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These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2025.

# General information

Land and Houses Bank Public Company Limited (“the Bank”) was incorporated as a public limited company under Thai laws and has been operating a commercial bank business in Thailand. The Bank’s registered office is located at No. 1, on the G, 1st, 5th, 6th and 32nd floors of Q-House Lumpini Building, South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok.

The ultimate parent company during the period was CTBC Financial Holding Company Limited, which operated in Taiwan and the immediate parent company during the period was LH Financial Group Public Company Limited (99.99% shareholding), which operated in Thailand.

The principal business of the Bank is commercial banking business.

# Basis for preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Bank of Thailand (“BoT”) and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the BoT notification number Sor Nor Sor 21/2561, directive dated 31 October 2018, regarding *“The preparation and announcement of the financial statements of a commercial bank and a holding company which is the parent company of a financial group”*. The financial statements are presented in Thai Baht, which is the Bank’s functional currency. The accounting policies set out in note 5 have been applied consistently to all periods presented in these financial statements, except those as described in note 3.

Revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2024. The initial application of these revised TFRSs has resulted in changes in certain of the Bank’s accounting policies. These changes have no material effect on the financial statements.

In addition, the Bank has not early adopted a number of new and revised TFRSs, which are not yet effective for the current year in preparing these financial statements.

The Bank has completed assessment of the potential initial impact on the financial statements of new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

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

# Change in material accounting policy

In August 2024, the Bank changed the method used to calculate cost of investments in debt securities that have been sold or held from the weighted average method to the first-in, first-out method for management purposes. However, the Bank did not restate the prior years’ financial statements because the impact as a result of such change was not considered by management to be material.

# Change in accounting estimate

During the year ended 31 December 2024, the Bank has changed some assumptions in estimating its allowance for expected credit losses as a result of internal credit risk rating system and policies enhancement which has been taken into account as a part of allowance of expected credit loss calculation.

In accordance with Thai Accounting Standard (“TAS”) No. 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, this change in accounting estimate has been applied prospectively to the financial statements from the date of the change in accounting estimate. Management has considered that the impact of the change in accounting estimate was not material to the financial statements.

# Material accounting policies

## *Foreign currencies*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss.

## *Cash*

Cash comprises cash on hand and cash on collection.

## *Financial instruments*

*(1) Initial recognition and measurement*

The Bank initially recognises financial assets or financial liabilities (including regular way purchases and sales of financial assets) on the transaction date, which is the date on which the Bank becomes the party to the provisions of the instrument, except for investments in debt instruments which are recognised and derecognised on the trade date.

Financial assets and financial liabilities not measured at fair value through profit or loss (FVTPL) are initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issuance of the financial assets or financial liabilities.

*(2) Classification and subsequent measurement*

*Classification of financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL. The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

A financial asset which is not designated as at FVTPL is measured at amortised cost if it meets both of the following conditions:

* 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 solely payments of principal and interest on the principal amount outstanding.

A debt instrument which is not designated as at FVTPL is measured at FVOCI only if it meets both of the following conditions:

* 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 solely payments of principal and interest on the principal amount outstanding.

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

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

*Business model assessment*

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

* the stated policies and objectives for the portfolio and the operation of those policies in practice.   
  In particular, whether management’s strategy focuses on earning contractual interest income, 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 portfolio is evaluated and reported to the Bank’s management;
* the risks that affect the performance of the business model (and the financial assets held within that business model) and the way in which those risks are managed;
* how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or on contractual cash flows collected); and
* frequency, value and timing of sales in prior year, the reasons for those sales and expectations about future sales activity. However, information about sales is not considered in isolation, but as part of an overall assessment of how the Bank’s stated objective for managing the financial assets is achieved and how cash flows are realised.

*Assessment of whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, credit risk, other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as profit margin associated with holding the financial assets for a particular period of time.

In assessing whether the contractual cash flows are solely payment of principal and interest on the principal amount outstanding, the Bank considers 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 considers:

* contingent events that would change the amount and timing of cash flows;
* leverage features;
* terms that limit the Bank’s 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. periodic reset of the interest rates).

*Subsequent measurement and gains and losses of financial assets*

|  |  |
| --- | --- |
| Financial assets  measured at  amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss, any gain or loss on derecognition are recognised in profit or loss. |
| Investment in debt   instruments  measured at  FVOCI | These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Investment in equity   instruments  designated at  FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss on the date on which the Bank’s right to receive payment is established. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

*Modifications of financial assets*

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

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial 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. Any fees received as part of the modification are accounted for as follows:

* fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
* other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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 first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. 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 presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

*Financial guarantee contacts held*

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

* the guarantee is implicitly part of the contractual terms of the debt instrument;
* the guarantee is required by laws and regulations that govern the contract of the debt instrument;
* the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
* the guarantee is given by the parent of the borrower or another company within the borrower’s group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the financial guarantee contacts held when measuring the fair value of the debt instrument and when measuring expected credit losses (“ECL”).

If the Bank determines that the guarantee is not an integral element of the financial asset, then it recognises an asset representing as prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the risks related to guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in “other assets”. The Bank presents gains or losses on a compensation right in profit or loss in the line item “expected credit loss”.

*Classification, measurement and gains and losses of financial liabilities*

On initial recognition, financial liabilities, except undrawn loan commitments and financial guarantee contracts, are classified and measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*Modifications of financial liabilities*

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

If the modification of a financial liability is not accounted for derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, 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 and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

*(3) Derecognition and offsetting*

*Derecognition of financial assets*

The Bank derecognises a financial asset when the contractual rights to receive 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 neither transfers nor retains 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 investment in equity instruments 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 is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending or sale under sale-and-repurchase agreements.

*Derecognition of financial liabilities*

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

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

*Offsetting*

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

*(4) Securities purchased under reverse sale-and-repurchase agreements/ Securities sold under sale-and-repurchase agreements*

The Bank enters into agreements to purchase securities or to sell securities back at certain dates in   
the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of “Interbank and money market items, net (assets)” 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.

*(5) Derivatives*

Derivatives are recognised at fair value and remeasured at fair value at each reporting date. The gain   
or loss on remeasurement to fair value is recognised immediately in profit or loss.

## *Properties for sale*

Properties for sale include properties foreclosed transferred under the Bank of Thailand’s supportive measure to acquire collateral assets for debt repayment, which the customers have the right to buy back the assets at transferring price with maintenance expenses within an agreed period not exceed 5 years since transferred date and the customers have the right to rent the assets for doing their businesses.

Properties for sales are stated at the lower of cost or net realisable value. The cost is the carrying value of debt balance of the debtor on the date the Bank is entitled to such properties for sales to settle debt. Net realisable value is determined with reference to the latest appraisal value less estimated selling expenses.

Gain (losses) on disposal of properties for sales is recognised as income (expenses) in profit or loss upon disposal. Impairment loss is recognised as expenses in profit or loss.

## *Premises and equipment*

Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling, removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between proceeds from disposal and the carrying amount of premises and equipment are recognised in profit or loss.

*Depreciation*

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on land and assets under installation.

The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Buildings | 20 | years |
| Leasehold improvement | 3 and 5 | years |
| Furniture and fixtures | 5 | years |
| Office equipment | 5 | years |
| Vehicles | 5 | years |

## *Leases*

At inception of a contract, the Bank 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.

*As a lessee*

At commencement or on modification of a contract, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. For the leases of property, the Bank has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

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

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, 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 end of the lease term.

The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Right-of-use assets |  |  |
| - Office space | 1 - 6 | years |
| - Vehicles | 1 - 5 | years |

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Bank uses the Bank’s incremental borrowing rate to discount the lease payments to the present value. The Bank determines its incremental borrowing rate by obtaining the interest rates from external source which reflect the term of the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a modification. 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.

*As a lessor*

At inception or on modification of a contract, the Bank allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Bank considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

When the Bank is an intermediate lessor, the Bank classifies the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease.

The Bank recognises finance lease receivables at the net investment of the leases, which includes the present value of the lease payments, and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income reflects a constant periodic rate of return on the Bank’s net investment outstanding in respect of the leases.

The Bank recognises lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of deduction to premises and equipment expenses. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

The Bank derecognises and determines impairment on the lease receivables as disclosed in note 5 (c) (3) and 5 (h), respectively.

## *Intangible assets*

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. No amortisation is provided on assets under development.

The estimated useful are as follows:

|  |  |  |
| --- | --- | --- |
| Computer software | 5 | years |
| Deferred membership and license fee | 5 and 10 | years |

## *Impairment of financial assets and lease receivables*

*Significant estimates and judgments*

The Bank’s expected credit loss (“ECL”) calculations are based on complex models with a series of underlying assumptions. The significant judgments and estimates in determining ECL include criteria for assessing if there has been a significant increase in credit risk and development of ECL models, including the choice of inputs relating to macroeconomic variables. The calculation of ECL also involves expert credit judgment to be applied by management based upon counterparty information they receive from various internal and external. Expert credit judgment is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the model under a “management overlay” framework, such as identified model deficiencies, debtors’ risk and other factors.

*Measurement of ECL*

ECLs 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.

ECLs are a probability-weighted estimated of credit losses. They are measured as follows:

* financial assets: as the present value of all cash shortfalls (i.e., the difference between the contractual cash flows and the cash flows that the Bank expects to receive);
* undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is drawn down; and
* financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

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

Forward-looking macroeconomic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk such as gross domestic product (“GDP”), inflation rate, unemployment rate, etc. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

Multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios both in terms of determining the PD, LGD and EAD, where relevant, and in determining the overall expected credit loss amounts.

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

Cash shortfalls are discounted using the effective interest rate on the financial assets.

*Staging*

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date by being assessed on individual basis. A financial asset can move between stages during its lifetime. The stage 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 (Performing)

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 investment in debt instrument that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The allowance for ECL is 12-month ECL. 12-month ECL is 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 that have a SICR (Under-performing)

When financial assets that have a SICR since initial recognition, ECLs 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. Financial assets that are 30 days or 1 month past due or more and not credit-impaired will always be considered to have experienced a SICR.

Quantitative factors include an assessment of whether there has been a significant increase in the PD since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers’ ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to Stage 1 in case they have proven that their ability to repay is back to normal.

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

Financial assets that are credit-impaired or in default represent those that are at least 90 days or   
3 months 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.

Evidence that a financial asset is credit impaired includes the following events:

* A debtor whose debt cannot be recovered by the Bank or the quality of the debtor has deteriorated significantly;
* A debtor that does not have a clear business or not do business seriously or misuse the money;
* A debtor who delays debt repayment or does any act in order to prevent the Bank from receiving debt repayment, such as going out of the Kingdom or transfer of assets;
* A debtor who cannot be contacted or found or has left the domicile specified in the contract without notifying the Bank; or
* A debtor who stops doing business or ceases operation or the debtor's business is in the process of being liquidated.

ECLs 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 at the financial assets’ effective interest rate, and the gross carrying amount of the financial assets prior to any credit impairment.

Financial assets that are credit-impaired require a lifetime provision.

*Modifications of financial instruments*

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within ECL in profit or loss with a corresponding decrease in the gross carrying amount of the asset.

ECLs for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, whether if there is a SICR. These assets are assessed to determine that there has been a SICR subsequent to the modification.

Loans renegotiated or modified of contractual cash flows, the Bank might consider them as financial assets that have a SICR except there is an evidence that the risk of not receiving contractual cash flows significantly reduces and there is no indicator of the impairment. The Bank then considers the aforementioned financial assets as the ones that does not have a SICR.

*Write-offs of credit-impaired instruments and reversal of ECL*

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

If, in a subsequent period, the amount of the allowance for ECL decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, the previously recognised ECL is reversed by adjusting the allowance for ECL. The amount of the reversal is recognised in the profit or loss.

*Improvement in credit risk*

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets with credit-impaired (Stage 3) and no debt restructured will transfer to stage 2   
or stage 1 if it is considered that no more qualify as a financial asset with credit-impaired.

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

Where SICR 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 the action to be resolved before the instruments are reclassified to stage 1.

For debt restructuring receivables, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for a longer of 3 months or 3 consecutive payments. Further 9 months are required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full.

For debt restructuring receivables, exposures under stage 2 that were not previously credit impaired can transfer to stage 1 when the customer performs under the revised terms of the contract for 3 months or 3 consecutive payments, whichever is longer.

## *Impairment of non-financial assets*

The carrying amounts of the Bank’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is assessed from the estimated future cash flows 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.

An impairment loss of asset recognised in prior years 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.

## *Employee benefits*

*Defined contribution plans*

Obligations for contributions to the Bank’s provident funds are recognised as employee expenses in profit or loss as the related service is provided.

Defined benefit plans

The Bank’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior years. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

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

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

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## *Provisions*

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

*Allowance for ECL* *on obligation having credit risk exposures*

The Bank provides allowance for ECL on undrawn loan commitments and financial guarantee contracts by the same methods applied to allowance for ECL as described in note 5 (h).

## *Fair value measurement*

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

When measuring the fair value of an asset or a liability, the Bank uses 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 inputs.

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value of a financial instrument on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value, adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the financial instrument or until the fair value level is transferred or the transaction is closed out.

## *Interest*

*Effective interest rate*

Interest income and interest 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 the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not allowance for 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 issuance of a financial asset or financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any allowance for ECL.

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

*Calculation of interest income and interest expense*

The effective interest rate of a financial asset or a financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and interest 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 instrument to reflect movements in market rates of interest.

However, for financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, 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 of assets.

## *Revenue from contracts with customers*

*Revenue recognition*

Revenue is recognised when a customer obtains control of the service in an amount that reflects the consideration to which the Bank expects to be entitled, excluding those amounts collected on behalf of third parties and value added tax. Judgment is required in determining the timing of the transfer of control for revenue recognition at a point in time or over time. The related costs are recognised in profit or loss when they are incurred.

*Commission income*

For the contracts that the Bank is arranging for the provision of the services on behalf of its customers and does not control the services before the primary service providers will provide the services to the customers. The Bank acts in the capacity of an agent and recognises the net amount of consideration as commission income when its obligation to arrange for the provision of the specified service is fulfilled.

## *Dividend income*

Dividend income is recognised when the right to receive income is established.

## *Net gains (losses) on financial instruments measured at FVTPL*

Net gains (losses) on financial instruments measured at FVTPL comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

## *Net (losses) gains on investments*

(Losses) gains on investments are recognised as expenses or revenues on the transaction dates.

## *Expenses*

The Bank recognises expenses on an accrual basis.

*Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund*

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

## *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of 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 temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiary 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 expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

## *Earnings per share (“EPS”)*

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 year.

## *Segment reporting*

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

# Risk management

The Bank’s risk management policies are principally focused on maintaining various risks within acceptable levels with adequate and effective internal control in accordance with risk management policies and also, comply with regulations of the Bank of Thailand and any other regulators. The policies, which are annually reviewed so that they reflect any changes in the environment in which the Bank operates and in the risks arising from internal and external factors, are as follows:

**6.1 Credit risk**

Credit risk is the risk that debtors or counterparties may not be able to comply with repayment condition on their agreements, as well as the likelihood of the credit rating of debtors being downgraded, which may affect the revenues and capital funds of the Bank due to external risk factors i.e. changes in the economy, changes in law and regulation and internal risk factors i.e. lack of monitoring control, lack of tracking the debtor to comply with condition on their agreement, ineffective credit assessment process. The transactions that related to credit risk are consist of the borrowing transaction and any equivalent borrowing transaction, transaction that related to the counterparties are obligated to deliver collateral asset or repayment debt to the Bank, transaction that related to investment in debt instrument.

Credit risk is recognised as highly significant to financial institutions, especially the risk associated with credit transactions, which are the core transactions of the Bank, both in terms of loans, investments and commitments and in terms of credit-like transactions. The Bank’s maximum exposure to credit loss is the carrying value of loans to customers, including commitments related to guarantees, avals or other similar items.

