

Information related to expected credit loss (ECL)

Significant increase in credit risk (SICR)

The Bank considers the following 4 guidelines to determine significant increase in credit risk (SICR).

- 1) Day Past Due is over 30 days.
- 2) Qualitative assessment consists of business operation, status and performance, debt repayment, impact from legal and fraud assessment as the Bank's defined criteria.
- 3) Significant PD shift: The Bank considers PD at the reporting date compared with PD at loan origination and in case of reaching the Bank's defined threshold, it is considered as significant increase in credit risk.
- 4) Staging of modified portfolio is based on the customer's credit quality, repayment type and repayment period in accordance with monitoring criteria.

Definition of default

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

Write-off

The write off is an internal accounting process to properly reflect the absence/loss of real value of the Bank's assets. The Bank allows both full write-off and partial write-off when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Bank still maintains its legal rights, both in terms of debt collection and legal proceeding for loan repayment from borrowers.

Loan Loss Provisioning, TFRS9, and ECL

Since 1 January 2020, the Bank and its subsidiaries have recognised loss allowance based on the ECL model of TFRS9, which is designed to be forward-looking. The TFRS9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial assets are divided into three stages (Staging) based on credit quality. The ECL model is assessed according to statistical techniques and supported by expert judgment.

Forward-looking factors expected to occur in the future

TFRS 9 requires consideration of the impact of changes in economic or so-called forward-looking factors to estimate the expected credit loss by including the forecast of the economic condition.

The Bank and its subsidiaries have procedures for foresee data creation. The first step is to prepare macroeconomic projections from external sources such as consensus economic data or forecasts published by government agencies. Then, statistical techniques are applied to transform the different types of simulation data. The final step is to use the simulation scenario as a variable in calculating potential credit loss and in determining the credit quality of the financial assets as described previously.

The Bank and its subsidiaries use the projection of economic factors or other possible factors as part of Expected Credit Loss (ECL) Model. Macroeconomic variables include Gross Domestic Product (GDP), unemployment rate, and private investment. The Bank and its subsidiaries derive the forward-looking base case economic scenario which reflect the view of future macroeconomic conditions. Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement reporting date. As at 31 December 2023 and 2022, the Bank and its subsidiaries set up forward-looking scenarios with different weights as follows:

	Consolidated and Bank only	
	2023	2022
	(%)	
Upside scenario	20	20
Base scenario	40	40
Downside scenario	40	40

Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlays were considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions, emerging issues and possible future deterioration in credit quality of high-risk portfolio or exposure of the Bank and its subsidiaries at the reporting date as post-model adjustments to ascertain the overall provision adequacy of the Bank and its subsidiaries.

As at 31 December 2023, the Bank and its subsidiaries set up management overlay for model improvement as part of model monitoring, exposures of customers under modified portfolio, and economic uncertainties that may impact collateral value as well as some specific groups of commercial and retail customers who have vulnerable repayment capability due to the uncertainties of economic recovery.

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4.1.1 Credit quality

The following tables set out information about the credit quality as at 31 December 2023 and 2022 of loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviours and qualitative factors.

Risk level	Consolidated			Total
	2023			
	Stage 1	Stage 2	Stage 3	
	(in million Baht)			
<i>Loans to customers and accrued interest receivables, net</i>				
Low	889,411	209	-	889,620
Medium	285,413	62,582	-	347,995
High	28	57,989	-	58,017
NPLs	-	-	41,006	41,006
Gross carrying amount	1,174,852	120,780	41,006	1,336,638
Less allowance for expected credit loss	(15,602)	(28,195)	(19,705)	(63,502)
Carrying amount	1,159,250	92,585	21,301	1,273,136

Risk level	Consolidated 2022			Total
	Stage 1	Stage 2	Stage 3	
	(in million Baht)			
<i>Loans to customers and accrued interest receivables, net</i>				
Low	934,938	720	-	935,658
Medium	289,948	67,895	-	357,843
High	462	48,225	-	48,687
NPLs	-	-	41,707	41,707
Gross carrying amount	1,225,348	116,840	41,707	1,383,895
Less allowance for expected credit loss	(13,325)	(24,469)	(19,596)	(57,390)
Carrying amount	1,212,023	92,371	22,111	1,326,505

Risk level	Bank Only 2023			Total
	Stage 1	Stage 2	Stage 3	
	(in million Baht)			
<i>Loans to customers and accrued interest receivables, net</i>				
Low	889,410	209	-	889,619
Medium	285,413	62,422	-	347,835
High	28	57,818	-	57,846
NPLs	-	-	36,347	36,347
Gross carrying amount	1,174,851	120,449	36,347	1,331,647
Less allowance for expected credit loss	(15,602)	(28,130)	(17,691)	(61,423)
Carrying amount	1,159,249	92,319	18,656	1,270,224

Risk level	Bank Only 2022			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net				
Low	935,077	720	-	935,797
Medium	289,946	67,895	-	357,841
High	462	48,225	-	48,687
NPLs	-	-	37,208	37,208
Gross carrying amount	1,225,485	116,840	37,208	1,379,533
Less allowance for expected credit loss	(13,325)	(24,469)	(18,002)	(55,796)
Carrying amount	1,212,160	92,371	19,206	1,323,737

Investment in debt securities

Major investment in debt securities of the Bank are investment in government and state enterprise securities which are considered as low-risk financial assets, except investment in debt securities of a public company are considered as non-performing financial assets. As at 31 December 2023, the Bank has investment in debt securities which are classified as non-performing financial assets amounting to Baht 315 million (2022: Baht 315 million).

4.1.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Bank also uses collateral as one type of credit risk mitigation to reduce potential credit loss to the Bank and its subsidiaries. The type of eligible collateral consists of financial and non-financial collaterals which valued primarily based on their quality and liquidity. The value of collateral is primarily assessed on a prudent basis to ensure that the value assigned to the collateral remains current.

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Bank and its subsidiaries strives to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.

For examples

- Credit evaluation process - different risk levels require different loan-to-value (LTV).
- Credit approval process - LTV is one of the factors to determine the level of approval authorities. At present, the Bank defines the approval authority based on business type, industry, the customer’s risk rating as well as LTV criteria whereby LTV criteria is applied for Commercial Banking customer at appropriate level depend on industry. For mortgage Loan, 70% to 110% LTV criteria is applied. For Automotive Lending, 60% to 100% LTV criteria is applied, depending on risk level of customer and product type.

Collateral Appraisal Approach:

The appraisal shall be conducted by applying one or more of the approaches specified in the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department. The following are example of collateral appraisal approach:

- Immovable property for commercial purpose shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Immovable property for residential purpose shall be appraised by the direct sales comparison approach, or the cost approach.
- Other immovable properties shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Machinery and vehicle shall be appraised by the direct sales comparison approach, or the cost approach.

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- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

The following table sets out the principal types of collateral held against different types of loans to customers and accrued interest receivables as at 31 December 2023 and 2022.

Type of credit exposures	Consolidated		Principal type of collateral held
	2023	2022	
	(in million Baht)		
- Loans to corporate customers	505,962	567,692	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	314,560	317,884	Properties
- Hire purchase	410,268	411,052	Vehicle
- Others	105,848	87,267	None

Type of credit exposures	Bank only		Principal type of collateral held
	2023	2022	
	(in million Baht)		
- Loans to corporate customers	500,979	563,337	Properties, plant, equipment and/or guarantee by government unit
- Retail mortgage lending	314,556	317,884	Properties
- Hire purchase	410,268	411,052	Vehicle
- Others	105,844	87,260	None

4.1.3 Concentrations of credit risk

The Bank and its subsidiaries monitor concentration in different dimensions including sector. Concentrations of credit risk from loans to customers and accrued interest receivables as at 31 December 2023 and 2022 is shown below.

Concentration by sector	Consolidated		Bank only	
	2023	2022	2023	2022
	(in million Baht)			
Agricultural and mining	13,583	13,568	13,326	13,340
Real estate and construction	47,666	58,234	47,257	57,918
Public utilities and services	117,706	133,723	117,046	132,976
Retail mortgage lending	314,560	317,884	314,556	317,884
Manufacturing and commerce	307,730	339,306	304,257	336,291
Hire purchase	410,268	411,052	410,268	411,052
Others	125,125	110,128	124,937	110,072
Total	1,336,638	1,383,895	1,331,647	1,379,533

4.2 Market risk

Market risk refers to loss that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets, liabilities, and off-balance sheet items.

The Bank and its subsidiaries have established various market risk policies, which set standards and guidelines for market risk management. The sub-committee holds the responsibility to assist the BOD and the Risk Oversight Committee (ROC) to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank and its subsidiaries classify the overall market risk management into two parts: trading book and banking book. The Bank and its subsidiaries have developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments that are held with trading intent or for hedging other positions in the trading book as well as all financial derivatives which have not been used for hedging positions in the Banking Book. The Bank and its subsidiaries have established the market risk policies for trading book to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Bank and its subsidiaries' risk appetite.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from the Bank and its subsidiaries' both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

The Bank and its subsidiaries have established the market risk policies for banking book, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank and its subsidiaries' risk appetite.

The Bank and its subsidiaries also analyse risks and regularly assess the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

Managing interest rate benchmark reform (IBOR reform)

The Board of Directors delegates the Asset and Liability Committee (committee) to monitor and manage the transition to alternative rates. The committee evaluates the readiness of IBOR reform with regards to contracts revision and communication on IBOR reform with counterparties and other internal relevant units. The committee reports to the ROC and the Board of Directors on quarterly basis.

As of 31 December 2023, the Bank completed the process of amending contractual terms for all of the USD LIBOR and THBFX exposures to Fallback SOFR and Fallback Rate THBFX. Derivative contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements have been amended according to ISDA 2020 IBOR Fallbacks Protocol. Other derivative contracts in which clients did not adhere to ISDA 2020 IBOR Fallback Protocol were completely amended via bilateral agreement.

4.2.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, USD SOFR, etc.

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As at 31 December 2023 and 2022, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year			
	<i>(in million Baht)</i>					
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items						
net of deferred revenue	250,302	151	-	-	16,956	267,409
Financial assets measured at fair value through profit or loss	2,037	-	-	-	433	2,470
Investments*	13,983	51,030	111,874	-	2,224	179,111
Loans to customers net of deferred revenue	759,702	137,407	364,290	41,006	25,559	1,327,964
Total financial assets	1,026,024	188,588	476,164	41,006	60,659	1,792,441
Financial liabilities						
Deposits	1,006,114	261,670	80,979	-	37,818	1,386,581
Interbank and money market items	66,101	124	17,743	-	3,826	87,794
Liabilities payable on demand	-	-	-	-	6,061	6,061
Financial liabilities measured at fair value through profit or loss	890	-	903	-	23	1,816
Debts issued and borrowings	13,074	46,410	45	-	2	59,531
Total financial liabilities	1,086,179	308,204	99,670	-	47,730	1,541,783

* For Investments in debt securities measured at amortised costs, the presented investments were not deducted by allowance for expected credit loss.

	Consolidated 2022					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>	Non- performing assets	Non- interest bearing	Total
<i>Financial assets</i>						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items net of deferred revenue	168,458	259	-	-	18,879	187,596
Financial assets measured at fair value through profit or loss	1,106	-	-	-	427	1,533
Investments*	32,809	42,566	133,221	-	2,856	211,452
Loans to customers net of deferred revenue	770,462	183,688	358,604	41,707	21,657	1,376,118
Total financial assets	972,835	226,513	491,825	41,707	59,325	1,792,205
<i>Financial liabilities</i>						
Deposits	1,190,335	91,510	77,465	-	39,937	1,399,247
Interbank and money market items	64,060	224	15,827	-	4,659	84,770
Liabilities payable on demand	-	-	-	-	5,586	5,586
Financial liabilities measured at fair value through profit or loss	300	-	-	-	138	438
Debts issued and borrowings	5,693	9,691	44,248	-	12	59,644
Total financial liabilities	1,260,388	101,425	137,540	-	50,332	1,549,685

* For Investments in debt securities measured at amortised costs, the presented investments were not deducted by allowance for expected credit loss.

	Bank only 2023					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items net of deferred revenue	250,301	151	-	-	16,940	267,392
Financial assets measured at fair value through profit or loss	2,037	-	-	-	433	2,470
Investments*	13,983	51,030	111,874	-	2,224	179,111
Loans to customers net of deferred revenue	759,702	137,407	363,958	36,347	25,559	1,322,973
Total financial assets	1,026,023	188,588	475,832	36,347	60,643	1,787,433
Financial liabilities						
Deposits	1,007,432	261,670	80,979	-	37,880	1,387,961
Interbank and money market items	66,101	124	17,743	-	3,826	87,794
Liabilities payable on demand	-	-	-	-	6,061	6,061
Financial liabilities measured at fair value through profit or loss	890	-	903	-	23	1,816
Debts issued and borrowings	10,276	42,310	45	-	2	52,633
Total financial liabilities	1,084,699	304,104	99,670	-	47,792	1,536,265

* For Investments in debt securities measured at amortised costs, the presented investments were not deducted by allowance for expected credit loss.

	Bank only 2022					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>	Non- performing assets	Non- interest bearing	Total
<i>Financial assets</i>						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items net of deferred revenue	168,457	259	-	-	18,862	187,578
Financial assets measured at fair value through profit or loss	1,106	-	-	-	427	1,533
Investments*	32,809	42,566	133,221	-	2,856	211,452
Loans to customers net of deferred revenue	770,602	183,688	358,601	37,208	21,657	1,371,756
Total financial assets	972,974	226,513	491,822	37,208	59,308	1,787,825
<i>Financial liabilities</i>						
Deposits	1,190,809	91,510	77,465	-	40,294	1,400,078
Interbank and money market items	64,060	224	15,827	-	4,659	84,770
Liabilities payable on demand	-	-	-	-	5,586	5,586
Financial liabilities measured at fair value through profit or loss	300	-	-	-	138	438
Debts issued and borrowings	5,193	5,191	44,248	-	12	54,644
Total financial liabilities	1,260,362	96,925	137,540	-	50,689	1,545,516

* For Investments in debt securities measured at amortised costs, the presented investments were not deducted by allowance for expected credit loss.

4.2.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2023 and 2022, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated and Bank only					
	2023			2022		
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	(26)	(163)	398	217	(176)	302
Forward	37	161	(405)	(202)	173	(306)
Net position	11	(2)	(7)	15	(3)	(4)

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

4.2.3 Equity price risk

Equity price risk is the risk that the Bank and its subsidiaries' earnings or value of financial assets may fluctuate due to changes in the price of equities.

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For the year ended 31 December 2023

The equity portfolio of the Bank and its subsidiaries are 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/or the Chief Executive Committee (CEC) and/or Board of Executive Directors (BoED). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the related business unit and related management, in order to facilitate responsive risk management.

As at 31 December 2023, the Bank had equity investments are listed on Stock Exchange of Thailand at Baht 182 million (2022: Baht 237 million) with the mark to market value at Baht 155 million (2022: Baht 199 million).

4.2.4 Sensitivity analysis

Market risk in the trading book

The Bank and its subsidiaries use a number of sensitivity measurements to monitor the market risk in a trading book. The key measurements are PV01 and FX Delta. 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. FX Delta is the rate of change of the portfolio value with respect to changes of foreign currency. FX Delta is used to monitor the foreign exchange risk of each currency.

