

RHB BANK BERHAD - BANGKOK BRANCH

FINANCIAL STATEMENTS

31 DECEMBER 2023



Independent auditor's report

To the Management of RHB Bank Berhad

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of RHB Bank Berhad - Bangkok Branch (the Bank) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in head office's equity and other branches under the same entity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in black ink, appearing to read 'Sinsiri Thangsombat'.

Sinsiri Thangsombat
Certified Public Accountant (Thailand) No. 7352
Bangkok
26 April 2024

RHB Bank Berhad - Bangkok Branch
Statement of Financial Position
As at 31 December 2023

Wong Kee Poh
Chief Executive Officer

RHB Bank Berhad, Thailand

	<u>Notes</u>	<u>2023 Baht</u>	<u>2022 Baht</u>
Assets			
Cash		4,123,489	14,337,992
Interbank and money market items, net	6	2,973,770,383	1,867,446,656
Derivative assets	7	50,375,358	63,413,026
Investments, net	8	8,655,673,233	8,004,655,366
Loans and accrued interest receivables, net	9	7,926,576,010	11,668,376,117
Properties foreclosed, net	11	1,189,357,976	153,114,614
Leasehold improvements and equipment, net	12	33,155,989	37,024,572
Right-of-use assets, net	13	46,187,157	23,010,772
Intangible assets, net	14	25,099,475	23,384,535
Deferred tax assets, net	15	55,775,671	50,951,368
Other assets	16	62,780,887	53,025,018
Total assets		<u><u>21,022,875,628</u></u>	<u><u>21,958,740,036</u></u>

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

RHB Bank Berhad - Bangkok Branch
Statement of Financial Position (Cont'd)
As at 31 December 2023

Wong Kee Poh
Chief Executive Officer
RHB Bank Berhad, Thailand

	Notes	2023 Baht	2022 Baht
Liabilities and Head Office's equity and balances with other branches under the same entity			
Liabilities			
Deposits	17	7,312,507,861	8,370,991,104
Interbank and money market items	18	10,846,340,354	10,375,592,547
Demand liabilities		872,470	743,812
Derivative liabilities	7	18,700,582	61,314,035
Lease liabilities	13	44,124,319	23,021,488
Provisions	19	26,287,594	27,698,597
Income tax payable		-	23,654,347
Other liabilities	20	176,328,975	190,435,740
Total liabilities		18,425,162,155	19,073,451,670
Head Office's equity and balances with other branches under the same entity			
Fund remitted into Thailand for maintaining assets under law	21	4,976,677,796	2,290,000,000
Net balance of inter-office accounts with Head Office and other branches under the same entity		68,385,427	113,506,795
Others component of accounts with head office and other branches under the same entity		(111,264,277)	(61,570,061)
(Deficits) Retained earnings		(2,336,085,473)	543,351,632
Total Head Office's equity and balances with other branches under the same entity		2,597,713,473	2,885,288,366
Total liabilities and Head Office's equity and balances with other branches under the same entity		21,022,875,628	21,958,740,036

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

RHB Bank Berhad - Bangkok Branch
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

Wong Kee Poh
Chief Executive Officer
RHB Bank Berhad, Thailand

	Notes	2023 Baht	2022 Baht
Interest income	27	596,112,112	587,238,133
Interest expense	28	(354,958,746)	(201,869,851)
Net interest income		<u>241,153,366</u>	<u>385,368,282</u>
Fees and service incomes		16,122,541	27,236,210
Fees and services expenses		(953,210)	(804,704)
Net fee and service income	29	<u>15,169,331</u>	<u>26,431,506</u>
Net gain on financial instruments measured at fair value through profit or loss	30	52,700,235	26,007,316
Net (loss) gain on investment	8	(817,118)	756,658
Other operating income		2,112,806	458,578
Total operating income		<u>310,318,620</u>	<u>439,022,340</u>
Other operating expenses			
Employee expenses		122,417,569	119,308,308
Premises and equipment expenses		55,676,090	53,210,705
Taxes and duties		23,141,616	20,186,637
Others		45,866,225	55,323,014
Total other operating expenses		<u>247,101,500</u>	<u>248,028,664</u>
Expected credit losses	31	2,937,006,211	82,568,418
(Loss) profit before income tax		<u>(2,873,789,091)</u>	<u>108,425,258</u>
Income tax	32	(7,572,980)	(28,710,305)
Net (loss) profit for the year		<u>(2,881,362,071)</u>	<u>79,714,953</u>
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post-employment benefit plans	19	2,406,208	2,148,424
Income tax on items that will not be subsequently reclassified to profit or loss	15	(481,242)	(429,685)
Total items that will not be reclassified subsequently to profit or loss		<u>1,924,966</u>	<u>1,718,739</u>
Items that will be reclassified subsequently to profit or loss			
Loss on debt instruments classified at fair value through other comprehensive income	8	(62,117,771)	(126,069,981)
Income tax relating to item that will be reclassified subsequently to profit or loss	15	12,423,555	23,128,281
Total items that will be reclassified subsequently to profit or loss		<u>(49,694,216)</u>	<u>(102,941,700)</u>
Total other comprehensive expense, net of tax		<u>(47,769,250)</u>	<u>(101,222,961)</u>
Total comprehensive expense for the year		<u>(2,929,131,321)</u>	<u>(21,508,008)</u>

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

RHB Bank Berhad - Bangkok Branch

Statement of Changes in Head Office's Equity and Other Branches Under the Same Entity

For the year ended 31 December 2023

RHB Bank Berhad, Thailand

Wong Kee Poh
Chief Executive Officer

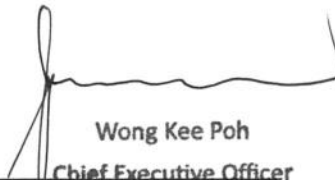
	Note	Fund remitted into Thailand for maintaining assets under law		Net balance of inter-office accounts with Head Office and other branches under the same entity		Other component of balance of inter-office accounts with the same entity		(Deficits) Retained earnings		Total
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balances as at 1 January 2022		2,100,000,000	97,641,664	41,371,639	651,917,940	2,890,931,243				
Increase during the year		-	15,865,131	-	-	15,865,131				
Transfer to Fund remitted into Thailand	21	190,000,000	-	-	(190,000,000)	-				
Net profit for the year		-	-	-	79,714,953	79,714,953				
Unrealised loss on changes in investments in debt instruments measured at FVOCI		-	-	(126,069,981)	-	(126,069,981)				
Remeasurements of provision for employment benefit plan		-	-	-	2,148,424	2,148,424				
Income tax relating to other component of other comprehensive income for the year		-	-	23,128,281	(429,685)	22,698,596				
Closing balances as at 31 December 2022		2,290,000,000	113,506,795	(61,570,061)	543,351,632	2,885,288,366				
Opening balances as at 1 January 2023		2,290,000,000	113,506,795	(61,570,061)	543,351,632	2,885,288,366				
Decrease during the year		-	(45,121,368)	-	-	(45,121,368)				
Transfer to Fund remitted into Thailand	21	2,686,677,796	-	-	-	2,686,677,796				
Net loss for the year		-	-	-	(2,881,362,071)	(2,881,362,071)				
Unrealised loss on changes in investments in debt instruments measured at FVOCI		-	-	(62,117,771)	-	(62,117,771)				
Remeasurements of provision for employment benefit plan		-	-	-	2,406,208	2,406,208				
Income tax relating to other component of other comprehensive income for the year		-	-	12,423,555	(481,242)	11,942,313				
Closing balances as at 31 December 2023		4,976,677,796	68,385,427	(111,264,277)	(2,336,085,473)	2,597,713,473				

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

	Notes	2023 Baht	2022 Baht
Cash flows from operating activities			
Net (loss) profit before income tax		(2,873,789,091)	108,425,258
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:			
Depreciation and amortisation	12, 13, 14	25,688,925	25,487,382
Gain on fixed assets disposal and written-off		(8,827)	(61,480)
Amortisation of discount and premium in investment in securities		26,974,163	45,804,709
Expected credit losses	31	2,937,006,211	82,568,418
Provisions for employee benefits	19	4,587,704	5,283,365
Unrealised gain on change in fair value of derivative financial instruments		(29,575,785)	(1,852,961)
Interest income	27	(596,112,112)	(587,238,133)
Interest expense	28	354,958,746	201,869,851
Interest paid		(326,831,497)	(196,784,776)
Interest received		633,298,019	555,716,026
Income tax paid		(27,045,281)	(10,037,010)
Net profit from operating activities before changes in operating assets and liabilities		129,151,175	229,180,649
Decrease (Increase) in operating assets			
Interbank and money market items		(100,000,000)	(350,000,000)
Loans		(288,261,545)	(630,358,991)
Properties foreclosed		11,110,000	-
Other assets		(7,414,789)	11,605,549
Increase (Decrease) in operating liabilities			
Deposits		(1,058,483,243)	602,404,292
Interbank and money market items		470,747,807	1,587,507,280
Demand liabilities		128,658	(4,510,794)
Lease liabilities		(1,986,457)	-
Other liabilities		(33,824,706)	37,435,778
Head Office's equity and balances with other branches under the same entity		(50,381,796)	15,799,185
Net cash (used in) generated from operating activities		(929,214,896)	1,499,062,948