The Bank manages credit risk by setting guidelines for granting credit in order to control, prevent and mitigate the risks associated with credit transactions. Decisions on granting credit have to take into account a range of criteria such as the target market, type of business, type of loan and activity, the credit limits set for each debtor in order to mitigate credit concentration risk, the collateral obtained in order to reduce credit risk and persons or corporates that are not supported by the Bank. In addition, the Bank’s key risk management processes are as follows:

(a) Risk identification

The Bank considers factors that are relevant to a borrower and the borrower/counterparty’s business, and external factors that may adversely impact the revenues and the operations of the borrower/counterparty. It also monitors changes in credit quality and historical payment trends, which help provide a picture of asset quality and credit risk. In addition, the Bank conducts reviews of borrower risk levels and their alignment with the identified risk factors.

(b) Risk measurement

The Bank has developed tools to moderate and identify the risk level of the debtors for assessing the credit risk effectively. These are Credit Rating Model, which is used to assign credit ratings to corporate banking customers and Credit Scoring model, which is used to assign credit scoring to retail banking customers. Both tools were developed by the Credit Risk Management and Capital Department in order to reduce the use of judgement by credit approvers during the credit approval process.

(c) Risk monitoring and reporting

The Bank has developed a process of monitoring counterparties’ credit risk, so that it is aware of the current size and level of risk associated with its borrowers. Financial reviews and customer visits are required to be carried out at least annually, and the value and liquidity of collateral is appraised. The status of borrowers and their compliance with conditions are also reported to executives on a regular basis.

(d) Risk control and mitigation

The Bank sets credit concentration limits at both the industry level and individual client level, in order to ensure the Bank’s risk exposure to a particular industry or client is not excessive. If a limit is reached, the responsible department is to investigate the reason for the abnormality, in order to maintain risk exposure within acceptable parameters. The Bank also has internal controls and audit procedures in place to ensure that its risk management is in accordance with the frameworks and processes laid down by the Bank.

Furthermore, the Bank conducts stress testing that covers credit risk at least annually, in order to forecast potential losses on individual accounts or counterparties and on different types of credit in its portfolio, and consider whether the resulting deterioration in credit quality within its portfolio would affect its capital adequacy and its allowance for expected credit losses, so the Bank will be able to take timely action to mitigate the risk.

***Customer's credit risk classification***

The Bank classifies the credit risk of customer by financial asset type as shown below:

1. Interbank and money market items (assets), loans to customers and accrued interest receivables and undue interest receivables, undrawn loan commitment and financial guarantee contract.

|  |  |  |
| --- | --- | --- |
| **Credit Risk Classification** | **Internal Risk Rating** | |
| **Commercial Loan** | **Consumer Loan** |
| 1. Low risk | ORR Grade 0-5 | CRR Grade 1-5 |
| 2. Medium risk | ORR Grade 6-9 | CRR Grade 6-9 |
| 3. High risk | ORR Grade 10-14 | CRR Grade 10-20 |
| 4. NPL | ORR Grade 15-16 | CRR Grade 21 |

1. Investments in debt instruments measured at amortised cost and Investments in debt instruments measured at FVOCI.

|  |  |
| --- | --- |
| **Credit Risk Classification** | **External Risk Rating** |
| 1. Investment grade | AAA ~ BBB- |
| 2. Non-investment grade | BB+ and below |

Credit risk classification description can be summarized as follows:

- Low risk group refers to a group of debtors with a good ability of repayment, good financial status, stable financial structure and able to repay all outstanding principal and interest.

- Medium risk group refers to a group of debtors who have an acceptable ability of repayment, a moderate financial status, a high likelihood of continuing to make repayment when due and are expected to repay all outstanding principal and interest.

- High risk group refers to a group of debtors with concerns or an uncertain ability to meet financial obligations.

- Non-performing loan group refers to a group of debtors who are unable to repay the outstanding principal and interest when due mainly due to being overdue for more than 90 days or 3 months or having other indications reflecting the inability to repay.

- Investment grade refers to a group in which the credit quality of financial assets has a relatively low risk of default due to the issuer of the financial asset having a high likelihood to meet payment obligations.

- Non-investment grade refers to a group that is concerned about the quality of financial assets due to the risk that the issuer is unable to repay its obligation when due.

***Credit quality analysis***

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting that the return may not be as expected. The Bank has adopted a policy to mitigate this risk, whereby credit analysis is performed based on customer information and the status of customers is followed up regularly.

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

|  | 2024 | | | |
| --- | --- | --- | --- | --- |
|  | Stage 1 | Stage 2 | Stage 3 | Total |
|  | *(in thousand Baht)* | | | |
| ***Interbank and money market items (assets)*** |  |  |  |  |
| Low risk | 41,834,513 | - | - | 41,834,513 |
| Medium risk | 560,229 | - | - | 560,229 |
| **Total** | **42,394,742** | **-** | **-** | **42,394,742** |
| *Less* allowance for expected credit losses | (3,401) | - | - | (3,401) |
| **Net carrying amount** | **42,391,341** | **-** | **-** | **42,391,341** |
|  |  |  |  |  |
| ***Investments in debt instruments measured  at amortised cost*** |  |  |  |  |
| Investment grade (1) | 2,632,699 | - | - | 2,632,699 |
| **Total** | **2,632,699** | **-** | **-** | **2,632,699** |
| *Less* allowance for expected credit losses | (3,611) | - | - | (3,611) |
| **Net carrying amount** | **2,629,088** | **-** | **-** | **2,629,088** |
|  |  |  |  |  |
| ***Investments in debt instruments measured  at FVOCI*** |  |  |  |  |
| Investment grade (1) | 32,944,118 | - | - | 32,944,118 |
| Non-investment grade (1) | - | 3,087,613 | 200,000 | 3,287,613 |
| **Total** | **32,944,118** | **3,087,613** | **200,000** | **36,231,731** |
|  |  |  |  |  |
| Allowance for expected credit losses | (5,268) | (671,000) | (200,000) | (876,268) |
| **Carrying amount - Fair value** | **33,281,869** | **3,066,510** | **-** | **36,348,379** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
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|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| ***Loans to customers and accrued interest   receivables and undue interest receivables*** |  |  |  |  |
| Low risk | 177,381,744 | 27,154 | - | 177,408,898 |
| Medium risk | 56,742,209 | 54,182 | - | 56,796,391 |
| High risk | 5,246,317 | 9,059,060 | - | 14,305,377 |
| NPL | - | - | 7,747,263 | 7,747,263 |
| **Total** | **239,370,270** | **9,140,396** | **7,747,263** | **256,257,929** |
| *Less* allowance for expected credit losses (2) | (2,120,639) | (2,470,072) | (5,186,928) | (9,777,639) |
| **Net carrying amount** | **237,249,631** | **6,670,324** | **2,560,335** | **246,480,290** |
|  |  |  |  |  |
| ***Undrawn loan commitment*** |  |  |  |  |
| Low risk | 22,322,589 | 177 | - | 22,322,766 |
| Medium risk | 8,299,025 | 824 | - | 8,299,849 |
| High risk | 494,247 | 537,473 | - | 1,031,720 |
| NPL | - | - | 51,761 | 51,761 |
| **Total** | **31,115,861** | **538,474** | **51,761** | **31,706,096** |
| Allowance for expected credit losses | (36,400) | (47,659) | (7,238) | (91,297) |
|  |  |  |  |  |
| ***Financial guarantee contracts*** |  |  |  |  |
| Low risk | 2,077,759 | - | - | 2,077,759 |
| Medium risk | 248,954 | - | - | 248,954 |
| High risk | 17,479 | 19,033 | - | 36,512 |
| NPL | - | - | 359 | 359 |
| **Total** | **2,344,192** | **19,033** | **359** | **2,363,584** |
| Allowance for expected credit losses | (16) | (19) | (2) | (37) |
|  |  |  |  |  |
| (1) Rating by external credit risk rating agency |  |  |  |  |
| (2) Exclude management overlay |  |  |  |  |

|  | 2023 | | | |
| --- | --- | --- | --- | --- |
|  | Stage 1 | Stage 2 | Stage 3 | Total |
|  | *(in thousand Baht)* | | | |
| ***Interbank and money market items (assets)*** |  |  |  |  |
| Investment grade (1) | 25,199,716 | - | - | 25,199,716 |
| Current | 7,965,687 | - | - | 7,965,687 |
| **Total** | **33,165,403** | **-** | **-** | **33,165,403** |
| *Less* allowance for expected credit losses | (11,634) | - | - | (11,634) |
| **Net carrying amount** | **33,153,769** | **-** | **-** | **33,153,769** |
|  |  |  |  |  |
| ***Investments in debt instruments measured***  ***at amortised cost*** |  |  |  |  |
| Investment grade (1) | 2,632,103 | - | - | 2,632,103 |
| Non-investment grade (1) | 85,165 | - | - | 85,165 |
| **Total** | **2,717,268** | **-** | **-** | **2,717,268** |
| *Less* allowance for expected credit losses | (870) | - | - | (870) |
| **Net carrying amount** | **2,716,398** | **-** | **-** | **2,716,398** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| ***Investments in debt instruments***  ***measured at FVOCI*** |  |  |  |  |
| Investment grade (1) | 34,371,527 | - | - | 34,371,527 |
| Non-investment grade (1) | - | 3,235,855 | 200,000 | 3,435,855 |
| **Total** | **34,371,527** | **3,235,855** | **200,000** | **37,807,382** |
|  |  |  |  |  |
| Allowance for expected credit losses | (649) | (671,000) | (200,000) | (871,649) |
| **Carrying amount - Fair value** | **33,405,012** | **3,029,051** | **-** | **36,434,063** |
|  |  |  |  |  |
|  |  |  |  |  |
| ***Loans to customers and accrued interest***  ***receivables and undue interest receivables*** |  |  |  |  |
| Current | 223,167,703 | 5,384,648 | 1,980,872 | 230,533,223 |
| 1 - 30 days overdue | 2,971,582 | 176,858 | 77,662 | 3,226,102 |
| 31 - 90 days overdue | - | 1,448,100 | 109,098 | 1,557,198 |
| Over 90 days overdue | - | - | 4,768,210 | 4,768,210 |
| **Total** | **226,139,285** | **7,009,606** | **6,935,842** | **240,084,733** |
| *Less* allowance for expected credit losses (2) | (4,546,186) | (1,637,603) | (4,197,072) | (10,380,861) |
| **Net carrying amount** | **221,593,099** | **5,372,003** | **2,738,770** | **229,703,872** |
|  |  |  |  |  |
| ***Undrawn loan commitment*** |  |  |  |  |
| Current | 27,077,166 | 218,350 | 17,517 | 27,313,033 |
| 1 - 30 days overdue | 22,744 | 10 | - | 22,754 |
| 31 - 90 days overdue | - | 22,433 | - | 22,433 |
| Over 90 days overdue | - | - | 13,276 | 13,276 |
| **Total** | **27,099,910** | **240,793** | **30,793** | **27,371,496** |
| Allowance for expected credit losses | (87,403) | (19,367) | (2,270) | (109,040) |
|  |  |  |  |  |
| ***Financial guarantee contracts*** |  |  |  |  |
| Current | 2,635,221 | 96 | - | 2,635,317 |
| Over 90 days overdue | - | - | 359 | 359 |
| **Total** | **2,635,221** | **96** | **359** | **2,635,676** |
| Allowance for expected credit losses | (15,173) | - | (3) | (15,176) |
|  |  |  |  |  |
| (1) Rating by external credit risk rating agency |  |  |  |  |
| (2) Exclude management overlay |  |  |  |  |

During the year, the Bank has developed a new TFRS 9 ECL provisioning model that takes internal credit risk rating into consideration so that ECL provisions are more appropriately aligned with the obligor’s risk level.

*Collateral held and other credit enhancements*

The Bank holds collateral and other credit enhancements of its exposure to credit risk. Details for each type of financial asset are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Exposure to credit risk with collateral | |  |
|  | 2024 | 2023 | Type of collateral |
|  | *(in thousand Baht)* | |  |
| **Interbank and money market items (assets)** |  |  |  |
| - Reverse repurchase agreements | 28,508,593 | 20,307,602 | Bonds |
| **Loans to corporate customers** | 26,561,426 | 25,800,955 | Lands and buildings, Machinery and equipment, Deposits, Bonds, Standby letter of credit |
| **Loans to SME customers** | 52,589,866 | 48,584,697 | Lands and buildings, Machinery and equipment, Deposits, Bonds, Standby letter of credit |
| **Loans to retail customers** |  |  |  |
| - Housing loans | 58,563,276 | 52,080,106 | Residence |
| - Other loans to retail customers | 1,685,234 | 1,675,228 | Residence, Deposits |

*Concentrations of credit risk*

The Bank monitors concentrations of credit risk by sector and by nature of transactions. Analyses of concentrations of credit risk as at 31 December 2024 and 2023 are shown below.

|  | 2024 | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Interbank and money market items (asset) | Investments  in debt instruments measured at amortised cost | Investments  in debt instruments measured at FVOCI\* | Loans to customers and accrued interest receivables and undue interest receivables | Undrawn  loan commitments | Financial  guarantee  contracts |
|  | *(in thousand Baht)* | | | | | |
| *Financial institutions* |  |  |  |  |  |  |
| Government and state   enterprises | 3,927,866 | 1,466,699 | 34,001,731 | - | - | - |
| Commercial banks | 22,602,936 | - | - | - | - | - |
| Specialised financial   insitutions | 12,503,911 | - | - | - | - | - |
| Other financial institutions | 3,360,029 | - | - | - | 5,905,000 | - |
| *Commercial loans* |  |  |  |  |  |  |
| Agriculture and mineral | - | - | - | 1,251,455 | 70,000 | 60,000 |
| Manufacture and commercial | - | 500,000 | 1,000,000 | 69,103,686 | 4,723,193 | 141,893 |
| Real estate and construction | - | - | - | 29,241,617 | 8,638,543 | 897,471 |
| Utilities and services | - | - | 130,000 | 39,577,959 | 5,363,552 | 1,174,415 |
| Financial services | - | 666,000 | 1,100,000 | 48,383,766 | 5,601,897 | 62,350 |
| Others | - | - | - | 6,994,757 | 1,156,020 | 27,455 |
| *Consumer loans* |  |  |  |  |  |  |
| Housing loans | - | - | - | 58,603,283 | 224,986 | - |
| Other lending | - | - | - | 3,101,406 | 22,905 | - |
| **Total** | **42,394,742** | **2,632,699** | **36,231,731** | **256,257,929** | **31,706,096** | **2,363,584** |

\* Gross carrying amount

|  | 2023 | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Interbank and money market items (asset) | Investments  in debt instruments measured at amortised cost | Investments  in debt instruments measured at FVOCI\* | Loans to customers and accrued interest receivables and undue interest receivables | Undrawn  loan commitments | Financial  guarantee  contracts |
|  | *(in thousand Baht)* | | | | | |
| *Financial institutions* |  |  |  |  |  |  |
| Government and state   enterprises | 1,757,912 | 1,466,103 | 33,717,846 | - | - | - |
| Commercial banks | 13,574,316 | - | - | - | - | - |
| Specialised financial   insitutions | 7,302,675 | - | - | - | - | - |
| Other financial institutions | 10,530,500 | - | - | - | 4,075,000 | - |
| *Commercial loans* |  |  |  |  |  |  |
| Agriculture and mineral | - | - | - | 871,023 | 42,548 | - |
| Manufacture and commercial | - | 579,885 | 1,180,000 | 63,884,164 | 4,390,876 | 170,520 |
| Real estate and construction | - | 600 | 80,750 | 30,941,745 | 10,178,200 | 1,025,066 |
| Utilities and services | - | 4,020 | 1,153,861 | 38,117,986 | 2,064,673 | 1,360,084 |
| Financial services | - | 666,000 | 1,674,925 | 43,647,774 | 5,152,558 | 51,950 |
| Others | - | 660 | - | 7,313,049 | 1,052,202 | 28,056 |
| *Consumer loans* |  |  |  |  |  |  |
| Housing loans | - | - | - | 52,099,481 | 7,837 | - |
| Other lending | - | - | - | 3,209,511 | 407,602 | - |
| **Total** | **33,165,403** | **2,717,268** | **37,807,382** | **240,084,733** | **27,371,496** | **2,635,676** |

\* Gross carrying amount

***Information related to ECL***

*Significant increase in credit risk (SICR)*

When determining whether the probability of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Bank’s historical experience and expert credit assessment and including forward-looking information.

