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These notes form an integral part of the interim financial statements.

The interim 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 11 November 2024.

# 1 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.

# 2 Basis for preparation of interim financial statements

The condensed interim financial statements are presented in the same format as the annual financial statements together with notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, 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 interim financial statements focus on new activities, events and circumstances to avoid repetition of information previously reported in annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2023.

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 interim 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 period in preparing these interim 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, except for the potential initial impact on the financial statements of TFRS 17 *Insurance Contracts*. The Bank is on the process of evaluating the impact.

In preparing these interim financial statements, judgments and estimates are made by management in applying the Bank’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2023, except those as described in note 3 and 4.

# 3 Change in 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.

# 4 Change in accounting estimate

During the nine-month period ended 30 September 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 impact of the change in accounting estimate was not material to the interim financial statements.

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# 5 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)* | | | | | | | | | | | | | | |
| **30 September 2024** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 1,799,725 |  | - |  | - |  | 1,799,725 |  | - |  | 1,799,725 |  | - |  | 1,799,725 |
| Investments | *7* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Debt instruments  measured at amortised cost |  | - |  | - |  | 2,628,525 |  | 2,628,525 |  | - |  | 2,763,997 |  | - |  | 2,763,997 |
| - Debt instruments  measured at FVOCI |  | - |  | 35,636,730 |  | - |  | 35,636,730 |  | - |  | 35,636,730 |  | - |  | 35,636,730 |
| - Equity instruments  designated at FVOCI |  | - |  | 3,535,181 |  | - |  | 3,535,181 |  | 3,528,278 |  | - |  | 6,903 |  | 3,535,181 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial liabilities*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 2,033,914 |  | - |  | - |  | 2,033,914 |  | - |  | 2,033,914 |  | - |  | 2,033,914 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Carrying amount | | | | | | |  | Fair value | | | | | | |
|  |  |  |  |  |  | Amortised |  |  |  |  |  |  |  |  |  |  |
|  | *Note* | FVTPL |  | FVOCI |  | cost |  | Total |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  |  | *(in thousand Baht)* | | | | | | | | | | | | | | |
| **31 December 2023** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Financial assets*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Derivatives |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 703,326 |  | - |  | - |  | 703,326 |  | - |  | 703,326 |  | - |  | 703,326 |
| Investments | *7* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - 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 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| - Foreign currency related |  | 578,628 |  | - |  | - |  | 578,628 |  | - |  | 578,628 |  | - |  | 578,628 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

During the nine-month period ended 30 September 2024, the Bank has no changes in methods and assumptions for estimating the fair value of financial assets and financial liabilities and no transfers between Level 1 and Level 2 of the fair value hierarchy.

# 6 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 Act on Undertaking of Banking Business B.E. 2551.

As at 30 September 2024 and 31 December 2023, capital fund of the Bank calculated under Basel III consisted of the following:

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December 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 | 1,064,000 | 1,064,000 |
| Net profit after appropriation | 7,254,341 | 6,483,263 |
| Revaluation deficit on investments measured at fair value |  |  |
| through other comprehensive income | (1,784,580) | (3,316,779) |
| Capital deduction items on CET1 | (2,338,476) | (2,416,201) |
| **Total Common Equity Tier 1 Capital** | **34,794,200** | **32,413,198** |
| **Total Tier 1 Capital** | **34,794,200** | **32,413,198** |
| ***Tier 2 Capital*** |  |  |
| Subordinated debentures | 2,400,000 | 2,400,000 |
| General provision | 3,079,953 | 2,978,994 |
| **Total Tier 2 Capital** | **5,479,953** | **5,378,994** |
|  |  |  |
| **Total Capital funds** | **40,274,153** | **37,792,192** |
|  |  |  |
| **Total Risk-Weighted Assets** | **259,981,054** | **251,661,926** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | The BoT’s regulation minimum requirement | 30  September  2024 | 31 December 2023 |
|  | *(%)* | | |
| Capital Funds/Total Risk-Weighted Assets | 11.00 | 15.49 | 15.02 |
| Tier 1 Capital/Total Risk-Weighted Assets | 8.50 | 13.38 | 12.88 |
| Common Equity Tier 1 Capital/Total Risk-Weighted Assets | 7.00 | 13.38 | 12.88 |

As at 30 September 2024 and 31 December 2023, the Bank has no add-on arising from Single Lending Limit.