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

RHB Bank Berhad - Bangkok Branch
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2023


Wong Kee Poh
Chief Executive Officer
RHB Bank Berhad, Thailand

	Note	2023 Baht	2022 Baht
Cash flows from investing activities			
Cash paid for purchases of investments			
in debt instruments measured at amortised cost		(300,000,000)	(1,000,000,000)
Cash paid for purchases of investments			
in debt instruments measured at fair value through			
other comprehensive income		(5,197,000,000)	(6,813,000,000)
Proceeds from disposals and maturity of investments			
in debt instruments measured at fair value through			
other comprehensive income		4,302,000,000	5,733,000,000
Maturity of investments in securities		460,000,000	1,650,000,000
Proceeds from disposals of leasehold			
improvements and equipment		8,830	61,600
Purchases of leasehold improvements and equipment		(3,346,750)	(26,746,074)
Purchases of intangible assets		(8,022,684)	(3,721,060)
Net cash used in from investing activities		<u>(746,360,604)</u>	<u>(460,405,534)</u>
Cash flows from financing activities			
Cash paid for lease liabilities	13	(9,643,371)	(11,399,374)
Cash received from capital injection		2,686,677,796	-
Net cash (used in) generated from financing activities		<u>2,677,034,425</u>	<u>(11,399,374)</u>
Net increase in cash and cash equivalent		1,001,458,925	1,027,258,040
Cash and cash equivalents at the beginning of the year		1,289,737,241	262,479,201
Cash and cash equivalents at the end of the year		<u><u>2,291,196,166</u></u>	<u><u>1,289,737,241</u></u>
Cash and cash equivalents			
Cash		4,123,489	14,337,992
Interbank and money market items, assets		2,285,336,465	1,273,745,990
Head Office's equity and balances with other			
branches under the same entity		1,736,212	1,653,259
		<u>2,291,196,166</u>	<u>1,289,737,241</u>
Non-cash transaction			
Addition in leasehold improvements and equipment		3,060,200	9,179,530
Addition in right-of-use assets		39,790,085	4,897,626

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

1 General information

RHB Bank Berhad - Bangkok Branch ("the Bank") is a segment of RHB Bank Berhad incorporated in Malaysia and is not a separately incorporated legal entity. The address of the Bank's registered office is as follows:

Level 15 and 18, All Season Place, 87 Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

On 28 August 2013, the banks have been approved from Bank of Thailand to establish 2 branches generally are Sriracha branch, Chonburi and Phra Nakhon Si Ayutthaya branch, Phra Nakhon Si Ayutthaya.

These financial statements have been approved for issue by Chief Executive Officer on 26 April 2024.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements of the Thailand operations of RHB Bank Berhad have been prepared from the records of the Thailand operations and only reflect transactions recorded locally.

The financial statements have been prepared in accordance with procedures, policies and notifications of the Bank of Thailand regarding the preparation of the financial statements of commercial banks and Thai Financial Reporting Standards ("TFRS"). The primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in Head Office's equity and other branches under the same entity and statement of cash flows) are prepared in the format as required by the Notification of the Bank of Thailand ("BOT"), No. SorNorSor. 21/2561, "The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group" dated on 31 October 2018.

The Bank's financial statements have been prepared under the historical cost convention except for some transactions as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai financial reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New and amended financial reporting standards

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

- a) **Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets** clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the entity must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.

- b) **Amendment to TFRS 9 - Financial Instruments** clarified which fees should be included in the 10% test for the derecognition of financial liabilities. It should only include fees between the borrower and lender.

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

2.2.2 Amended financial reporting standards that are effective for the accounting period beginning on or after 1 January 2024 and relevant to the Bank.

The following amended TFRSs were not mandatory for the current reporting period and have not been early adopted by the Bank.

- a) **Amendment to TAS 1 - Presentation of financial statements** revised the disclosure from 'significant accounting policies' to 'material accounting policies'. The amendment also provides guidelines on identifying when the accounting policy information is material. Consequently, immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
- b) **Amendment to TAS 8 - Accounting policies, changes in accounting estimates and errors** revised to the definition of 'accounting estimates' to clarify how the company should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events and conditions from the date of that change. Whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period as if the new accounting policy had always been applied.
- c) **Amendments to TAS 12 - Income taxes**

- c.1) The company must recognise any deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, gives rise to equal amounts of taxable and deductible temporary differences. Example transactions are leases and decommissioning obligations.

The amendment should be applied to transactions on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that they can probably be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised at the beginning of retained earnings or any other component of equity, as appropriate.

- c.2) The company must apply all income taxes arising from the tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), an international organisation.

In December 2021, the OECD released the Pillar Two model rules to apply the Global Anti-Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the rules' scope must calculate the GloBE effective tax rates for each territory in which they operate and pay a top-up tax for the differences between these and the 15% minimum rate.

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

2.3 Accounting policies

2.3.1 Foreign currency translations

(a) Functional and presentation currency

Items included in the financial statements of the Bank is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Bank's functional and the Bank's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.3.2 Financial instruments

(a) Classification of financial assets

The Bank classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- Those to be measured subsequently at fair value through profit or loss (FVPL) or through other comprehensive income (FVOCI); and
- Those to be measured at amortised cost

The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

Cash and cash equivalent

Cash and cash equivalents are carried in the statements of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash, net balance of interbank and money market items and net balance of inter-office accounts with Head Office and other branches under the same entity which have short-term highly liquid investments with maturities of three months or less from acquisition date.

Loans

Overdrafts are stated at the principal amounts including interest. Other loans are stated at the principal amount. Unearned discounts received in advance are presented as deduction from the loans.

(b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

(d) Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories:

- Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

- Fair value through other comprehensive income (FVOCI)

FVOCI: Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Impairment expenses are presented separately in the statement of profit or loss and other comprehensive income.

- Fair value through profit or loss (FVPL)

FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(e) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to gain (loss) on financial instruments measured at fair value through profit or loss.

(f) Modification

The Bank sometimes renegotiates or otherwise modifies the contractual cashflow. When this happens, the Bank assess whether the new terms are substantially different to the original terms or not. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cashflows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

If the terms are substantially different, the Bank derecognises the original financial assets and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Difference in the carrying amount are also recognised in profit or loss as gain or loss on derecognition.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- The Bank transfers substantially all the risks and rewards of ownership, or
- The Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

(g) Impairment

The Bank assesses expected credit loss on a forward looking basis for its financial assets classified as debt instrument carried at FVOCI and at amortised cost and loan commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except other receivables which the Bank applies the simplified approach in determining its expected credit loss.

The Bank measures expected credit losses using the following approach:

General approach

At each reporting date, the Bank applies general approach to measure expected credit losses on debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, loan commitments, and financial guarantee contracts except for those that are under simplified approach. The Bank always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

For the year ended 31 December 2023, the management considered to provision the additional expected credit losses as management overlay due to the Bank cautionary measure after assessing the various conditions and economic uncertainties arising from the COVID-19 situation which could result in asset quality deterioration in the coming periods.

Significant increase in credit risk

At each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. To make that assessment, the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available increases in credit risk since initial recognition.

TFRS 9 contains a rebuttable presumption that the risk of financial assets is deemed to have increased significantly when more than 30 days past due. The Bank uses this 30 day backstop for all its products. In addition, the Bank considers a range of qualitative and quantitative events to assess whether a significant increase in credit risk since initial recognition has occurred.

During the year 2023, the Bank has applied the debtor staging criteria for debtors who are enrolled in the debt restructuring with multi-creditors as per BOT announcement no. Tor Por Tor. Fhor Kor Ngor. Wor. 83/2022, "Debt restructuring guidelines for debtors with multi-creditors," which the Bank can retain the original debtor staging from the first creditor meeting to the date of signing the debtor restructuring agreement.

Definition of default and credit-impaired financial assets

The Bank defines a financial instrument as default or credit-impaired which is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to significantly affect the ability to repay. Exposures are considered to be credit-impaired if they are past due for 90 days or more or possesses signs indicating weaknesses which are likely to impact ability to meet future financial obligations. The default definition is consistent with that used for risk management purposes.

(h) **Financial liabilities**

Classification

Financial instruments issued by the Bank are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Bank has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Bank's own equity instruments.
- Where the Bank has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Measurement

At initial recognition, the Bank measures financial liabilities at fair value. The Bank reclassifies all financial liabilities as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. This classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gain or losses on financial liabilities designated at fair value through profit or loss are presented gain or losses on financial instruments measured at fair value through profit or loss.
- Financial guarantee contracts and loan commitments.

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Bank assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

(i) **Financial guarantee contract and loan commitment**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised.

Loan commitments provided by the Bank are measured at the amount of loss allowance. The Bank has not provided any commitment to provide loan at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For the loan commitments and financial guarantee contract, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit loss are recognised as a provision.

(j) Interest income and interest expense recognition

Interest income is calculated by applying the effective interest rate to the gross carrying is applied to the amortised cost of the financial asset, except for:

- Purchased or originated credit-impaired financial asset (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of financial asset.
- Financial assets that are not (POCI) but have subsequently becomes credit-impaired (a stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (net of the expected credit loss provision).