As at 31 December 2023 and 2022, the key sensitivities are as follows:

	Consolidated and Bank only	
	2023	2022
	(in thousand Baht)	
Interest rate sensitivities (PV01)		
THB	713	(144)
USD	(110)	41
Other currencies	9	-
Total	612	(103)

	Consolidated and Bank only	
	2023	2022
	(in thousand USD)	
Exchange rate sensitivities (FX Delta)		
USD	5,674	4,226
EUR	(1,249)	(1,348)
SGD	(856)	(9)
Other currencies	(508)	879
Total	3,061	3,748

Market risk in the banking book

The Bank and its subsidiaries use the repricing gap approach to determine the impact of interest rate changes on net interest income and economic value of equity on a monthly basis. The repricing gap uses the remaining term or next repricing date as stipulated in the contract. There are established interest rate risk limits to monitor and control the impact of interest rate changes on the net interest income and economic value. Impacts on the net interest income and economic value are computed assuming different size shocks in interest rate yield curves. As at 31 December 2023 and 2022, the effect of changes in interest rates to earnings (net) by 100 bps parallel shift in the next 1 year were as follows:

	Consolidated	
	2023 Upward shift 100 bps (in million Baht)	2022 Upward shift 100 bps (in million Baht)
THB	(950)	(2,332)
USD	(3)	89
Others	(13)	(6)
Total effect of change in interest rate	(966)	(2,249)

	Bank only	
	2023 Upward shift 100 bps (in million Baht)	2022 Upward shift 100 bps (in million Baht)
THB	(914)	(2,312)
USD	(3)	89
Others	(13)	(6)
Total effect of change in interest rate	(930)	(2,229)

4.3 Liquidity risk

Liquidity risk refers to the risk that the Bank and its subsidiaries fail 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 Bank.

The ALCO is responsible for assisting the BOD and the ROC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management unit is responsible for overall liquidity management. The Global Markets and International Transaction Banking unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank and its subsidiaries continually monitor its funding sources and access to capital markets. Derivatives are used for balance sheet management to hedge the portfolio of loans, deposits and debts issued and borrowings. The Bank and its subsidiaries recognise the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. The Bank and its subsidiaries set risk limits and indicators in order to maintain its liquidity risk within the Bank and its subsidiaries' approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank and its subsidiaries' ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

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The Bank will disclose Liquidity Coverage Ratio (LCR) information of statements of financial position, as at 31 December 2023 on the Bank's website (www.ttbbank.com/en/ir/financial-information/lcr) within April 2024.

The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2023 and 2022 were summarised as follows:

	Consolidated 2023					
	At call ⁽¹⁾	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items net of deferred revenue	26,555	240,626	228	-	-	267,409
Financial assets measured at fair value through profit or loss	-	2,037	-	-	433 ⁽²⁾	2,470
Investments						
Investments in debt securities measured at amortised costs ⁽⁴⁾	-	-	14,996	40,918	-	55,914
Investments in debt securities measured at FVOCI	-	58,020	56,291	6,347	315	120,973
Investments in equity securities designated at FVOCI	-	-	-	-	2,224 ⁽²⁾	2,224
Loans to customers net of deferred revenue	103,505	362,448	460,388	360,617	41,006 ⁽³⁾	1,327,964
Total financial assets	130,060	663,131	531,903	407,882	59,465	1,792,441
Financial liabilities						
Deposits	947,082	358,497	81,002	-	-	1,386,581
Interbank and money market items	9,908	60,143	17,743	-	-	87,794
Liabilities payable on demand	6,061	-	-	-	-	6,061
Financial liabilities measured at fair value through profit or loss	-	518	1,298	-	-	1,816
Debts issued and borrowings	5	49,214	10,293	19	-	59,531
Total financial liabilities	963,056	468,372	110,336	19	-	1,541,783
Net liquidity gap	(832,996)	194,759	421,567	407,863	59,465	250,658

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

⁽⁴⁾ The presented investments were not deducted by allowance for expected credit loss.

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For the year ended 31 December 2023

	Consolidated 2022					
	At call ⁽¹⁾	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items net of deferred revenue	29,029	158,049	518	-	-	187,596
Financial assets measured at fair value through profit or loss	-	1,106	-	-	427 ⁽²⁾	1,533
Investments						
Investments in debt securities measured at amortised costs ⁽⁴⁾	-	-	11,158	37,968	-	49,126
Investments in debt securities measured at FVOCI	-	67,153	82,343	9,659	315	159,470
Investments in equity securities designated at FVOCI	-	-	-	-	2,856 ⁽²⁾	2,856
Loans to customers net of deferred revenue	113,855	383,336	484,854	352,366	41,707 ⁽³⁾	1,376,118
Total financial assets	142,884	609,644	578,873	399,993	60,811	1,792,205
Financial liabilities						
Deposits	1,168,117	153,660	77,470	-	-	1,399,247
Interbank and money market items	13,376	55,568	15,819	7	-	84,770
Liabilities payable on demand	5,586	-	-	-	-	5,586
Financial liabilities measured at fair value through profit or loss	-	438	-	-	-	438
Debts issued and borrowings	5	5,020	54,595	24	-	59,644
Total financial liabilities	1,187,084	214,686	147,884	31	-	1,549,685
Net liquidity gap	(1,044,200)	394,958	430,989	399,962	60,811	242,520

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

⁽⁴⁾ The presented investments were not deducted by allowance for expected credit loss.

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	Bank only 2023					
	At call ⁽¹⁾	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items net of deferred revenue	26,538	240,626	228	-	-	267,392
Financial assets measured at fair value through profit or loss	-	2,037	-	-	433 ⁽²⁾	2,470
Investments						
Investments in debt securities measured at amortised costs ⁽⁴⁾	-	-	14,996	40,918	-	55,914
Investments in debt securities measured at FVOCI	-	58,020	56,291	6,347	315	120,973
Investments in equity securities designated at FVOCI	-	-	-	-	2,224 ⁽²⁾	2,224
Loans to customers net of deferred revenue	103,505	362,448	460,388	360,285	36,347 ⁽³⁾	1,322,973
Total financial assets	130,043	663,131	531,903	407,550	54,806	1,787,433
Financial liabilities						
Deposits	948,362	358,597	81,002	-	-	1,387,961
Interbank and money market items	9,908	60,143	17,743	-	-	87,794
Liabilities payable on demand	6,061	-	-	-	-	6,061
Financial liabilities measured at fair value through profit or loss	-	518	1,298	-	-	1,816
Debts issued and borrowings	5	42,316	10,293	19	-	52,633
Total financial liabilities	964,336	461,574	110,336	19	-	1,536,265
Net liquidity gap	(834,293)	201,557	421,567	407,531	54,806	251,168

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

⁽⁴⁾ The presented investments were not deducted by allowance for expected credit loss.

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		Bank only 2022				
	At call ⁽¹⁾	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items net of deferred revenue	29,011	158,049	518	-	-	187,578
Financial assets measured at fair value through profit or loss	-	1,106	-	-	427 ⁽²⁾	1,533
Investments						
Investments in debt securities measured at amortised costs ⁽⁴⁾	-	-	11,158	37,968	-	49,126
Investments in debt securities measured at FVOCI	-	67,153	82,343	9,659	315	159,470
Investments in equity securities designated at FVOCI	-	-	-	-	2,856 ⁽²⁾	2,856
Loans to customers net of deferred revenue	113,995	383,336	484,854	352,363	37,208 ⁽³⁾	1,371,756
Total financial assets	143,006	609,644	578,873	399,990	56,312	1,787,825
Financial liabilities						
Deposits	1,168,848	153,760	77,470	-	-	1,400,078
Interbank and money market items	13,376	55,568	15,819	7	-	84,770
Liabilities payable on demand	5,586	-	-	-	-	5,586
Financial liabilities measured at fair value through profit or loss	-	438	-	-	-	438
Debts issued and borrowings	5	20	54,595	24	-	54,644
Total financial liabilities	1,187,815	209,786	147,884	31	-	1,545,516
Net liquidity gap	(1,044,809)	399,858	430,989	399,959	56,312	242,309

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

⁽⁴⁾ The presented investments were not deducted by allowance for expected credit loss.

5 Fair value of financial assets and financial liabilities

5.1 Financial assets and financial liabilities measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at 31 December 2023 and 2022.

	Carrying amount	Level 1	Consolidated 2023 Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
Financial assets					
Financial assets measured at FVTPL	2,470	3	2,037	430	2,470
Derivative assets					
Foreign exchange rate	6,529	-	6,529	-	6,529
Interest rate	697	-	697	-	697
Others	10	-	10	-	10
Total	7,236	-	7,236	-	7,236
Investments, net					
Investments in debt securities measured at FVOCI	120,973	-	120,658	315	120,973
Investments in equity securities designated at FVOCI	2,224	152	-	2,072	2,224
Total	123,197	152	120,658	2,387	123,197
Total financial assets	132,903	155	129,931	2,817	132,903
Financial liabilities					
Financial liabilities measured at FVTPL	1,816	-	1,816	-	1,816
Derivative liabilities					
Foreign exchange rate	5,015	-	5,015	-	5,015
Interest rate	692	-	692	-	692
Total	5,707	-	5,707	-	5,707
Total financial liabilities	7,523	-	7,523	-	7,523

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			Consolidated 2022		
	Carrying amount	Level 1	Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
<i>Financial assets</i>					
Financial assets measured at FVTPL	1,533	23	1,106	404	1,533
<i>Derivative assets</i>					
Foreign exchange rate	9,507	-	9,507	-	9,507
Interest rate	869	-	869	-	869
Total	10,376	-	10,376	-	10,376
<i>Investments, net</i>					
Investments in debt securities measured at FVOCI	159,470	-	159,155	315	159,470
Investments in equity securities designated at FVOCI	2,856	174	-	2,682	2,856
Total	162,326	174	159,155	2,997	162,326
Total financial assets	174,235	197	170,637	3,401	174,235
<i>Financial liabilities</i>					
Financial liabilities measured at FVTPL	438	-	438	-	438
<i>Derivative liabilities</i>					
Foreign exchange rate	8,727	-	8,727	-	8,727
Interest rate	772	-	772	-	772
Total	9,499	-	9,499	-	9,499
Total financial liabilities	9,937	-	9,937	-	9,937
			Bank only 2023		
	Carrying amount	Level 1	Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
<i>Financial assets</i>					
Financial assets measured at FVTPL	2,470	3	2,037	430	2,470
<i>Derivative assets</i>					
Foreign exchange rate	6,529	-	6,529	-	6,529
Interest rate	697	-	697	-	697
Others	10	-	10	-	10
Total	7,236	-	7,236	-	7,236
<i>Investments, net</i>					
Investments in debt securities measured at FVOCI	120,973	-	120,658	315	120,973
Investments in equity securities designated at FVOCI	2,224	152	-	2,072	2,224
Total	123,197	152	120,658	2,387	123,197
Total financial assets	132,903	155	129,931	2,817	132,903
<i>Financial liabilities</i>					
Financial liabilities measured at FVTPL	1,816	-	1,816	-	1,816
<i>Derivative liabilities</i>					
Foreign exchange rate	5,015	-	5,015	-	5,015
Interest rate	692	-	692	-	692
Total	5,707	-	5,707	-	5,707
Total financial liabilities	7,523	-	7,523	-	7,523

	Carrying amount	Level 1	Bank only 2022 Fair value Level 2 Level 3 (in million Baht)	Total
Financial assets				
Financial assets measured at FVTPL	1,533	23	1,106	404
Derivative assets				
Foreign exchange rate	9,507	-	9,507	-
Interest rate	869	-	869	-
Total	10,376	-	10,376	-
Investments, net				
Investments in debt securities measured at FVOCI	159,470	-	159,155	315
Investments in equity securities designated at FVOCI	2,856	174	-	2,682
Total	162,326	174	159,155	2,997
Total financial assets	174,235	197	170,637	3,401
Financial liabilities				
Financial liabilities measured at FVTPL	438	-	438	-
Derivative liabilities				
Foreign exchange rate	8,727	-	8,727	-
Interest rate	772	-	772	-
Total	9,499	-	9,499	-
Total financial liabilities	9,937	-	9,937	-

Reconciliation of investments in equity securities designated at FVOCI using significant unobservable inputs (level 3)

	Consolidated and Bank only (in million Baht)
For the year ended 31 December 2023	
Beginning balance	2,682
Disposal during the year	(190)
Loss recognised in other comprehensive income	(420)
Ending balance	2,072
For the year ended 31 December 2022	
Beginning balance	2,693
Loss recognised in other comprehensive income	(11)
Ending balance	2,682

5.2 Financial assets and financial liabilities not measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments not measured at fair value which have significant difference between carrying amounts and fair value as at 31 December 2023 and 2022.

			Consolidated 2023			
	Carrying amount	Level 1	Fair value		Total	
			Level 2	Level 3		
			(in million Baht)			
Financial assets						
Investments in debt securities measured at amortised costs	55,891	-	54,587	-	54,587	
Financial liabilities						
Debts issued and borrowings	59,531	-	59,526	-	59,526	

		Consolidated 2022			
	Carrying amount	Level 1	Fair value Level 2	Level 3	Total
			(in million Baht)		
Financial assets					
Investments in debt securities measured at amortised costs	49,106	-	48,367	-	48,367
Financial liabilities					
Debts issued and borrowings	59,644	-	59,185	-	59,185

		Bank only			
		2023			
	Carrying amount	Level 1	Fair value Level 2	Level 3	Total
			(in million Baht)		
Financial assets					
Investments in debt securities measured at amortised costs	55,891	-	54,587	-	54,587
Financial liabilities					
Debts issued and borrowings	52,633	-	52,628	-	52,628

		Bank only 2022			
	Carrying amount	Level 1	Fair value Level 2	Level 3	Total
			(in million Baht)		
Financial assets					
Investments in debt securities measured at amortised costs	49,106	-	48,367	-	48,367
Financial liabilities					
Debts issued and borrowings	54,644	-	54,185	-	54,185

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

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying amount of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

- Financial assets measured at FVTPL 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. For defaulted debt securities, the fair value is determined based on estimated recovery by considering the credit risk.

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 on the reporting period-end date.

The fair value of non-marketable equity securities is determined mainly based on common valuation techniques with price and/or variables from the market as well as dividend discounted model, book value or adjusted book value.

Dividend discounted is calculated from profit under business plan covering 5 years period together with the estimated growth rates of market. Dividend payout ratio is based on entities' policies. The discount rate used is reference to industry cost of capital (k_e). The terminal growth rate derived from long-term GDP adjusted with the expectation of the business growth.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying amount except for the fair value of fixed rate hire purchase which is calculated based on the present value of future cash flow of principal and interest, discounted at interest rate currently being offered on similar loans net of allowance for expected credit loss.

- Other financial assets:

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying amount of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities measured at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying amount, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

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- Other financial liabilities:

The fair value is approximated based on its carrying value.

- Derivatives:

In cases where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives. For simple over-the-counter derivatives, fair values are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counterparty and own entity credit risk when appropriate.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2023 and 2022.

6 Maintenance of capital fund

The Bank and its subsidiaries maintain 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. The Bank and its subsidiaries are required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2023 and 2022, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2023	2022
	(in million Baht)	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	92,246	91,937
Share premium	43,374	43,360
Legal reserve	10,091	10,091
Net profit after appropriation	66,601	61,467
Other comprehensive income	5,092	3,776
Capital adjustment items on CET1	(17)	(20)
Capital deduction items on CET1	(26,411)	(24,816)
Total Common Equity Tier 1 Capital	190,976	185,795
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	2,445	7,425
Total Tier 1 Capital	193,421	193,220
<i>Tier 2 Capital</i>		
General provision	12,731	13,302
Subordinated debentures classified as additional Tier 2 Capital	30,000	30,000
Capital deduction items on CET2	(308)	-
Total Tier 2 Capital	42,423	43,302
Total Capital Funds	235,844	236,522
Total Risk-Weighted Assets	1,141,434	1,185,415

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	The BoT's regulatory minimum requirement*	2023 (%)	2022
Capital Adequacy Ratio/Total Risk-Weighted Asset	12.0	20.66	19.95
Tier 1 Capital Ratio/Total Risk-Weighted Asset	9.5	16.95	16.30
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.0	16.73	15.67

* The BoT requires commercial banks to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%

	Bank only	
	2023	2022
	(in million Baht)	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	92,246	91,937
Share premium	43,374	43,360
Legal reserve	10,091	10,091
Net profit after appropriation	62,568	57,429
Other comprehensive income	5,176	3,850
Other transaction from changes in equity	885	885
Capital adjustment items on CET1	(17)	(20)
Capital deduction items on CET1	(26,880)	(25,356)
Total Common Equity Tier 1 Capital	187,443	182,176
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	2,445	7,425
Total Tier 1 Capital	189,888	189,601
Tier 2 Capital		
General provision	12,622	13,182
Subordinated debentures classified as additional Tier 2 Capital	30,000	30,000
Capital deduction items on CET2	(308)	-
Total Tier 2 Capital	42,314	43,182
Total Capital Funds	232,202	232,783
Total Risk-Weighted Assets	1,131,796	1,175,368

	The BoT's regulatory minimum requirement*	2023 (%)	2022
Capital Adequacy Ratio/Total Risk-Weighted Asset	12.0	20.52	19.81
Tier 1 Capital Ratio/Total Risk-Weighted Asset	9.5	16.78	16.13
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.0	16.56	15.50

* The BoT requires commercial banks to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%

As at 31 December 2023 and 2022, the Bank and its subsidiaries have no add-on arising from Single Lending Limit.