*Definition of default*

The Bank considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held).

In assessing whether a borrower is in default, the Bank considers indicators that are:

- quantitative: e.g., the borrower is more than 90 days or 3 months past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding;

- qualitative: e.g., a debtor whose debt cannot be recovered by the Bank or the quality of the debtor has deteriorated significantly, a debtor that does not have a clear business or not do business seriously or misuse the money, a debtor who delays debt repayment or does any act in order to prevent the Bank from receiving debt repayment, such as going out of the Kingdom or transfer of assets, a debtor who cannot be contacted or found or has left the domicile specified in the contract without notifying the Bank or a debtor who stops doing business or ceases operation or the debtor's business is in the process of being liquidated.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default applied by the Bank largely aligns with the BoT criteria.

*Probability of default*

Credit risk grades are a primary input into the determination of the probability of default. The Bank has collected repayment performance data of each receivable and input into statistical models to analyse the data collected and generate estimates of the lifetime PD based on contractual repayment. Then, the Bank uses the PD to estimate ECL.

*Incorporation of forward-looking information*

ECL has been estimated by the probability weighted risk of default over the expected life of the financial instrument. It is based on the present value of all expected cash shortfalls carried by historical loss experience data for the group of assets that the Bank considers credit risk to be similar such as types of loans to customers, types of collateral, contract terms and other relevant factors and adjusted by current observed data, along with supportable and reasonable future forecasts if statistically correlated can be proved.

The Bank formulates three forward-looking economic scenarios; Boom case scenario, Average case scenario and Worst case scenario. These scenarios are weighted by different level of probabilities. Examples of the macro-economic variables used in the forward-looking information are Gross Domestic Product (GDP), inflation rate, unemployment rate, etc.

The Bank uses judgments to assess how much relevant macroeconomic changes should affect to ECL of the Bank’s portfolio. However, the Bank reviews the method, the assumptions and forecasts of the future economic situations on a regular basis. In addition, the Bank also considers providing the management overlay as part of ECL.

**6.2 Market risk**

Market risk is the risk that changes in interest rate, foreign exchange rates and securities prices in money markets/equity markets may negatively affect the revenues and capital funds of the Bank. The Bank’s market risk consists of interest rate risk, foreign exchange risk and equity position risk.

(a) Interest rate risk

Interest rate risk is the risk that volatility in market interest rates will result in changes in the value of financial instruments, or fluctuations in income or the value of financial assets and liabilities. Interest rate risk is a consequence of the structure and the nature of asset, liability and equity items, and mismatches between the maturities and the repricing terms of assets and liabilities.

Most of the Bank’s assets consist of deposits at financial institutions, loans to customers and investments in debt instruments measured at fair value through other comprehensive income, and its liabilities mainly consist of deposits from individuals. These key items may be affected by interest rate fluctuations, and whenever such fluctuations occur the Bank is exposed to the risk that its income, expenses and/or economic value (equity value) may be affected. The Bank therefore needs to manage interest rate risk in its banking books in order to mitigate the impact.

Interest rate risk in the banking books is a risk that income or capital of the Bank may be negatively affected as fluctuations in interest rates impact rate-sensitive assets, liabilities and commitments. The main causes are maturity mismatches and repricing risks for assets and liabilities presented in the Bank’s statement of financial position.

The nature of the Bank’s exposures to interest rate risk in the banking books are as follows:

(1) Repricing Risk

This arises due to mismatches between the maturities or interest rate reset dates of assets and liabilities.

(2) Basis Risk

This arises because of mismatches between changes in the reference interest rates used for assets and liabilities.

(3) Option Risk

The Bank is exposed to risk as a result of options embedded in its financial contracts, whether as debtor or creditor, which grant the Bank’s counterparties a right to change the original payment or redemption plans when market interest rates change. The option holders will often exercise these if the original payment plan puts them in an unfavorable position, whereby interest costs, returns or net interest income, as well as the structure of assets and liabilities in the statement of financial position, would change for the worse.

The Bank has developed interest rate risk measurement and assessment tools to evaluate the impact of interest rate risk in the banking books. The Bank sets risk ceilings in order to keep risk levels within stipulated parameters and reports risk levels to the Asset and Liability Committee on a monthly basis.

Moreover, the Bank performs stress tests by simulating an interest rate crisis, using simulations provided by the BOT and/or appropriate simulations it has established itself.

Financial instruments which bear interest rate at fixed rates are classified below by the year ended 31 December 2024 and 2023 to the repricing date or maturity date (whichever is sooner).

|  | 2024 | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Repricing periods | | | | |  |  |  |
|  |  |  |  |  |  | Financial |  |  |
|  |  |  | Over | Over |  | assets that | Non- |  |
|  | Immediate | Within | 3 months | 1 year to | Over | are credit- | interest |  |
|  | repricing | 3 months | to 1 year | 5 years | 5 years | impaired | bearing | Total |
|  | *(in thousand Baht)* | | | | | | | |
| ***Financial assets*** |  |  |  |  |  |  |  |  |
| Cash | - | - | - | - | - | - | 643,315 | 643,315 |
| Interbank and money market items (1), (2) | 786,996 | 36,757,000 | 306,717 | - | - | - | 4,538,138 | 42,388,851 |
| Investments (2) | - | - | 7,110,175 | 16,088,438 | 15,782,465 | - | 3,750,685 | 42,731,763 |
| Loans to customers (1), (2) | 164,489,286 | 34,324,305 | 20,073,963 | 25,631,980 | 841,265 | 6,763,998 | - | 252,124,797 |
| Other financial assets, net | 218,405 | - | - | - | - | - | 656,226 | 874,631 |
| **Total financial assets** | **165,494,687** | **71,081,305** | **27,490,855** | **41,720,418** | **16,623,730** | **6,763,998** | **9,588,364** | **338,763,357** |
|  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |
| Deposits | 61,335,895 | 100,269,457 | 115,688,118 | 2,240,358 | 5,010 | - | 368,886 | 279,907,724 |
| Interbank and money market items | 751,300 | 433,968 | 611,938 | 8,246,404 | - | - | 102,531 | 10,146,141 |
| Liabilities payable on demand | - | - | - | - | - | - | 107,945 | 107,945 |
| Debt issued and borrowings (3) | - | 2,850,000 | 2,000,000 | - | 2,400,000 | - | - | 7,250,000 |
| Other financial liabilities | 146,083 | - | - | - | - | - | 400,431 | 546,514 |
| **Total financial liabilities** | **62,233,278** | **103,553,425** | **118,300,056** | **10,486,762** | **2,405,010** | **-** | **979,793** | **297,958,324** |

|  | 2023 | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Repricing periods | | | | |  |  |  |
|  |  |  |  |  |  | Financial |  |  |
|  |  |  | Over | Over |  | assets that | Non- |  |
|  | Immediate | Within | 3 months | 1 year to | Over | are credit- | interest |  |
|  | repricing | 3 months | to 1 year | 5 years | 5 years | impaired | bearing | Total |
|  | *(in thousand Baht)* | | | | | | | |
| ***Financial assets*** |  |  |  |  |  |  |  |  |
| Cash | - | - | - | - | - | - | 691,375 | 691,375 |
| Interbank and money market items (1), (2) | 2,059,536 | 28,840,000 | 302,012 | - | - | - | 1,952,764 | 33,154,312 |
| Investments (2) | - | 372,079 | 11,068,463 | 17,565,803 | 10,144,986 | - | 3,713,788 | 42,865,119 |
| Loans to customers (1), (2) | 156,927,507 | 32,842,803 | 20,940,919 | 19,154,800 | 355,623 | 6,298,822 | - | 236,520,474 |
| Other financial assets, net | 153,373 | - | - | - | - | - | 548,066 | 701,439 |
| **Total financial assets** | **159,140,416** | **62,054,882** | **32,311,394** | **36,720,603** | **10,500,609** | **6,298,822** | **6,905,993** | **313,932,719** |
|  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |
| Deposits | 61,351,121 | 70,451,728 | 113,452,631 | 5,488,015 | - | - | 709,892 | 251,453,387 |
| Interbank and money market items | 353,065 | 1,300,000 | 223,537 | 8,189,722 | - | - | 187,053 | 10,253,377 |
| Liabilities payable on demand | - | - | - | - | - | - | 422,819 | 422,819 |
| Debt issued and borrowings (3) | - | 4,212,000 | 7,680,000 | - | 2,400,000 | - | - | 14,292,000 |
| Other financial liabilities | 249,094 | - | - | - | - | - | 300,655 | 549,749 |
| **Total financial liabilities** | **61,953,280** | **75,963,728** | **121,356,168** | **13,677,737** | **2,400,000** | **-** | **1,620,419** | **276,971,332** |

(1)  Exclude accrued interest receivables and undue interest receivables.

(2)  Before deduction of allowance for expected credit loss.

(3)  Before deferred expenses.

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues/incurring expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the year ended 31 December 2024 and 2023 were as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | 2023 | | |
|  | Average |  | Average | Average |  | Average |
|  | balance | Interest | interest rate | balance | Interest | interest rate |
|  | *(in thousand Baht)* | | *(% per annum)* | *(in thousand Baht)* | | *(% per annum)* |
| ***Financial assets*** |  |  |  |  |  |  |
| Interbank and money market items | 23,769,111 | 586,123 | 2.47 | 16,131,539 | 405,316 | 2.51 |
| Investments in debt instruments | 39,130,579 | 898,903 | 2.30 | 39,301,625 | 780,161 | 1.99 |
| Loans to customers | 240,878,307 | 11,657,077 | 4.84 | 222,568,838 | 10,534,525 | 4.73 |
|  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |
| Deposits | 252,151,981 | 5,855,068 | 2.32 | 228,222,298 | 4,298,661 | 1.88 |
| Interbank and money market items | 9,804,843 | 41,802 | 0.43 | 14,918,476 | 124,285 | 0.83 |
| Debts issued and borrowings | 9,598,293 | 277,204 | 2.89 | 6,947,876 | 178,225 | 2.57 |

*Interest rate sensitivity analysis*

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

The sensitivity of profit or loss is the effect of changes in interest rates to profit or loss of the year. For financial assets and financial liabilities at the end of the reporting period, the sensitivity of equity   
is calculated by measuring the fair value as at 31 December 2024 and 2023 of financial assets measured at fair value through other comprehensive income by assuming a 1 percent change in the interest rate. The methods used in sensitivity analysis are unchanged from the previous year.

The effect of change in interest rates on profit or loss and equity within the next 1 year as at 31 December 2024 and 2023 can be summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2024 | | 2023 | |
|  | Effect on | | Effect on | |
|  | Profit or loss | Equity | Profit or loss | Equity |
|  | *(in thousand Baht)* | | | |
| Increased by 1 percent | 505,656 | 505,656 | 698,195 | 698,195 |
| Decreased by 1 percent | (511,394) | (511,394) | (700,247) | (700,247) |

(b) Foreign exchange risk

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

The Bank engages in foreign currency trading, provision of trade finance services to support customers engaged in foreign trade, buying and selling foreign currency exchange services including fund transfers. As a result of these transactions, the Bank has foreign currency positions and has, therefore, established a risk management framework to mitigate the foreign exchange risk, and also set maximum risk ceilings for foreign exchange risk, using statistical tools, namely the Value-at-Risk (VaR Model), and other tools, such as net open position and year to date loss limits, in order to closely monitor operations in order to maintain foreign exchange risk at acceptable levels.

As at 31 December 2024 and 2023, foreign currency positions equivalent to Thai Baht of the Bank, were as follows:

|  | 2024 | | | |
| --- | --- | --- | --- | --- |
|  | USD | EUR | JPY | Others |
|  | *(in thousand Baht)* | | | |
| ***Foreign currencies items recognised in the statements of financial position*** |  |  |  |  |
| ***Financial assets*** |  |  |  |  |
| Interbank and money market items | 438,833 | 8,754 | 6,059 | 33,348 |
| Investments | 1,079,115 | - | - | - |
| Loans to customers and accrued interest receivables and undue interest receivables | 3,311,346 | 10,134 | 28,402 | 123,514 |
| Other assets | 100,497 | 2 | 76 | 4,658 |
| **Total financial assets** | **4,929,791** | **18,890** | **34,537** | **161,520** |
|  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |
| Deposits | 4,578,735 | 6,419 | 20,929 | 112,936 |
| Interbank and money market items | 557 | - | - | - |
| Accrued interest payables | 30,764 | - | - | - |
| Other liabilities | 223,379 | 5 | - | 6,378 |
| **Total financial liabilities** | **4,833,435** | **6,424** | **20,929** | **119,314** |
|  |  |  |  |  |
| **Items recognised in the statements of financial position - net** | **96,356** | **12,466** | **13,608** | **42,206** |
|  |  |  |  |  |
| ***Foreign currencies items not recognised in the statements of financial position - net*** |  |  |  |  |
| Forward contracts | (101,825) | (17,727) | (12,930) | (32,593) |

|  | 2023 | | | |
| --- | --- | --- | --- | --- |
|  | USD | EUR | JPY | Others |
|  | *(in thousand Baht)* | | | |
| ***Foreign currencies items recognised in the statements of financial position*** |  |  |  |  |
| ***Financial assets*** |  |  |  |  |
| Interbank and money market items | 309,199 | 17,346 | 5,167 | 42,822 |
| Investments | 1,077,899 | - | - | - |
| Loans to customers and accrued interest receivables and undue interest receivables | 3,309,478 | 188,375 | 4,815 | 51,198 |
| Other assets | 9 | - | - | 2 |
| **Total financial assets** | **4,696,585** | **205,721** | **9,982** | **94,022** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |
| Deposits | 3,095,887 | 7,015 | 7 | 75 |
| Interbank and money market items | 552 | - | - | - |
| Accrued interest payables | 15,343 | - | - | - |
| Other liabilities | 183,191 | 8 | - | 3,349 |
| **Total financial liabilities** | **3,294,973** | **7,023** | **7** | **3,424** |
|  |  |  |  |  |
| **Items recognised in the statements of financial position - net** | **1,401,612** | **198,698** | **9,975** | **90,598** |
|  |  |  |  |  |
| ***Foreign currencies items not recognised in the statements of financial position - net*** |  |  |  |  |
| Forward contracts | (1,100,656) | (191,136) | (8,480) | 6,931 |

*Foreign exchange rate sensitivity analysis*

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

The effect of change in exchange rate of foreign currencies compared to US Dollar on profit or loss and equity as at 31 December 2024 and 2023 can be summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2024 | | 2023 | |
|  | Effect on | | Effect on | |
|  | Profit or loss | Equity | Profit or loss | Equity |
|  | *(in thousand Baht)* | | | |
| Increased by 5 percent | (28,443) | (28,443) | 45,370 | 45,370 |
| Decreased by 5 percent | 28,443 | 28,443 | (46,134) | (46,134) |

(c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity instruments or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The Bank closely manages equity position risk, with a policy to invest in equity instruments with a lower risk than those in equity markets. Moreover, the Bank monitors risks related to investments in equity instruments to ensure that the risk is still lower than that of the market.