(k) Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Cash collateral on exchange traded derivative transactions is presented gross unless the collateral cash flows are always settled net with the derivative cash flows. In certain situations, even though master netting agreements exist, the lack of management intention to settle on a net basis results in the financial assets and liabilities being reported gross on the statement of financial position.

2.3.3 Properties foreclosed

Properties foreclosed consist of immovable properties which are stated at lower of cost or net realisable value which referred from the latest appraised value less estimated selling expenses, which are additionally adjusted considering the type and characteristic of the properties in accordance with BoT's guideline. The Bank recognises losses on impairment or reversal of losses on impairment as other operating expenses or income in the statements of profit of loss and other comprehensive income. Gains or losses on disposals of those properties foreclosed after deducting selling expenses are recognised as other operating income or expenses in the statements of profit of loss and other comprehensive income, except for sales that allow buyer to borrow money which gains or losses on disposals will be recognised in accordance with the BoT's guidelines.

2.3.4 Leasehold improvements and equipment

Leasehold improvements and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write-off the cost of each asset to its residual value over the estimated useful life of the related assets, as follows:

Leasehold improvements	Period of the lease
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

The Bank includes costs of dismantling and restoring the item and restoring the site on which it is located, when the Bank has obligation to do, with Building improvement. The Bank calculates the depreciation using straight line method, estimated useful life is equivalent to the residual life of rental contract.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

2.3.5 Intangible assets

Computer software

Intangible assets represent computer software licences. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Bank and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs which are recognised as assets are amortised using the straight line method over their useful lives, not exceeding a period of 10 years.

2.3.6 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

2.3.7 Demand liabilities

The Bank records the demand liabilities as of the date of transaction equivalents to amount of cash received. When demand liabilities are recalled and repaid, the Bank reverses the outstanding.

2.3.8 Provisions

Provisions (except provision for post-employment benefit) are recognised in the statements of financial position when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Bank expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when it is virtually certain after provision has been settled.

2.3.9 Employee benefits

a) Provident Fund

The Bank established a contributory registered provident fund, being a defined contribution plan, in accordance with the Provident Fund Act B.E. 2530. Under the plan, the employees must pay 5 or 10 or 15 percent of their basic salary to the fund depending on their decisions and the Bank contributes 10 percent of employees' salary. The Bank appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530. The Bank's contributions to the provident fund are charged to the statement of profit or loss and other comprehensive income.

b) Post retirement benefits

The Bank provides for post employment benefits, payable to employees under the Thai Labour Law. The liability in respect of employee's benefits is measured, using the Projected Unit Credit method which is calculated by an independent actuary in accordance with the Actuarial Technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to head office's equity and balances with other branches under the same entity in other comprehensive income in the period in which they arise and are included in retained earnings in the statement of changes in head office's equity and balances with other branches under the same entity.

Past service costs are recognised immediately in profit or loss.

In determining the appropriate discount rate, the Bank considers the interest rates in which the benefits will be paid to the staff in every year.

2.3.10 Recognition of other income and expenses

Other income

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, income is recognised over the period during which the related service is provided.

Other expenses

Other expenses are recognised on an accrual basis.

2.3.11 Leases - where the Bank is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Bank is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.3.12 Current and deferred income taxes

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

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

3.1 Critical accounting estimates and assumptions

3.1.1 Allowance for expected credit losses ('ECL')

The Bank assesses expected credit loss on a forward-looking basis for its financial assets classified as debt instrument carried at FVOCI and at amortised cost, loan commitments, and financial guarantee contracts.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

3.1.2 Valuation of properties foreclosed

Fair value of properties foreclosed-immovable assets is calculated from the appraisal value, appraised by an external independent valuer, less estimated selling expenses, and the appraisal value is discounted according to the holding period.

The Bank calculates allowance for impairment of properties foreclosed in accordance with the BOT's Notification.

3.1.3 Fair value of derivatives

In determining the fair value of financial instruments, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of bond duration, interest rate, correlation and market sensitivity rate, etc. Counterparty credit risk has been included in presentation of fair value of derivatives.

3.1.4 Deferred tax income

Deferred tax liabilities are provided in full on all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Bank considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Bank assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on the Bank's reported financial position and results of operations.

3.1.5 Determination of lease terms

Critical judgement in determining the lease term, the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Bank considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Bank.

3.1.6 Determination of discount rate applied to leases

The Bank determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term.

4 Capital risk management

The Bank's objectives when managing capital are to safeguard the Bank's ability to continue as a going concern in order to provide returns for Head Office and to maintain an optimal capital structure to reduce the cost of capital. Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking business B.E. 2551. The Bank's capital fund is presented in Note 21.

5 Fair value

5.1 Fair value estimate

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at 31 December 2023 and 2022, the Bank's financial assets and financial liabilities measured at fair value are as follows:

	Carrying amount Baht'000	2023 Fair value			Total Baht'000
		Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	
Assets					
Derivative assets	50,375	-	50,375	-	50,375
Financial assets measured at fair value through other comprehensive income					
Government and state enterprises securities	6,702,547	-	6,702,547	-	6,702,547
Private enterprises debt securities	667,950	-	667,950	-	667,950
Total assets	7,420,872	-	7,420,872	-	7,420,872
Liabilities					
Derivative liabilities	18,701	-	18,701	-	18,701
Total Liabilities	18,701	-	18,701	-	18,701

Fair value of the following assets and liabilities estimated for the purpose of disclosure are as follows:

Interbank and money market items, net

The interbank and money market items (assets) are deposits at the BOT and other financial institutions and loans to financial institutions which are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are deposits and borrowing from other financial institutions, which are short-term or at call and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

Investments

The fair value of investments in domestic debts instruments is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.

Loans to customers and accrued interest receivable, net

The fair value is the outstanding balance of loans and accrued interest for floated rate loans. The fair value of fixed rate loans was calculated based on the market effective rate.

Deposits

Deposits are saving deposits, current accounts, fixed or certificate of deposits. These deposits are typically short-term in nature. The management has assessed the existing effective rate of the deposit is a reasonable approximation of market effective rate. Accordingly, carrying amounts of saving deposits, current accounts and fixed or certificate of deposits with the 1 year maturity or less are reasonable approximation of their fair values.

Liabilities payable on demand

Liabilities payable on demand are at call liabilities. Accordingly, their carrying amount is a reasonable approximation of fair value.

5.2 Valuation techniques used to derive Level 2 fair values

The fair values of debt securities measured at fair value through other comprehensive income are based on the yield curve of ThaiBMA or other financial institutions at the last business day of the year.

The fair value of derivative assets and liabilities have been valued at their current market values, which are obtained from quoted market prices or applying discounted cash flow model or other widely used calculation methods.

6 Interbank and money market item, net - assets

Interbank and money market items as at 31 December 2023 and 2022 consist of the followings:

	2023	2022
	Total	Total
	Baht	Baht
Domestic items		
The Bank of Thailand	2,193,234,555	1,193,880,903
Commercial banks	12,074,891	7,892,967
Other financial institutions	700,000,000	600,000,000
Total	2,905,309,446	1,801,773,870
<u>Add</u> Interest receivable	721,096	154,248
<u>Less</u> Allowance for expected credit losses	(12,265,445)	(6,427,880)
Total domestic items	2,893,765,097	1,795,500,238
Foreign items		
US Dollars	59,989,790	49,881,058
Euro	3,811,465	3,629,275
Pounds sterling	688,920	654,348
Japanese Yen	9,987,048	10,169,316
Australia Dollars	4,691,904	4,769,091
Hong Kong Dollars	769,136	2,841,558
New Zealand Dollars	88,756	27,474
Total	80,027,019	71,972,120
<u>Less</u> Allowance for expected credit losses	(21,733)	(25,702)
Total foreign items	80,005,286	71,946,418
Total interbank and money market item, net - assets	2,973,770,383	1,867,446,656

7 Derivative financial instruments

Fair value and notional amount classified by type of risks as at 31 December 2023 and 2022 comprise of the followings:

Types of risks	2023		
	Fair value		Notional amount
	Assets	Liabilities	
	Baht	Baht	Baht
Foreign exchange rate	50,375,358	18,700,582	2,644,186,368
Types of risks	2022		
	Fair value		Notional amount
	Assets	Liabilities	
	Baht	Baht	Baht
Foreign exchange rate	63,413,026	61,314,035	2,868,482,551

Proportion of derivative contract balance as at 31 December 2023 and 2022 classified by counterparties comprise of the followings:

Counterparties	2023	2022
	%	%
Financial institution	87	65
Affiliated companies	5	22
Third parties	8	13
Total	100	100

8 Investments, net

Investments in securities as at 31 December 2023 and 2022 comprised of the following:

	2023	2022
	Amortised cost Baht	Amortised cost Baht
Investment in debt securities measured at amortised cost		
Government and state enterprise securities	1,285,176,070	983,644,423
Total	1,285,176,070	983,644,423
<u>Less</u> Allowance for expected credit losses	-	-
Total	1,285,176,070	983,644,423
	2023	2022
	Fair value Baht	Fair value Baht
Investment in debt securities measured at fair value through other comprehensive income		
Government and state enterprise securities	6,702,547,182	6,006,297,970
Private enterprises debt securities	667,949,981	1,014,712,973
Total	7,370,497,163	7,021,010,943
Allowance for expected credit losses	(8,368,927)	(13,478,728)
Total investments, net	8,655,673,233	8,004,655,366