# 7 Investments, net

**7.1 Type of investments**

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December  2023 |
|  | Amortised cost | Amortised cost |
|  | *(in thousand Baht)* | |
| ***Investments in debt instruments measured at amortised cost*** |  | |
| Government and state enterprise securities | 1,466,424 | 1,466,103 |
| Private debt securities | 1,166,000 | 1,251,165 |
| Total | 2,632,424 | 2,717,268 |
| *Less* allowance for expected credit losses | (3,899) | (870) |
| **Total** | **2,628,525** | **2,716,398** |

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December  2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| ***Investments in debt instruments measured at FVOCI*** |  | |
| Government and state enterprise securities | 30,045,227 | 29,607,422 |
| Private debt securities | 2,587,686 | 3,797,590 |
| Foreign debt securities | 3,003,817 | 3,029,051 |
| **Total** | **35,636,730** | **36,434,063** |
| **Allowance for expected credit losses** | **(877,212)** | **(871,649)** |

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December  2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| ***Investments in equity instruments designated at FVOCI*** |  | |
| Domestic marketable equity instruments |  |  |
| - Investment units | 3,528,278 | 3,706,885 |
| Domestic non-marketable equity instruments | 6,903 | 6,903 |
| **Total** | **3,535,181** | **3,713,788** |
| **Total investments, net** | **41,800,436** | **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 nine-month period ended 30 September 2024 amounted to Baht 154 million *(2023: Baht 314 million)*.

For the nine-month period ended 30 September 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 earnings as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***For the nine-month***  ***period ended 30 September*** | 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 nine-month***  ***period ended 30 September*** | 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 | 739,960 | 31,690 | (352,746) | Sale for liquidity management |
| **Total** | **739,960** | **31,690** | **(352,746)** |  |

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

|  | 30 September 2024 | | | 31 December 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 issue is uncertain | 2 | 200,025 | - | 2 | 200,025 | - |

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

As at 30 September 2024 and 31 December 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:

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December  2023 |
|  | Fair value | Fair value |
|  | *(in thousand Baht)* | |
| Infrastructure fund | 129,500 | 107,100 |

# 8 Loans to customers and accrued interest receivables, net

**8.1 Classified by loan types**

|  |  |  |
| --- | --- | --- |
|  | 30 September  2024 | 31 December 2023 |
|  | *(in thousand Baht)* | |
| Overdrafts | 4,237,663 | 4,476,645 |
| Loans | 189,020,300 | 179,583,549 |
| Bills | 50,373,954 | 51,858,832 |
| Hire-purchase receivables | 782,654 | 601,448 |
| **Total loans to customers** | **244,414,571** | **236,520,474** |
| *Add* accrued interest receivables and undue interest receivables | 4,066,374 | 3,564,259 |
| **Total loans to customers and accrued interest receivables and undue interest receivables** | **248,480,945** | **240,084,733** |
| *Less* allowance for expected credit losses | (14,323,068) | (13,416,803) |
| **Loans to customers and accrued interest receivables, net** | **234,157,877** | **226,667,930** |

**8.2 Classified by residency of debtors**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 30 September 2024 |  | 31 December 2023 |
|  | *(in thousand Baht)* | | |
| Domestic | 244,414,571 |  | 236,520,474 |
| **Total** | **244,414,571** |  | **236,520,474** |

**8.3 Classified by loan classification**

|  | 30 September 2024 |  | 31 December 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) | 233,482,105 |  | 226,139,285 |
| Financial assets that have a significant increase in credit risk  (Under-performing) | 8,273,210 |  | 7,009,606 |
| Financial assets that are credit-impaired (Non-performing) | 6,725,630 |  | 6,935,842 |
| **Total** | **248,480,945** |  | **240,084,733** |

**8.4 Loans that are credit-impaired**

As at 30 September 2024 and 31 December 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:

|  | 30 September 2024 |  | 31 December 2023 |
| --- | --- | --- | --- |
| **Loans that are credit-impaired (principal)** |  |  |  |
| Loans that are credit-impaired *(in thousand Baht)* | 5,968,774 |  | 6,298,822 |
| Total loans *(in thousand Baht)* | 261,116,287 |  | 267,347,486 |
| Percentage of loans that are credit-impaired *(%)* | 2.29 |  | 2.36 |

During the nine-month period ended 30 September 2024 and 2023, the Bank did not sell parts of its loans that are credit-impaired to third parties.