*Equity security price sensitivity analysis*

The following table demonstrates the sensitivity of a reasonably possible change in equity securities price by a percentage change of SET Index on the Bank’s profit or loss and equity as at 31 December 2024 and 2023 when other variables are set to constant values.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2024 | | 2023 | |
|  | Effect on | | Effect on | |
|  | Profit or loss | Equity | Profit or loss | Equity |
|  | *(in thousand Baht)* | | | |
| Increased by 10 percent | - | 134,822 | - | 143,884 |
| Decreased by 10 percent | - | (134,822) | - | (143,884) |

**6.3 Liquidity risk**

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank manages its liquidity risk by preparing net liquidity status reports or liquidity gap reports. The Bank’s analysis has two components, namely a Contractual Liquidity Gap report and a Behavior Liquidity Gap report, which analyse the net liquidity status at each point in time and consider the cash flow adequacy over the next year. Moreover, the Bank assesses liquidity risk based on accumulated outstanding net liquidity by maturity, adjusted to reflect depositor behavior, in order to maintain liquidity risk at the appropriate levels stipulated by the Bank.

The Bank conducts studies of the effect on liquidity of various factors, such as early deposit withdrawal and deposit rollover, by creating simulations incorporating normal scenarios and stress scenarios and these include the effects on liquidity management of the Bank. The Market Risk Management Department is responsible for carrying out the studies and reporting the results to the Asset and Liability Committee, for assessment of liquidity requirements under each scenario and to provide a framework for establishing contingency plans for liquidity crisis.

In addition, the Bank monitors its liquidity risk based on regulations relating to the maintenance of liquid assets to handle a severe liquidity crisis situation (Liquidity Coverage Ratio: LCR), which is based on the assumption that total cash inflows and outflows reflect the differing withdrawal behaviors of various counterparties and both on and off-balance sheet items, which are affected by different cash flow indicators. The assumptions also reflect the business group structure, which may require the Group’s commercial banks to provide liquidity assistance in the event of a severe and continuous cash outflow crisis. The Bank sets risk limits in order to monitor liquidity risk levels and maintain them within appropriate levels, and enable the Bank to maintain appropriate amounts of liquid assets and efficiently cope with fluctuations in cash inflows and outflows.

The Bank will disclose Liquidity Coverage Ratio (LCR) information for the Bank as at 31 December 2024 through the Bank’s website at [www.lhbank.co.th](http://www.lhbank.co.th) within April 2025

The periods to maturity, counting from the financial reporting dates, of financial instruments outstanding as at 31 December 2024 and 2023 were as follows:

|  | 2024 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | Financial |  |
|  |  |  |  |  |  | assets that |  |
|  |  | Less than | 1 - 5 | Over | No | are credit- |  |
|  | At call | 1 year | years | 5 years | maturity | impaired | Total |
|  | *(in thousand Baht)* | | | | | | |
| ***Financial assets*** |  |  |  |  |  |  |  |
| Cash | - | - | - | - | 643,315 | - | 643,315 |
| Interbank and money market items (1), (2) | 5,325,134 | 37,063,717 | - | - | - | - | 42,388,851 |
| Investments (2) | - | 7,110,175 | 16,088,438 | 15,782,465 | 3,750,685 | - | 42,731,763 |
| Loans to customers (1), (2) | 5,153,219 | 90,972,256 | 95,492,473 | 53,742,851 | - | 6,763,998 | 252,124,797 |
| Other financial assets, net | 218,405 | 435,820 | - | - | 220,406 | - | 874,631 |
| **Total financial assets** | **10,696,758** | **135,581,968** | **111,580,911** | **69,525,316** | **4,614,406** | **6,763,998** | **338,763,357** |
|  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |
| Deposits | 60,776,362 | 216,617,099 | 2,509,253 | 5,010 | - | - | 279,907,724 |
| Interbank and money market items | 853,831 | 1,045,906 | 8,246,404 | - | - | - | 10,146,141 |
| Liabilities payable on demand | 107,945 | - | - | - | - | - | 107,945 |
| Debts issued and borrowings (3) | - | 4,850,000 | - | 2,400,000 | - | - | 7,250,000 |
| Other financial liabilities | 146,083 | 400,431 | - | - | - | - | 546,514 |
| **Total financial liabilities** | **61,884,221** | **222,913,436** | **10,755,657** | **2,405,010** | - | - | **297,958,324** |
|  |  |  |  |  |  |  |  |
| **Net liquidity gap** | **(51,187,463)** | **(87,331,468)** | **100,825,254** | **67,120,306** | **4,614,406** | **6,763,998** | **40,805,033** |

|  | 2023 | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | Financial |  |
|  |  |  |  |  |  | assets that |  |
|  |  | Less than | 1 - 5 | Over | No | are credit- |  |
|  | At call | 1 year | years | 5 years | maturity | impaired | Total |
|  |  | *(in thousand Baht)* | | | | | |
| ***Financial assets*** |  |  |  |  |  |  |  |
| Cash | - | - | - | - | 691,375 | - | 691,375 |
| Interbank and money market items (1), (2) | 4,012,300 | 29,142,012 | - | - | - | - | 33,154,312 |
| Investments (2) | - | 11,440,542 | 17,565,803 | 10,144,986 | 3,713,788 | - | 42,865,119 |
| Loans to customers (1), (2) | 8,471,348 | 87,228,427 | 70,279,617 | 64,242,260 | - | 6,298,822 | 236,520,474 |
| Other financial assets, net | 153,373 | 420,218 | - | - | 127,848 | - | 701,439 |
| **Total financial assets** | **12,637,021** | **128,231,199** | **87,845,420** | **74,387,246** | **4,533,011** | **6,298,822** | **313,932,719** |
|  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |
| Deposits | 60,549,413 | 184,991,793 | 5,907,091 | 5,090 | - | - | 251,453,387 |
| Interbank and money market items | 540,118 | 1,523,537 | 8,189,722 | - | - | - | 10,253,377 |
| Liabilities payable on demand | 422,819 | - | - | - | - | - | 422,819 |
| Debts issued and borrowings (3) | - | 11,892,000 | - | 2,400,000 | - | - | 14,292,000 |
| Other financial liabilities | 249,094 | 300,655 | - | - | - | - | 549,749 |
| **Total financial liabilities** | **61,761,444** | **198,707,985** | **14,096,813** | **2,405,090** | **-** | **-** | **276,971,332** |
|  |  |  |  |  |  |  |  |
| **Net liquidity gap** | **(49,124,423)** | **(70,476,786)** | **73,748,607** | **71,982,156** | **4,533,011** | **6,298,822** | **36,961,387** |
|  |  |  |  |  |  |  |  |

(1) Exclude accrued interest receivables and undue interest receivables.

(2) Before deduction of allowance for expected credit loss.

(3) Before deferred expenses.

# Fair value of financial assets and financial liabilities

**Carrying amounts and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy, but does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Carrying amount | | | | | | |  | Fair value | | | | | | |
|  |  |  |  |  |  | Amortised |  |  |  |  |  |  |  |  |  |  |
|  | *Note* | FVTPL |  | FVOCI |  | cost |  | Total |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **2024** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives | *11* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 404,812 |  | - |  | - |  | 404,812 |  | - |  | 404,812 |  | - |  | 404,812 |
| Investments | *12* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Debt instruments  measured at amortised cost |  | - |  | - |  | 2,629,088 |  | 2,629,088 |  | - |  | 2,810,791 |  | - |  | 2,810,791 |
| - Debt instruments  measured at FVOCI |  | - |  | 36,348,379 |  | - |  | 36,348,379 |  | - |  | 36,348,379 |  | - |  | 36,348,379 |
| - Equity instruments  designated at FVOCI |  | - |  | 3,750,685 |  | - |  | 3,750,685 |  | 3,175,898 |  | - |  | 574,787 |  | 3,750,685 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives | *11* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 544,959 |  | - |  | - |  | 544,959 |  | - |  | 544,959 |  | - |  | 544,959 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Carrying amount | | | | | | |  | Fair value | | | | | | |
|  |  |  |  |  |  | Amortised |  |  |  |  |  |  |  |  |  |  |
|  | *Note* | FVTPL |  | FVOCI |  | cost |  | Total |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **2023** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives | *11* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 703,326 |  | - |  | - |  | 703,326 |  | - |  | 703,326 |  | - |  | 703,326 |
| Investments | *12* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Debt instruments  measured at amortised cost |  | - |  | - |  | 2,716,398 |  | 2,716,398 |  | - |  | 2,711,934 |  | 84,375 |  | 2,796,309 |
| - Debt instruments  measured at FVOCI |  | - |  | 36,434,063 |  | - |  | 36,434,063 |  | - |  | 36,434,063 |  | - |  | 36,434,063 |
| - Equity instruments  designated at FVOCI |  | - |  | 3,713,788 |  | - |  | 3,713,788 |  | 3,706,885 |  | - |  | 6,903 |  | 3,713,788 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives | *11* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 578,628 |  | - |  | - |  | 578,628 |  | - |  | 578,628 |  | - |  | 578,628 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***Valuation techniques and significant unobservable inputs***

The following tables show the valuation techniques and significant unobservable inputs which are used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position.

|  |  |  |
| --- | --- | --- |
| **Financial instruments**  **measured at fair value** | **Valuation technique** | **Significant unobservable inputs** |
| Investments in equity instruments | Dividend discount model | Expected future cash flow and  discount rate |
|  | Book value or Adjusted  book value | Net asset value |

***Level 3 fair values***

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of investments in equity instruments.

| ***For the year ended 31 December*** | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| At 1 January | 6,903 |  | 6,903 |
| Purchased or acquired | 567,884 |  | - |
| **At 31 December** | **574,787** |  | **6,903** |

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2024 and 2023.

The following methods and assumptions were used by the Bank in estimating the fair value of financial assets and liabilities.

*Interbank and money market items (assets) and loans to customers*

The fair value of interbank and money market items (assets) and loans to customers and interbank that bear floating interest rates is assumed to approximate their carrying values, net of allowance for expected credit losses.

The fair value of interbank and money market items (assets) and loans to customers and interbank that bear fixed interest rates is the present value of the expected future cash flows, discounted by the interest rates the Bank offers on similar loans.

*Derivatives*

The fair value of derivatives is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty’s credit risk.

*Investments in debt instruments*

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

*Investments in equity instruments*

The fair value of listed unit trust is estimated by using the bidding prices at the Stock Exchange of Thailand on the last business day of the period.

The fair value of investments in non-marketable equity instruments is determined mainly based on common valuation techniques (dividend discount model and book value or adjusted book value) with price and/or variables from the market.

*Deposits* *and interbank and money market items (liabilities)*

The fair value of deposits and interbank and money market items (liabilities) that are payable on demand or bear floating interest rates is assumed to approximate their carrying value. The fair value of deposits and interbank and money market items (liabilities) that bear fixed interest rates is determined by discounting the expected future cash flows at the Bank’s announced interest rates for instruments having similar characteristics.

*Debt issued and borrowings*

The fair value of debts issued and borrowings that are both subordinated and unsubordinated debentures is determined using yield rates quoted by the Thai Bond Market Association. The fair value of debts issued and borrowings that bear fixed interest rates is determined by discounting the expected future cash flows by market interest rates on borrowings with similar conditions.

*Other financial instruments*

For financial assets and liabilities which have short-term maturities, including cash, accrued interest receivables on investments, collateral receivables under the Credit Support Annex agreements, liabilities payable on demand and collateral payables under the Credit Support Annex agreements, the carrying value in the statement of financial position approximates their fair value.

# Maintenance of capital fund

The primary objectives of the Bank’s capital management are to maintain its ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Financial Institution Business Act B.E. 2551.

As at 31 December 2024 and 2023, capital fund of the Bank calculated under Basel III consisted of the following:

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| ***Tier 1 Capital*** |  |  |
| **Common Equity Tier 1 Capital (CET1)** |  |  |
| Paid-up share capital | 20,000,000 | 20,000,000 |
| Premium on share capital | 10,598,915 | 10,598,915 |
| Legal reserve | 1,164,600 | 1,064,000 |
| Net profit after appropriation | 6,404,341 | 6,483,263 |
| Revaluation deficit on investments measured at fair value |  |  |
| through other comprehensive income | (1,666,247) | (3,316,779) |
| Capital deduction items on CET1 | (2,190,597) | (2,416,201) |
| **Total Common Equity Tier 1 Capital** | **34,311,012** | **32,413,198** |
| **Total Tier 1 Capital** | **34,311,012** | **32,413,198** |
| ***Tier 2 Capital*** |  |  |
| Subordinated debentures | 2,400,000 | 2,400,000 |
| General provision | 3,100,982 | 2,978,994 |
| **Total Tier 2 Capital** | **5,500,982** | **5,378,994** |
|  |  |  |
| **Total Capital funds** | **39,811,994** | **37,792,192** |
|  |  |  |
| **Total Risk-Weighted Assets** | **261,546,579** | **251,661,926** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | The BoT’s regulation minimum requirement | 2024 | 2023 |
|  | *(%)* | | |
| Capital Funds/Total Risk-Weighted Assets | 11.00 | 15.22 | 15.02 |
| Tier 1 Capital/Total Risk-Weighted Assets | 8.50 | 13.12 | 12.88 |
| Common Equity Tier 1 Capital/Total Risk-Weighted Assets | 7.00 | 13.12 | 12.88 |

As at 31 December 2024 and 2023, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy and capital risk exposure information for the Bank as at   
31 December 2024 through the Bank’s website at www.lhbank.co.th within April 2025.

# Classification of financial assets and financial liabilities

|  | 2024 | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at amortised cost | Total |
|  | *(in thousand Baht)* | | | | |
| ***Financial assets*** |  |  |  |  |  |
| Cash | - | - | - | 643,315 | 643,315 |
| Interbank and money market items, net | - | - | - | 42,391,341 | 42,391,341 |
| Derivative assets | 404,812 | - | - | - | 404,812 |
| Investment, net | - | 36,348,379 | 3,750,685 | 2,629,088 | 42,728,152 |
| Loans to customers and accrued interest receivables, net | - | - | - | 241,882,214 | 241,882,214 |
| Accrued interest receivables on investments | - | - | - | 103,414 | 103,414 |
| Other financial assets, net | - | - | - | 874,631 | 874,631 |
| **Total** | **404,812** | **36,348,379** | **3,750,685** | **288,524,003** | **329,027,879** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Deposits | - | - | - | 279,907,724 | 279,907,724 |
| Interbank and money market items | - | - | - | 10,146,141 | 10,146,141 |
| Liabilities payable on demand | - | - | - | 107,945 | 107,945 |
| Derivative liabilities | 544,959 | - | - | - | 544,959 |
| Debts issued and borrowings | - | - | - | 7,217,716 | 7,217,716 |
| Accrued interest payables | - | - | - | 1,189,282 | 1,189,282 |
| Other financial liabilities | - | - | - | 546,514 | 546,514 |
| **Total** | **544,959** | **-** | **-** | **299,115,322** | **299,660,281** |

|  | 2023 | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at amortised cost | Total |
|  | *(in thousand Baht)* | | | | |
| ***Financial assets*** |  |  |  |  |  |
| Cash | - | - | - | 691,375 | 691,375 |
| Interbank and money market items, net | - | - | - | 33,153,769 | 33,153,769 |
| Derivative assets | 703,326 | - | - | - | 703,326 |
| Investment, net | - | 36,434,063 | 3,713,788 | 2,716,398 | 42,864,249 |
| Loans to customers and accrued interest receivables, net | - | - | - | 226,667,930 | 226,667,930 |
| Accrued interest receivables on investments | - | - | - | 100,050 | 100,050 |
| Other financial assets, net | - | - | - | 701,439 | 701,439 |
| **Total** | **703,326** | **36,434,063** | **3,713,788** | **264,030,961** | **304,882,138** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Deposits | - | - | - | 251,453,387 | 251,453,387 |
| Interbank and money market items | - | - | - | 10,253,377 | 10,253,377 |
| Liabilities payable on demand | - | - | - | 422,819 | 422,819 |
| Derivative liabilities | 578,628 | - | - | - | 578,628 |
| Debts issued and borrowings | - | - | - | 14,171,822 | 14,171,822 |
| Accrued interest payables | - | - | - | 752,743 | 752,743 |
| Other financial liabilities | - | - | - | 549,749 | 549,749 |
| **Total** | **578,628** | **-** | **-** | **277,603,897** | **278,182,525** |