Recognition of transaction in statement of profit or loss and other comprehensive income for investments in debt instrument measured at FVOCI for the years ended 31 December 2023 and 2022 is as follows:

	2023 Baht	2022 Baht
Loss from changes in value of investments in debt instruments measured at FVOCI	61,300,653	126,826,639
Loss (Gain) realised from sale of investments in debt instruments measured at FVOCI	817,118	(756,658)
Total	62,117,771	126,069,981

9 Loans to customers and accrued interest receivables, net

9.1 Classified by loan type

	2023 Baht	2022 Baht
Overdrafts	566,417,715	507,426,316
Loans	1,856,601,828	3,352,862,729
Trade finance loans	573,400,974	743,193,044
Promissory notes	6,819,207,150	7,352,657,834
Total loans	9,815,627,667	11,956,139,923
<u>Less</u> Unearned interest	(102,066)	(194,279)
<u>Less</u> Deferred income	(5,328,963)	(9,623,062)
Total loans net of deferred income	9,810,196,638	11,946,322,582
<u>Add</u> Accrued interest receivables	267,666,969	253,091,346
Total loans and accrued interest receivables net of deferred revenue	10,077,863,607	12,199,413,928
<u>Less</u> Allowance for expected credit losses	(2,151,287,597)	(531,037,811)
Total loans and accrued interest receivables	7,926,576,010	11,668,376,117

9.2 Classified by customer's residence:

	2023	
	Domestic Baht	Total Baht
Total loans	9,810,196,638	9,810,196,638
<u>Add</u> Accrued interest receivables	267,666,969	267,666,969
Total loans and accrued interest receivables	10,077,863,607	10,077,863,607
	2022	
	Domestic Baht	Total Baht
Total loans	11,946,322,582	11,946,322,582
<u>Add</u> Accrued interest receivables	253,091,346	253,091,346
Total loans and accrued interest receivables	12,199,413,928	12,199,413,928

9.3 Classified by type of classification

	2023	2022
	Loans to customers and accrued interest receivables Baht	Loans to customers and accrued interest receivables Baht
Financial assets with an insignificant increase in credit risk	5,594,482,315	8,554,890,358
Financial assets with a significant increase in credit risk	1,900,997,201	3,091,276,784
Credit-impaired financial assets	2,582,384,091	553,246,786
Total	10,077,863,607	12,199,413,928

9.4 Movement in the gross carrying amount of loans that contributed to changes in the expected credit losses

	2023			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
As of 1 January 2023	8,554,890,358	3,091,276,784	553,246,786	12,199,413,928
Change due to reclassification	(2,893,475,771)	(266,258,206)	3,159,733,977	-
Newly acquired or purchased financial assets	260,264,382	-	589,801,913	850,066,295
Change due to additions, collection and modification	233,272,950	(41,555,835)	(278,077,820)	(86,360,705)
Assets derecognised	(560,469,604)	(882,465,542)	-	(1,442,935,146)
Write-off	-	-	(1,442,320,765)	(1,442,320,765)
As of 31 December 2023	5,594,482,315	1,900,997,201	2,582,384,091	10,077,863,607
	2022			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
As of 1 January 2022	8,247,785,928	2,861,516,820	657,571,734	11,766,874,482
Change due to reclassification	(215,409,102)	108,841,730	106,567,372	-
Newly acquired or purchased financial assets	3,047,951,210	251,829,574	-	3,299,780,784
Change due to collection and modification	(2,525,437,678)	(130,911,340)	(142,986,470)	(2,799,335,488)
Write-off	-	-	(67,905,850)	(67,905,850)
As of 31 December 2022	8,554,890,358	3,091,276,784	553,246,786	12,199,413,928

10 Allowance for expected credit losses

	2023			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
Interbank and money market items				
As at 1 January 2023	6,453,582	-	-	6,453,582
Remeasurement	6,263,437	-	-	6,263,437
Newly acquired or purchased financial assets	640,519	-	-	640,519
Assets derecognised	(1,070,360)	-	-	(1,070,360)
As at 31 December 2023	12,287,178	-	-	12,287,178
Loans				
As at 1 January 2023	92,342,897	113,043,089	325,651,825	531,037,811
Transfer between stages	(30,799,658)	(47,059,458)	77,859,116	-
Remeasurement	44,753,321	419,125,255	1,213,891,299	1,677,769,875
Newly acquired or purchased financial assets	1,666,203	-	86,610	1,752,813
Write-off	-	-	(14,926,789)	(14,926,789)
Assets derecognised	(6,072,194)	(38,273,919)	-	(44,346,113)
As at 31 December 2023	101,890,569	446,834,967	1,602,562,061	2,151,287,597
Investment in securities				
As at 1 January 2023	13,478,728	-	-	13,478,728
Newly acquired or purchased financial assets	2,512,947	-	-	2,512,947
Remeasurement	(3,957,612)	-	-	(3,957,612)
Assets derecognised	(3,665,136)	-	-	(3,665,136)
As at 31 December 2023	8,368,927	-	-	8,368,927
	2022			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
Interbank and money market items				
As at 1 January 2022	2,339,519	-	-	2,339,519
Remeasurement	(91,385)	-	-	(91,385)
Newly acquired or purchased financial assets	6,422,863	-	-	6,422,863
Assets derecognised	(2,217,415)	-	-	(2,217,415)
As at 31 December 2022	6,453,582	-	-	6,453,582
Loans				
As at 1 January 2022	76,493,450	82,387,845	379,816,186	538,697,481
Transfer between stages	7,032,726	(8,659,002)	1,626,276	-
Remeasurement	1,623,162	37,174,302	12,115,213	50,912,677
Newly acquired or purchased financial assets	24,669,286	2,139,944	-	26,809,230
Write-off	-	-	(67,905,850)	(67,905,850)
Assets derecognised	(17,475,727)	-	-	(17,475,727)
As at 31 December 2022	92,342,897	113,043,089	325,651,825	531,037,811
Investment in securities				
As at 1 January 2022	10,428,575	-	-	10,428,575
Newly acquired or purchased financial assets	1,900,904	-	-	1,900,904
Remeasurement	2,022,192	-	-	2,022,192
Assets derecognised	(872,943)	-	-	(872,943)
As at 31 December 2022	13,478,728	-	-	13,478,728

11 Properties foreclosed

Properties foreclosed as of 31 December 2023 and 2022 are summarised as follows:

Type of properties foreclosed	2023			Ending balance Baht
	Beginning balance Baht	Increase Baht	Decrease Baht	
Assets from debt repayment				
Immovable properties	153,114,614	1,047,353,362	(11,110,000)	1,189,357,976
Total				
<u>Less</u> Allowance for impairment	-	-	-	-
Total properties foreclosed	153,114,614	1,047,353,362	(11,110,000)	1,189,357,976
Type of properties foreclosed	2022			Ending balance Baht
	Beginning balance Baht	Increase Baht	Decrease Baht	
Assets from debt repayment				
Immovable properties	-	153,114,614	-	153,114,614
Total				
<u>Less</u> Allowance for impairment	-	-	-	-
Total properties foreclosed	-	153,114,614	-	153,114,614

Immovable properties foreclosed classified by external and internal appraisers as at 31 December 2023 and 2022 are as follows;

	2023 Baht	2022 Baht
Immovable properties foreclosed		
Appraised by external appraisers	1,189,357,976	153,114,614
Appraised by internal appraisers	-	-
Total	1,189,357,976	153,114,614

As of 31 December 2023, the Bank had immovable assets with buy-back option from properties' owner under measure to promote the acceptance of the transfer of collateral property for debt repayment under the emergency decree on the provision of assistance and rehabilitation of business operators impacted by the spread of the Covid-19 pandemic B.E. 2564 in amount of Baht 1,189 million (2022: Baht 153 million).

12 Leasehold improvements and equipment, net

	Leasehold improvements Baht	Furniture and fixtures Baht	Office equipment Baht	Motor vehicles Baht	Renovation in progress Baht	Total Baht
At 1 January 2022						
Cost	27,155,951	10,692,878	53,986,221	1,669,000	13,864,450	107,368,500
Less Accumulated depreciation	(23,734,557)	(10,561,961)	(40,257,621)	(1,668,999)	-	(76,223,138)
Net book amount	3,421,394	130,917	13,728,600	1	13,864,450	31,145,362
For the year ended 31 December 2022						
Opening net book amount	3,421,394	130,917	13,728,600	1	13,864,450	31,145,362
Additions	-	157,330	3,331,919	-	14,077,295	17,566,544
Transfer in (out)	-	-	15,598,460	-	(15,598,460)	-
Reclassification	-	-	-	-	(3,094,900)	(3,094,900)
Write-off and disposal	-	-	(120)	-	-	(120)
Depreciation charge	(1,942,061)	(45,660)	(6,604,593)	-	-	(8,592,314)
Closing net book amount	1,479,333	242,587	26,054,266	1	9,248,385	37,024,572
As at 31 December 2022						
Cost	27,155,951	10,850,208	63,058,947	1,669,000	9,248,385	111,982,491
Less Accumulated depreciation	(25,676,618)	(10,607,621)	(37,004,681)	(1,668,999)	-	(74,957,919)
Net book amount	1,479,333	242,587	26,054,266	1	9,248,385	37,024,572
For the year ended 31 December 2023						
Opening net book amount	1,479,333	242,587	26,054,266	1	9,248,385	37,024,572
Additions	-	-	821,751	-	5,585,199	6,406,950
Transfer in (out)	112,168	204,445	13,486,280	-	(13,802,893)	-
Write-off and disposal	-	-	(3)	-	-	(3)
Depreciation charge	(1,062,872)	(74,184)	(9,138,474)	-	-	(10,275,530)
Closing net book amount	528,629	372,848	31,223,820	1	1,030,691	33,155,989
As at 31 December 2023						
Cost	27,268,119	10,947,765	77,119,488	1,669,000	1,030,691	118,035,063
Less Accumulated depreciation	(26,739,490)	(10,574,917)	(45,895,668)	(1,668,999)	-	(84,879,074)
Net book amount	528,629	372,848	31,223,820	1	1,030,691	33,155,989

13 Right-of-use assets, net and Lease liabilities

The statement of financial position included following transactions relating to leases.