**8.5 Modified loans to customers**

| ***For the nine-month period ended 30 September*** | 2024 |  | 2023 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Loans to customers modified during the period (1)** |  |  |  |
| Amortised cost before modification | 3,734,294 |  | 2,931,495 |
| Net modification losses | (592) |  | (13,994) |

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

|  | 30 September 2024 |  | 31 December 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 | 1,120,798 |  | 1,045,294 |

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

As at 30 September 2024 and 31 December 2023, loans to listed companies that meet SET’s criteria for delisting were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 September 2024 | | | | 31 December 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 | 1 | 1,780,583 | - | (1,058,377) | 1 | 1,765,456 | - | (1,041,826) |
|  |  |  |  |  |  |  |  |  |

**8.7 Hire-purchase receivables**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 30 September 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 | 229,685 | 213,301 | 209,228 | 146,898 | 44,657 | 843,769 |
| *Less* unearned interest income | (26,575) | (18,759) | (11,093) | (4,171) | (517) | (61,115) |
| Present value of minimum lease |  |  |  |  |  |  |
| payments | 203,110 | 194,542 | 198,135 | 142,727 | 44,140 | 782,654 |
| *Add* accrued interest receivables and  undue interest receivables |  |  |  |  |  | 1,239 |
| *Less* allowance for expected credit loss |  |  |  |  |  | (6,687) |
| **Hire-purchase receivables, net** |  |  |  |  |  | **777,206** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 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** |

**9 Allowance for expected credit loss**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 30 September 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) | 4,653 | - | - | - | 4,653 |
| Investments in debt instruments measured at amortised cost | 3,899 | - | - | - | 3,899 |
| Investments in debt instruments measured at FVOCI | 6,212 | 671,000 | 200,000 | - | 877,212 |
| Loans to customers and accrued interest  receivables and undue interest receivables | 2,111,561 | 2,504,251 | 4,237,776 | 5,469,480 | 14,323,068 |
| Undrawn loan commitments and financial guarantee contracts | 49,703 | 23,911 | 8,882 | - | 82,496 |
| **Total** | **2,176,028** | **3,199,162** | **4,446,658** | **5,469,480** | **15,291,328** |
|  |  | | | | |
|  |  | 31 December 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 30 September 2024, the Bank had allowance for expected credit loss on accrued interest receivables on investments and other financial assets amounted to Baht 2 million and Baht 49 million, respectively *(31 December 2023: Baht 2 million and Baht 53 million, respectively)*.

The movements in allowance for expected credit loss on material financial assets for the nine-month period ended 30 September 2024 and for the year ended 31 December 2023 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)* | | | | |
| ***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 | 5,651 | - | - | - | 5,651 |
| Purchased or acquired | 18 | - | - | - | 18 |
| Derecognised | (106) | - | - | - | (106) |
| **At 30 September 2024** | **6,212** | **671,000** | **200,000** | **-** | **877,212** |
|  |  |  |  |  |  |
| ***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 | 406,418 | 643,280 | (1,049,698) | - | - |
| Change from remeasurement of ECL | (3,081,235) | 465,042 | 1,154,485 | 2,433,538 | 971,830 |
| Purchased or acquired | 1,357,745 | 241,584 | 950,236 | - | 2,549,565 |
| Derecognised | (1,117,553) | (483,258) | (806,104) | - | (2,406,915) |
| Written-off | - | - | (208,215) | - | (208,215) |
| **At 30 September 2024** | **2,111,561** | **2,504,251** | **4,237,776** | **5,469,480** | **14,323,068** |

As at 30 September 2024, the management reserved an additional amount of ECL in respect of Baht 5,469 million *(31 December 2023: Baht 3,036 million)*. The Bank has awareness of the economy due to high household debts and economic uncertainty which may affect negatively on the ability to compile the obligation for the debtors. Moreover, the Bank also concerned about the creditworthiness deterioration of both vulnerable borrowers and sensitive sectors. Therefore, the management overlay has been set to cope with all those matters. For additional risks arise that may be beyond the scope of the existing risk model, to reflect the credit quality, the management overlay is necessary to serve this unexpected risk.