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Disclosures of capital maintenance information under the Bank of Thailand on the Public Disclosures of Capital Maintenance for Commercial Banks, the Public Disclosures of Capital Maintenance for Financial Group, and the Public Disclosures of Liquidity Coverage Ratio, the Bank and its subsidiaries disclose as follows:

Location of disclosure	The Bank's website under Investor Relations section at www.ttbank.com/en/ir/financial-information/pillar3
Disclosure period requirement	Within 4 months after the year-end date as indicated in the BoT notification
Lasted information as of	30 June 2023

The disclosure as at 31 December 2023 will be provided within April 2024 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries' capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

7 Classification of financial assets and financial liabilities

	Consolidated 2023					
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items, net	-	-	-	-	267,486	267,486
Financial assets measured at FVTPL	2,470	-	-	-	-	2,470
Derivatives assets	7,236	-	-	-	-	7,236
Investments, net	-	-	120,973	2,224	55,891	179,088
Loans to customers and accrued interest receivables, net	-	-	-	-	1,273,136	1,273,136
Total	9,706	-	120,973	2,224	1,612,000	1,744,903
Financial liabilities						
Deposits	-	-	-	-	1,386,581	1,386,581
Interbank and money market items	-	-	-	-	87,794	87,794
Liabilities payable on demand	-	-	-	-	6,061	6,061
Financial liabilities measured at fair value through profit or loss	-	1,816	-	-	-	1,816
Derivatives liabilities	5,707	-	-	-	-	5,707
Debts issued and borrowings	-	-	-	-	59,531	59,531
Total	5,707	1,816	-	-	1,539,967	1,547,490

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For the year ended 31 December 2023

	Consolidated 2022				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items, net	-	-	-	-	187,563	187,563
Financial assets measured at FVTPL	1,533	-	-	-	-	1,533
Derivatives assets	10,376	-	-	-	-	10,376
Investments, net	-	-	159,470	2,856	49,106	211,432
Loans to customers and accrued interest receivables, net	-	-	-	-	1,326,505	1,326,505
Total	11,909	-	159,470	2,856	1,578,680	1,752,915
Financial liabilities						
Deposits	-	-	-	-	1,399,247	1,399,247
Interbank and money market items	-	-	-	-	84,770	84,770
Liabilities payable on demand	-	-	-	-	5,586	5,586
Financial liabilities measured at fair value through profit or loss	-	438	-	-	-	438
Derivatives liabilities	9,499	-	-	-	-	9,499
Debts issued and borrowings	-	-	-	-	59,644	59,644
Total	9,499	438	-	-	1,549,247	1,559,184

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	Bank only 2023				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI (in million Baht)	Financial instruments designated at FVOCI		
Financial assets						
Cash	-	-	-	-	15,487	15,487
Interbank and money market items, net	-	-	-	-	267,469	267,469
Financial assets measured at FVTPL	2,470	-	-	-	-	2,470
Derivatives assets	7,236	-	-	-	-	7,236
Investments, net	-	-	120,973	2,224	55,891	179,088
Loans to customers and accrued interest receivables, net	-	-	-	-	1,270,224	1,270,224
Total	9,706	-	120,973	2,224	1,609,071	1,741,974
Financial liabilities						
Deposits	-	-	-	-	1,387,961	1,387,961
Interbank and money market items	-	-	-	-	87,794	87,794
Liabilities payable on demand	-	-	-	-	6,061	6,061
Financial liabilities measured at fair value through profit or loss	-	1,816	-	-	-	1,816
Derivatives liabilities	5,707	-	-	-	-	5,707
Debts issued and borrowings	-	-	-	-	52,633	52,633
Total	5,707	1,816	-	-	1,534,449	1,541,972

Notes to the financial statements

For the year ended 31 December 2023

	Bank only 2022				Financial instruments measured at amortised cost	Total
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Financial instruments designated at FVOCI		
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,506	15,506
Interbank and money market items, net	-	-	-	-	187,545	187,545
Financial assets measured at FVTPL	1,533	-	-	-	-	1,533
Derivatives assets	10,376	-	-	-	-	10,376
Investments, net	-	-	159,470	2,856	49,106	211,432
Loans to customers and accrued interest receivables, net	-	-	-	-	1,323,737	1,323,737
Total	11,909	-	159,470	2,856	1,575,894	1,750,129
Financial liabilities						
Deposits	-	-	-	-	1,400,078	1,400,078
Interbank and money market items	-	-	-	-	84,770	84,770
Liabilities payable on demand	-	-	-	-	5,586	5,586
Financial liabilities measured at fair value through profit or loss	-	438	-	-	-	438
Derivatives liabilities	9,499	-	-	-	-	9,499
Debts issued and borrowings	-	-	-	-	54,644	54,644
Total	9,499	438	-	-	1,545,078	1,555,015

8 Interbank and money market items, net (assets)

	Consolidated	
	2023	2022
	(in million Baht)	
<i>Domestic items</i>		
Bank of Thailand and Financial Institutions Development Fund	234,817	136,760
Commercial banks	652	12,812
Specialised financial institutions	52	1
Other financial institutions	18,220	23,330
Total	253,741	172,903
Add accrued interest and undue interest income	113	31
Less allowance for expected credit loss	(35)	(66)
Total domestic items	253,819	172,868
<i>Foreign items</i>		
US Dollar	12,277	13,286
Japanese Yen	685	412
Euro	130	437
Other currencies	576	558
Total	13,668	14,693
Add accrued interest and undue interest income	18	16
Less allowance for expected credit loss	(19)	(14)
Total foreign items	13,667	14,695
Total domestic and foreign items	267,486	187,563
	Bank only	
	2023	2022
	(in million Baht)	
<i>Domestic items</i>		
Bank of Thailand and Financial Institutions Development Fund	234,817	136,760
Commercial banks	635	12,794
Specialised financial institutions	52	1
Other financial institutions	18,220	23,330
Total	253,724	172,885
Add accrued interest and undue interest income	113	31
Less allowance for expected credit loss	(35)	(66)
Total domestic items	253,802	172,850
<i>Foreign items</i>		
US Dollar	12,277	13,286
Japanese Yen	685	412
Euro	130	437
Other currencies	576	558
Total	13,668	14,693
Add accrued interest and undue interest income	18	16
Less allowance for expected credit loss	(19)	(14)
Total foreign items	13,667	14,695
Total domestic and foreign items	267,469	187,545

9 Financial assets measured at fair value through profit or loss

	Consolidated	
	2023	2022
	(in million Baht)	
Financial assets held for trading		
Government and state enterprise securities	2,037	1,106
Total	2,037	1,106
Financial assets - others		
Marketable equity securities - domestic	3	25
Non-marketable equity securities - domestic	430	402
Total	433	427
Total financial assets measured at fair value through profit or loss	2,470	1,533
	Bank only	
	2023	2022
	(in million Baht)	
Financial assets held for trading		
Government and state enterprise securities	2,037	1,106
Total	2,037	1,106
Financial assets - others		
Marketable equity securities - domestic	3	25
Non-marketable equity securities - domestic	430	402
Total	433	427
Total financial assets measured at fair value through profit or loss	2,470	1,533

10 Derivatives

As at 31 December 2023 and 2022, fair value of derivatives held for trading book, derivatives held for risk management, and hedging derivatives with notional amount classified by type of risks were as follows:

Type of derivatives / risks	Consolidated and Bank only							
	2023				2022			
	Fair Value		Notional amount		Fair Value		Notional amount	
	Assets	Liabilities	Within 1 year	Over 1 year	Assets	Liabilities	Within 1 year	Over 1 year
(in million Baht)								
Trading Book								
- Foreign currency related	5,045	4,333	317,134	12,300	7,628	7,354	411,163	14,552
- Interest rate related	697	692	40,778	73,652	869	772	25,923	71,727
- Others	10	-	-	903	-	-	-	-
Derivatives held for risk management								
- Foreign currency related	-	11	665	-	321	5	4,105	-
Cash flow hedge								
- Foreign currency related	1,484	671	15,194	15,373	1,558	1,357	11,296	17,621
Fair value hedge								
- Foreign currency related	-	-	-	-	-	11	361	-
Total	7,236	5,707	373,771	102,228	10,376	9,499	452,848	103,900

10.1 Hedging derivatives

10.1.1 Fair value hedge

The Bank and its subsidiaries use forwards contract to limit exposure to the foreign currency risk on its unrecognised firm commitments resulting from changes in foreign exchange rates during a period

For qualifying hedges, the fair value changes of the derivatives are substantially matched by corresponding fair value changes of the hedged items, both of which are recognized in profit or loss. For the year ended 31 December 2023 and 2022, there is no gain (loss) on fair value hedges in profit or loss.

10.1.2 Cash flow hedge

The Bank and its subsidiaries use cross-currency interest rate swaps to manage the variability in future cash flow on its assets and liabilities, mainly investments and borrowings, and cost in foreign currencies. The cross-currency interest rate swaps are contracts which involve the exchange of principal and interest in different currencies with counterparties for a specified period.

Gain or loss arising on the effective portion of the hedges are deferred in other comprehensive income until the variability on the cash flow affects profit and loss, at which time the gain or loss are transferred to profit or loss. For the year ended 31 December 2023 and 2022, the Bank and its subsidiaries recognised gain (loss) as following;

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Loss on cash flow hedges in other comprehensive income	(56)	(38)	(119)	(38)
Gain (loss) reclassified from the hedge reserve to profit or loss	668	(131)	731	(131)

11 Investments, net

11.1 Classified by type of investments

	Consolidated and Bank only			
	Amortised cost/ fair value		Dividend income	
	2023	2022	For the year ended 31 December 2023	For the year ended 31 December 2022
	(in million Baht)		(in million Baht)	
<i>Investments in debt securities measured at amortised costs</i>				
Government and state enterprise securities	55,914	49,126		
Total	55,914	49,126		
Less allowance for expected credit loss	(23)	(20)		
Net	55,891	49,106		
<i>Investments in debt securities measured at FVOCI</i>				
Government and state enterprise securities	97,611	137,116		
Private debt securities	7,546	9,388		
Foreign debt securities	15,816	12,966		
Total	120,973	159,470		
Allowance for expected credit loss	(2,952)	(2,972)		
<i>Investments in equity securities designated at FVOCI</i>				
Marketable equity securities - domestic	152	174	-	-
Non-marketable equity securities - domestic	2,065	2,676	224	169
Non-marketable equity securities - overseas	7	6	-	-
Total	2,224	2,856	224	169
Total investments, net	179,088	211,432		

11.2 Derecognised investments

Derecognised investments in equity securities designated at fair value through other comprehensive income arising from shareholding reduction during the year ended 31 December 2023 and 2022 as following:

	Consolidated					
	Fair value at		Dividend income		Cumulative gain from	
	derecognised date				derecognition	
	2023	2022	2023	2022	2023	2022
	<i>(in million Baht)</i>					
Derecognised investments	190	-	53	-	161	-

	Bank only					
	Fair value at		Dividend income		Cumulative gain from	
	derecognised date				derecognition	
	2023	2022	2023	2022	2023	2022
	<i>(in million Baht)</i>					
Derecognised investments	190	-	53	-	147	-

11.3 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2023 and 2022, the Bank and its subsidiaries had investments in entities in which the Bank and its subsidiaries hold 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associates summarised below.

	Consolidated and Bank only	
	2023	2022
	<i>(in million Baht)</i>	
Public utilities and services	134	123
Mutual funds and financial services	-	344
Others	1,423	1,971
Total	1,557	2,438

Interest in unconsolidated structured entity arising in the normal business

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions. Investment in unit trusts is summarised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as other counterparties.

As at 31 December 2023 and 2022, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

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11.4 Investments in companies with problems in their financial position and operating results

As at 31 December 2023 and 2022, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand ("SET")'s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET. Those investments, which measured either at fair value through profit or loss, or through other comprehensive income, in the statements of financial position were summarised below.

	Consolidated and Bank only							
	2023		2022					
	No. of Com- panies	Cost value	Fair value	Allowance for expected credit loss	No. of Com- panies	Cost value	Fair value	Allowance for expected credit loss
				(in million Baht)				(in million Baht)
- Listed companies under delisting conditions / defaulted debt securities	1	12	-	-	1	12	-	-
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	10	3,893	315	2,885	10	3,893	315	2,885
Total	11	3,905	315	2,885	11	3,905	315	2,885

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12 Investments in subsidiaries and associates, net

12.1 Detail of investments in subsidiaries and associates

Consolidated										Bank only									
Companies	Type of Business	Percentage of ownership interest		Paid-up capital		Equity		Allowance for impairment		At Equity, net		Cost		Allowance for impairment		At cost, net		Dividend income for the year ended 31 December	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		(%)		(in million Baht)															
Subsidiaries																			
Phahonyothin Asset Management Co., Ltd.																			
Management Co., Ltd.	Asset management	100.00	100.00	298	298	-	-	-	-	-	-	298	298	-	-	298	298	-	-
TBCO PCL. ⁽¹⁾	Commercial bank	-	99.98	-	-	-	-	-	-	-	-	-	99,310	-	(99,000)	-	310	-	-
TMBThanachart Broker Co., Ltd.	Insurance brokerage service	99.99	99.99	100	100	-	-	-	-	-	-	117	117	-	-	117	117	150	-
TTB Consumer Co., Ltd.	Brokerage service	100.00	100.00	30	30	-	-	-	-	-	-	30	30	-	-	30	30	138	-
Associates																			
TMB Asset Management Co., Ltd. ⁽²⁾																			
Fund management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80
Thanachart Fund Management Co., Ltd. ⁽²⁾																			
Fund management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73
Eastspring Asset Management (Thailand) Co., Ltd. ⁽²⁾																			
Fund management		40.50	40.50	200	200	8,614	8,574	-	-	8,614	8,574	4,389	4,389	-	-	4,389	4,389	248	155
Total						8,614	8,574	-	-	8,614	8,574	4,834	104,144	-	(99,000)	4,834	5,144	536	308

⁽¹⁾ TBCO PCL. registered the dissolution with the Ministry of Commerce on 1 November 2021. In October 2023, the Annual General Meeting of TBCO PCL. approved the liquidation results, and TBCO PCL. transferred remaining cash to shareholders. Liquidation registration at Ministry of Commerce had been completed since 10 November 2023.

⁽²⁾ Eastspring Asset Management (Thailand) Co., Ltd. is a new company formed under the amalgamation of TMB Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd. on 11 July 2022. The remaining investment in this aforementioned company is subject to call and put options in the future.