	2023 Baht	2022 Baht
Right-of-use assets, net		
Building and building improvements	42,415,556	17,288,617
Vehicles	2,957,613	4,691,103
Office equipment	813,988	1,031,052
Total right-of-use assets	46,187,157	23,010,772
Lease liabilities		
Current portion of lease liabilities	9,270,712	10,882,793
Non-current portion of lease liabilities	34,853,607	12,138,695
Total lease liabilities	44,124,319	23,021,488

For the years ended 31 December 2023 and 2022, amounts charged to profit or loss and cash flows relating to leases are as follows:

	2023 Baht	2022 Baht
Depreciation charge of right-of-use assets:		
Building and building improvements	(7,155,097)	(9,391,245)
Vehicles	(1,733,490)	(1,706,349)
Office equipment	(217,064)	(200,153)
Total	(9,105,651)	(11,297,747)
Total cash outflow for leases	(9,643,371)	(11,399,374)
Finance cost relating to leases	450,623	426,691
Expense relating to short-term leases	-	-

During the year ended 31 December 2023, additions to the right-of-use assets of the Bank are Baht 39,790,085 (2022: Baht 4,897,626).

14 Intangible assets, net

	Computer software Baht	Work in progress Baht	Total Baht
As at 1 January 2022			
Cost	65,494,286	6,640,644	72,134,930
<u>Less</u> Accumulated amortisation	(49,969,034)	-	(49,969,034)
Net book amount	15,525,252	6,640,644	22,165,896
For the year ended 31 December 2022			
Opening net book amount	15,525,252	6,640,644	22,165,896
Additions	2,103,113	1,617,947	3,721,060
Transfer in(out)	4,712,847	(4,712,847)	-
Reclassification	-	3,094,900	3,094,900
Amortisation charge	(5,597,321)	-	(5,597,321)
Closing net book amount	16,743,891	6,640,644	23,384,535
As at 31 December 2022			
Cost	72,310,246	6,640,644	78,950,890
<u>Less</u> Accumulated amortisation	(55,566,355)	-	(55,566,355)
Net book amount	16,743,891	6,640,644	23,384,535
For the year ended 31 December 2023			
Opening net book amount	16,743,891	6,640,644	23,384,535
Additions	1,996,881	6,025,803	8,022,684
Transfer in(out)	3,892,544	(3,892,544)	-
Amortisation charge	(6,307,744)	-	(6,307,744)
Closing net book amount	16,325,572	8,773,903	25,099,475
As at 31 December 2023			
Cost	78,199,671	8,773,903	86,973,574
<u>Less</u> Accumulated amortisation	(61,874,099)	-	(61,874,099)
Net book amount	16,325,572	8,773,903	25,099,475

15 Deferred tax assets, net

The analysis of deferred tax assets and liabilities is as follows:

	2023 Baht	2022 Baht
Deferred tax assets	62,308,756	51,180,493
Deferred tax liabilities	(6,533,085)	(229,125)
Deferred tax assets, net	55,775,671	50,951,368

The movement of deferred income tax is as follows:

	2023 Baht	2022 Baht
As at 1 January	50,951,368	17,106,975
Charges to profit and loss (Note 32)	(7,118,010)	11,145,797
Charges to other comprehensive income	11,942,313	22,698,596
As at 31 December	55,775,671	50,951,368

The movements in deferred tax assets and liabilities during the years are as follows:

	2023			As at 31 December 2023 Baht
	As at 1 January 2023 Baht	Recognised in profit and loss Baht	Recognised in other comprehensive income Baht	
Deferred tax assets				
Provisions	19,672,585	(1,639,170)	(481,242)	17,552,173
Allowance for expected credit losses	14,885,137	1,347,441	-	16,232,578
Unrealised loss on remeasuring FVOCI securities	15,392,515	-	12,423,555	27,816,070
Others	1,230,256	(522,321)	-	707,935
Total	51,180,493	(814,050)	11,942,313	62,308,756
Deferred tax liabilities				
Unrealised gain on remeasuring FVOCI securities	-	-	-	-
Unrealised gain on remeasuring derivatives	419,798	5,915,157	-	6,334,955
Others	(190,673)	388,803	-	198,130
Total	229,125	6,303,960	-	6,533,085
Deferred tax assets, net	50,951,368	(7,118,010)	11,942,313	55,775,671

	2022			
	As at 1 January 2022 Baht	Recognised in profit and loss Baht	Recognised in other comprehensive income Baht	As at 31 December 2022 Baht
Deferred tax assets				
Provisions	19,088,514	1,013,756	(429,685)	19,672,585
Allowance for expected credit losses	4,624,104	10,261,033	-	14,885,137
Unrealised loss on remeasuring FVOCI securities	-	-	15,392,515	15,392,515
Others	1,669,015	(438,759)	-	1,230,256
Total	25,381,633	10,836,030	14,962,830	51,180,493
Deferred tax liabilities				
Unrealised gain on remeasuring FVOCI securities	7,735,766	-	(7,735,766)	-
Unrealised gain on remeasuring derivatives	49,206	370,592	-	419,798
Others	489,686	(680,359)	-	(190,673)
Total	8,274,658	(309,767)	(7,735,766)	229,125
Deferred tax assets, net	17,106,975	11,145,797	22,698,596	50,951,368

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Bank did not recognise deferred tax asset of Baht 581,069,194 (from tax losses of Baht 2,905,345,971), which can carry forward to against future taxable income. This tax loss will be expired in during 2028.

16 Other assets

	2023 Baht	2022 Baht
Account receivable - court order	21,011,779	21,011,779
Accrued interest receivables	18,038,637	18,633,521
Deposits	2,391,092	2,609,271
Receivables from the Revenue Department	2,935,964	-
Others	18,403,415	10,770,448
Total other assets	62,780,887	53,025,018

17 Deposits

17.1 Grouped by products

	2023 Baht	2022 Baht
On demand	95,199,222	99,665,677
Savings	1,916,137,455	2,174,365,597
Term	5,301,171,184	6,096,959,830
Total deposits	7,312,507,861	8,370,991,104

17.2 Grouped by currencies and residencies of customers:

	2023		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	7,287,927,883	71,092	7,287,998,975
US Dollar	24,504,460	-	24,504,460
EURO	4,426	-	4,426
Total deposits	7,312,436,769	71,092	7,312,507,861
	2022		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	8,369,733,756	66,234	8,369,799,990
US Dollar	1,186,828	-	1,186,828
EURO	4,286	-	4,286
Total deposits	8,370,924,870	66,234	8,370,991,104

18 Interbank and money market items - liabilities

	2023 Baht	2022 Baht
Domestic items		
Bank of Thailand	1,299,738,356	69,000,000
Commercial banks	2,950,000,000	3,799,562,400
Special purpose financial institutions	2,900,000,000	2,900,000,000
Other financial institutions	3,691,740,379	3,576,086,855
Total domestic items	10,841,478,735	10,344,649,255
Foreign items		
Thai Baht	4,861,619	30,943,292
Total foreign items	4,861,619	30,943,292
Total interbank and money market items - liabilities	10,846,340,354	10,375,592,547

19 Provisions

	2023 Baht	2022 Baht
Expected credit loss of financial guarantee contracts and loan commitments	3,404,650	12,672,653
Post-employment benefits obligation	22,882,944	15,025,944
Total provisions	26,287,594	27,698,597

	2023			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
Financial guarantee contracts and loan commitments				
As at 1 January 2023	8,543,711	4,128,942	-	12,672,653
Transfer between stages	(737,159)	685,656	51,503	-
Remeasurement	(3,596,366)	191,893	(51,503)	(3,455,976)
Assets derecognised	(1,684,208)	(4,127,819)	-	(5,812,027)
As at 31 December 2023	2,525,978	878,672	-	3,404,650
	2022			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
Financial guarantee contracts and loan commitments				
As at 1 January 2022	9,013,152	66,747	-	9,079,899
Transfer between stages	(2,001,368)	1,957,330	44,038	-
Remeasurement	(119,869)	2,104,327	(44,038)	1,940,420
Newly acquired or purchased financial assets	4,083,549	538	-	4,084,087
Assets derecognised	(2,431,753)	-	-	(2,431,753)
As at 31 December 2022	8,543,711	4,128,942	-	12,672,653

Provision for employee benefits obligation

The Bank has post-employment benefit plans in accordance with the Labour Protection Law which are unfunded defined benefit plans and presented as provision on the statements of financial positions.