**10** **Debts issued and borrowings**

As at 30 September 2024 and 31 December 2023, debts issued and borrowings, which were issued in Thailand and denominated entirely in Thai Baht, consist of the following:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Year of maturity | Interest rate | 30 September  2024 | 31 December  2023 |
|  |  | *(% per annum)* | *(in thousand Baht)* | |
| Bills of exchange | 2024 - 2025 | 2.55 - 2.67 | 7,000,000 | 11,892,000 |
| Subordinated debentures (1) | 2031 | 3.75 | 2,400,000 | 2,400,000 |
| **Total** |  |  | **9,400,000** | **14,292,000** |
| *Less* deferred expenses |  |  | (73,829) | (120,178) |
| **Net** |  |  | **9,326,171** | **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.

# 11 Commitments and contingent liabilities

**11.1 Contingent liabilities**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 30 September 2024 | | | 31 December 2023 | | |
|  | Baht | Foreign currencies | Total | Baht | Foreign currencies | Total |
|  | *(in thousand Baht)* | | | | | |
| Avals to bills | 228,315 | - | 228,315 | 101,386 | - | 101,386 |
| Liabilities under unmatured import bills | 38,028 | 103,988 | 142,016 | 24,301 | 279,072 | 303,373 |
| Letters of credit | 9,228 | 760,063 | 769,291 | 15,535 | 1,165,977 | 1,181,512 |
| Other commitments |  |  |  |  |  |  |
| - Undrawn bank overdrafts | 4,039,596 | - | 4,039,596 | 4,050,069 | - | 4,050,069 |
| - Others guarantees | 11,302,345 | 149,845 | 11,452,190 | 9,589,717 | 196,916 | 9,786,633 |
| - Others | 25,579,490 | - | 25,579,490 | 23,321,426 | - | 23,321,426 |
| **Total** | **41,197,002** | **1,013,896** | **42,210,898** | **37,102,434** | **1,641,965** | **38,744,399** |

**11.2 Commitments under long-term agreements**

As at 30 September 2024 and 31 December 2023, the Bank had 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 - 3 years. The Bank is committed to pay the service fee as stipulated in the agreements.

**11.3 Litigation**

As at 30 September 2024, the Bank has been sued in many litigation cases being claimed for compensations totaling Baht 640 million *(31 December 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.

# 12 Related parties

The Bank has no significant change in relationships with related parties and the pricing policies during the nine-month periods ended 30 September 2024.

| ***Significant transactions with related parties*** |  | |
| --- | --- | --- |
| ***For the nine-month periods ended 30 September*** | 2024 | 2023 |
|  | *(in thousand Baht)* | |
| **Interest income** |  |  |
| Parent company | 35,052 | 95,720 |
| Major shareholders of the parent company | - | 59 |
| Subsidiaries of the parent company | 57,744 | 58,814 |
| Related companies | 208,475 | 178,581 |
| Directors and executives | 45 | 53 |
| Related persons | 732 | 932 |
|  |  |  |
| **Interest expenses** |  |  |
| Parent company | 74 | 32 |
| Major shareholders of the parent company | 7,622 | 19,366 |
| Subsidiaries of the parent company | 137 | 1,465 |
| Related companies | 31,487 | 10,176 |
| Directors and executives | 1,678 | 913 |
| Related persons | 8,433 | 6,761 |
|  |  |  |
| **Fees and service income** |  |  |
| Parent company | 131 | 129 |
| Subsidiaries of the parent company | 28,180 | 20,924 |
| Related companies | 6,523 | 7,179 |
|  |  |  |
| **Fees and service expenses** |  |  |
| Related companies | 172 | 155 |
|  |  |  |
| **Dividend income** |  |  |
| Related companies | 28,736 | 21,479 |
|  |  |  |
| **Other operating income** |  |  |
| Subsidiaries of the parent company | 744 | 756 |
|  |  |  |
|  |  |  |
| **Other operating expenses** |  |  |
| Parent company | 274,284 | 257,668 |
| Major shareholders of the parent company | 25,838 | 28,650 |
| Related companies | 72,832 | 73,312 |