12.2 Disclosure of the statement of cash flows of the asset management company

Statement of cash flows		
Phahonyothin Assets Management Co., Ltd.		
For the year ended 31 December		
	2023	2022
	(in million Baht)	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	102	128
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>		
Depreciation and amortisation	2	-
Reversal of expected credit loss	(299)	(219)
Provisions for liabilities	12	56
Net interest income	(45)	(50)
Interest received	86	19
Interest paid	(135)	(65)
Income tax paid	(59)	(21)
Loss from operations before changes in operating assets and liabilities	(336)	(152)
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(734)	4,186
Loans to customers	194	(2,166)
Properties for sale	(880)	(1,646)
Other assets	(16)	(94)
<i>Increase (decrease) in operating liabilities</i>		
Other liabilities	16	32
Net cash provided by (used in) operating activities	(1,756)	160
<i>Cash flows from investing activities</i>		
Purchase of equipment	(2)	-
Net cash used in investing activities	(2)	-
<i>Cash flows from financing activities</i>		
Cash receipts on debenture issued and borrowings	16,558	23,020
Cash paid for redemption of debenture and repayment of borrowings	(14,800)	(23,180)
Net cash provided by (used in) financing activities	1,758	(160)
Net decrease in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

13 Loans to customers and accrued interest receivables, net

13.1 Classified by loan type

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Overdrafts	76,932	80,673	76,932	80,673
Loans	680,699	686,405	675,708	681,903
Bills	159,359	196,995	159,359	197,135
Hire purchase receivables	410,251	411,039	410,251	411,039
Finance lease receivables	663	910	663	910
Others	60	96	60	96
Total loans to customers	1,327,964	1,376,118	1,322,973	1,371,756
Add accrued interest receivables and undue interest income*	8,674	7,777	8,674	7,777
Total loans to customers and accrued interest receivables	1,336,638	1,383,895	1,331,647	1,379,533
Less allowance for expected credit loss	(63,502)	(57,390)	(61,423)	(55,796)
Total loans to customers and accrued interest receivables, net	1,273,136	1,326,505	1,270,224	1,323,737

* Accrued interest receivables and undue interest income of non-performing loans to customers presented net amount after allowance for expected credit loss.

13.2 Classified by residency of debtors

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Domestic	1,314,350	1,364,223	1,309,359	1,359,861
Foreign	13,614	11,895	13,614	11,895
Total*	1,327,964	1,376,118	1,322,973	1,371,756

* Loans to customers net of deferred revenue.

13.3 Classified by stage

	Consolidated			
	2023		2022	
	Loans to customers and accrued interest receivables*	Allowance for expected credit loss	Loans to customers and accrued interest receivables*	Allowance for expected credit loss
	<i>(in million Baht)</i>			
Stage 1 (Performing)	1,174,852	15,602	1,225,348	13,325
Stage 2 (Under-performing)	120,780	28,195	116,840	24,469
Stage 3 (Non-performing)	41,006	19,705	41,707	19,596
Total	1,336,638	63,502	1,383,895	57,390

* Total loans to customers and accrued interest receivables in note 13.1

	Bank only			
	2023		2022	
	Loans to customers and accrued interest receivables*	Allowance for expected credit loss	Loans to customers and accrued interest receivables*	Allowance for expected credit loss
	<i>(in million Baht)</i>			
Stage 1 (Performing)	1,174,851	15,602	1,225,485	13,325
Stage 2 (Under-performing)	120,449	28,130	116,840	24,469
Stage 3 (Non-performing)	36,347	17,691	37,208	18,002
Total	1,331,647	61,423	1,379,533	55,796

* Total loans to customers and accrued interest receivables in note 13.1

13.4 Non-performing loans

As at 31 December 2023 and 2022, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
NPLs				
NPLs <i>(in million Baht)</i>	41,006	41,707	36,347	37,208
Total loans <i>(in million Baht)</i>	1,567,282	1,529,135	1,562,293	1,524,775
Percentage of NPLs (%)	2.62	2.73	2.33	2.44

As at 31 December 2023 and 2022, Phahonyothin Asset Management Co., Ltd. has non-performing loans amounting to Baht 4,659 million and Baht 4,499 million, respectively.

For the year ended 31 December 2023 and 2022, the Bank and its subsidiaries sold non-performing loans to asset management companies, with principal totalling approximately Baht 5,040 million and Baht 8,196 million, respectively (*Bank only: approximately Baht 7,503 million and Baht 12,318 million, respectively*). The selling price in lower and excess of the carrying amount of those non-performing loans were presented as "Expected credit loss" and presented as a deduction from "Expected credit loss" in the statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and 2022, respectively.

13.5 Modified loans to customers

During the year ended 31 December 2023 and 2022, the Bank and its subsidiaries have modified loans to customers that have not resulted in derecognition, while they had a loss allowance measured at an amount equal to lifetime ECL, as follows:

	Consolidated	
	2023	2022
	<i>(in million Baht)</i>	
Loans to customers modified during the year		
Outstanding loans to customers at modification date*	18,256	14,658
Net modification loss*	164	87
Loans to customers modified since initial recognition - upgraded		
Outstanding of loans to customers upgraded from lifetime expected credit loss to 12-month expected credit loss in the year*	651	1,053

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For the year ended 31 December 2023

	Bank only	
	2023	2022
	(in million Baht)	
Loans to customers modified during the year		
Outstanding loans to customers at modification date*	17,417	14,540
Net modification loss*	164	87
Loans to customers modified since initial recognition - upgraded		
Outstanding of loans to customers upgraded from lifetime expected credit loss to 12-month expected credit loss in the year*	651	1,053

* This included 2nd form of financial assistance based on sustainable debt resolution as mentioned in note 2.

As at 31 December 2023, the outstanding modified loans to customers of the Bank and its subsidiaries was approximately 11% of the total loans to customers (2022: 12% of the total loans to customers).

13.6 Hire purchase and finance lease receivables

	Consolidated and Bank only			
	2023			
	Portion due within one year	Portion due after one year but within five years	Portion due after five years	Total
	(in million Baht)			
Hire purchase receivables	124,979	312,305	33,834	471,118
Finance lease receivables	372	334	-	706
Total gross investment under hire purchase contracts	125,351	312,639	33,834	471,824
Less unearned interest income				(60,910)
Present value of minimum lease payment receivables				410,914
Less allowance for expected credit loss				(16,543)
Lease receivables, net				394,371

	Consolidated and Bank only			
	2022			
	Portion due within one year	Portion due after one year but within five years	Portion due after five years	Total
	(in million Baht)			
Hire purchase receivables	122,920	312,793	35,513	471,226
Finance lease receivables	388	583	-	971
Total gross investment under hire purchase contracts	123,308	313,376	35,513	472,197
Less unearned interest income				(60,248)
Present value of minimum lease payment receivables				411,949
Less allowance for expected credit loss				(13,850)
Lease receivables, net				398,099

14 Allowance for expected credit loss

The movements in the allowance for expected credit loss during the year were as follows:

	Consolidated 2023			
	12-month ECL	Lifetime ECL, not credit impaired (in million Baht)	Lifetime ECL, credit impaired	Total
<i>Investments</i>				
Beginning balance	107	-	2,885	2,992
Changes from remeasurement of ECL	(5)	-	-	(5)
Purchased or acquired	48	-	-	48
Derecognition	(60)	-	-	(60)
Ending balance	<u>90</u>	<u>-</u>	<u>2,885</u>	<u>2,975</u>
<i>Loans to customers and accrued interest receivables</i>				
Beginning balance	13,325	24,469	19,596	57,390
Changes from stage reclassification	(1,086)	1,702	10,911	11,527
Changes from remeasurement of ECL	81	2,867	8,789	11,737
Originated	4,270	-	-	4,270
Derecognition	(988)	(843)	(3,545)	(5,376)
Write-off	-	-	(16,046)	(16,046)
Ending balance	<u>15,602</u>	<u>28,195</u>	<u>19,705</u>	<u>63,502</u>

	Consolidated 2022			
	12-month ECL	Lifetime ECL, not credit impaired (in million Baht)	Lifetime ECL, credit impaired	Total
<i>Investments</i>				
Beginning balance	68	-	2,885	2,953
Changes from remeasurement of ECL	(2)	-	-	(2)
Purchased or acquired	68	-	-	68
Derecognition	(27)	-	-	(27)
Ending balance	<u>107</u>	<u>-</u>	<u>2,885</u>	<u>2,992</u>
<i>Loans to customers and accrued interest receivables</i>				
Beginning balance	12,413	22,052	20,007	54,472
Changes from stage reclassification	(1,327)	945	11,939	11,557
Changes from remeasurement of ECL	488	2,124	6,174	8,786
Originated	2,310	-	-	2,310
Derecognition	(559)	(652)	(4,671)	(5,882)
Write-off	-	-	(13,853)	(13,853)
Ending balance	<u>13,325</u>	<u>24,469</u>	<u>19,596</u>	<u>57,390</u>

	Bank only			
	2023			
	12-month	Lifetime	Lifetime	
	ECL	ECL,	ECL,	Total
		not credit	credit	
		impaired	impaired	
		(in million Baht)		
<i>Investments</i>				
Beginning balance	107	-	2,885	2,992
Changes from remeasurement of ECL	(5)	-	-	(5)
Purchased or acquired	48	-	-	48
Derecognition	(60)	-	-	(60)
Ending balance	90	-	2,885	2,975
<i>Loans to customers and accrued interest receivables</i>				
Beginning balance	13,325	24,469	18,002	55,796
Changes from stage reclassification	(1,086)	1,640	10,977	11,531
Changes from remeasurement of ECL	81	2,864	8,227	11,172
Originated	4,270	-	-	4,270
Derecognition	(988)	(843)	(4,633)	(6,464)
Write-off	-	-	(14,882)	(14,882)
Ending balance	15,602	28,130	17,691	61,423

		Bank only		
		2022		
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
		(in million Baht)		
<i>Investments</i>				
Beginning balance	68	-	2,885	2,953
Changes from remeasurement of ECL	(2)	-	-	(2)
Purchased or acquired	68	-	-	68
Derecognition	(27)	-	-	(27)
Ending balance	107	-	2,885	2,992
<i>Loans to customers and accrued interest receivables</i>				
Beginning balance	12,413	22,052	19,987	54,452
Changes from stage reclassification	(1,327)	945	11,939	11,557
Changes from remeasurement of ECL	488	2,124	6,393	9,005
Originated	2,310	-	-	2,310
Derecognition	(559)	(652)	(6,464)	(7,675)
Write-off	-	-	(13,853)	(13,853)
Ending balance	13,325	24,469	18,002	55,796

As at 31 December 2023, the Bank and its subsidiaries set up management overlay for model improvement as part of model monitoring, exposures of customers under modified portfolio, and economic uncertainties that may impact collateral value as well as some specific groups of commercial and retail customers who have vulnerable repayment capability due to the uncertainties of economic recovery.

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For the year ended 31 December 2023

15 Properties for sale, net

As at 31 December 2023 and 2022, changes in the properties for sale, net were as follows:

	Beginning balance	Consolidated 2023		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	9,671	789	(492)	9,968
- Movable assets	473	8,278	(8,024)	727
Assets for sales	2,481	224	(510)	2,195
Total	12,625	9,291	(9,026)	12,890
Add (less) allowance for impairment loss	(473)	(1,669)	1,564	(578)
Net	12,152	7,622	(7,462)	12,312

	Beginning balance	Consolidated 2022		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	6,725	3,222	(276)	9,671
- Movable assets	296	6,723	(6,546)	473
Assets for sales	1,935	1,027	(481)	2,481
Total	8,956	10,972	(7,303)	12,625
Add (less) allowance for impairment loss	(330)	(808)	665	(473)
Net	8,626	10,164	(6,638)	12,152

	Beginning balance	Bank only 2023		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	8,096	727	(1,350)	7,473
- Movable assets	473	8,278	(8,024)	727
Assets for sales	2,481	224	(510)	2,195
Total	11,050	9,229	(9,884)	10,395
Add (less) allowance for impairment loss	(436)	(1,665)	1,593	(508)
Net	10,614	7,564	(8,291)	9,887

	Beginning balance	Bank only 2022		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	6,725	3,196	(1,825)	8,096
- Movable assets	296	6,723	(6,546)	473
Assets for sales	1,935	1,027	(481)	2,481
Total	8,956	10,946	(8,852)	11,050
Add (less) allowance for impairment loss	(330)	(808)	702	(436)
Net	8,626	10,138	(8,150)	10,614

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As at 31 December 2023 and 2022, the Bank and its subsidiaries had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 442 million and Baht 400 million, respectively (*Bank only: Baht 442 million and 400 million, respectively*).

As at 31 December 2023 and 2022, the Bank and its subsidiaries had properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing) amounting to Baht 5,700 million and Baht 5,532 million, respectively (*Bank only: Baht 5,700 million and 5,532 million, respectively*).

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2023 and 2022 as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
immovable assets				
- Appraised by external appraisers	9,964	9,665	7,469	8,090
- Appraised by internal appraisers	4	6	4	6
Total	9,968	9,671	7,473	8,096

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16 Premises and equipment, net

As at 31 December 2023 and 2022, changes in premises and equipment were as follows:

	Consolidated													
	2023													
	Cost					Accumulated depreciation				Allowance for impairment loss				
	Net book value as at 1 January 2023		Increase/ transfers in/ adjustments from revaluation	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers in/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss) on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2023
(in million Baht)														
Land														
- Cost	6,817	6,945	-	(115)	6,830	-	-	-	-	(128)	16	2	(110)	6,720
- Incremental revaluation*	4,008	4,008	1,350	(54)	5,304	-	-	-	-	-	-	-	-	5,304
Building under construction	35	35	211	(187)	59	-	-	-	-	-	-	-	-	59
Building														
- Cost	3,502	7,771	317	(140)	7,948	(4,267)	(436)	(24)	(4,727)	(2)	(64)	9	(57)	3,164
- Incremental revaluation*	1,436	4,028	53	(98)	3,983	(2,592)	(186)	980	(1,798)	-	-	-	-	2,185
Right-of-use assets				(568)			(545)		(949)					
- premise	802	1,773	295		1,500	(971)		567		-	-	-	-	551
Leasehold improvements	416	1,613	69	(340)	1,342	(1,197)	(113)	262	(1,048)	-	(9)	9	-	294
Equipment under construction and installation	183	183	614	(712)	85	-	-	-	-	-	-	-	-	85
Equipment	2,230	7,477	672	(1,000)	7,149	(5,234)	(776)	991	(5,019)	(13)	7	-	(6)	2,124
Right-of-use assets														
- equipment	359	770	168	(226)	712	(411)	(154)	226	(339)	-	-	-	-	373
Total	19,788	34,603	3,749	(3,440)	34,912	(14,672)	(2,210)	3,002	(13,880)	(143)	(50)	20	(173)	20,859

* The Bank's revaluation has been performed in 2023.

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	Consolidated 2022													
	Cost					Accumulated depreciation				Allowance for impairment loss				
	Net book value as at 1 January 2022	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out (in million Baht)	Ending balance	Beginning balance	Reversal of (loss) on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2022
Land														
- Cost	7,366	7,501	-	(556)	6,945	-	-	-	-	(135)	(7)	14	(128)	6,817
- Incremental revaluation*	4,268	4,268	-	(260)	4,008	-	-	-	-	-	-	-	-	4,008
Building														
construction	45	45	198	(208)	35	-	-	-	-	-	-	-	-	35
Building														
- Cost	3,889	7,964	279	(472)	7,771	(4,073)	(464)	270	(4,267)	(2)	(46)	46	(2)	3,502
- Incremental revaluation*	1,714	4,735	-	(707)	4,028	(3,021)	(91)	520	(2,592)	-	-	-	-	1,436
Right-of-use assets				(449)										
- premise	1,089	1,913	309		1,773	(824)	(596)	449	(971)	-	-	-	-	802
Leasehold improvements	468	1,599	118	(104)	1,613	(1,131)	(159)	93	(1,197)	-	(4)	4	-	416
Equipment under construction and installation	98	98	617	(532)	183	-	-	-	-	-	-	-	-	183
Equipment	2,290	7,232	592	(347)	7,477	(4,817)	(750)	333	(5,234)	(125)	37	75	(13)	2,230
Right-of-use assets														
- equipment	398	1,707	266	(1,203)	770	(1,309)	(301)	1,199	(411)	-	-	-	-	359
Total	21,625	37,062	2,379	(4,838)	34,603	(15,175)	(2,361)	2,864	(14,672)	(262)	(20)	139	(143)	19,788

* The Bank's revaluation has been performed in 2019.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2023 amounted to Baht 3,991 million (2022: Baht 4,774 million).

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2023 and 2022 amounted to Baht 2,210 million and Baht 2,361 million, respectively.