The reconciliation of the present value of defined benefit obligations are as follows:

	2023 Baht	2022 Baht
Beginning balance	15,025,944	11,891,003
Current service costs	4,156,984	5,106,057
Interest costs	430,720	177,308
Remeasurements from actuarial (gain) loss		
- change in demographic assumptions	326,200	(1,039,885)
- change in financial assumptions	(667,286)	(209,288)
- change in experience assumptions	(2,065,122)	(899,251)
Adjustment during the year	5,675,504	-
Ending balance	22,882,944	15,025,944

Employee benefits under defined benefit plans recognised in the statements of profit or loss and other comprehensive income are as follows:

	2023 Baht	2022 Baht
Current service costs	4,156,984	5,106,057
Interest costs	430,720	177,308
Remeasurements of provision for employee benefits obligation	(2,406,208)	(2,148,424)
Total	2,181,496	3,134,941

Significant assumptions used in the actuarial calculation are summarised as follows:

	2023	2022
Discount rate	2.56%	1.82%
Salary increase rate	6.0%	6.0%
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2017
Disability rate	5% of Thai Mortality Ordinary Table 2017	5% of Thai Mortality Ordinary Table 2017
Pre-retirement withdrawal rate	From 3 years historical data	From 3 years historical data
Retirement age		
- Male	55 years old	55 years old
- Male (Union)	60 years old	60 years old
- Female	55 years old	55 years old

Sensitivity analysis

	Increase (decrease) in provision on employee benefit	
	2023 Baht	2022 Baht
Discount rate		
Increase 1%	(815,384)	(588,701)
Decrease 1%	893,088	645,415
Salary income rate		
Increase 1%	782,052	656,351
Decrease 1%	(660,521)	(611,514)
Average life expectancy		
Increase 1 year	52,561	30,700
Decrease 1 year	(52,341)	(30,592)

Expected maturity analysis of undiscounted retirement benefits:

	Less than a year Baht	Between 1 - 2 years Baht	Between 3 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2023	10,959,088	3,132,423	8,973,228	124,485,048	147,549,787
As at 31 December 2022	2,350,264	3,219,380	9,067,007	150,568,638	165,205,289

20 Other liabilities

	2023 Baht	2022 Baht
Account payable - court order	37,508,887	37,508,887
Account payable - remittance	26,304,528	11,926,774
Account payable - other	37,890,277	33,503,631
Unearned income	1,816,694	2,386,279
Accrued interest payables	55,429,898	44,296,653
Accrued bonus	7,738,539	16,929,597
Withholding tax payables	1,668,970	35,526,965
Others	7,971,182	8,356,954
Total other liabilities	176,328,975	190,435,740

21 Capital fund and assets maintained in Thailand

Capital Fund and assets maintained in Thailand under section 32 of the Financial Institution Act B.E. 2551 as at 31 December 2023 and 2022 comprise of the following:

	2023 Baht	2022 Baht
Total assets maintained in Thailand	5,110,867,080	2,446,211,484
Total funds remitted into Thailand for maintaining assets	4,976,677,796	2,290,000,000
Net balance of inter-office accounts with Head Office and balances with other branches under the same entity	25,493,981	76,092,979
Total funds and capital loans remitted into Thailand for maintaining assets	5,002,171,777	2,366,092,979
Total capital funds	4,976,677,796	2,290,000,000
	2023	2022
Total capital funds to risk assets ratio (%)	19.94	14.61

On 31 October 2023, the Bank increased the capital of the Branch amounting from Baht 2,290 million to Baht 3,047 million, with an increase in asset maintenance in accordance with Section 32.

On 4 December 2023, the Bank increased the capital of the Branch amounting from Baht 3,047 million to Baht 4,792 million. The capital was a loan agreement with a period of 10 years, accompanied by an increase in asset maintenance in accordance with Section 32.

On 19 December 2023, the Bank increased the capital of the Branch amounting from Baht 4,792 million to Baht 4,977 million. The capital was a loan agreement with a period of 10 years, accompanied by an increase in asset maintenance in accordance with Section 32.

The Bank will disclose capital maintenance information as at 31 December 2023 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.rhbgroup.com within April 2024.

Moreover, the Bank has disclosed information related to Liquidity Coverage Ratio as at 31 December 2023 under the Notification of Bank of Thailand, no. Sor Nor Sor 2/2561, as the above location and date disclosure.

22 Commitments and contingent liabilities

	2023		
	Thai Baht Baht	Other currencies Baht	Total Baht
Guarantees	259,028,113	71,657,931	330,686,044
Letters of credit	-	2,737,419	2,737,419
Other commitments			
- Spot and forward contracts - bought	136,249,166	177,832,463	314,081,629
- Spot and forward contracts - sold	178,755,930	135,505,600	314,261,530
- Foreign exchange swap contracts - bought	1,221,445,960	1,140,647,929	2,362,093,889
- Foreign exchange swap contracts sold	1,137,914,393	1,192,010,446	2,329,924,839
	2022		
	Thai Baht Baht	Other currencies Baht	Total Baht
Guarantees	263,027,556	70,343,846	333,371,402
Letters of credit	-	1,963,766	1,963,766
Other commitments			
- Spot and forward contracts - bought	932,093,955	17,203,100	949,297,055
- Spot and forward contracts - sold	17,235,982	899,082,173	916,318,155
- Foreign exchange swap contracts - bought	487,512,102	1,435,039,837	1,922,551,939
- Foreign exchange swap contracts sold	1,463,682,282	488,482,113	1,952,164,395

As at 31 December 2023 and 2022, the Bank has the following commitments which were incurred in the normal course of business as follows:

	2023		
	Thai Baht Baht	Other currencies Baht	Total Baht
Unused overdraft credit line	113,286,468	-	113,286,468
Unused credit facilities	5,647,483,708	-	5,647,483,708
Total commitments	5,760,770,176	-	5,760,770,176
	2022		
	Thai Baht Baht	Other currencies Baht	Total Baht
Unused overdraft credit line	270,711,502	-	270,711,502
Unused credit facilities	7,729,726,297	-	7,729,726,297
Total commitments	8,000,437,799	-	8,000,437,799

23 Commitments

Capital commitments

As at 31 December 2023, the Bank has the commitments arising from capital expenditure contracted in amount of Baht 3.48 million (2022: Baht 2.92 million).

Operating lease commitments

As at 31 December 2023 and 2022, the Bank does not have the future aggregate minimum lease payments under non-cancellable operating lease.

24 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including its Head Office and other branches under the same entity, holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

A number of banking transactions are entered into with related parties in the normal course of banking business. These transactions have been priced at and contained similar conditions with the Bank's general customers, and are conformed to normal banking practice.

The registered provident fund established by the Bank for its own employees. Such registered provident fund is managed by appointed fund manager, a financial institution. Fund manager has deposited such provident fund with the Bank at interest rate 1% per annum (2022: 0.65% per annum).

Relationships of related parties

Head office

- RHB Bank Berhad (Kuala Lumpur office)

Other branches

- RHB Bank Berhad (Singapore office)
- RHB Bank Berhad (Bandar Seri Begawan office)

Fellow subsidiaries

- RHB Bank (Cambodia) Plc
- RHB Bank Lao Sole Co., Ltd.
- RHB Islamic Bank Berhad
- RHB Securities (Thailand) Public Company Limited

Significant transactions with related parties as of 31 December 2023 and 2022, other than Head Office's equity and balances with other branches under the same entity, consist of the following:

	2023 Baht	2022 Baht
Statement of financial position		
Head office		
Derivative assets	540,454	314,586
Other assets	92,155,336	92,155,336
Interbank and money market items (liabilities)	149,627,687	203,463,220
Derivative liabilities	64,479	4,169
Other liabilities	32,834	167,083
Off - statement of financial position items - contingencies		
- Foreign exchange swap contracts - bought	63,941,409	71,995,864
- Foreign exchange swap contracts - sold	63,461,992	71,734,981
Other branches		
Interbank and money market items, net (assets)	1,736,212	1,653,260
Derivative assets	152,114	-
Interbank and money market items (liabilities)	12,616,454	3,685,088
Derivative liabilities	14,983	-
Off - statement of financial position items - contingencies		
- Foreign exchange swap contracts - bought	66,014,988	-
- Foreign exchange swap contracts - sold	65,877,832	-
Fellow subsidiaries		
Interbank and money market items, net (assets)	397,600,974	314,137,546
Derivative Assets	-	23,842,003
Interbank and money market items (liabilities)	253,206,905	462,676,678
Other liabilities	2,470,685	3,946,438
Off - statement of financial position items - contingencies		
- Forward contracts - bought	-	546,317,354
- Forward contracts - sold	-	526,551,444
	2023 Baht	2022 Baht

**Statements of profit or loss and
others comprehensive income**

Head office		
Interest expenses	4,734,208	2,548,238
Insurance expenses	246,425	29,959
Fellow subsidiaries		
Interest income	1,361,644	891,781
Interest expenses	3,885,137	6,552,260
Other income	-	181,108
Human resources service fees	1,628,487	1,540,800

25 Benefits paid to directors and executives

Key management receives benefits which are consist of salary, bonus, allowances and retirement benefits according to the Bank's policy.