# Interbank and money market items, net (assets)

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| ***Domestic*** |  |  | |
| Bank of Thailand |  | 3,927,866 | 1,757,912 |
| Commercial banks |  | 22,109,152 | 13,200,332 |
| Specialised financial institutions |  | 12,500,000 | 7,300,000 |
| Other financial institutions | *29* | 3,363,717 | 10,527,012 |
| **Total** |  | **41,900,735** | **32,785,256** |
| *Add* accrued interest receivables and undue interest receivables |  | 5,891 | 11,091 |
| *Less* allowance for expected credit losses |  | (3,401) | (11,634) |
| **Total domestic** |  | **41,903,225** | **32,784,713** |
|  |  |  |  |
| ***Foreign*** |  |  |  |
| US Dollar |  | 438,833 | 309,199 |
| Yen |  | 6,059 | 5,167 |
| Euro |  | 8,754 | 17,346 |
| Other currencies |  | 34,470 | 37,344 |
| **Total foreign** |  | **488,116** | **369,056** |
|  |  |  |  |
| **Total domestic and foreign** |  | **42,391,341** | **33,153,769** |

# Derivatives

*Derivatives held for trading*

As at 31 December 2024 and 2023, the fair values and the notional amounts of derivatives held for trading, classified by type of risk, were as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | 2023 | | |
|  | Fair value | | Notional | Fair value | | Notional |
|  |  |  |  |  |  |  |
| Type of risks | Assets | Liabilities | amount | Assets | Liabilities | amount |
|  | *(in thousand Baht)* | | | | | |
| Foreign currency related | 404,812 | 544,959 | 42,770,115 | 703,326 | 578,628 | 57,397,127 |
| **Total** | **404,812** | **544,959** | **42,770,115** | **703,326** | **578,628** | **57,397,127** |

# Investments, net

**12.1 Type of investments**

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | Amortised cost | Amortised cost |
|  | *(in thousand Baht)* | |
| ***Investments in debt instruments measured at amortised cost*** |  | |
| Government and state enterprise securities | 1,466,699 | 1,466,103 |
| Private debt securities | 1,166,000 | 1,251,165 |
| Total | 2,632,699 | 2,717,268 |
| *Less* allowance for expected credit losses | (3,611) | (870) |
| **Total** | **2,629,088** | **2,716,398** |

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| ***Investments in debt instruments measured at FVOCI*** |  | |
| Government and state enterprise securities | 31,258,903 | 29,607,422 |
| Private debt securities | 2,022,966 | 3,797,590 |
| Foreign debt securities | 3,066,510 | 3,029,051 |
| **Total** | **36,348,379** | **36,434,063** |
| **Allowance for expected credit losses** | **(876,268)** | **(871,649)** |

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| ***Investments in equity instruments designated at FVOCI*** |  | |
| Domestic marketable equity instruments |  |  |
| - Investment units | 3,175,898 | 3,706,885 |
| Domestic non-marketable equity instruments | 574,787 | 6,903 |
| **Total** | **3,750,685** | **3,713,788** |
| **Total investments, net** | **42,728,152** | **42,864,249** |

Dividend income from investments in equity instruments designated at FVOCI recognised in statements of profit or loss and other comprehensive income for the year ended 31 December 2024 amounted to Baht 204 million *(2023: Baht 365 million)*.

For the year ended 31 December 2024 and 2023, the Bank derecognised investments in equity instruments designated at FVOCI as a result of the sale of such investments. Accumulated losses on derecognition were recognised in retained earningsas follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***For the year ended***  ***31 December*** | 2024 | | | |
|  | Fair value on derecognition date | Dividend income | Losses on derecognition net of income tax | Reason of derecognition |
|  | *(in thousand Baht)* | | | |
| Domestic marketable  equity instruments | |  |  |  |
| - Investment units | 557,625 | 6,143 | (452,484) | Sale for liquidity management |
| **Total** | **557,625** | **6,143** | **(452,484)** |  |
|  |  | | | |
| ***For the year ended***  ***31 December*** | 2023 | | | |
|  | Fair value on derecognition date | Dividend income | Losses on derecognition net of income tax | Reason of derecognition |
|  | *(in thousand Baht)* | | | |
| Domestic marketable  equity instruments | |  |  |  |
| - Investment units | 798,853 | 31,690 | (422,720) | Sale for liquidity management |
| **Total** | **798,853** | **31,690** | **(422,720)** |  |

**12.2 Investments in companies with problems in their financial position and operating results**

|  | 2024 | | | 2023 | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | Number of companies | Cost | Fair value | Number of companies | Cost | Fair value |
|  |  | *(in thousand Baht)* | |  | *(in thousand Baht)* | |
| Companies whose ability to continue as going concern is uncertain | 2 | 200,025 | - | 2 | 200,025 | - |

**12.3 Investments in which the Bank holds 10% or more of those companies’ shares**

As at 31 December 2024 and 2023, the investments in which the Bank holds 10% or more of those companies’ shares that were not treated as investments in subsidiaries and associates, were as follows:

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| Infrastructure fund | 136,500 | 107,100 |

# Loans to customers and accrued interest receivables, net

**13.1 Classified by loan types**

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| Overdrafts | *29* | 4,282,586 | 4,476,645 |
| Loans | *29* | 195,179,122 | 179,583,549 |
| Bills | *29* | 51,870,673 | 51,858,832 |
| Hire-purchase receivables |  | 792,416 | 601,448 |
| **Total loans to customers** |  | **252,124,797** | **236,520,474** |
| *Add* accrued interest receivables and undue interest receivables |  | 4,133,132 | 3,564,259 |
| **Total loans to customers and accrued interest receivables and undue interest receivables** |  | **256,257,929** | **240,084,733** |
| *Less* allowance for expected credit losses |  | (14,375,715) | (13,416,803) |
| **Loans to customers and accrued interest receivables, net** |  | **241,882,214** | **226,667,930** |

**13.2** **Classified by residency of debtors**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024 |  | 2023 |
|  | *(in thousand Baht)* | | |
| Domestic | 252,124,797 |  | 236,520,474 |
| **Total** | **252,124,797** |  | **236,520,474** |

**13.3 Classified by loan classification**

|  | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Loans to customers and accrued interest receivables and**  **undue interest receivables** |  |  |  |
| Financial assets that have not had a significant increase in credit risk (Performing) | 239,370,270 |  | 226,139,285 |
| Financial assets that have a significant increase in credit risk  (Under-performing) | 9,140,396 |  | 7,009,606 |
| Financial assets that are credit-impaired (Non-performing) | 7,747,263 |  | 6,935,842 |
| **Total** | **256,257,929** |  | **240,084,733** |

**13.4 Loans that are credit-impaired**

As at 31 December 2024 and 2023, the Bank had loans that are credit-impaired (including loans to interbank and money market items) under TFRS 9 per the BoT’s regulations as follows:

|  | 2024 |  | 2023 |
| --- | --- | --- | --- |
| **Loans that are credit-impaired (principal)** |  |  |  |
| Loans that are credit-impaired *(in thousand Baht)* | 6,763,998 |  | 6,298,822 |
| Total loans *(in thousand Baht)* | 289,488,513 |  | 267,347,486 |
| Percentage of loans that are credit-impaired *(%)* | 2.34 |  | 2.36 |

During the year ended 31 December 2024 and 2023, the Bank did not sell any loans that credit-impaired to third parties.

**13.5 Modified loans to customers**

| ***For the year ended 31 December*** | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Loans to customers modified during the year (1)** |  |  |  |
| Amortised cost before modification | 4,909,193 |  | 3,141,302 |
| Net modification losses | (1,883) |  | (13,630) |

(1) Loans to customers net of allowance for expected credit loss that had only lifetime ECL

|  | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Loans to customers modified since initial recognition** |  |  |  |
| Gross carrying amount of loans to customers previously modified for which allowance for expected credit loss has changed during the period to an amount equal to 12-month ECL from lifetime ECL | 1,292,278 |  | 1,045,294 |

**13.6** **Loans to customers having problems with financial position and operating results**

As at 31 December 2024 and 2023, loans to listed companies that meet SET’s criteria for delisting were as follows:

|  | 2024 | | | | 2023 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Number of companies | Loans and accrued interest receivables and undue interest receivables | Collateral | Allowance for expected credit loss | Number of companies | Loans and accrued interest receivables and undue interest receivables | Collateral | Allowance for expected credit loss |
|  |  | *(in thousand Baht)* | |  |  | *(in thousand Baht)* | |  |
| Listed companies that meet SET’s criteria for delisting | 2 | 1,508,513 | - | (1,267,332) | 1 | 1,765,456 | - | (1,041,826) |

**13.7 Hire-purchase receivables**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | | |
|  |  | Portion due | Portion due | Portion due | Portion due |  |
|  |  | over 1 year | over 2 years | over 3 years | over 4 years |  |
|  | Portion due | but within | but within | but within | but within |  |
|  | within 1 year | 2 years | 3 years | 4 years | 5 years | Total |
|  | *(in thousand Baht)* | | | | | |
| Hire-purchase receivables | 239,373 | 226,433 | 215,551 | 138,151 | 32,843 | 852,351 |
| *Less* unearned interest income | (25,896) | (18,080) | (10,398) | (4,126) | (1,435) | (59,935) |
| Present value of minimum lease |  |  |  |  |  |  |
| payments | 213,477 | 208,353 | 205,153 | 134,025 | 31,408 | 792,416 |
| *Add* accrued interest receivables and  undue interest receivables |  |  |  |  |  | 1,311 |
| *Less* allowance for expected credit loss |  |  |  |  |  | (6,920) |
| **Hire-purchase receivables, net** |  |  |  |  |  | **786,807** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2023 | | | | | |
|  |  | Portion due | Portion due | Portion due | Portion due |  |
|  |  | over 1 year | over 2 years | over 3 years | over 4 years |  |
|  | Portion due | but within | but within | but within | but within |  |
|  | within 1 year | 2 years | 3 years | 4 years | 5 years | Total |
|  | *(in thousand Baht)* | | | | | |
| Hire-purchase receivables | 169,143 | 149,140 | 142,097 | 131,595 | 59,584 | 651,559 |
| *Less* unearned interest income | (16,357) | (12,825) | (9,905) | (7,001) | (4,023) | (50,111) |
| Present value of minimum lease |  |  |  |  |  |  |
| payments | 152,786 | 136,315 | 132,192 | 124,594 | 55,561 | 601,448 |
| *Add* accrued interest receivables and  undue interest receivables |  |  |  |  |  | 1,626 |
| *Less* allowance for expected credit loss |  |  |  |  |  | (55,409) |
| **Hire-purchase receivables, net** |  |  |  |  |  | **547,665** |

# Allowance for expected credit losses

|  | 2024 | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Financial assets  that have not  had a significant  increase in  credit risk | Financial assets  that have a  significant  increase in  credit risk | Financial assets  that are  credit-impaired | Management overlay | Total |
|  | *(in thousand Baht)* | | | | |
| Interbank and money market items (assets) | 3,401 | - | - | - | 3,401 |
| Investments in debt instruments measured at amortised cost | 3,611 | - | - | - | 3,611 |
| Investments in debt instruments measured at FVOCI | 5,268 | 671,000 | 200,000 | - | 876,268 |
| Loans to customers and accrued interest  receivables and undue interest receivables | 2,120,639 | 2,470,072 | 5,186,928 | 4,598,076 | 14,375,715 |
| Undrawn loan commitments and financial guarantee contracts | 36,416 | 47,678 | 7,240 | - | 91,334 |
| **Total** | **2,169,335** | **3,188,750** | **5,394,168** | **4,598,076** | **15,350,329** |

|  | 2023 | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Financial assets  that have not  had a significant  increase in  credit risk | Financial assets  that have a  significant  increase in  credit risk | Financial assets  that are  credit-impaired | Management overlay | Total |
|  | *(in thousand Baht)* | | | | |
| Interbank and money market items (assets) | 11,634 | - | - | - | 11,634 |
| Investments in debt instruments measured at amortised cost | 870 | - | - | - | 870 |
| Investments in debt instruments measured at FVOCI | 649 | 671,000 | 200,000 | - | 871,649 |
| Loans to customers and accrued interest  receivables and undue interest receivables | 4,546,186 | 1,637,603 | 4,197,072 | 3,035,942 | 13,416,803 |
| Undrawn loan commitments and financial guarantee contracts | 102,576 | 19,367 | 2,273 | - | 124,216 |
| **Total** | **4,661,915** | **2,327,970** | **4,399,345** | **3,035,942** | **14,425,172** |

As at 31 December 2024, the Bank had allowance for expected credit loss on accrued interest receivables on investments and other financial assets amounting to Baht 2 million and Baht 58 million, respectively *(2023: Baht 2 million and Baht 53 million, respectively)*.

The movements in allowance for expected credit loss for the year ended 31 December 2024 and 2023 for the were as follows:

|  | Financial assets  that have not  had a significant  increase in  credit risk | Financial assets  that have a  significant  increase in  credit risk | Financial assets  that are  credit-impaired | Management overlay | Total |
| --- | --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | | |
| ***Interbank and money market items (assets)*** |  |  |  |  |  |
| At 1 January 2023 | 11,946 | - | - | **-** | 11,946 |
| Change from remeasurement of ECL | (7,693) | - | - | **-** | (7,693) |
| Purchased or acquired | 51,519 | - | - | **-** | 51,519 |
| Derecognised | (44,138) | - | - | **-** | (44,138) |
| **At 31 December 2023 and   1 January 2024** | **11,634** | **-** | **-** | **-** | **11,634** |
| Change from remeasurement of ECL | (3,741) | - | - | **-** | (3,741) |
| Purchased or acquired | 33,476 | - | - | **-** | 33,476 |
| Derecognised | (37,968) | - | - | **-** | (37,968) |
| **At 31 December 2024** | **3,401** | **-** | **-** | **-** | **3,401** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| ***Investments in debt instruments measured at amortised cost*** |  |  |  |  |  |
| At 1 January 2023 | 110 | - | - | **-** | 110 |
| Change from remeasurement of ECL | 1 | - | - | **-** | 1 |
| Purchased or acquired | 1,669 | - | - | **-** | 1,669 |
| Derecognised | (910) | - | - | **-** | (910) |
| **At 31 December 2023 and   1 January 2024** | **870** | **-** | **-** | **-** | **870** |
| Change from remeasurement of ECL | 2,962 | - | - | **-** | 2,962 |
| Purchased or acquired | 771 | - | - | **-** | 771 |
| Derecognised | (992) | - | - | **-** | (992) |
| **At 31 December 2024** | **3,611** | **-** | **-** | **-** | **3,611** |
|  |  |  |  |  |  |
| ***Investments in debt instruments measured at FVOCI*** |  |  |  |  |  |
| At 1 January 2023 | 1,663 | 250,000 | - | **-** | 251,663 |
| Change from stage reclassification | (76) | (201,075) | 201,151 | **-** | - |
| Change from remeasurement of ECL | (432) | 622,075 | (1,151) | **-** | 620,492 |
| Derecognised | (506) | - | - | **-** | (506) |
| **At 31 December 2023 and   1 January 2024** | **649** | **671,000** | **200,000** | **-** | **871,649** |
| Change from remeasurement of ECL | 4,720 | - | - | **-** | 4,720 |
| Purchased or acquired | 23 | - | - | **-** | 23 |
| Derecognised | (124) | - | - | **-** | (124) |
| **At 31 December 2024** | **5,268** | **671,000** | **200,000** | **-** | **876,268** |
|  |  |  |  |  |  |
| ***Loans to customers and accrued interest  receivables and undue interest receivables*** |  |  |  |  |  |
| At 1 January 2023 | 3,959,523 | 2,012,217 | 3,240,405 | 2,446,732 | 11,658,877 |
| Change from stage reclassification | 56,042 | (464,051) | 408,009 | - | - |
| Change from remeasurement of ECL | (736,844) | 843,386 | 580,136 | 589,210 | 1,275,888 |
| Purchased or acquired | 3,438,248 | 428,538 | 198,941 | - | 4,065,727 |
| Derecognised | (2,170,783) | (1,182,487) | (221,775) | - | (3,575,045) |
| Written-off | - | - | (8,644) | - | (8,644) |
| **At 31 December 2023 and   1 January 2024** | **4,546,186** | **1,637,603** | **4,197,072** | **3,035,942** | **13,416,803** |
| Change from stage reclassification | 506,098 | 272,057 | (778,155) | - | - |
| Change from remeasurement of ECL | (3,175,299) | 862,085 | 1,939,882 | 1,562,134 | 1,188,802 |
| Purchased or acquired | 1,626,260 | 309,545 | 1,056,982 | - | 2,992,787 |
| Derecognised | (1,382,606) | (611,218) | (959,475) | - | (2,953,299) |
| Written-off | - | - | (269,378) | - | (269,378) |
| **At 31 December 2024** | **2,120,639** | **2,470,072** | **5,186,928** | **4,598,076** | **14,375,715** |
| ***Undrawn loan commitments and financial guarantee contracts*** |  |  |  |  |  |
| At 1 January 2023 | 83,184 | 6,705 | 2,461 | - | 92,350 |
| Change from stage reclassification | 2,526 | (2,300) | (226) | - | - |
| Change from remeasurement of ECL | (47,711) | 16,363 | 118 | - | (31,230) |
| Purchased or acquired | 87,630 | - | 40 | - | 87,670 |
| Derecognised | (23,053) | (1,401) | (120) | - | (24,574) |
| **At 31 December 2023 and   1 January 2024** | **102,576** | **19,367** | **2,273** | **-** | **124,216** |
| Change from stage reclassification | 15,230 | (15,636) | 406 | - | - |
| Change from remeasurement of ECL | (93,973) | 11,076 | 4,802 | - | (78,095) |
| Purchased or acquired | 31,587 | 35,122 | - | - | 66,709 |
| Derecognised | (19,004) | (2,251) | (241) | - | (21,496) |
| **At 31 December 2024** | **36,416** | **47,678** | **7,240** | **-** | **91,334** |