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	Cost					Bank only 2023 Accumulated depreciation				Allowance for impairment loss				
	Net book value as at		Increase/ transfers in/ adjustments	Disposals/ written-off/ transfers out	Ending	Beginning	Disposals/ written-off/ transfers in/ transfers out/ adjustments	from	Ending	Beginning	Reversal of (loss) on impairment during the year	Disposals/ written-off/ transfers out	Ending	Net book value as at
	1 January 2023	Beginning balance	from revaluation	transfers out	balance	balance	Depreciation	revaluation	balance	balance			balance	31 December 2023
	<i>(in million Baht)</i>													
Land														
- Cost	6,817	6,945	-	(115)	6,830	-	-	-	-	(128)	16	2	(110)	6,720
- Incremental revaluation*	4,008	4,008	1,350	(54)	5,304	-	-	-	-	-	-	-	-	5,304
Building under construction	35	35	211	(187)	59	-	-	-	-	-	-	-	-	59
Building														
- Cost	3,502	7,771	317	(140)	7,948	(4,267)	(436)	(24)	(4,727)	(2)	(64)	9	(57)	3,164
- Incremental revaluation*	1,436	4,028	53	(98)	3,983	(2,592)	(186)	980	(1,798)	-	-	-	-	2,185
Right-of-use assets														
- premise	759	1,691	276	(563)	1,404	(932)	(529)	562	(899)	-	-	-	-	505
Leasehold improvements	416	1,613	69	(340)	1,342	(1,197)	(113)	262	(1,048)	-	(9)	9	-	294
Equipment under construction and installation	183	183	614	(712)	85	-	-	-	-	-	-	-	-	85
Equipment	2,204	7,442	667	(1,000)	7,109	(5,225)	(769)	991	(5,003)	(13)	7	-	(6)	2,100
Right-of-use assets														
- equipment	359	769	168	(226)	711	(410)	(155)	226	(339)	-	-	-	-	372
Total	19,719	34,485	3,725	(3,435)	34,775	(14,623)	(2,188)	2,997	(13,814)	(143)	(50)	20	(173)	20,788

* The Bank's revaluation has been performed in 2023.

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	Cost					Bank only 2022 Accumulated depreciation				Allowance for impairment loss				
	Net book value as at 1 January 2022	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Reversal of (loss) on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2022
Land														
- Cost	7,366	7,501	-	(556)	6,945	-	-	-	-	(135)	(7)	14	(128)	6,817
- Incremental revaluation*	4,268	4,268	-	(260)	4,008	-	-	-	-	-	-	-	-	4,008
Building under construction	45	45	198	(208)	35	-	-	-	-	-	-	-	-	35
Building														
- Cost	3,889	7,964	279	(472)	7,771	(4,073)	(464)	270	(4,267)	(2)	(46)	46	(2)	3,502
- Incremental revaluation*	1,714	4,735	-	(707)	4,028	(3,021)	(91)	520	(2,592)	-	-	-	-	1,436
Right-of-use assets														
- premise	1,035	1,835	305	(449)	1,691	(800)	(581)	449	(932)	-	-	-	-	759
Leasehold improvements	468	1,599	118	(104)	1,613	(1,131)	(159)	93	(1,197)	-	(4)	4	-	416
Equipment under construction and installation	97	97	618	(532)	183	-	-	-	-	-	-	-	-	183
Equipment	2,281	7,212	568	(338)	7,442	(4,806)	(743)	324	(5,225)	(125)	37	75	(13)	2,204
Right-of-use assets														
- equipment	398	1,706	266	(1,203)	769	(1,308)	(301)	1,199	(410)	-	-	-	-	359
Total	21,561	36,962	2,352	(4,829)	34,485	(15,139)	(2,339)	2,855	(14,623)	(262)	(20)	139	(143)	19,719

* The Bank's revaluation has been performed in 2019.

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 31 December 2023 amounted to Baht 3,959 million (2022: Baht 4,747 million).

Depreciation presented in the Bank only's profit or loss for the year ended 31 December 2023 and 2022 amounted to Baht 2,188 million and Baht 2,339 million, respectively.

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In March 2023, the Bank had the land and buildings re-appraised by independent valuers, in accordance with the BoT regulations. The surplus from revaluation was credited to other reserves under the heading “Revaluation surplus on assets” totalling Baht 2,300 million, and loss from revaluation was recorded in the statements of profit or loss and other comprehensive income amounting to Baht 38 million. The Bank has included the incremental revaluation amount as part of Common Equity Tier 1 Capital with approval from BOT.

17 Goodwill and other intangible assets, net

As at 31 December 2023 and 2022, changes in goodwill and other intangible assets were as follows:

	Consolidated 2023															
	Cost						Accumulated amortisation				Allowance for impairment loss					
	Net book value as at						Amortisation		Accumulated		Loss on impairment		Disposals/ written-off/		Net book value as at	
	1 January 2023	Beginning balance	Increase	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	during the year	amortisation on transfer out	Ending balance	Beginning balance	during the year	transfers out	Ending balance	31 December 2023	
	<i>(in million Baht)</i>															
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	-	-	-	-	-	14,105
Computer software	4,422	8,242	9	(78)	1,668	9,841	(3,820)	(1,010)	77	(4,753)	-	(22)	-	(22)	-	5,066
Computer software under development	746	746	1,726	(39)	(1,668)	765	-	-	-	-	-	-	-	-	-	765
Right-of-use assets - software	503	860	646	(105)	-	1,401	(357)	(482)	105	(734)	-	-	-	-	-	667
Other intangible assets	3,114	3,964	-	-	-	3,964	(850)	(283)	-	(1,133)	-	-	-	-	-	2,831
Total	22,890	27,917	2,381	(222)	-	30,076	(5,027)	(1,775)	182	(6,620)	-	(22)	-	(22)	-	23,434

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	Consolidated										
	2022										
	Cost					Accumulated amortisation					
	Net book value as at 1 January 2022	Beginning balance	Increase	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2022
	(in million Baht)										
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	14,105
Computer software	4,100	8,613	21	(2,015)	1,623	8,242	(4,513)	(1,203)	1,896	(3,820)	4,422
Computer software under development	809	809	1,583	(2)	(1,644)	746	-	-	-	-	746
Right-of-use assets - software	407	525	377	(42)	-	860	(118)	(281)	42	(357)	503
Other intangible assets	3,398	3,964	-	-	-	3,964	(566)	(284)	-	(850)	3,114
Total	22,819	28,016	1,981	(2,059)	(21)	27,917	(5,197)	(1,768)	1,938	(5,027)	22,890

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2023 amounted to Baht 1,285 million (2022: Baht 1,159 million).

Amortisation presented in the consolidated profit or loss for the year ended 31 December 2023 and 2022 amounted to Baht 1,775 million and Baht 1,768 million, respectively.

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	Bank only 2023														
	Cost					Accumulated amortisation					Allowance for impairment loss				
	Net book value as at					Amortisation					Loss on impairment				
	1 January 2023	Beginning balance	Increase	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	during the year	Accumulated amortisation on transfer out	Ending balance	Beginning balance	during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2023
	<i>(in million Baht)</i>														
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	-	-	-	-	14,105
Computer software	4,381	8,178	-	(78)	1,656	9,756	(3,797)	(998)	77	(4,718)	-	(22)	-	(22)	5,016
Computer software under development	740	740	1,718	(39)	(1,656)	763	-	-	-	-	-	-	-	-	763
Right-of-use assets - software	503	860	646	(105)	-	1,401	(357)	(482)	105	(734)	-	-	-	-	667
Other intangible assets	3,114	3,964	-	-	-	3,964	(850)	(283)	-	(1,133)	-	-	-	-	2,831
Total	22,843	27,847	2,364	(222)	-	29,989	(5,004)	(1,763)	182	(6,585)	-	(22)	-	(22)	23,382

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	Bank only										
	2022										
	Cost					Accumulated amortisation					
Net book value as at											Net book value as at
1 January	Beginning			Transfers in/	Ending	Beginning	Amortisation	Accumulated	Ending	31 December	
2022	balance	Increase	Written-off	(out)	balance	balance	during the year	amortisation on transfer out	balance	2022	
	(in million Baht)										
Goodwill	14,105	14,105	-	-	-	14,105	-	-	-	-	14,105
Computer software	4,070	8,569	1	(2,015)	1,623	8,178	(4,499)	(1,194)	1,896	(3,797)	4,381
Computer software under development	808	808	1,578	(2)	(1,644)	740	-	-	-	-	740
Right-of-use assets - software	407	525	377	(42)	-	860	(118)	(281)	42	(357)	503
Other intangible assets	3,397	3,964	-	-	-	3,964	(567)	(283)	-	(850)	3,114
Total	22,787	27,971	1,956	(2,059)	(21)	27,847	(5,184)	(1,758)	1,938	(5,004)	22,843

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2023 amounted to Baht 1,277 million (2022: Baht 1,154 million).

Amortisation presented in the Bank only's profit or loss for the year ended 31 December 2023 and 2022 amounted to Baht 1,763 million and Baht 1,758 million, respectively.

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For the year ended 31 December 2023

Impairment testing for goodwill

For the purposes of impairment testing, goodwill has been allocated to Retail Banking segment which is identified as Cash Generating Unit (CGU).

The recoverable amount of goodwill is determined based on a value-in-use calculation, using discounted cash flow from business plan approved by the Board of Director covering 5 years period. The discount rate used for the computation of the net present value is reference to industry cost of capital (ke). The terminal growth rate derived from long term GDP is applied for cash flow beyond 5 years period.

The Bank conducts a review at each reporting date if there is any indication for impairment of goodwill.

As at 31 December 2023, the recoverable amount was greater than the carrying value of goodwill; hence, no impairment loss on goodwill was required.

18 Deferred tax and income tax

18.1 Deferred tax

Deferred tax assets and liabilities presented net by entity were as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Deferred tax assets	1,560	830	2,059	1,399
Deferred tax liabilities	-	-	-	-
Net	1,560	830	2,059	1,399

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Movements in deferred tax assets and liabilities during the year ended 31 December 2023 and 2022 were as follows:

	At 1 January 2023	Consolidated (Charged) / Credited to:			At 31 December 2023
		Profit or loss	Other comprehensive income	Others	
		(note 18.2)			
		(in million Baht)			
Deferred tax assets					
Interbank and money market items	3	(1)	-	-	2
Financial assets measured at fair value through profit or loss	119	16	-	-	135
Investments	827	27	(89)	-	765
Loans to customers and accrued interest receivables	2,072	277	-	-	2,349
Properties for sale	141	16	-	-	157
Premises, equipment, and intangible assets	120	(44)	-	-	76
Provisions for employee benefits	401	96	23	-	520
Provisions for other liabilities	533	(66)	-	-	467
Deferred revenue and other liabilities	2,340	305	-	-	2,645
Others	353	6	10	(12)	357
Total	6,909	632	(56)	(12)	7,473
Deferred tax liabilities					
Investments	152	13	(126)	-	39
Investments in subsidiaries and associates	1,617	-	-	-	1,617
Loans to customers and accrued interest receivables	445	(195)	-	-	250
Properties for sale	132	-	-	-	132
Premises, equipment, and intangible assets	3,235	(117)	456	-	3,574
Others	498	(197)	-	-	301
Total	6,079	(496)	330	-	5,913
Net	830	1,128	(386)	(12)	1,560

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	At 1 January 2022	Consolidated (Charged) / Credited to:			At 31 December 2022
		Profit or loss	Other comprehensive income	Others	
		(note 18.2)			
		(in million Baht)			
Deferred tax assets					
Interbank and money market items	4	(1)	-	-	3
Financial assets measured at fair value					
through profit or loss	105	14	-	-	119
Investments	699	9	119	-	827
Loans to customers and accrued interest					
receivables	1,724	348	-	-	2,072
Properties for sale	82	59	-	-	141
Premises, equipment, and intangible assets	132	(12)	-	-	120
Provisions for employee benefits	332	72	(3)	-	401
Provisions for other liabilities	406	171	-	(44)	533
Deferred revenue and other liabilities	1,962	378	-	-	2,340
Others	389	(25)	(4)	(7)	353
Total	5,835	1,013	112	(51)	6,909
Deferred tax liabilities					
Investments	151	3	(2)	-	152
Investments in subsidiaries and associates	1,617	-	-	-	1,617
Loans to customers and accrued interest					
receivables	563	(118)	-	-	445
Properties for sale	114	18	-	-	132
Premises, equipment, and intangible assets	3,447	(188)	(24)	-	3,235
Others	856	(359)	1	-	498
Total	6,748	(644)	(25)	-	6,079
Net	(913)	1,657	137	(51)	830

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		Bank only (Charged) / Credited to:			
	At 1 January 2023	Profit or loss (note 18.2) (in million Baht)	Other comprehensive income (in million Baht)	Others	At 31 December 2023
Deferred tax assets					
Interbank and money market items	3	(1)	-	-	2
Financial assets measured at fair value					
through profit or loss	119	16	-	-	135
Investments	827	27	(89)	-	765
Loans to customers and accrued interest					
receivables	1,890	222	-	-	2,112
Properties for sale	119	15	-	-	134
Premises, equipment, and intangible assets	120	(44)	-	-	76
Provisions for employee benefits	392	91	22	-	505
Provisions for other liabilities	533	(66)	-	-	467
Deferred revenue and other liabilities	2,320	298	-	-	2,618
Others	353	(8)	24	(13)	356
Total	6,676	550	(43)	(13)	7,170
Deferred tax liabilities					
Investments	152	-	(113)	-	39
Investments in subsidiaries and associates	828	-	-	-	828
Loans to customers and accrued interest					
receivables	445	(195)	-	-	250
Properties for sale	132	-	-	-	132
Premises, equipment, and intangible assets	3,226	(117)	456	-	3,565
Others	494	(197)	-	-	297
Total	5,277	(509)	343	-	5,111
Net	1,399	1,059	(386)	(13)	2,059

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	Bank only				
	(Charged) / Credited to:				
	At 1 January 2022	Profit or loss	Other comprehensive income	Others	At 31 December 2022
		(note 18.2)			
		(in million Baht)			
<i>Deferred tax assets</i>					
Interbank and money market items	4	(1)	-	-	3
Financial assets measured at fair value through profit or loss	105	14	-	-	119
Investments	699	9	119	-	827
Loans to customers and accrued interest receivables	1,724	166	-	-	1,890
Properties for sale	82	37	-	-	119
Premises, equipment, and intangible assets	132	(12)	-	-	120
Provisions for employee benefits	325	71	(4)	-	392
Provisions for other liabilities	406	171	-	(44)	533
Deferred revenue and other liabilities	1,949	371	-	-	2,320
Others	389	(25)	(4)	(7)	353
Total	5,815	801	111	(51)	6,676
<i>Deferred tax liabilities</i>					
Investments	151	-	1	-	152
Investments in subsidiaries and associates	828	-	-	-	828
Loans to customers and accrued interest receivables	677	(232)	-	-	445
Properties for sale	114	18	-	-	132
Premises, equipment, and intangible assets	3,436	(187)	(23)	-	3,226
Others	856	(362)	-	-	494
Total	6,062	(763)	(22)	-	5,277
Net	(247)	1,564	133	(51)	1,399

As at 31 December 2023, the Bank has the unused tax loss totaling 15,464 million arising from investment in a subsidiary company that has already completed the liquidation process, which will expire by 2028. The Bank has not recognised deferred tax assets in respect of this loss as the management assessed that there is an estimation uncertainty of the Bank's future taxable profits.

18.2 Income tax

Income tax recognised in profit or loss

		Consolidated		Bank only	
	Note	2023	2022	2023	2022
		(in million Baht)			
Current tax expense					
Current period		152	4,992	-	4,917
Under (over) provided in prior years		(4)	17	(4)	1
		<u>148</u>	<u>5,009</u>	<u>(4)</u>	<u>4,918</u>
Deferred tax expense					
Movements in temporary differences	18.1	(1,128)	(1,657)	(1,059)	(1,564)
		<u>(1,128)</u>	<u>(1,657)</u>	<u>(1,059)</u>	<u>(1,564)</u>
Total		(980)	3,352	(1,063)	3,354

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For the year ended 31 December 2023, the Bank has no income tax paid as it has utilised the tax loss arising from investment in a subsidiary company that has already completed the liquidation process.