As at 30 September 2024 and 31 December 2023, the outstanding balances of significant transactions with related parties can be summarised as follows:

|  | 30 September  2024 | 31 December  2023 |
| --- | --- | --- |
|  | *(in thousand Baht)* | |
| **Interbank and money market items (assets)** |  |  |
| Subsidiary of the parent company | 1,224,847 | 2,564,813 |
|  |  |  |
| **Investments - cost** |  |  |
| Related companies | 482,008 | 482,008 |
|  |  |  |
| **Loans to customers and accrued interest receivables** |  |  |
| Parent company | - | 80,008 |
| Related companies | 5,447,744 | 6,241,755 |
| Directors and executives | 1,979 | 3,444 |
| Related persons | 19,616 | 23,056 |
|  |  |  |
| **Other assets** |  |  |
| Parent company | 300 | 300 |
| Major shareholder of the parent company | 7,585 | 7,585 |
| Subsidiaries of the parent company | 3,530 | 1,889 |
| Related companies | 26,258 | 26,296 |
|  |  |  |
| **Deposits** |  |  |
| Parent company | 7,363 | 13,207 |
| Major shareholders of the parent company | 1,288,539 | 1,286,025 |
| Subsidiary of the parent company | 3,347 | 3,591 |
| Related companies | 2,320,198 | 3,123,228 |
| Directors and executives | 197,321 | 190,086 |
| Related persons | 1,636,268 | 1,712,273 |
|  |  |  |
| **Interbank and money market items (liabilities)** |  |  |
| Major shareholder of the parent company | 525 | 552 |
| Subsidiaries of the parent company | 119,370 | 105,151 |
|  |  |  |
| **Debts issued and borrowings** |  |  |
| Related persons | 7,000 | 7,000 |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Accrued interest payables** |  |  |
| Parent company | 44 | - |
| Major shareholders of the parent company | 488 | - |
| Subsidiaries of the parent company | 91 | 11 |
| Related companies | 3,971 | 5,360 |
| Directors and executives | 875 | 284 |
| Related persons | 3,665 | 880 |
|  |  |  |
| **Lease liabilities** |  |  |
| Parent company | 3,025 | 4,114 |
| Major shareholders of the parent company | 12,340 | 54,727 |
| Related companies | 414,484 | 399,416 |
|  |  |  |
| **Other liabilities** |  |  |
| Parent company | 29,350 | 32,705 |
| Major shareholders of the parent company | 379 | 547 |
| Subsidiaries of the parent company | 144 | 1,811 |
| Related companies | 1,057 | 12,689 |
| Directors and executives | 10 | 101 |
|  |  |  |
| **Contingent liabilities - bank guarantees** |  |  |
| Related companies | 21,186 | 106,217 |
|  |  |  |
| **Contingent liabilities - undrawn credit limit** |  |  |
| Parent company | 30,000 | 30,000 |
| Subsidiaries of the parent company | 5,075,000 | 4,035,000 |

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

During the nine-month periods ended 30 September 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 nine-month periods ended 30 September*** | 2024 | 2023 |
| --- | --- | --- |
|  | *(in thousand Baht)* | |
| Short-term employee benefits | 165,826 | 158,805 |
| Post-employment benefits | 11,895 | 16,323 |
| **Total** | **177,721** | **175,128** |

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.

***Significant agreements with related parties***

As at 30 September 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.