As at 31 December 2024, the management reserved an additional amount of ECL of Baht 4,598 million *(2023: Baht 3,036 million)* to address risks and economic uncertainties which may not be fully captured in the Bank's models. In particular, management continues to closely monitor economic risk factors including possible impacts from high household debt levels, vulnerable customers and other uncertainties in the Thai and global economies.

# Properties for sale, net

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | At 1 January 2024 |  | Additions |  | Disposals |  | At  31 December  2024 |
|  | *(in thousand Baht)* | | | | | | |
| Assets from settlement of debts\* |  |  |  |  |  |  |  |
| - Immovable assets | 8,304,680 |  | 18,372 |  | (198,830) |  | 8,124,222 |
| **Total** | **8,304,680** |  | **18,372** |  | **(198,830)** |  | **8,124,222** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | At 1 January 2023 |  | Additions |  | Disposals |  | At  31 December 2023 |
|  | *(in thousand Baht)* | | | | | | |
| Assets from settlement of debts\* |  |  |  |  |  |  |  |
| - Immovable assets | 785,522 |  | 7,549,699 |  | (30,541) |  | 8,304,680 |
| - Movable assets | 3,560 |  | - |  | (3,560) |  | - |
| Total | 789,082 |  | 7,549,699 |  | (34,101) |  | 8,304,680 |
| *Less* allowance for impairment loss | (2,660) |  | - |  | 2,660 |  | - |
| **Net** | **786,422** |  | **7,549,699** |  | **(31,441)** |  | **8,304,680** |

\*As at 31 December 2024, assets from settlement of debts include properties foreclosed transferred under the Bank of Thailand's supportive measure to acquire collateral assets for debt repayment amounting to Baht 7,456 million *(2023: Baht 7,456 million).*

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2024 and 2023 as follows:

|  | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| Assets from settlement of debts |  |  |  |
| - Appraised by external appraisers | 8,124,222 |  | 8,302,185 |
| - Appraised by internal appraisers | **-** |  | 2,495 |
| **Total** | **8,124,222** |  | **8,304,680** |

# Premises and equipment, net

|  | Land | Buildings | Leasehold improvement | Furniture  and fixtures | Office equipment | Vehicles | Assets under installation | Total |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | | | | | |
| ***Cost*** |  |  |  |  |  |  |  |  |
| At 1 January 2023 | 40,589 | 10,211 | 372,642 | 122,598 | 655,379 | 9,145 | 2,577 | 1,213,141 |
| Additions | - | - | 15,543 | 13,307 | 89,112 | - | 29,142 | 147,104 |
| Transfers in (out) | - | - | 15,914 | 962 | 7,598 | - | (24,474) | - |
| Transferred type of asset | - | - | 1,906 | 8,378 | (10,466) | - | - | (182) |
| Disposals/write-off | - | - | (12,638) | (14,535) | (47,463) | - | - | (74,636) |
| **At 31 December 2023 and 1 January 2024** | **40,589** | **10,211** | **393,367** | **130,710** | **694,160** | **9,145** | **7,245** | **1,285,427** |
| Additions | **-** | - | 5,649 | 14,537 | 97,739 | - | 91,187 | 209,112 |
| Transfers in (out) | **-** | - | 38,241 | 49 | 46,206 | - | (84,496) | - |
| Disposals/write-off | **-** | **-** | (53,677) | (12,598) | (46,516) | (5,436) | - | (118,227) |
| **At 31 December 2024** | **40,589** | **10,211** | **383,580** | **132,698** | **791,589** | **3,709** | **13,936** | **1,376,312** |
|  |  |  |  |  |  |  |  |  |
| ***Accumulated depreciation*** |  |  |  |  |  |  |  |  |
| At 1 January 2023 | - | 5,050 | 308,189 | 104,817 | 481,133 | 5,241 | - | 904,430 |
| Depreciation charge for the year | - | 511 | 23,743 | 6,854 | 70,610 | 1,483 | - | 103,201 |
| Transferred type of asset | - | - | 1,906 | 8,378 | (10,466) | - | - | (182) |
| Disposals/write-off | - | - | (12,596) | (14,161) | (47,293) | - | - | (74,050) |
| **At 31 December 2023 and 1 January 2024** | **-** | **5,561** | **321,242** | **105,888** | **493,984** | **6,724** | **-** | **933,399** |
| Depreciation charge for the year | - | 511 | 25,163 | 8,413 | 86,835 | 1,055 | - | 121,977 |
| Disposals/write-off | - | - | (53,539) | (12,475) | (46,224) | (5,436) | - | (117,674) |
| **At 31 December 2024** | **-** | **6,072** | **292,866** | **101,826** | **534,595** | **2,343** | **-** | **937,702** |
|  |  |  |  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |  |  |  |
| **At 31 December 2023** | **40,589** | **4,650** | **72,125** | **24,822** | **200,176** | **2,421** | **7,245** | **352,028** |
| **At 31 December 2024** | **40,589** | **4,139** | **90,714** | **30,872** | **256,994** | **1,366** | **13,936** | **438,610** |
|  |  |  |  |  |  |  |  |  |

As at 31 December 2024, the Bank had certain items of premises and equipment, which were fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets totalling Baht 635 million *(2023: Baht 675 million)*.

# Intangible assets, net

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Computer softwares | Deferred membership and license fee | Assets  under development | Total |
|  | *(in thousand Baht)* | | | |
| ***Cost*** |  |  |  |  |
| At 1 January 2023 | 1,180,528 | 39,428 | 31,857 | 1,251,813 |
| Additions | 38,902 | - | 133,331 | 172,233 |
| Transfers in (out) | 70,339 | - | (70,339) | - |
| Transferred type of asset | 182 | - | - | 182 |
| Write-off | (32) | - | (2,953) | (2,985) |
| **At 31 December 2023 and 1 January 2024** | **1,289,919** | **39,428** | **91,896** | **1,421,243** |
| Additions | 46,600 | - | 179,769 | 226,369 |
| Transfers in (out) | 167,875 | - | (167,875) | - |
| Write-off | - | - | (1,791) | (1,791) |
| **At 31 December 2024** | **1,504,394** | **39,428** | **101,999** | **1,645,821** |
|  |  |  |  |  |
| ***Accumulated amortisation*** |  |  |  |  |
| At 1 January 2023 | 955,278 | 34,769 | - | 990,047 |
| Amortisation charged for the year | 119,480 | 1,267 | - | 120,747 |
| Transferred type of asset | 182 | - | - | 182 |
| Write-off | (32) | - | - | (32) |
| **At 31 December 2023 and 1 January 2024** | **1,074,908** | **36,036** | **-** | **1,110,944** |
| Amortisation charged for the year | 97,239 | 1,268 | - | 98,507 |
| **At 31 December 2024** | **1,172,147** | **37,304** | **-** | **1,209,451** |
|  |  |  |  |  |
| ***Net book value*** |  |  |  |  |
| **At 31 December 2023** | **215,011** | **3,392** | **91,896** | **310,299** |
| **At 31 December 2024** | **332,247** | **2,124** | **101,999** | **436,370** |

As at 31 December 2024, the Bank had certain items of intangible assets, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 1,014 million *(2023: Baht 715 million)*.

# Deferred tax assets

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Charged) / credited to: | | |  |  |
|  | At  1 January  2024 |  | Profit  or loss |  | Other comprehensive income |  | At  31 December  2024 |
|  |  |  | *(note 40)* | | |  |  |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Investments | 945,134 |  | (111,649) |  | (300,436) |  | 533,049 |
| Loans to customers and accrued   interest receivables | 616,528 |  | 312,409 |  | - |  | 928,937 |
| Other assets | 10,876 |  | 1,017 |  | - |  | 11,893 |
| Lease liabilities | 135,379 |  | (3,816) |  | - |  | 131,563 |
| Provisions | 85,322 |  | 17,351 |  | 3,954 |  | 106,627 |
| Others | 22,526 |  | 3,346 |  | - |  | 25,872 |
| **Total** | **1,815,765** |  | **218,658** |  | **(296,482)** |  | **1,737,941** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Right-of-use assets | (132,582) |  | 6,277 |  | - |  | (126,305) |
| **Total** | **(132,582)** |  | **6,277** |  | **-** |  | **(126,305)** |
|  |  |  |  |  |  |  |  |
| **Net** | **1,683,183** |  | **224,935** |  | **(296,482)** |  | **1,611,636** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Credited / (charged) to: | | |  |  |
|  | At  1 January  2023 |  | Profit  or loss |  | Other comprehensive income |  | At  31 December  2023 |
|  |  |  | *(note 40)* | | |  |  |
|  | *(in thousand Baht)* | | | | | | |
| ***Deferred tax assets*** |  |  |  |  |  |  |  |
| Investments | 698,062 |  | 18,491 |  | 228,581 |  | 945,134 |
| Loans to customers and accrued   interest receivables | 498,701 |  | 117,827 |  | - |  | 616,528 |
| Properties for sales | 532 |  | (532) |  | - |  | - |
| Other assets | 9,565 |  | 1,311 |  | - |  | 10,876 |
| Lease liabilities | 101,107 |  | 34,272 |  | - |  | 135,379 |
| Provisions | 68,713 |  | 18,818 |  | (2,209) |  | 85,322 |
| Others | 20,262 |  | 2,264 |  | - |  | 22,526 |
| **Total** | **1,396,942** |  | **192,451** |  | **226,372** |  | **1,815,765** |
|  |  |  |  |  |  |  |  |
| ***Deferred tax liabilities*** |  |  |  |  |  |  |  |
| Right-of-use assets | (99,408) |  | (33,174) |  | - |  | (132,582) |
| **Total** | **(99,408)** |  | **(33,174)** |  | **-** |  | **(132,582)** |
|  |  |  |  |  |  |  |  |
| **Net** | **1,297,534** |  | **159,277** |  | **226,372** |  | **1,683,183** |

# Other assets, net

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| Suspense accounts - debtors |  | 383,307 | 361,118 |
| Receivables on disposals of properties for sales  through auctions |  | 220,406 | 127,848 |
| Collateral receivables under the Credit Support Annex agreements |  | 218,405 | 153,373 |
| Prepaid expenses | *29* | 136,969 | 103,057 |
| Deposits and guarantees | *29* | 85,134 | 86,724 |
| Token money |  | 30,810 | 30,810 |
| Accrued income | *29* | 25,116 | 25,028 |
| Others |  | 7,886 | 9,976 |
| **Total** |  | **1,108,033** | **897,934** |
| *Less* allowance for expected credit losses |  | (57,737) | (52,652) |
| **Total** |  | **1,050,296** | **845,282** |

# Deposits

**20.1 Classified by type of deposits**

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| At call | *29* | 2,659,579 | 2,707,033 |
| Savings | *29* | 58,116,783 | 57,842,380 |
| Term | *29* | 162,871,336 | 146,355,189 |
| Fixed deposit receipts |  | 56,260,026 | 44,548,785 |
| **Total** |  | **279,907,724** | **251,453,387** |

**20.2 Classified by currency and residency of depositors**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | 2023 | | |
|  | Domestic | Foreign | Total | Domestic | Foreign | Total |
|  | *(in thousand Baht)* | | | | | |
| Baht | 275,188,603 | 102 | 275,188,705 | 248,350,351 | 52 | 248,350,403 |
| US Dollar | 4,042,250 | 536,485 | 4,578,735 | 2,697,431 | 398,456 | 3,095,887 |
| Other currencies | 140,284 | - | 140,284 | 7,097 | - | 7,097 |
| **Total** | **279,371,137** | **536,587** | **279,907,724** | **251,054,879** | **398,508** | **251,453,387** |

# Interbank and money market items (liabilities)

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| ***Domestic*** |  |  | |
| Bank of Thailand |  | 8,158,722 | 8,188,722 |
| Commercial banks |  | 19,099 | 1,018,857 |
| Specialised financial institutions |  | 523,982 | 14,976 |
| Other financial institutions | *29* | 1,443,781 | 1,030,270 |
| **Total domestic** |  | **10,145,584** | **10,252,825** |
|  |  |  |  |
| ***Foreign*** |  |  |  |
| US Dollar | *29* | 557 | 552 |
| **Total foreign** |  | **557** | **552** |
|  |  |  |  |
| **Total domestic and foreign** |  | **10,146,141** | **10,253,377** |

# Debts issued and borrowings

As at 31 December 2024 and 2023, debts issued and borrowings, which were issued in Thailand and denominated entirely in Thai Baht, consist of the following:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Note* | Year of maturity | Interest rate | 2024 | 2023 |
|  |  |  | *(% per annum)* | *(in thousand Baht)* | |
| Bills of exchange |  | 2025 | 2.62 - 2.67 | 4,850,000 | 11,892,000 |
| Subordinated debentures (1) | *29* | 2031 | 3.75 | 2,400,000 | 2,400,000 |
| **Total** |  |  |  | **7,250,000** | **14,292,000** |
| *Less* deferred expenses |  |  |  | (32,284) | (120,178) |
| **Net** |  |  |  | **7,217,716** | **14,171,822** |

(1) Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT’s notification.

On 21 May 2021, the Bank issued 2.4 million units with a par value of Baht 1,000 each, totalling Baht 2,400 million of the subordinated debentures No.1/2564, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which mature in 2031 and carry interest at a fixed rate of 3.75% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions. The Bank has to seek an approval from the Bank of Thailand for early redemption.