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2023 Tax (expense) benefit	Net of tax	Before tax	2022 Tax (expense) benefit	Net of tax
			(in million Baht)			
Investments	(183)	37	(146)	(603)	121	(482)
Premises and equipment	2,282	(457)	1,825	(119)	24	(95)
Provisions for employee benefits	(113)	23	(90)	14	(3)	11
Others	(55)	11	(44)	20	(5)	15
Total	1,931	(386)	1,545	(688)	137	(551)

	Bank only					
	Before tax	2023 Tax (expense) benefit	Net of tax	Before tax	2022 Tax (expense) benefit	Net of tax
			(in million Baht)			
Investments	(120)	24	(96)	(587)	117	(470)
Premises and equipment	2,282	(457)	1,825	(119)	24	(95)
Provisions for employee benefits	(112)	23	(89)	20	(4)	16
Others	(119)	24	(95)	20	(4)	16
Total	1,931	(386)	1,545	(666)	133	(533)

Reconciliation of effective tax rate

	Consolidated			
	Rate (%)	2023 (in million Baht)	Rate (%)	2022 (in million Baht)
Profit before income tax		17,480		17,547
Income tax using the Thai corporation tax rate	20	3,496	20	3,510
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	-	-	23
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(26)	(4,472)	(1)	(198)
Under (over) provided in prior years	-	(4)	-	17
Total	(6)	(980)	19	3,352

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	Bank only			
	2023		2022	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		<u>17,364</u>		<u>17,460</u>
Income tax using the Thai corporation tax rate	20	3,473	20	3,492
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	-	-	23
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(26)	(4,532)	(1)	(162)
Under (over) provided in prior years	-	(4)	-	1
Total	(6)	(1,063)	19	3,354

19 Deposits

19.1 Classified by type of deposits

	Consolidated		Bank only	
	2023	2022	2023	2022
	(in million Baht)			
Current	85,147	84,424	85,209	84,780
Savings	861,412	1,083,097	862,630	1,083,472
Term	441,949	231,761	442,049	231,861
Total	1,388,508	1,399,282	1,389,888	1,400,113
Less prepaid interest expenses	(1,927)	(35)	(1,927)	(35)
Total	1,386,581	1,399,247	1,387,961	1,400,078

19.2 Classified by currency and residency of depositors

	Consolidated					
	2023			2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in million Baht)					
Baht	1,357,824	13,569	1,371,393	1,376,635	13,944	1,390,579
US Dollar	12,832	793	13,625	6,480	1,017	7,497
Other currencies	1,557	6	1,563	1,159	12	1,171
Total	1,372,213	14,368	1,386,581	1,384,274	14,973	1,399,247

	Bank only					
	2023			2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in million Baht)					
Baht	1,359,204	13,569	1,372,773	1,377,466	13,944	1,391,410
US Dollar	12,832	793	13,625	6,480	1,017	7,497
Other currencies	1,557	6	1,563	1,159	12	1,171
Total	1,373,593	14,368	1,387,961	1,385,105	14,973	1,400,078

20 Interbank and money market items (liabilities)

Interbank and money market (liabilities) as at 31 December 2023 and 2022 were as follows:

	Consolidated and Bank only	
	2023	2022
	(in million Baht)	
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	17,942	16,000
Commercial banks	49,949	38,807
Specialised financial institutions	10,533	17,514
Other financial institutions	8,757	11,420
Total domestic items	87,181	83,741
Foreign items		
US Dollar	149	227
Other currencies	464	802
Total foreign items	613	1,029
Total domestic and foreign items	87,794	84,770

21 Financial liabilities measured at fair value through profit or loss

	Consolidated and Bank only	
	2023	2022
	(in million Baht)	
Structured notes	1,816	438
Total	1,816	438

The effects of changes in that liability's all risk in profit or loss consisted of:

	Consolidated and Bank only	
	2023	2022
	(in million Baht)	
The difference between the carrying amount and the amount would be contractually required to pay at maturity	23	138

22 Debts issued and borrowings

		Interest rates			Consolidated				
	Currency	as at	Maturities	Domestic	Foreign	2023	2022		
		31 December 2023							
		(%)				Total	Domestic	Foreign	Total
						(in million Baht)			
Subordinated debentures ⁽¹⁾	THB	4.00	2024 ⁽²⁾	30,000	-	30,000	30,000	-	30,000
Subordinated debentures ⁽¹⁾	USD ⁽⁴⁾	4.90	2024 ⁽²⁾	-	6,409	6,409	-	8,491	8,491
Senior debentures	THB	2.50 - 2.80	2023 - 2024	6,898	-	6,898	5,000	-	5,000
Senior debentures	USD ⁽⁴⁾	6mSOFR+1.47826 and 6mSOFR+1.15	2025 - 2027	-	10,267	10,267	-	10,369	10,369
Senior debentures	EUR ⁽⁴⁾	0.85	2024	-	5,895	5,895	-	5,708	5,708
Bills of exchange ⁽³⁾ and promissory notes	THB	2.15 and 0.05 - 2.50	At call and 2012	9	-	9	9	-	9
Other borrowings	THB	0.00	2023 - 2024	2	-	2	12	-	12
Other borrowings	EUR ⁽⁴⁾	0.75	2023 - 2031	-	51	51	-	55	55
Total				36,909	22,622	59,531	35,021	24,623	59,644

⁽¹⁾ Counted as a part of capital fund, which is determined under the conditions as specified in the BoT's Notification (note 6)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

⁽⁴⁾ Balance denominated in USD and EUR currencies are stated in Baht equivalents.

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	Currency	Interest rates		Maturities	2023		Bank only			
		as at					2022			
		31 December 2023			Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)					(in million Baht)			
Subordinated debentures ⁽¹⁾	THB	4.00	2024 ⁽²⁾	30,000	-	30,000	30,000	-	30,000	
Subordinated debentures ⁽¹⁾	USD ⁽⁴⁾	4.90	2024 ⁽²⁾	-	6,409	6,409	-	8,491	8,491	
Senior debentures	USD ⁽⁴⁾	6mSOFR+1.47826	2025 - 2027	-	10,267	10,267	-	10,369	10,369	
		and 6mSOFR+1.15								
Senior debentures	EUR ⁽⁴⁾	0.85	2024	-	5,895	5,895	-	5,708	5,708	
Bills of exchange ⁽³⁾ and promissory notes	THB	2.15 and 0.05 - 2.50	At call and 2012	9	-	9	9	-	9	
Other borrowings	THB	0.00	2023 - 2024	2	-	2	12	-	12	
Other borrowings	EUR ⁽⁴⁾	0.75	2023 - 2031	-	51	51	-	55	55	
Total				30,011	22,622	52,633	30,021	24,623	54,644	

⁽¹⁾ Counted as a part of capital fund, which is determined under the conditions as specified in the BoT's Notification (note 6)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

⁽⁴⁾ Balance denominated in USD and EUR currencies are stated in Baht equivalents.

22.1 Subordinated debentures

22.1.1 On 28 June 2019, the Bank issued the Subordinated Debenture No.1/2562 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 30,000 million, which has a 10-year maturity period and carries a fixed interest rate of 4.00% per annum, payable quarterly in March, June, September and December of every year. The Bank can early redeem the Subordinated Debenture No.1/2562 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture

22.1.2 On 2 December 2019, the Bank issued the Perpetual Additional Tier 1 Capital Securities amounting to USD 400 million, which has no expiration date and carries a fixed interest rate of 4.90% per annum, payable semi-annually in June and December of every year. The Bank can early redeem the Perpetual Additional Tier 1 Capital Securities after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before proceeding an early redemption. The Securities have been issued under the Bank's Euro Medium Term Note Programme.

During 26 August 2022 to 29 September 2022, with the approval from Bank of Thailand, the Bank repurchased the Perpetual Additional Tier 1 Capital Securities from investors amounting to USD 29 million.

During 26 October 2022 to 3 November 2022, with the approval from the Bank of Thailand, the Bank had made a tender offer and repurchased the Perpetual Additional Tier 1 Capital Securities from investors amounting to USD 125 million.

During 10-18 August 2023, with the approval from the Bank of Thailand, the Bank had made a tender offer and repurchased the Perpetual Additional Tier 1 Capital Securities from investors amounting to USD 58 million, the total value of the repurchase was USD 213 million, representing 53.18%. The outstanding balance remained at USD 187 million.

22.2 Senior debentures

22.2.1 On 5 June 2018, the Bank issued unsecured Senior Debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6 months term SOFR +1.47826% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

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22.2.2 On 17 December 2018, the Bank issued unsecured Senior Debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6 months term SOFR +1.47826% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

22.2.3 During 11 - 13 November 2019, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 525 million, with 1 - 5 years maturity and carrying a fixed interest rate of 0.10% - 0.85% per annum, payable semi-annually in May and November of every year.

The debentures were matured on 12 November 2020, 11 November 2021 and 14 November 2022, which have already fully paid with the total amount of EUR 370 million. Remaining balance is EUR 155 million.

22.2.4 On 5 August 2022, the Bank issued unsecured Senior Debentures (Green Bond 2022) of USD 100 million, with a 5-year maturity and carrying a floating interest rate of 6 months term SOFR +1.15% per annum, payable semi-annually in February and August of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

22.2.5 On 11 October 2022, the Bank issued unsecured Senior Debentures (Blue Bond 2022) of USD 50 million, with a 5-year maturity and carrying a floating interest rate of 6 months term SOFR +1.15% per annum, payable semi-annually in April and October of every year. The proceeds from Blue Bond issuance will be used to finance the loan to private sector on its investment in environmental and marine sustainability projects.

22.2.6 On 27 October 2022, a subsidiary issued secured Senior Debentures of Baht 500 million with a 70-day maturity and carrying a fixed interest rate of 1.30% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 5 January 2023, which has already fully paid.

22.2.7 On 15 December 2022, a subsidiary issued secured Senior Debentures of Baht 2,000 million with a 182-day maturity and carrying a fixed interest rate of 1.83% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 15 June 2023, which has already fully paid.

22.2.8 On 15 December 2022, a subsidiary issued secured Senior Debentures of Baht 500 million with a 292-day maturity and carrying a fixed interest rate of 1.98% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 3 October 2023, which has already fully paid.

22.2.9 On 19 December 2022, a subsidiary issued secured Senior Debentures of Baht 2,000 million with a 360-day maturity and carrying a fixed interest rate of 2.09% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 14 December 2023, which has already fully paid.

22.2.10 On 13 January 2023, a subsidiary issued secured Senior Debentures of Baht 1,600 million with a 153-day maturity and carrying a fixed interest rate of 1.55% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 15 June 2023, which has already fully paid.

22.2.11 On 23 June 2023, a subsidiary issued secured Senior Debentures of Baht 3,600 million with a 174-day maturity and carrying a fixed interest rate of 2.30% per annum, payable at the maturity which was fully guaranteed by the Bank.

The debenture was matured on 14 December 2023, which has already fully paid.

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For the year ended 31 December 2023

22.2.12 On 10 November 2023, a subsidiary issued secured Senior Debentures of Baht 500 million with a 215-day maturity and carrying a fixed interest rate of 2.80% per annum, payable at the maturity which was fully guaranteed by the Bank.

22.2.13 On 10 November 2023, a subsidiary issued secured Senior Debentures of Baht 270 million with a 94-day maturity and carrying a fixed interest rate of 2.57% per annum, payable at the maturity which was fully guaranteed by the Bank.

22.2.14 On 15 November 2023, a subsidiary issued secured Senior Debentures of Baht 530 million with a 92-day maturity and carrying a discount rate of 2.57% per annum which was fully guaranteed by the Bank.

22.2.15 On 14 December 2023, a subsidiary issued secured Senior Debentures of Baht 2,000 million with a 43-day maturity and carrying a fixed rate interest rate of 2.50% per annum, payable at the maturity which was fully guaranteed by the Bank.

22.2.16 On 14 December 2023, a subsidiary issued secured Senior Debentures of Baht 3,600 million with a 182-day maturity and carrying a fixed rate interest rate of 2.80% per annum, payable at the maturity which was fully guaranteed by the Bank.

22.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2023 and 2022 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2023		2022	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 2 million	2	Baht 12 million	12
KfW Bankengruppe (KfW)	For small industry businesses	EUR 1.3 million	51	EUR 1.5 million	55
Total			53		67

23 Provisions for employee benefits

23.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 15% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 3 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the year ended 31 December 2023 and 2022, the Bank and its subsidiaries contributed Baht 770 million and Baht 758 million, respectively, to the funds (*Bank only: Baht 741 million and Baht 736 million, respectively*).

23.2 Defined benefit plans

23.2.1 Detail of defined benefit plans

	Consolidated		Bank only	
	2023	2022	2023	2022
		(in million Baht)		
Post-employment benefit plans	4,230	3,872	4,071	3,745
Total	4,230	3,872	4,071	3,745

23.2.2 Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2023	2022	2023	2022
		(in million Baht)		
Beginning balance	3,872	3,784	3,745	3,740
Employee benefits obligations transferred in/ (out)	-	-	(11)	(75)
Included in profit or loss				
Current service cost	431	426	415	415
Past service cost	33	123	32	120
Interest on obligation	97	64	94	63
	561	613	541	598
Included in other comprehensive income				
Actuarial (gain) loss	117	(14)	112	(20)
Others				
Benefits paid	(320)	(511)	(316)	(498)
	(320)	(511)	(316)	(498)
Ending balance	4,230	3,872	4,071	3,745

Actuarial (gain) loss recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2023	2022	2023	2022
		(in million Baht)		
Demographic assumptions	61	69	59	66
Financial assumptions	17	37	17	35
Experience adjustments	39	(120)	36	(121)
Total	117	(14)	112	(20)

23.2.3 Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2023	2022	2023	2022
		(%)		
Discount rate	2.62 - 3.11	2.45 - 3.19	2.62	2.66
Future salary growth	4.00	4.00	4.00	4.00
Staff turnover rates	0.00 - 26.00	0.00 - 25.00	0.00 - 26.00	0.00 - 25.00

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

23.2.4 Sensitivity analysis of post-employment benefit obligations

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

Consolidated 2023				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(345)	-1%	396
Future salary growth	+1%	423	-1%	(375)
Turnover rate	+1%	(366)	-1%	232
Future mortality	+1 year	19	-1 year	(19)

Consolidated 2022				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(336)	-1%	385
Future salary growth	+1%	369	-1%	(329)
Turnover rate	+1%	(356)	-1%	229
Future mortality	+1 year	18	-1 year	(18)

Bank only 2023				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(331)	-1%	379
Future salary growth	+1%	405	-1%	(359)
Turnover rate	+1%	(351)	-1%	224
Future mortality	+1 year	18	-1 year	(18)

Bank only 2022				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(324)	-1%	371
Future salary growth	+1%	356	-1%	(317)
Turnover rate	+1%	(343)	-1%	222
Future mortality	+1 year	18	-1 year	(18)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

24 Provisions for other liabilities

The movement in provision for other liabilities during the year was as follows:

	Obligation for litigation cases and other claims (note 35.2)	Consolidated		
		Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
		(in million Baht)		
Beginning balance	572	1,338	116	2,026
Provision increase (decrease)	52	622	144	818
Paid during the year	(46)	-	(136)	(182)
At 31 December 2022	578	1,960	124	2,662
Provision increase (decrease)	(87)	62	81	56
Paid during the year	(287)	-	(97)	(384)
At 31 December 2023	204	2,022	108	2,334

	Obligation for litigation cases and other claims (note 35.2)	Bank only		
		Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
		(in million Baht)		
Beginning balance	572	1,338	116	2,026
Provision increase (decrease)	52	622	144	818
Paid during the year	(46)	-	(136)	(182)
At 31 December 2022	578	1,960	124	2,662
Provision increase (decrease)	(87)	62	80	55
Paid during the year	(287)	-	(97)	(384)
At 31 December 2023	204	2,022	107	2,333

Notes to the financial statements

For the year ended 31 December 2023

25 Deferred revenue

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Deferred revenue				
- Funds and Bancassurance	15,836	17,156	15,836	17,156
- Credit card	614	498	614	498
- Others	291	296	292	298
Total	16,741	17,950	16,742	17,952

26 Other liabilities

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Accrued expenses	8,825	6,843	8,573	6,640
Accrued interest expenses	2,073	849	2,062	845
Deposits and guarantees received	461	951	459	951
Collateral on derivative transactions	2,483	3,812	2,483	3,812
Suspense accounts electronic money and money transferred*	445	393	445	393
Lease liabilities**	1,477	1,577	1,426	1,529
Suspense accounts - others	4,601	2,938	4,589	2,933
Other payables	529	668	524	662
Corporate income tax payable	64	2,585	-	2,519
Others	3,332	2,986	3,309	2,956
Total	24,290	23,602	23,870	23,240

* The Bank has kept advance received from electronic transactions which is a part of cash in the statements of financial position as at 31 December 2023 and 2022 in the amount of Baht 1,300 million and Baht 2,500 million, respectively.