# 13 Segment information

During the nine-month period ended 30 September 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 following tables present revenue and profit information regarding the Bank’s operating segments for the nine-month periods ended 30 September 2024 and 2023.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***For the nine-month period ended   30 September*** | 2024 | | | |
|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
|  | *(in thousand Baht)* | | | |
| Net interest income | 3,616,544 | 1,030,019 | 602,282 | 5,248,845 |
| Non-interest income, net | 172,934 | 161,752 | 129,520 | 464,206 |
| Total operating income | 3,789,478 | 1,191,771 | 731,802 | 5,713,051 |
| Total other operating expenses | (1,208,964) | (1,438,485) | (189,647) | (2,837,096) |
| Profit (loss) from operations before |  |  |  |  |
| expected credit loss and income tax | 2,580,514 | (246,714) | 542,155 | 2,875,955 |
| Expected credit loss |  |  |  | (1,132,972) |
| Profit from operations before income tax |  |  |  | 1,742,983 |
| Income tax |  |  |  | (343,833) |
| **Net profit** |  |  |  | **1,399,150** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***For the nine-month period ended   30 September*** | 2023 | | | |
|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
|  | *(in thousand Baht)* | | | |
| Net interest income | 3,765,467 | 1,051,617 | 431,660 | 5,248,744 |
| Non-interest income, net | 161,034 | 123,327 | 336,490 | 620,851 |
| Total operating income | 3,926,501 | 1,174,944 | 768,150 | 5,869,595 |
| Total other operating expenses | (1,133,223) | (1,340,921) | (158,225) | (2,632,369) |
| Profit (loss) from operations before |  |  |  |  |
| expected credit loss and income tax | 2,793,278 | (165,977) | 609,925 | 3,237,226 |
| Expected credit loss |  |  |  | (1,553,752) |
| Profit from operations before income tax |  |  |  | 1,683,474 |
| Income tax expense |  |  |  | (313,527) |
| **Net profit** |  |  |  | **1,369,947** |

The following tables present assets and liabilities regarding the Bank’s operating segments as at 30 September 2024 and 31 December 2023.

|  | Wholesale  Banking | Retail  Banking | Global Markets | Total |
| --- | --- | --- | --- | --- |
|  | *(in thousand Baht)* | | | |
| **30 September 2024** |  |  |  |  |
| Loans to customers and interbank  and money market items (1) | 191,502,800 | 57,563,487 | 12,050,000 | 261,116,287 |
| Total assets |  |  |  | 312,173,246 |
| Total liabilities |  |  |  | 274,072,690 |
|  |  |  |  |  |
| **31 December 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 nine-month periods ended 30 September 2024 and 2023, the Bank had no major customer with revenue of 10 percent or more of total revenues.

# 14 Events after the reporting period

The Board of Directors’ meeting, held on 11 November 2024, passed a resolution to propose to the Extraordinary General Meeting of Shareholders for approval of issuance and offering of the subordinated debenture counted as a part of Tier 1 Capital, not exceeding to Baht 5,000 million.

Moreover, the aforementioned meeting passed a resolution to approve of an interim cash dividend in total of Baht 850 million.

# 15 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2023 and statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023 have been reclassified to conform to the current period presentation as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | 31 December 2023 | | |
|  | Before  Reclassification | Reclassification | After  Reclassification |
|  | *(in thousand Baht)* | | |
| ***Statements 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 three-month period ended 30 September*** | 2023 | | |
|  | Before  Reclassification | Reclassification | After  Reclassification |
|  | *(in thousand Baht)* | | |
| ***Statements of profit or loss and***  ***other comprehensive income*** |  |  |  |
| Fees and service income | 97,128 | 17,126 | 114,254 |
| Employee expenses | 428,435 | 4,659 | 433,094 |
| Other expenses | 43,390 | 12,467 | 55,857 |
|  |  |  |  |
| ***For nine-month period ended 30 September*** | 2023 | | |
|  | Before  Reclassification | Reclassification | After  Reclassification |
|  | *(in thousand Baht)* | | |
| ***Statements of profit or loss and***  ***other comprehensive income*** |  |  |  |
| Fees and service income | 280,988 | 54,965 | 335,953 |
| Employee expenses | 1,216,827 | 12,736 | 1,229,563 |
| Other expenses | 112,382 | 42,229 | 154,611 |