	2023 Baht	2022 Baht
Short-term employee benefits	36,097,350	23,907,123
Total	36,097,350	23,907,123

26 Significant position and performance grouped by type of domestic or foreign transactions

26.1 Position grouped by type of transactions

	2023			2022		
	Domestic Baht	Foreign Baht	Total Baht	Domestic Baht	Foreign Baht	Total Baht
Assets						
Interbank and money market item, net (assets)	2,893,765,097	80,005,286	2,973,770,383	1,795,500,238	71,946,418	1,867,446,656
Investment, net	8,655,673,233	-	8,655,673,233	8,004,655,366	-	8,004,655,366
Loans to customers and accrued interest receivables, net	7,926,576,010	-	7,926,576,010	11,668,376,117	-	11,668,376,117
Liabilities						
Deposits	7,312,436,769	71,092	7,312,507,861	8,370,924,870	66,234	8,370,991,104
Interbank and money market item, net (liabilities)	10,841,478,735	4,861,619	10,846,340,354	10,344,649,255	30,943,292	10,375,592,547
Demand liabilities	872,470	-	872,470	743,812	-	743,812

26.2 Performance grouped by type of transactions

	2023			2022		
	Domestic Baht	Foreign Baht	Total Baht	Domestic Baht	Foreign Baht	Total Baht
Interest income	595,885,057	227,055	596,112,112	587,150,472	87,661	587,238,133
Interest expenses	(337,657,844)	(17,300,902)	(354,958,746)	(198,610,850)	(3,259,001)	(201,869,851)
Net interest income	258,227,213	(17,073,847)	241,153,366	388,539,622	(3,171,340)	385,368,282
Net fee and services income	15,169,331	-	15,169,331	26,431,506	-	26,431,506
Other operating Income	53,995,923	-	53,995,923	27,222,552	-	27,222,552
Other operating expenses	(247,101,500)	-	(247,101,500)	(248,028,664)	-	(248,028,664)
Profit (loss) before income tax	80,290,967	(17,073,847)	63,217,120	194,165,016	(3,171,340)	190,993,676

27 Interest income

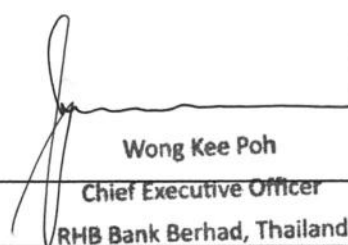
	2023 Baht	2022 Baht
Interbank and money market items	15,470,301	12,126,188
Investments in debt securities	133,494,906	121,366,836
Loans	447,146,905	453,745,109
Total interest income	596,112,112	587,238,133

28 Interest expenses

	2023 Baht	2022 Baht
Deposits	113,059,339	95,436,577
Interbank and money market items	182,743,496	77,735,161
Contribution fee to the Deposit Protection Agency	53,227,658	28,271,422
Capital loan	5,477,630	-
Lease liabilities	450,623	426,691
Total interest expense	354,958,746	201,869,851

29 Net fees and service income

	2023 Baht	2022 Baht
Fees and service income		
- Processing fees	8,807,579	19,301,214
- Acceptances, aval and guarantees	4,549,006	5,140,519
- Others	2,765,956	2,794,477
Total fees and service income	16,122,541	27,236,210
Fees and service expenses	(953,210)	(804,704)
Total net fees and service income	15,169,331	26,431,506
Fees and service income recognised following timing of revenue recognition as follows:		
- At a point in time	11,524,142	22,006,996
- Over time	4,598,399	5,229,214


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 Chief Executive Officer
 RHB Bank Berhad, Thailand

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

	2023 Baht	2022 Baht
Gains on trading and foreign exchange transactions - Foreign currencies and exchange derivatives	52,700,235	26,007,316
Total net gains on financial instruments measured at fair value through profit or loss	52,700,235	26,007,316

31 Expected Credit Losses

	2023 Baht	2022 Baht
Interbank and money market items	5,833,596	4,114,063
Loans to customers and accrued interest receivables	2,945,420,879	68,420,142
Investments	(5,109,801)	3,050,153
Financial guarantees and loan commitments	(9,268,003)	3,592,754
Modification loss	129,540	3,391,306
Total expected credit losses	2,937,006,211	82,568,418

32 Income tax

	2023 Baht	2022 Baht
Current tax on profits for the year	-	39,856,102
Adjustment in respect of prior year	454,970	-
Deferred tax	7,118,010	(11,145,797)
Total income tax	7,572,980	28,710,305

The income tax on profits before tax of the Bank differs from the theoretical amount that would arise using the basic income tax rate of the home country of the Bank as follows:

	2023 Baht	2022 Baht
Profit (loss) before tax	(2,873,789,091)	108,425,258
Tax calculated at a tax rate of 20%	(574,757,818)	21,685,051
Tax effect of:		
Income not subject to tax	-	(26,867)
Expenses not deductible for tax purpose	806,634	7,052,121
Tax losses for which no deferred income tax asset was recognised	581,069,194	-
Adjustment in respect of prior year	454,970	-
Tax charge	7,572,980	28,710,305

33 Financial risk management

Risks relating to significant financial instruments held by the Bank are summarised below;

33.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Bank has constantly improved its process of credit risk management to appropriately reflect its managed credit risk. Details of such improvement measures are as follows;

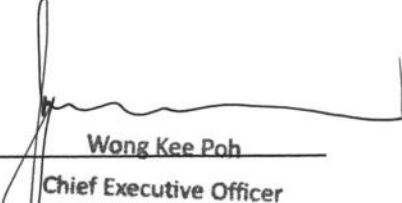
33.1.1 Credit risk management

The Bank has placed emphasis on credit risk management both in qualitative and quantitative aspects in order to be well-equipped for prudent credit extension comply with Basel III regulations. This includes credit risk calculation on an acceptable and well-diversified portfolio of assets.

Among the key risk policies, the Bank has set out the policies on lending to related parties, single lending limit, prohibited activities, specialist financing, and industry concentration risk limit. These policies are to comply with prudent lending practices and relevant regulatory requirement. Moreover, the Bank also appoint an independent internal committee which comprises of managers from each department to assess appropriateness and credibility in collateral value to control the associated risks from lending activities include management for provisioning under requirements on the Bank of Thailand.

Credit risk monitoring and control

As part of risk monitoring, credit quality as well as credit grade of borrowers is required to be reviewed continuously in order to assess changes in counterparty risk and hence determine an appropriate level of provision if needed. Besides, loan portfolio quality is constantly monitored so that key risks are informed to Management for prompt action. Risk control has been implemented on the basis of setting up maximum lending limits for both a borrower and group of borrowers. The Bank has also reviewed the concentration limits include Single Lending Limit.


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Chief Executive Officer
RHB Bank Berhad, Thailand

33.1.2 Maximum exposure to credit risk

The table below shows the maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligation is detailed below. No account taken of any collateral held and the maximum exposure to loss is considered to be the statement of financial position carrying amount or, for non-derivative off-statement of financial position transaction and financial guarantee, their contractual nominal amounts. The exposure to credit risk of the Bank equals to their carrying amount in the statement of financial position as at reporting date, except the followings:

	2023 Maximum exposure Baht'000	2022 Maximum exposure Baht'000
Credit risk exposures of on-statement of financial position assets:		
Investments, net	8,739,000	8,004,000
	<u>8,739,000</u>	<u>8,004,000</u>
Credit risk exposures of off-statement of financial position assets:		
Financial guarantees	333,423	335,335
Loan commitment	5,760,770	8,000,438
	<u>6,094,193</u>	<u>8,335,773</u>

33.1.3 Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Bank prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The main collateral type accepted and given value by the Bank are:

- Mortgage over residential;
- Charges over commercial real estate or vehicles financed
- Charges over business assets such as properties, equipment, fixed deposit, debentures, personal guarantees and corporate guarantees; and
- Charges over financial instruments such as marketable securities
- Others

Term loan financing and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses.

Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	2023			
	Gross Carrying amount Baht'000	Expected credit losses Baht'000	Net carrying amount Baht'000	Fair value of collateral held Baht'000
Loans to customers	2,582,384	1,602,562	979,822	1,133,255

	2022			
	Gross Carrying amount Baht'000	Expected credit losses Baht'000	Net carrying amount Baht'000	Fair value of collateral held Baht'000
Loans to customers	553,246	325,652	227,594	239,541

33.1.4 Credit exposure by stage

Financial assets of the Bank is classified into three stages as below:

Stage 1 - for credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within the next 12 months will be recognised.

Stage 2 - for credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the ECL associated with the probability of default events occurring within the lifetime ECL will be recognised.

Stage 3 - financial assets are assessed as credit impaired when one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL will be recognised.

33.1.5 Credit quality

The Bank assesses credit quality of financing and advances using internal rating techniques. These techniques have been developed internally and combine statistical analysis with credit officer's judgement.