** As at 31 December 2023, the amount recorded was calculated from total undiscounted lease liabilities of Baht 1,555 million and Baht 1,503 million in the consolidated and the Bank's financial statements, respectively (2022: Baht 1,641 million and Baht 1,592 million in the consolidated and the Bank's financial statements, respectively).

27 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold agreements including derivatives and sale-and-repurchase agreements which do not meet the criteria for offsetting in the Consolidated and Bank only's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call are agreed by both parties with specific call frequency and threshold. According to the agreements, the Bank and its subsidiaries receive and give collateral in form of cash and marketable securities. The details are as follow:

Notes to the financial statements

For the year ended 31 December 2023

Consolidated and Bank only 2023					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position <i>(in million Baht)</i>	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
<i>Financial assets</i>					
Reverse sale-and- repurchase	168,170	-	168,170	(168,170)	-
Derivatives assets	5,471	-	5,471	(2,483)	2,988
Total	173,641	-	173,641	(170,653)	2,988
<i>Financial liabilities</i>					
Sale-and-repurchase	56,500	-	56,500	(56,500)	-
Derivatives liabilities	2,449	-	2,449	(253)	2,196
Total	58,949	-	58,949	(56,753)	2,196

Consolidated and Bank only 2022					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position <i>(in million Baht)</i>	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
<i>Financial assets</i>					
Reverse sale-and- repurchase	60,311	-	60,311	(60,311)	-
Derivatives assets	7,687	-	7,687	(3,812)	3,875
Total	67,998	-	67,998	(64,123)	3,875
<i>Financial liabilities</i>					
Sale-and-repurchase	40,980	-	40,980	(40,980)	-
Derivatives liabilities	4,592	-	4,592	(707)	3,885
Total	45,572	-	45,572	(41,687)	3,885

TMBThanachart Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2023

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position are as follow:

Consolidated 2023					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting (in million Baht)
Financial assets					
Reverse sale-and-repurchase	168,170	Interbank and money market items (Assets)	8	267,486	99,316
Derivatives assets	5,471	Derivatives assets	10	7,236	1,765
Total	173,641			274,722	101,081
Financial liabilities					
Sale-and-repurchase	56,500	Interbank and money market items (Liabilities)	20	87,794	31,294
Derivatives liabilities	2,449	Derivatives liabilities	10	5,707	3,258
Total	58,949			93,501	34,552

Consolidated 2022					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting (in million Baht)
Financial assets					
Reverse sale-and-repurchase	60,311	Interbank and money market items (Assets)	8	187,563	127,252
Derivatives assets	7,687	Derivatives assets	10	10,376	2,689
Total	67,998			197,939	129,941
Financial liabilities					
Sale-and-repurchase	40,980	Interbank and money market items (Liabilities)	20	84,770	43,790
Derivatives liabilities	4,592	Derivatives liabilities	10	9,499	4,907
Total	45,572			94,269	48,697

TMBThanachart Bank Public Company Limited and its Subsidiaries

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For the year ended 31 December 2023

			Bank only 2023		
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
Financial assets					
Reverse sale-and-repurchase	168,170	Interbank and money market items (Assets)	8	267,469	99,299
Derivatives assets	5,471	Derivatives assets	10	7,236	1,765
Total	173,641			274,705	101,064
Financial liabilities					
Sale-and-repurchase	56,500	Interbank and money market items (Liabilities)	20	87,794	31,294
Derivatives liabilities	2,449	Derivatives liabilities	10	5,707	3,258
Total	58,949			93,501	34,552

Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Bank only 2022		
			Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
Financial assets					
Reverse sale-and-repurchase	60,311	Interbank and money market items (Assets)	8	187,545	127,234
Derivatives assets	7,687	Derivatives assets	10	10,376	2,689
Total	67,998			197,921	129,923
Financial liabilities					
Sale-and-repurchase	40,980	Interbank and money market items (Liabilities)	20	84,770	43,790
Derivatives liabilities	4,592	Derivatives liabilities	10	9,499	4,907
Total	45,572			94,269	48,697

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

- derivative assets and liabilities: fair value;
- assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements: amortised cost.

28 Share-based payments - TMBThanachart Stock Retention Program

Information of TMBThanachart Stock Retention Program

TMBThanachart Stock Retention Program 2021 (TTB Stock Retention Program 2021)

On 24 February 2021, the Board of Directors Meeting No.2/2021 approved the TTB Stock Retention Program 2021 (TTB TSRP 2021) which will offer newly issued ordinary shares of the Bank to the executives and employees of the Bank and Thanachart Bank who have qualifications under TTB TSRP 2021. The executives and employees under TTB TSRP 2021 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TTB TSRP 2021. Summary of the program is detail below.

Term of continuing scheme:	3 years from the date on which the shareholders' meeting approves the TTB Stock Retention Program 2021
Number of ordinary shares to be offered:	Up to 305,000,000 shares in total at a par value of Baht 0.95 where such newly issued ordinary shares will be offered as a continuing program
Offering price per share:	The offering price per share to be offered to the executives and employees under TTB Stock Retention program 2021 is equivalent to Baht 1.15. Such offering price, which was not lower than the weighted average closing price of the Bank's shares traded on the Stock Exchange of Thailand during the period of 15 consecutive days before the date on which the Board of Directors' Meeting No. 2/2021 held on February 24, 2021 resolved to propose the TTB Stock Retention Program 2021 for the shareholders' meeting's consideration and approval.
Condition of subscription for the newly issued shares:	The executives and employees under TTB TSRP 2021 who will subscribe for the newly issued shares shall be executives or employees of the Bank or Thanachart Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

28.1 The offering of new ordinary shares

The Bank made the offering of ordinary shares with a par value of Baht 0.95 per share to its employees and executives, at a price of Baht 1.15 per share for TTB TSRP 2021. Details were as follows:

The offering of new ordinary shares	Par value (Baht/ shares)	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾	Unallocated ordinary shares ⁽²⁾	Balance of new ordinary shares unissued as at 31 December 2023
TTB TSRP 2021	0.95	1.15	305,000,000	(288,653,674)	(16,346,326)	-

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

⁽²⁾ The unallocated ordinary shares were the shares allocated to employees who did not meet the conditions of the program.

28.2 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - share-based payments

	Consolidated and Bank only			
	2023			
	Issued and paid-up ordinary share capital		Share premium	Other reserve share-based payments
	(shares)	(Baht)	(Baht)	
Balance - beginning of the year	96,776,073,897	91,937,270,202	43,360,226,987	70,713,817
Reserve in relation to share-based payments	-	-	-	135,459,055
Issued ordinary shares to employees	79,623,874	75,642,680	15,924,775	(91,567,455)
Met the defined criteria under Employee Joint Investment Program	-	-	-	(48,999,015)
Issued ordinary shares under the TTB-W1 Warrants Program	245,790,206	233,500,696	-	-
Expenses in relation to issuance of ordinary shares	-	-	(2,167,734)	-
Balance - end of the year	97,101,487,977	92,246,413,578	43,373,984,028	65,606,402

29 Share capital

	Par value per share (in Baht)	2023		2022	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised shares at 31 December	0.95	97,831	92,939	97,831	92,939
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.95	96,776	91,937	96,623	91,792
Issue of new shares	0.95	325	309	153	145
At 31 December					
- ordinary shares	0.95	97,101	92,246	96,776	91,937

The Bank issued ordinary shares under the TTB-W1 Warrants Program of 161,442 ordinary shares with a par value of Baht 0.95 per share. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 17 January 2023.

The Bank issued ordinary shares under the TTB-W1 Warrants Program of 1,420,100 ordinary shares with a par value of Baht 0.95 per share. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 5 April 2023.

The Bank issued ordinary shares under the TTB-W1 Warrants Program of 87,912,357 ordinary shares with a par value of Baht 0.95 per share. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 7 July 2023.

The Bank issued ordinary shares under the TTB Stock Retention Program 2021 of 79,623,874 ordinary shares with a par value of Baht 0.95 per share to its employees. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 2 October 2023.

The Bank issued ordinary shares under the TTB-W1 Warrants Program of 156,296,307 ordinary shares with a par value of Baht 0.95 per share. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 4 October 2023.

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30 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank and its subsidiaries is required to set aside a statutory reserve at least 5 percent of its net earnings 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.

31 Warrant - TTB-W1 Warrants Program

Information of TTB-W1 Warrants Program

On 12 April 2022, the 2022 Annual General Meeting of the Bank's shareholders passed resolutions approving the issuance and allocation of the Warrants (TTB-W1 Warrants Program) to current shareholders of the Bank. Summary of the program is detail below:

Issuance date:	11 May 2022
Number of warrants issued and allocated:	Not exceeding 966,228,745 units
Offered price per unit:	Baht 0 (Zero Baht) (at no cost)
Term of warrant:	3 years from the issuance date of the TTB-W1 Warrants
Exercise rate:	1 unit of the TTB-W1 Warrant for 1 ordinary share
Exercise price:	Baht 0.95 per share, unless the exercise price is adjusted otherwise pursuant to the conditions concerning the rights adjustment.
Exercise period:	Every last business day of March, June, September and December of every year throughout the term of the TTB-W1 Warrants

Details of unexercised warrants were as follows:

Warrants	Par value (Baht/shares)	Exercise price	Number of warrants issued and allocated	Exercised warrants (Units)	Balance of unexercised warrants as at 31 December 2023
TTB-W1 Warrants Program	0.95	0.95	965,000,849*	(254,518,023)	710,482,826

* Excluding the number of shares which were not allocated according to the Terms and Conditions Governing the Rights and Obligations of the Issuer and Holders of the Warrants to purchase the newly issued ordinary shares of TMBThanachart Bank Public Company Limited No. 1 (TTB-W1)

Details of exercised warrants during the period is mentioned in Note 29.

32 Employee Joint Investment Program

On 21 February 2023, the Board of Directors Meeting No. 2/2023 approved the Employee Joint Investment Program (EJIP). Summary of the program is detail below:

Program tenor:	2 years and 10 months (March 2023 - December 2025)
Eligibility:	Permanent staffs and executives of the Bank and its subsidiaries based on the Bank's defined criteria.
Share contribution:	2 times in March and June 2023.

Program features and operation:	Share contribution consists of employee's contribution and the Bank's contribution based on the Bank's defined criteria. The Bank has delegated to the agent to buy the shares in SET under EJIP Program by the period of each contribution and allocate those shares to program participants' accounts.
Silent period:	Participated staffs and executives can sell their accumulated shares each year as follows: - By 20 December 2023, not exceeding 20%, - By 20 December 2024, not exceeding 50%, - By 20 December 2025, all accumulated shares can be sold.
Condition of program termination:	The termination of program membership commences once the employee status ends and based on the Bank's defined criteria. The participated staffs must follow the defined criteria relating to shares under the Bank's contribution.

33 Appropriation of profit and dividend payment

- (a) On 26 September 2023, the Board of Directors' Meeting of the Bank passed a resolution approving payment of an interim dividend of Baht 0.05 per share from the Bank's first-half operating profit to the ordinary shareholders, or a total of Baht 4,855 million. The Bank paid such dividend to its shareholders on 25 October 2023.
- (b) On 5 April 2023, the 2023 Annual General Meeting of the Bank's shareholders passed resolutions approving/acknowledging as follows:
- (1) Approving to not allocating net profit from 2022 operating results to the legal reserve as the Bank's legal reserve is sufficient as required by laws and the Bank's Articles of Association.
 - (2) Acknowledging the interim dividend payment to the Bank's ordinary shareholders on 22 September 2022.
 - (3) Approving the payment of a dividend of Baht 0.073 per share from the 2022 operating profit to the Bank's ordinary shareholders, totalling Baht 7,062 million. Since the Bank already paid the interim dividend from the net profit of the Bank's first-half operating profit at the rate of Baht 0.02 per share, totalling Baht 1,933 million to the Bank's ordinary shareholders on 22 September 2022 with approval from the Board of Directors' Meeting, the remaining dividend to be paid was at the rate of Baht 0.053 per share, totalling Baht 5,129 million. The Bank paid such dividend to its shareholders on 3 May 2023.
- (c) On 12 April 2022, the 2022 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2021 operating profit and dividend payment as follows:
- (1) Not allocating net profit from 2021 operating results to the legal reserve as the Bank's legal reserve is sufficient as required by laws and the Bank's Articles of Association.
 - (2) Payment of a dividend of Baht 0.038 per share from the 2021 operating profit to the Bank's ordinary shareholders, totalling Baht 3,669 million. The Bank paid such dividend to its shareholders on 11 May 2022.

Notes to the financial statements

For the year ended 31 December 2023

34 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2023 and 2022 were as follows:

	Consolidated and Bank only	
	2023	2022
	(in million Baht)	
Investments in securities		
- Pledged as collateral against repurchase transactions	59,347	55,199
Property foreclosed under restriction	5,729	5,643
Total	65,076	60,842

35 Commitments and contingent liabilities

35.1 Commitments

	Consolidated	
	2023	2022
	(in million Baht)	
Avals to bills	933	1,001
Guarantees of loans/bond	124	39
Liability under unmatured import bills	2,620	2,680
Letters of credit	12,492	16,346
Other commitments		
- Other guarantees	73,582	75,903
- Amount of unused bank overdrafts	114,428	110,888
- Committed line	7,941	6,103
- Others ⁽¹⁾	2,874	934
Total	214,994	213,894

⁽¹⁾ As at 31 December 2023, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 1,981 million. The Bank and its subsidiaries are obliged to return those securities in equivalent amount. (2022: there is no financial assets accepted as collateral that had been sold or pledged).

	Bank only	
	2023	2022
	(in million Baht)	
Avals to bills	933	1,001
Guarantees of loans/bond	7,092	5,109
Liability under unmatured import bills	2,620	2,680
Letters of credit	12,492	16,346
Other commitments		
- Other guarantees	73,582	75,903
- Amount of unused bank overdrafts	114,428	110,888
- Committed line	7,941	6,103
- Others ⁽¹⁾	2,874	934
Total	221,962	218,964

⁽¹⁾ As at 31 December 2023, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 1,981 million. The Bank is obliged to return those securities in equivalent amount. (2022: there is no financial assets accepted as collateral that had been sold or pledged).

As at 31 December 2023 and 2022, the Bank and its subsidiaries had purchase and sales of investment in debt securities with net sales amounting to Baht 5,208 million and net buys amounting to Baht 51 million, respectively (Bank only: net sales amounting to Baht 5,208 million and net buys amounting to Baht 51 million, respectively), for which the settlement was not due at the reporting date.

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35.2 Litigation and other claims

- (a) As at 31 December 2023 and 2022, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 141 cases and 127 cases, respectively (*Bank only: claims for 141 cases and 127 cases, respectively*). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 1,777 million ⁽¹⁾ and Baht 1,620 million ⁽¹⁾, respectively (*Bank only: Baht 1,777 million ⁽¹⁾ and Baht 1,620 million ⁽¹⁾, respectively*).
- (b) As at 31 December 2023 and 2022, the Bank and its subsidiaries have recognised provisions for possible loss from the litigation and other claims totalling Baht 204 million and Baht 578 million, respectively (*Bank only: Baht 204 million and Baht 578 million, respectively*). The management considers that the provision established for such potential loss due to the said litigation and other claims is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as at 31 December 2023 and 2022 of Baht 660 million and Baht 683 million, respectively (*Bank only: Baht 660 million and Baht 683 million, respectively*), which the Court of First Instance and the Appeals Court dismissed the cases.