# Provisions

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| Provisions for employee benefits | 284,160 | 242,649 |
| Allowance for expected credit loss of undrawn loan commitments and financial guarantee contracts | 91,334 | 124,216 |
| Provisions for decommissioning cost | 50,309 | 36,502 |
| Other provisions | 121,239 | 52,224 |
| **Total** | **547,042** | **455,591** |

As at 31 December 2024, the Bank was exposed to credit risk in respect of undrawn loan commitments and financial guarantee contracts as total amount of Baht 34,069.7 million *(2023: Baht 30,007.2 million).*

**Provisions for employee benefits**

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| Defined benefit plan | 284,160 | 242,649 |
| **Total** | **284,160** | **242,649** |

The Bank operates a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Bank to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

|  |  |  |
| --- | --- | --- |
| ***Present value of the defined benefit obligations*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| At 1 January | 242,649 | 225,439 |
|  |  |  |
| ***Recognised in profit or loss*** |  |  |
| Current service cost | 39,696 | 37,514 |
| Interest on obligation | 6,911 | 5,467 |
|  | **46,607** | **42,981** |
| ***Recognised in other comprehensive income*** |  |  |
| Actuarial losses (gains) |  |  |
| - Financial assumptions | 13,403 | (9,699) |
| - Experience adjustment | 6,367 | (1,348) |
|  | **19,770** | **(11,047)** |
| ***Others*** |  |  |
| Benefit paid | (24,866) | (14,724) |
|  | **(24,866)** | **(14,724)** |
| **At 31 December** | **284,160** | **242,649** |

***Actuarial assumptions***

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | *(% per annum)* | |
| Future salary increment rates | 5.00 | 5.00 |
| Discount rates | 2.41 | 3.00 |
|  |  |  |

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

At 31 December 2024, the Bank’s weighted-average durations of the defined benefit obligation were 8 years *(2023: 9 years)*.

***Sensitivity analysis***

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

|  |  |  |
| --- | --- | --- |
|  | Increase | Decrease |
|  | *(in thousand Baht)* | |
| **2024** |  |  |
| Future salary incremental rates (0.5% movement) | 11,262 | (11,090) |
| Discount rates (0.5% movement) | (11,309) | 11,599 |
|  |  |  |
| **2023** |  |  |
| Future salary incremental rates (0.5% movement) | 10,086 | (9,539) |
| Discount rates (0.5% movement) | (9,674) | 10,339 |
|  |  |  |

# Other liabilities

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| Suspense accounts - creditors |  | 277,478 | 215,511 |
| Collateral payables under the Credit Support Annex agreements |  | 146,083 | 249,094 |
| Accounts payable on acquisition of equipment  and intangible assets |  | 115,470 | 66,271 |
| Accrued expenses on premises and equipment | *29* | 15,663 | 7,267 |
| Deposits received | *29* | 6,516 | 6,381 |
| Accounts payable on advertising and promotion |  | 967 | 12,492 |
| Others |  | 8,016 | 15,558 |
| **Total** |  | **570,193** | **572,574** |

# Advances received from electronic payment

The BOT’s notification No. Sor Nor Chor 2/2562, dated 20 December 2019, regarding the *“Regulations on Service Business Relating to Electronic Fund Transfer”* requires the Bank to disclose advances received from electronic fund transfer transactions. These advances are to be presented under other liabilities. As at 31 December 2024, the Bank had advances received from electronic fund transfer transactions amounting to Baht 0.15 million *(2023: Baht 0.04 million)*.

In addition, the Bank had deposits of Baht 10 million to support electronic transactions, which are presented under interbank and money market items (assets) in the statements of financial position as at 31 December 2024 and 2023.

# Offsetting of financial assets and financial liabilities

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | |
|  |  | Amount to be | Net amount | Amount of |  |
|  |  | offset in | presented in | unoffsetting |  |
|  | Gross | statement | statement | in statement |  |
|  | carrying | of financial | of financial | of financial |  |
|  | amount | position | position | position | Net amount |
|  | *(in thousand Baht)* | | | | |
| ***Financial assets*** |  |  |  |  |  |
| Reverse repurchase agreements | 28,508,593 | - | 28,508,593 | 28,839,382 | - |
| Derivative assets | 249,188 | - | 249,188 | 146,083 | 103,105 |
| **Total** | **28,757,781** | **-** | **28,757,781** | **28,985,465** | **103,105** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Derivative liabilities | 328,859 | - | 328,859 | 218,405 | 110,454 |
| **Total** | **328,859** | **-** | **328,859** | **218,405** | **110,454** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2023 | | | | |
|  |  | Amount to be | Net amount | Amount of |  |
|  |  | offset in | presented in | unoffsetting |  |
|  | Gross | statement | statement | in statement |  |
|  | carrying | of financial | of financial | of financial |  |
|  | amount | position | position | position | Net amount |
|  | *(in thousand Baht)* | | | | |
| ***Financial assets*** |  |  |  |  |  |
| Reverse repurchase agreements | 20,307,602 | - | 20,307,602 | 20,502,859 | - |
| Derivative assets | 606,440 | - | 606,440 | 249,094 | 357,346 |
| **Total** | **20,914,042** | **-** | **20,914,042** | **20,751,953** | **357,346** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Derivative liabilities | 511,576 | - | 511,576 | 153,373 | 358,203 |
| **Total** | **511,576** | **-** | **511,576** | **153,373** | **358,203** |

Reconciliation of net amount presented in statement of financial position with the caption in statement of financial position as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2024 | | | | |
|  |  |  |  |  | Carrying amount |
|  |  |  |  |  | in statement |
|  | Net amount |  |  | Carrying amount | of financial |
|  | presented in |  |  | presented in | position |
|  | statement of |  |  | statement | not under |
| Type of financial | financial | Caption in statement |  | of financial | the offsetting |
| instrument | position | of financial position | *Note* | position | conditions |
|  | *(in thousand Baht)* |  |  | *(in thousand Baht)* | |
| ***Financial assets*** |  |  |  |  |  |
| Reverse repurchase  agreements | 28,508,593 | Interbank and money  market items (assets) | *10* | 42,391,341 | 13,882,748 |
| Derivative assets | 249,188 | Derivative assets | *11* | 404,812 | 155,624 |
| **Total** | **28,757,781** |  |  | **42,796,153** | **14,038,372** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Derivative liabilities | 328,859 | Derivative liabilities | *11* | 544,959 | 216,100 |
| **Total** | **328,859** |  |  | **544,959** | **216,100** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2023 | | | | |
|  |  |  |  |  | Carrying amount |
|  |  |  |  |  | in statement |
|  | Net amount |  |  | Carrying amount | of financial |
|  | presented in |  |  | presented in | position |
|  | statement of |  |  | statement | not under |
| Type of financial | financial | Caption in statement |  | of financial | the offsetting |
| instrument | position | of financial position | *Note* | position | conditions |
|  | *(in thousand Baht)* |  |  | *(in thousand Baht)* | |
| ***Financial assets*** |  |  |  |  |  |
| Reverse repurchase  agreements | 20,307,602 | Interbank and money  market items (assets) | *10* | 33,153,769 | 12,846,167 |
| Derivative assets | 606,440 | Derivative assets | *11* | 703,326 | 96,886 |
| **Total** | **20,914,042** |  |  | **33,857,095** | **12,943,053** |
|  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |
| Derivative liabilities | 511,576 | Derivative liabilities | *11* | 578,628 | 67,052 |
| **Total** | **511,576** |  |  | **578,628** | **67,052** |

# Reserve

Reserves comprise:

***Appropriations of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Movement in the legal reserve was as follows:

|  |  |
| --- | --- |
|  | *(in thousand Baht)* |
| At 1 January 2023 | 979,000 |
| Increase | 85,000 |
| **At 31 December 2023 and 1 January 2024** | **1,064,000** |
| Increase | 100,600 |
| **At 31 December 2024** | **1,164,600** |

***Other components of equity***

**Fair value changes in investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI**

The fair value changes in investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI within equity comprises the cumulative net change in the fair value of investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI and the allowance for ECL for debt instruments measured at FVOCI until the investments are derecognised or reclassified.

# Commitments and contingent liabilities

**28.1 Contingent liabilities**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2024 | | | 2023 | | |
|  | Baht | Foreign currencies | Total | Baht | Foreign currencies | Total |
|  | *(in thousand Baht)* | | | | | |
| Avals to bills | 325,267 | - | 325,267 | 101,386 | - | 101,386 |
| Liabilities under unmatured import bills | 25,075 | 188,909 | 213,984 | 24,301 | 279,072 | 303,373 |
| Letters of credit | 23,143 | 533,739 | 556,882 | 15,535 | 1,165,977 | 1,181,512 |
| Other commitments |  |  |  |  |  |  |
| - Undrawn bank overdrafts | 4,157,027 | - | 4,157,027 | 4,050,069 | - | 4,050,069 |
| - Others guarantees | 11,818,490 | 174,274 | 11,992,764 | 9,589,717 | 196,916 | 9,786,633 |
| - Others | 27,549,069 | - | 27,549,069 | 23,321,426 | - | 23,321,426 |
| **Total** | **43,898,071** | **896,922** | **44,794,993** | **37,102,434** | **1,641,965** | **38,744,399** |

**28.2 Commitments under long-term agreements**

As at 31 December 2024, the Bank has commitments under various service agreements and consultancy service agreements relating to software development and installation services which the remaining terms of the agreements were between 1 - 5 years. The Bank is committed to pay total service fees amounting to Baht 226 million *(2023: Baht 143 million).*

As at 31 December 2024, the Bank has commitments under lease agreements relating to office spaces and other assets with non-related parties, which the remaining terms of the agreements were between   
1 - 3 years. The Bank is committed to pay total rental fees amounting to Baht 25 million *(2023: Baht 14 million).*

**28.3 Litigation**

As at 31 December 2024, the Bank has been sued in many litigation cases being claimed for compensations totaling Baht 640 million *(2023: Baht 634 million)*. Final judgements have not yet been reached in respect of these cases. The management considers that the provision established for such potential loss due to the said litigation and other claims is adequate.

# 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; a person or entity that is under common control or under the same significant influence as the Bank; or a person or entity over which the Bank has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making. The pricing policies for transactions with related parties are determined on an arm’s length basis or based on contractually agreed price.

Related parties that the Bank had significant transactions with during the period were as follows:

| **Name of entities** | **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 entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank |
| CTBC Financial Holding Company Limited | Taiwan | The ultimate parent company of the Bank |
| LH Financial Group Public Company Limited | Thailand | The parent company of the Bank owning 99.99% of the Bank’s paid-up share capital |
| CTBC Bank Company Limited | Taiwan | The major shareholder of the parent company owning over 10% of the parent company’s  paid-up share capital |
| Land and Houses Public Company Limited | Thailand | The major shareholder of the parent company owning over 10% of the parent company’s  paid-up share capital |
| Quality Houses Public Company Limited | Thailand | The major shareholder of the parent company owning over 10% of the parent company’s  paid-up share capital |
| Land and Houses Securities Public Company Limited | Thailand | The subsidiary of the parent company |
| Land and Houses Fund Management Company Limited | Thailand | The subsidiary of the parent company |
| Land and Houses Advisory Company Limited | Thailand | The indirect subsidiary of the parent company |

| ***Significant transactions with related parties*** |  | |
| --- | --- | --- |
| ***For year ended 31 December*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| **Interest income** |  |  |
| Parent company | 36,234 | 113,406 |
| Major shareholders of the parent company | - | 59 |
| Subsidiaries of the parent company | 67,017 | 80,694 |
| Directors and executives | 55 | 68 |
| Related persons | 915 | 1,288 |
|  |  |  |
| **Interest expenses** |  |  |
| Parent company | 502 | 60 |
| Major shareholders of the parent company | 10,099 | 24,740 |
| Subsidiaries of the parent company | 888 | 1,514 |
| Related companies | 41,916 | 18,883 |
| Directors and executives | 2,100 | 1,399 |
| Related persons | 11,074 | 9,146 |
|  |  |  |
| **Fees and service income** |  |  |
| Parent company | 134 | 131 |
| Subsidiaries of the parent company | 39,643 | 27,350 |
| Related companies | 6,328 | 7,408 |
|  |  |  |
| **Fees and service expenses** |  |  |
| Major shareholders of the parent company | 1 | - |
| Related companies | 217 | 210 |
|  |  |  |
| **Other operating income** |  |  |
| Subsidiaries of the parent company | 986 | 1,011 |
|  |  |  |
| **Other operating expenses** |  |  |
| Parent company | 374,210 | 344,685 |
| Major shareholders of the parent company | 30,166 | 38,161 |
| Related companies | 20,817 | 22,118 |

As at 31 December 2024 and 2023, the outstanding balances of significant transactions with related parties can be summarised as follows:

|  | 2024 | 2023 |
| --- | --- | --- |
|  | *(in thousand Baht)* | |
| **Interbank and money market items (assets)** |  |  |
| Subsidiary of the parent company | 734,893 | 2,564,813 |
|  |  |  |
| **Loans to customers and accrued interest receivables** |  |  |
| Parent company | - | 80,008 |
| Directors and executives | 1,510 | 3,444 |
| Related persons | 19,411 | 23,056 |
|  |  |  |
| **Other assets** |  |  |
| Parent company | 300 | 300 |
| Major shareholder of the parent company | 4,771 | 1,889 |
| Subsidiaries of the parent company | 7,585 | 7,585 |
| Related companies | 9,001 | 9,915 |
|  |  |  |
| **Deposits** |  |  |
| Parent company | 5,151,809 | 13,207 |
| Major shareholders of the parent company | 2,111,681 | 1,286,025 |
| Subsidiary of the parent company | 3,363 | 3,591 |
| Related companies | 2,605,881 | 2,921,280 |
| Directors and executives | 169,326 | 190,086 |
| Related persons | 1,717,065 | 1,667,664 |
|  |  |  |
| **Interbank and money market items (liabilities)** |  |  |
| Major shareholder of the parent company | 557 | 552 |
| Subsidiaries of the parent company | 53,025 | 105,151 |
|  |  |  |
| **Debts issued and borrowings** |  |  |
| Related persons | 7,000 | 7,000 |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Accrued interest payables** |  |  |
| Major shareholders of the parent company | 1,119 | - |
| Subsidiaries of the parent company | 8 | 11 |
| Related companies | 3,242 | 4,685 |
| Directors and executives | 429 | 284 |
| Related persons | 2,102 | 782 |
|  |  |  |
| **Lease liabilities** |  |  |
| Parent company | 2,662 | 4,114 |
| Major shareholders of the parent company | 2,323 | 54,727 |
| Related companies | 19,770 | 38,061 |
|  |  |  |
| **Other liabilities** |  |  |
| Parent company | 32,586 | 28,591 |
| Major shareholders of the parent company | 172 | 547 |
| Subsidiaries of the parent company | 45 | 1,811 |
| Related companies | 78 | 101 |
| Directors and executives | 90 | 101 |
|  |  |  |
| **Contingent liabilities - undrawn credit limit** |  |  |
| Parent company | 30,000 | 30,000 |
| Subsidiaries of the parent company | 5,865,000 | 4,035,000 |
|  |  |  |

***Significant agreements with related parties***

As at 31 December 2024, the Bank has been served under a yearly renewable term of service and support agreement with the parent company, under which the service fees are calculated based on a core service fee and administrative costs as stipulated in the agreement.

# Other benefits to directors and persons with managing authority

The Bank has not paid other benefits to director and executive except for the benefit that are normally paid such as directors fee, director bonus, executives’ salary and bonus.

***Directors’ and executives’ compensation***

During the year ended 31 December 2024 and 2023, compensations incurred on directors and executives of the Bank, which were recognised in profit or loss, were summarised as follows:

| ***For the year ended 31 December*** | 2024 | 2023 |
| --- | --- | --- |
|  | *(in thousand Baht)* | |
| Short-term employee benefits | 201,001 | 203,984 |
| Post-employment benefits | 15,821 | 19,229 |
| **Total** | **216,822** | **223,213** |

Directors and executives of the Bank are directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent.

# Leases

**Leases as lessee**

The Bank has entered into the lease agreements for rental of office space and vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 to 5 years.