36 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Subsidiaries
3. Associates
4. Key management personnel of the Bank and its subsidiaries
5. Other related parties are:
 - 5.1 Close family members of key management personnel
 - 5.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 5.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence
 - 5.4 Related companies of major shareholders
 - 5.5 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 5.6 Entities in which the Bank and its subsidiaries hold over 10% of paid-up share capital (excluding subsidiaries and associates)

The additional information on investments in subsidiaries and associates is disclosed in note 12.

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Relationships with key management and other related parties were as follows:

Name of entity/Personnel	Country of incorporation/ Nationality	Nature of relationship
Key management personnel	Thai and other nationalities	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Thanachart Capital PCL.	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the major shareholders	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
TBCO PCL. ⁽¹⁾	Thailand	Before 10 November 2023, Subsidiary, liquidator is a representative of the Bank
TMBThanachart Broker Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, more than 50% of directors are representatives of the Bank
TTB Consumer Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Thanachart Fund Management Co., Ltd. ⁽²⁾	Thailand	Before 11 July 2022, Associated, 49.9% shareholding, less than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd. ⁽²⁾	Thailand	Before 11 July 2022, Associated, 35% shareholding, less than 50% of directors are representatives of the Bank
Eastspring Asset Management (Thailand) Co., Ltd. ⁽²⁾	Thailand	Associated, 40.5% shareholding, less than 50% of directors are representatives of the Bank

⁽¹⁾ Liquidation registration at Ministry of Commerce had been completed since 10 November 2023.

⁽²⁾ Eastspring Asset Management (Thailand) Co., Ltd. is a new company formed under the amalgamation of TMB Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd. on 11 July 2022.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its associates are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units.
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Dividend income	At declared

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36.1 Significant related parties transactions with key management and other related parties

Significant related parties transactions for the year ended 31 December 2023 and 2022 with key management and other related parties were as follows:

	Consolidated 2023					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	440	16	2	-	-	16
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	1	1,088	4	-	-
4. Key management personnel of the Bank	2	5	-	-	-	-
5. Other related parties	1,241	674	1,277	218	236	309

	Consolidated 2022					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	197	21	1	-	-	8
2. Subsidiaries	-	-	-	-	-	-
3. Associates	-	2	1,192	1	-	-
4. Key management personnel of the Bank	2	5	-	-	-	-
5. Other related parties	844	236	1,344	162	169	336

	Bank only 2023					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	440	16	2	-	-	16
2. Subsidiaries	3	9	93	520	455	75
3. Associates	-	1	1,088	4	248	-
4. Key management personnel of the Bank	2	5	-	-	-	-
5. Other related parties	1,241	674	856	218	236	309

	Bank only 2022					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	197	21	1	-	-	8
2. Subsidiaries	3	7	105	327	253	27
3. Associates	-	2	1,192	1	308	-
4. Key management personnel of the Bank	2	5	-	-	-	-
5. Other related parties	844	236	1,065	162	169	336

During the year ended 31 December 2023 and 2022, the Bank sold written-off non-performing loans to a subsidiary at selling price of Baht 103 million and 66 million which presented as a deduction from "Expected credit loss" in the Bank only statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and 2022, respectively.

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During the year ended 31 December 2023 and 2022, the Bank sold non-performing loans, with principal totalling approximately Baht 2,463 million and Baht 4,122 million to a subsidiary, respectively. The selling price in lower and excess of the carrying amount of those non-performing loans were presented as “Expected credit loss” and presented as a deduction from “Expected credit loss” in the Bank only statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and 2022, respectively.

During the year ended 31 December 2023 and 2022, the Bank sold properties for sale, with carrying amount totalling Baht 999 million and Baht 1,566 million to a subsidiary, respectively. The selling price in excess of the carrying amount of those properties for sale was presented in “Other operating income” in the Bank only statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and 2022, respectively.

36.2 Outstanding balances with related parties

As at 31 December 2023 and 2022, significant outstanding balances with related persons or parties were as follows:

36.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2023 and 2022 were as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net				
Ministry of Finance	19,626	25,164	19,626	25,164
Deposits (including interbank and money market items - liabilities)				
ING Bank N.V.	3	3	3	3
Thanachart Capital PCL.	332	1,863	332	1,863

36.2.2 Significant balances between the Bank and its subsidiaries and associates as at 31 December 2023 and 2022 were as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net				
Phahonyothin Asset Management Co., Ltd	-	-	-	140
Other assets				
Phahonyothin Asset Management Co., Ltd	-	-	2	1
TMBThanachart Broker Co., Ltd.	-	-	24	41
TTB Consumer Co., Ltd.	-	-	2	1
Eastspring Asset Management (Thailand) Co., Ltd.	86	103	86	103
Total	86	103	114	146
Deposits (including interbank and money market items - liabilities)				
Phahonyothin Asset Management Co., Ltd.	-	-	787	53
TBCO PCL.	-	-	-	322
TMBThanachart Broker Co., Ltd.	-	-	473	335
TTB Consumer Co., Ltd.	-	-	119	121
Eastspring Asset Management (Thailand) Co., Ltd.	160	231	160	231
Total	160	231	1,539	1,062

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	Consolidated		Bank only	
	2023	2022	2023	2022
	(in million Baht)			
Other liabilities				
Phahonyothin Asset Management Co., Ltd.	-	-	2	2
TTB Consumer Co., Ltd.	-	-	42	39
Total	-	-	44	41

Commitments - Derivatives ⁽¹⁾

Eastspring Asset Management (Thailand) Co., Ltd.	34	-	34	-
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Commitments - Guarantee of bond issuance

Phahonyothin Asset Management Co., Ltd.	-	-	6,968	5,070
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⁽¹⁾ Presented in notional amount

36.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2023 and 2022 were as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	(in million Baht)			
Loans to customers and accrued interest receivables, net	59	60	59	60
Deposits	395	408	395	408
Financial liabilities measured at fair value through profit or loss - Structured notes ⁽¹⁾	8	-	8	-

⁽¹⁾ Presented in principle amount and notional amount

36.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2023 and 2022 were as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	(in million Baht)			
Interbank and money market items - assets and loans to customers and accrued interest receivables, net	28,169	29,574	28,164	29,568
Investments	1,423	1,972	1,423	1,972
Other assets	90	108	62	94
Deposits (including interbank and money market items - liabilities)	30,355	30,573	30,355	30,573
Debts issued and borrowings (including interbank and money market items - liabilities)	10,513	17,500	10,513	17,500
Financial liabilities measured at fair value through profit or loss - Structured notes ⁽¹⁾	4	-	4	-
Other liabilities	84	83	84	71
Commitments - Derivatives ⁽²⁾	45,331	94,972	45,331	94,972
Other commitments	1,295	1,664	1,295	1,664

⁽¹⁾ Presented in principle amount and notional amount

⁽²⁾ Presented in notional amount

Notes to the financial statements

For the year ended 31 December 2023

36.3 Senior management personnel compensation

For the year ended 31 December 2023 and 2022, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	123	60	123	60
Short-term employee benefits - managements	1,005	930	983	892
Post-employment benefits	93	88	92	87
Share-based payments	63	60	63	60
Total	1,284	1,138	1,261	1,099

Senior management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

36.4 Other benefits payable to the senior management personnel

The Bank’s senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in note 36.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank’s executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank’s business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowance, including utilities, telephone and home trip expenses in accordance with the established criteria.

37 Segment information

For management purposes, the Bank’s businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

1.1 Wholesale Banking: This serves large-sized and medium-sized business customer. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: This serves small-size business customer. The main products and services are corporate loans, deposits and bancassurance.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing loans, hire purchase, finance lease, personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

The operating segment information, as reported below, is reported in a consistent manner with the Bank’s internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

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Information about reportable segments:

*For the year ended
31 December 2023*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	15,510	38,025	3,702	(30)	57,207
Net non-interest income	3,872	7,585	2,651	(513)	13,595
Total operating income	19,382	45,610	6,353	(543)	70,802
Operating expenses	(3,114)	(12,089)	(15,941)	264	(30,880)
Profit from operation	16,268	33,521	(9,588)	(279)	39,922
Expected credit loss					(22,440)
Profit before income tax					17,482
Income tax					980
Profit for the year					18,462

*For the year ended
31 December 2022*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	12,846	32,740	6,049	(18)	51,617
Net non-interest income	4,193	7,930	2,460	(364)	14,219
Total operating income	17,039	40,670	8,509	(382)	65,836
Operating expenses	(2,896)	(11,659)	(15,314)	201	(29,668)
Profit from operation	14,143	29,011	(6,805)	(181)	36,168
Expected credit loss					(18,621)
Profit before income tax					17,547
Income tax					(3,352)
Profit for the year					14,195

Reconciliation of reportable segment profit or loss

*For the year ended
31 December 2023*

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	57,207	13,595	(30,880)	(22,440)
Expected credit loss	-	212	(278)	66
Others	-	(53)	(122)	175
Consolidated financial statements	57,207	13,754	(31,280)	(22,199)

*For the year ended
31 December 2022*

	Net interest income	Net non- interest income	Consolidated Operating expenses (in million Baht)	Expected credit loss
Segment reporting	51,617	14,219	(29,668)	(18,621)
Expected credit loss	-	-	(206)	206
Others	-	16	(78)	62
Consolidated financial statements	51,617	14,235	(29,952)	(18,353)

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	Commercial Banking	Retail Banking	Consolidated 2023 Other segments (in million Baht)	Elimination	Total
Loans to customers	476,040	809,768	41,258	898	1,327,964
Deposits	410,463	977,497	-	(1,379)	1,386,581
			Consolidated 2022 Other segments (in million Baht)		
	Commercial Banking	Retail Banking		Elimination	Total
Loans to customers	499,560	833,910	42,221	427	1,376,118
Deposits	397,928	1,002,150	-	(831)	1,399,247

38 Financial position and results of operations classified by domestic and foreign business

38.1 As at 31 December 2023 and 2022, the financial position classified by domestic and foreign business was as follows:

	Domestic business	2023 Foreign business	Consolidated Total (in million Baht)	Domestic business	2022 Foreign business	Total
Total assets	1,824,381	53	1,824,434	1,826,204	75	1,826,279
Interbank and money market items, net (assets)	267,437	49	267,486	187,497	66	187,563
Financial assets measured at fair value through profit or loss	2,470	-	2,470	1,533	-	1,533
Investments, net	179,088	-	179,088	211,432	-	211,432
Investments in subsidiaries and associates, net	8,614	-	8,614	8,574	-	8,574
Loans to customers and accrued interest receivables, net	1,273,136	-	1,273,136	1,326,505	-	1,326,505
Deposits	1,386,581	-	1,386,581	1,399,247	-	1,399,247
Interbank and money market items (liabilities)	87,794	-	87,794	84,770	-	84,770
Debts issued and borrowings	53,122	6,409	59,531	51,153	8,491	59,644

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- 38.2 The results of operations classified by domestic and foreign business for the year ended 31 December 2023 and 2022 were as follows:

For the year ended 31 December	Consolidated					
	Domestic business	2023 Foreign business	Total	Domestic business	2022 Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	79,132	2	79,134	65,623	4	65,627
Interest expenses	(21,540)	(387)	(21,927)	(13,366)	(644)	(14,010)
Net interest income (expenses)	57,592	(385)	57,207	52,257	(640)	51,617
Net fees and service income (expenses)	10,368	(6)	10,362	10,400	(9)	10,391
Total other operating income	3,325	67	3,392	3,329	515	3,844
Total other operating expenses	(31,276)	(4)	(31,280)	(29,947)	(5)	(29,952)
Profit (loss) from operations before expected credit loss and income tax	<u>40,009</u>	<u>(328)</u>	<u>39,681</u>	<u>36,039</u>	<u>(139)</u>	<u>35,900</u>

39 Interest income

For the year ended 31 December	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Interbank and money market items	4,468	1,489	4,468	1,489
Investments and trading transactions	55	27	55	27
Investments in debt securities	2,910	1,782	2,910	1,782
Loans to customers	48,902	39,493	48,765	39,417
Hire purchase and finance leases	22,798	22,834	22,798	22,834
Others	1	2	1	2
Total	<u>79,134</u>	<u>65,627</u>	<u>78,997</u>	<u>65,551</u>

40 Interest expenses

For the year ended 31 December	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Deposits	11,195	7,723	11,204	7,730
Interbank and money market items	1,732	482	1,732	482
Contribution to Deposits Protection Agency and BoT	6,434	3,279	6,434	3,279
Debts issued				
- Subordinated debentures	1,709	2,009	1,582	2,009
- Others	798	460	798	413
Borrowings	22	27	20	24
Others	37	30	36	29
Total	<u>21,927</u>	<u>14,010</u>	<u>21,806</u>	<u>13,966</u>

41 Net fees and service income

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	555	617	558	620
- ATM, Debit card, Credit card, Flash card and other banking electronic	4,349	4,087	4,358	4,091
- Sales representative of Funds and Bancassurance	7,122	7,476	6,222	6,841
- Others	1,981	1,845	1,978	1,853
Total	14,007	14,025	13,116	13,405
Fees and service expenses				
- ATM, Debit card, Credit card, Flash card and other banking electronic	(2,742)	(2,795)	(2,740)	(2,794)
- Others	(903)	(839)	(1,327)	(1,053)
Total	(3,645)	(3,634)	(4,067)	(3,847)
Net	10,362	10,391	9,049	9,558

42 Gain on financial instruments measured at fair value through profit or loss, net

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign exchange derivatives	1,297	1,853	1,297	1,853
- Interest rates derivatives	106	57	106	57
- Other derivatives	(10)	-	(10)	-
- Debt securities	(3)	(38)	(3)	(38)
Loss on financial instruments designated at FVTPL				
- Structured notes	(25)	(1)	(25)	(1)
Gain (loss) on derivative held for risk management	268	(230)	331	(230)
Gain on others				
- Equity securities	34	52	34	52
Total	1,667	1,693	1,730	1,693

43 Gain (loss) on investments, net

Net gain (loss) on investments included in profit or loss for the year ended 31 December 2023 and 2022 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Gain (loss) from derecognition				
- Investments in debt securities measured at FVOCI	52	7	(4)	(4)
- Investments in subsidiary	-	-	(1)	-
Total	52	7	(5)	(4)

44 Expected credit loss

Expected credit loss (reversal) for the year ended 31 December 2023 and 2022 were as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
	<i>(in million Baht)</i>			
Interbank and money market items	(5)	56	(5)	56
Investments in debt securities measured at FVOCI	(20)	19	(12)	25
Investments in debt securities measured at amortised costs	3	20	3	20
Loans to customers and accrued interest receivables	22,159	17,636	22,261	17,755
Loan commitments and financial guarantee contracts	62	622	62	622
Total	22,199	18,353	22,309	18,478

45 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2023 and 2022 were based on the profit for the year attributable to equity holders of the Bank and the number of ordinary shares outstanding during the year as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	18,462	14,195	18,426	14,106
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	96,876	96,664	96,876	96,664
Basic earnings per share <i>(in Baht)</i>	0.19	0.15	0.19	0.15

Diluted earnings per share

The calculations of diluted earnings per share for the year ended 31 December 2023 and 2022 were based on the profit for the year attributable to equity holders of the Bank and the number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2023	2022	2023	2022
Profit for the year attributable to equity holders of the Bank <i>(in million Baht)</i>	18,462	14,195	18,426	14,106
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	96,876	96,664	96,876	96,664
Effect of dilutive potential ordinary shares from TTB TSRP 2019, TTB TSRP 2021 and TTB-W1 Warrants <i>(in million shares)</i>	415	430	415	430
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	97,291	97,094	97,291	97,094
Diluted earnings per share <i>(in Baht)</i>	0.19	0.15	0.19	0.15

46 Events after the reporting period

Issuances of ordinary shares under the TTB-W1 Warrants Program

The Bank issued ordinary shares under the TTB-W1 Warrants Program of 2,044,214 ordinary shares with a par value of Baht 0.95 per share. The increase of the issued ordinary shares was registered with the Department of Business Development, Ministry of Commerce on 5 January 2024.