***Right-of-use assets***

|  | Office space | Vehicles | Machine/ ATM | Office equipment | Total |
| --- | --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | | |
| ***Cost*** |  |  |  |  |  |
| At 1 January 2023 | 936,213 | 56,534 | - | - | 992,747 |
| Additions | 402,276 | 16,098 | - | - | 418,374 |
| Write-off | (139,181) | (12,064) | - | - | (151,245) |
| **At 31 December 2023 and**  **1 January 2024** | **1,199,308** | **60,568** | - | - | **1,259,876** |
| Additions | 216,420 | 12,018 | 5,058 | 4,818 | 238,314 |
| Write-off | (90,873) | (9,402) | - | - | (100,275) |
| **At 31 December 2024** | **1,324,855** | **63,184** | **5,058** | **4,818** | **1,397,915** |
|  |  |  |  |  |  |
| ***Accumulated depreciation*** |  |  |  |  |  |
| At 1 January 2023 | 468,607 | 27,101 | - | - | 495,708 |
| Depreciation charged for the year | 210,553 | 12,470 | - | - | 223,023 |
| Write-off | (109,766) | (11,998) | - | - | (121,764) |
| **At 31 December 2023 and**  **1 January 2024** | **569,394** | **27,573** | - | - | **596,967** |
| Depreciation charged for the year | 220,471 | 12,448 | 85 | 539 | 233,543 |
| Write-off | (54,736) | (9,382) | - | - | (64,118) |
| **At 31 December 2024** | **735,129** | **30,639** | **85** | **539** | **766,392** |
|  |  |  |  |  |  |
| ***Net book value*** |  |  |  |  |  |
| **At 31 December 2023** | **629,914** | **32,995** | **-** | **-** | **662,909** |
| **At 31 December 2024** | **589,726** | **32,545** | **4,973** | **4,279** | **631,523** |

***Lease liabilities***

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| Less than 1 year | 257,811 | 226,315 |
| 1 year to 5 years | 437,802 | 456,053 |
| Over 5 years | - | 43,091 |
| **Total undiscounted lease liabilities** | **695,613** | **725,459** |
| **Lease liabilities included in the statement of financial position** | **657,814** | **676,897** |

***Amount recognised in profit or loss***

| ***For the year ended 31 December*** | 2024 | 2023 |
| --- | --- | --- |
|  | *(in thousand Baht)* | |
| Depreciation for right-of-use assets |  |  |
| - Office space | 220,471 | 210,553 |
| - Vehicles | 12,448 | 12,470 |
| - Machine/ATM | 85 | - |
| - Office equipment | 539 | - |
| Interest expense on lease liabilities | 21,333 | 16,323 |
| Expenses relating to leases of low-value assets/short-term leases/variable lease payments that do not depend on an index or a rate | 26,450 | 22,574 |

**Leases as lessor**

***Finance leases***

Leases which are classified as finance leases are hire-purchase contracts as disclosed in note 13.7

# Segment information

During the year ended 31 December 2024, the Bank has identified 3 main business groups for management reporting purposes. The business groups offer different customers, different products and services, and the groups’ performance is measured based on segment operating profit before expected credit loss and income tax expense.

**Wholesale Banking**

Wholesale Banking comprises corporate business customers including state enterprises, and financial institutions etc. The products and services include commercial loans, working capital and letter of guarantee.

**Retail Banking**

Retail Banking comprises individual customers who use the Bank’s products and services such as deposit services, housing loans, personal loans and life insurance and mutual fund brokerage service.

**Global Markets**

Global Markets comprises activities mainly including funding, investing in liquid assets and services relating to foreign exchange rate.

The Executive Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Bank measures segment performance based on operating profit or loss and total assets, and on a basis consistent with that used to measure operating profit or loss in the financial statements. In addition, recording for inter-segment (if any) is reported on a basis in consistent with external customers.

The following tables present revenue and profit information regarding the Bank’s operating segments for the year ended 31 December 2024 and 2023.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | | | |
|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
|  | *(in thousand Baht)* | | | |
| Net interest income | 4,831,815 | 1,309,213 | 803,267 | 6,944,295 |
| Non-interest income, net | 268,508 | 218,883 | 212,041 | 699,432 |
| Total operating income | 5,100,323 | 1,528,096 | 1,015,308 | 7,643,727 |
| Total other operating expenses | (1,643,966) | (1,955,528) | (259,077) | (3,858,571) |
| Profit (loss) from operations before |  |  |  |  |
| expected credit loss and income tax | 3,456,357 | (427,432) | 756,231 | 3,785,156 |
| Expected credit loss |  |  |  | (1,283,057) |
| Profit from operations before income tax |  |  |  | 2,502,099 |
| Income tax |  |  |  | (491,755) |
| **Net profit** |  |  |  | **2,010,344** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2023 | | | | |
|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
|  | *(in thousand Baht)* | | | |
| Net interest income | 5,053,915 | 1,457,121 | 594,325 | 7,105,361 |
| Non-interest income, net | 209,336 | 188,668 | 376,718 | 774,722 |
| Total operating income | 5,263,251 | 1,645,789 | 971,043 | 7,880,083 |
| Total other operating expenses | (1,582,744) | (1,865,678) | (220,518) | (3,668,940) |
| Profit (loss) from operations before |  |  |  |  |
| expected credit loss and income tax | 3,680,507 | (219,889) | 750,525 | 4,211,143 |
| Expected credit loss |  |  |  | (2,130,197) |
| Profit from operations before income tax |  |  |  | 2,080,946 |
| Income tax |  |  |  | (387,968) |
| **Net profit** |  |  |  | **1,692,978** |

The following tables present assets and liabilities regarding the Bank’s operating segments as at   
31 December 2024 and 2023.

|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
| --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | |
| **2024** |  | | | |
| Loans to customers and interbank and money market items (1) | 196,299,378 | 59,189,135 | 34,000,000 | 289,488,513 |
| Total assets |  |  |  | 340,445,905 |
| Total liabilities |  |  |  | 302,482,392 |
|  |  | | | |
| **2023** |  | | | |
| Loans to customers and interbank and money market items (1) | 193,657,456 | 53,390,030 | 20,300,000 | 267,347,486 |
| Total assets |  |  |  | 316,339,080 |
| Total liabilities |  |  |  | 280,721,838 |

(1) Exclude accrued interest receivables and undue interest receivables and allowance for expected credit loss.

During the year ended 31 December 2024 and 2023, the Bank had no major customer with revenue of 10 percent or more of total revenues.

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

The Bank mainly operates in 3 segments, which are wholesale banking, retail banking and global markets, carrying out in Thailand only. Most revenues, expenses, profit, assets and liabilities are as reflected in the financial statements pertaining to the aforementioned industry and geographic area.

# Interest income

|  |  |  |  |
| --- | --- | --- | --- |
| ***For the year ended 31 December*** | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| Interbank and money market items | *29* | 586,123 | 405,316 |
| Investments in debt instruments |  | 898,903 | 780,161 |
| Loans to customers | *29* | 11,628,088 | 10,519,294 |
| Hire purchase |  | 28,989 | 15,231 |
| Others |  | 9,011 | 5,101 |
| **Total** |  | **13,151,114** | **11,725,103** |

# Interest expenses

|  |  |  |  |
| --- | --- | --- | --- |
| ***For the year ended 31 December*** | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| Deposits | *29* | 4,700,432 | 3,240,057 |
| Interbank and money market items | *29* | 34,616 | 114,208 |
| Contribution to Deposit Protection Agency and BoT |  | 1,161,906 | 1,070,202 |
| Debts issued and borrowings |  |  |  |
| - Subordinated debentures | *29* | 90,700 | 90,437 |
| - Bills of exchange |  | 186,420 | 86,267 |
| Others |  | 32,745 | 18,571 |
| **Total** |  | **6,206,819** | **4,619,742** |

# Net fees and service income

|  |  |  |  |
| --- | --- | --- | --- |
| ***For the year ended 31 December*** | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| **Fees and service income** |  |  |  |
| - Acceptances, aval and guarantees |  | 99,892 | 84,580 |
| - Commission income | *29* | 273,178 | 279,879 |
| - Others | *29* | 70,392 | 84,376 |
| **Total** |  | **443,462** | **448,835** |
|  |  |  |  |
| **Fees and service expenses** |  |  |  |
| - Fees and charges |  | (91,844) | (99,003) |
| - Others | *29* | (3,922) | (4,166) |
| **Total** |  | **(95,766)** | **(103,169)** |
|  |  |  |  |
| **Net** |  | **347,696** | **345,666‬** |

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

|  |  |  |
| --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| **Gains (losses) on trading and foreign exchange transactions** |  |  |
| Foreign currencies and foreign currency related derivatives | 45,003 | (18,597) |
| **Total** | **45,003** | **(18,597)** |

# (Losses) gains on investments, net

|  |  |  |
| --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| **(Losses) gains on derecognition** |  |  |
| Investments in debt instruments measured at FVOCI | (30,680) | 10,856 |
| **Total** | **(30,680)** | **10,856** |

# Expected credit losses

|  |  |  |
| --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| **(Reversal of) expected credit losses** |  |  |
| Interbank and money market items | (8,233) | (312) |
| Investments in debt instruments measured at amortised cost | 2,741 | 760 |
| Investments in debt instruments measured at FVOCI | 4,619 | 619,986 |
| Loans to customers and accrued interest receivables |  |  |
| - Expected credit losses | 1,228,290 | 1,766,570 |
| - Modification losses (gains) | 58,069 | (291,520) |
| Accrued interest receivables on investments | - | 1,726 |
| Other assets | 15,377 | 4,825 |
| Undrawn credit limit and financial guarantee contracts | (17,806) | 28,162 |
| **Total** | **1,283,057** | **2,130,197** |

# Income tax

***Income tax recognised in profit or loss***

|  |  |  |  |
| --- | --- | --- | --- |
| ***For the year ended 31 December*** | *Note* | 2024 | 2023 |
|  |  | *(in thousand Baht)* | |
| **Current tax** |  |  |  |
| Current period |  | 706,692 | 540,269 |
| Under provided in prior periods |  | 9,998 | 6,976 |
|  |  |  |  |
| **Deferred tax** |  |  |  |
| Movements in temporary differences | *18* | (224,935) | (159,277) |
| **Total** |  | **491,755** | **387,968** |

***Income tax recognised in other comprehensive income***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | | | | |  | 2023 | | | | | | |
|  | Before  tax |  | Tax (expense) income |  | Net of  tax |  | Before  tax |  | Tax (expense) income | |  | | Net of  tax | |
|  | *(in thousand Baht)* | | | | | | | | | | | | |
| Investment in debt instruments   measured at FVOCI | 1,202,627 |  | (240,525) |  | 962,102 |  | 307,999 |  | (61,600) |  | | 246,399 | | |
| Investment in equity instruments   designated at FVOCI | 299,552 |  | (59,911) |  | 239,641 |  | (1,450,907) |  | 290,181 |  | | (1,160,726) | | |
| Actuarial (losses) gains | (19,770) |  | 3,954 |  | (15,816) |  | 11,047 |  | (2,209) |  | | 8,838 | | |
| **Total** | **1,482,409** |  | **(296,482)** |  | **1,185,927** |  | **(1,131,861)** |  | **226,372** |  | | **(905,489)** | | |

***Reconciliation of effective tax rate***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2024 | | |  | 2023 | | |
|  | Rate  *(%)* |  | *(in thousand Baht)* |  | Rate  *(%)* |  | *(in thousand Baht)* |
| Profit before income tax |  |  | 2,502,099 |  |  |  | 2,080,946 |
| Income tax using the Thai corporation tax rate | 20.0 |  | 500,420 |  | 20.0 |  | 416,189 |
| Under provided in prior periods |  |  | 9,998 |  |  |  | 6,976 |
| Tax effects of |  |  |  |  |  |  |  |
| **-** Tax-exempted revenues |  |  | (14,744) |  |  |  | (30,979) |
| **-** Additional expense deductions allowed |  |  | (4,721) |  |  |  | (5,834) |
| **-** Non-deductible expenses |  |  | 802 |  |  |  | 1,616 |
| **Total** | **19.7** |  | **491,755** |  | **18.6** |  | **387,968** |

# Interest in unconsolidated structured entity arising in the normal course of business

The Bank has transactions with unconsolidated structured entities, through various activities such as involvement in the establishment process, fund management, acting as the trustee, as well as providing source of funds. These structured entities are normally in the form of mutual funds and some investment funds, which were summarised as follows:

|  | 2024 | | 2023 | |
| --- | --- | --- | --- | --- |
|  | Carrying  value | Maximum exposure  to loss | Carrying  value | Maximum exposure  to loss |
|  | *(in thousand Baht)* | | | |
| **Assets** |  |  |  |  |
| Investments | 3,175,898 | 3,175,898 | 3,706,885 | 3,706,885 |
| Loans to customers and accrued interest receivables and undue interest receivables | 10,644,038 | 10,644,038 | 7,812,022 | 7,812,022 |
|  |  |  |  |  |
| **Liabilities** |  |  |  |  |
| Deposits | 185,021 | 185,021 | 95,264 | 95,264 |
| Interest payables | - | - | 73 | 73 |

Maximum exposure to loss of loans to customers and accrued interest receivables, deposits and interest payables is presented at carrying value, and maximum exposure to loss of investments is presented at fair value.

# Dividend paid

The dividends paid by the Bank to the shareholders are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Dividend | Approved by | Dividend paid | Dividend paid per share |
|  |  | *(in thousand Baht)* | *(Baht per share)* |
| From its operating results for the nine-month period ended 30 September 2023 | The Board of Directors Meeting of the Bank  on 18 December 2023 | 500,000 | 0.250 |
| **Total dividend paid during year ended 31 December 2023** |  | **500,000** | **0.250** |
|  |  |  |  |
| From its operating results for the nine-month period ended 30 September 2024 | The Board of Directors Meeting of the Bank  on 11 November 2024 | 850,000 | 0.425 |
| **Total dividend paid during year ended 31 December 2024** |  | **850,000** | **0.425** |

# Reclassification of accounts

Certain accounts in the financial statement for the year ended 31 December 2023 have been reclassified to conform to the current period presentation as follows:

|  | 2023 | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Before reclassification |  | Reclassification |  | After  reclassification |
|  | *(in thousand Baht)* | | | | |
| ***Statement of financial position*** |  |  |  |  |  |
| Interbank and money market items  (liabilities) | 21,409,328 |  | (11,155,951) |  | 10,253,377 |
| Debts issued and borrowings | 3,058,076 |  | 11,113,746 |  | 14,171,822 |
| Other liabilities | 530,369 |  | 42,205 |  | 572,574 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***For the year ended 31 December*** | 2023 | | | | |
|  | Before reclassification |  | Reclassification |  | After  reclassification |
|  | *(in thousand Baht)* | | | | |
| ***Statement of profit or loss and***  ***other comprehensive income*** |  |  |  |  |  |
| Fee and service income | 383,003 |  | 65,832 |  | 448,835 |
| Employee expenses | 1,644,069 |  | 17,961 |  | 1,662,030 |
| Other expenses | 239,984 |  | 47,871 |  | 287,855 |

# Events after the reporting period

On 24 February 2025, the Board of Director's Meeting passed a resolution for issuance and offering of the debt instrument under Medium-Term Note Program (MTN), not exceeding of Baht 50,000 million.

On 24 February 2025, the Bank issued the perpetual subordinated debentures to be counted as Additional Tier 1 Capital under Basel III requirement, par value at Baht 5,000 million, which has no expiry date and bears a fixed interest rate at 4.75% per annum until the date of redemption rights and thereafter, they will bear a floating interest rate based on the sum of 5-year government bond yield and Initial Credit Spread, payable semi-annually in February and August of every year. The debentures were offered to private placement (institutional investors). The Bank can early redeem the perpetual subordinated debentures after 5 years from the issue date, according to certain specified conditions. The Bank has to seek an approval from the Bank of Thailand’s approval for early redemption.