Credit quality description is summarised as follows:

<u>Credit Quality</u>	<u>Description</u>
Good	Exposures exhibit strong capacity to meet financial commitments with no cause of concern to the Bank
Fair	Exposures exhibit fairly acceptable capacity to meet financial commitments and may require varying degrees of concern to the Bank
No Rating	Counterparties which do not satisfy the criteria to be rated based on internal credit grading system
Credit impaired	When one or more objective evidence of defaults that have a detrimental impact on the estimated future cash flows have occurred

The credit quality of financial assets other than financing and advances are determined based on the ratings of external parties as defined below:

<u>Credit Quality</u>	<u>External Ratings</u>
Good	Aaa to A3
Fair	Baa1 to Baa3
No Rating	Unrated
Credit impaired	Default

The following table shows an analysis of the credit exposure by stages, together with the ECL allowance provision:

	<u>2023</u>			
	<u>Financial assets with an insignificant increase in credit risk (12-mth ECL)</u> Baht'000	<u>Financial assets with a significant increase in credit risk</u> Baht'000	<u>Credit-impaired financial assets</u> Baht'000	<u>Total</u> Baht'000
Interbank and money market items				
Credit quality				
Sovereigns	2,193,695	-	-	2,193,695
Good	480,180	-	-	480,180
Fair	312,181	-	-	312,181
No rating	1	-	-	1
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(12,287)	-	-	(12,287)
	<u>2,973,770</u>	<u>-</u>	<u>-</u>	<u>2,973,770</u>
Investments				
Credit quality				
Sovereigns	7,987,723	-	-	7,987,723
Good	667,950	-	-	667,950
Fair	-	-	-	-
No rating	-	-	-	-
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(8,369)	-	-	(8,369)
	<u>8,647,304</u>	<u>-</u>	<u>-</u>	<u>8,647,304</u>
Loans and accrued interest receivables				
Credit quality				
Good	3,713,584	67,845	-	3,781,429
Fair	1,780,720	1,797,295	-	3,578,015
No rating	100,178	35,858	-	136,036
Credit impaired	-	-	2,582,384	2,582,384
<u>Less</u> Expected credit losses	(101,891)	(446,835)	(1,602,562)	(2,151,288)
	<u>5,492,591</u>	<u>1,454,163</u>	<u>979,822</u>	<u>7,926,576</u>
Loan commitment and financial guarantees				
Credit quality				
Good	4,246,898	-	-	4,246,898
Fair	728,623	42,313	-	770,936
No rating	768,705	9,350	-	778,055
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(2,526)	(879)	-	(3,405)
	<u>5,741,700</u>	<u>50,784</u>	<u>-</u>	<u>5,792,484</u>

	2022			
	Financial assets with an insignificant increase in credit risk (12- mth ECL) Baht'000	Financial assets with a significant increase in credit risk Baht'000	Credit- impaired financial assets Baht'000	Total Baht'000
Interbank and money market items				
Credit quality				
Sovereigns	1,193,881	-	-	1,193,881
Good	37,812	-	-	37,812
Fair	7,891	-	-	7,891
No rating	634,317	-	-	634,317
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(6,454)	-	-	(6,454)
	1,867,447	-	-	1,867,447
Investments				
Credit quality				
Sovereigns	6,989,942	-	-	6,989,942
Good	1,014,713	-	-	1,014,713
Fair	-	-	-	-
No rating	-	-	-	-
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(13,479)	-	-	(13,479)
	7,991,176	-	-	7,991,176
Loans and accrued interest receivables				
Credit quality				
Good	1,954,388	273,654	-	2,228,042
Fair	6,597,188	2,537,338	-	9,134,526
No rating	3,314	280,285	-	283,599
Credit impaired	-	-	553,247	553,247
<u>Less</u> Expected credit losses	(92,343)	(113,043)	(325,652)	(531,038)
	8,462,547	2,978,234	227,595	11,668,376
Loan commitment and financial guarantees				
Credit quality				
Good	2,487,139	210,377	-	2,697,516
Fair	2,253,607	103,306	-	2,356,913
No rating	305,272	-	-	305,272
Credit impaired	-	-	-	-
<u>Less</u> Expected credit losses	(8,544)	(4,129)	-	(12,673)
	4,967,474	309,554	-	5,277,028

As at 31 December 2023 and 2022, concentrations of credit risk relative to the loans and receivables summarised by industry are as follows;

	2023 Baht'000	2022 Baht'000
Manufacturing and commercial	3,902,013	4,351,482
Real estate and construction	1,234,304	2,155,621
Infrastructure and service	4,570,447	5,052,040
Others	103,433	387,180
	9,810,197	11,946,323

33.2 Market risk

Interest rate risk

The interest rate risk in the Bank's statements of financial position arises from the mismatch of maturity between the structure of the Bank assets and its liabilities. The Bank has appropriately manages the impact from the interest rate risk with the aim of obtaining the highest returns at an acceptable risk. Moreover, to limit the risk, The Asset and Liabilities Committee (ALCO) has set control limit for the impact from the change of interest rates in each time bucket and accumulated impact up to 1 year. The Bank has a Risk Management Team to closely monitor and control the risk.

Basic information of loans to customers net of deferred revenue classified by fixed versus floating interest rates as at 31 December 2023 and 2022 are as follows:

	2023 Baht'000	2022 Baht'000
Fixed interest rate	7,967,416	8,623,891
Floating interest rate	1,842,781	3,322,432
Total	9,810,197	11,946,323

The Bank has summarised the financial assets and financial liabilities classified by maturity of interest repricing years as at 31 December 2023 and 2022, as follows:

	2023					Total Baht'000
	At call Baht'000	Within 3 Months Baht'000	3 - 12 Months Baht'000	1 - 5 Years Baht'000	Over 5 Years Baht'000	
Financial assets						
Interbank and money market items, net	2,973,770	-	-	-	-	2,973,770
Investments, net	-	39,983	2,078,363	6,537,327	-	8,655,673
Loans to customers	566,418	4,805,885	1,267,117	462,287	2,976,157	10,077,864
Financial liabilities						
Deposits	2,011,337	1,794,915	3,506,256	-	-	7,312,508
Interbank and money market items, net	2,372,602	6,110,000	1,064,000	1,299,738	-	10,846,340
Liabilities payable on demand	872	-	-	-	-	872
Lease liabilities	-	2,314	6,957	34,854	-	44,125
	2022					Total Baht'000
	At call Baht'000	Within 3 Months Baht'000	3 - 12 Months Baht'000	1 - 5 Years Baht'000	Over 5 Years Baht'000	
Financial assets						
Interbank and money market items, net	1,867,447	-	-	-	-	1,867,447
Investments, net	-	25,008	877,537	6,793,117	308,994	8,004,656
Loans to customers	1,766,172	4,821,053	1,846,912	1,680,726	2,084,551	12,199,414
Financial liabilities						
Deposits	2,274,031	2,023,090	4,049,870	24,000	-	8,370,991
Interbank and money market items, net	2,437,030	7,079,562	810,000	49,000	-	10,375,592
Liabilities payable on demand	744	-	-	-	-	744
Lease liabilities	-	2,767	8,116	12,139	-	23,022

The Bank has earning financial assets and interest-bearing financial liabilities. The average balances of such financial assets or liabilities are calculated based on outstanding balances and averaged interest rates for the years ended 31 December 2023 and 2022 are as follows:

	2023		
	Average balance 12 months Baht'000	Interest amount Baht'000	Average interest rate %
Earning financial assets			
Interbank and money market items	2,864,293	15,470	0.54
Investments	8,461,663	133,495	1.58
Loans to customers	11,876,820	447,147	3.76
Interest-bearing financial liabilities			
Deposits	7,604,166	113,059	1.49
Interbank and money market items	10,121,376	182,743	1.81
	2022		
	Average balance 12 months Baht'000	Interest amount Baht'000	Average interest rate %
Earning financial assets			
Interbank and money market items	1,723,814	12,126	0.70
Investments	8,179,828	121,367	1.48
Loans to customers	11,831,243	453,745	3.84
Interest-bearing financial liabilities			
Deposits	8,222,288	95,437	1.16
Interbank and money market items	9,674,197	77,735	0.80

Interest rate/profit rate sensitivity on profit after taxation and Head Office's equity and balances with other branches under the same entity.

The table below shows the interest/profit sensitivity for the financial assets and financial liabilities held as at reporting date.

	2023	
	+ 1 basis point Baht'000	- 1 basis point Baht'000
Impact on profit after taxation	200	(200)
Impact on Head Office's equity and balances with other branches under the same entity	979	(979)
	2022	
	+ 1 basis point Baht'000	- 1 basis point Baht'000
Impact on profit after taxation	211	(211)
Impact on Head Office's equity and balances with other branches under the same entity	1,668	(1,668)

Foreign exchange rate risk

The Bank has strict foreign exchange risk management. The Bank established pre-settlement limits for each counterparty based on its risks. The limits will be approved by the relevant Committee according to the Bank's credit policy. Customers must have clear objectives in the utilisation of limit and with its underlying transactions. The Bank examines the utilisation of limit of each counter party, which includes risk evaluation of each contract.

Foreign exchange rate risk refers to the loss affecting income and/or equity from exchange rate fluctuations that affect foreign currency transactions and foreign currency assets and liabilities.

The Bank sets and controls the risk of trading intent transactions that exposed to foreign exchange rate risk to be within an acceptable level. The transactions include foreign currency bonds, FX spot, FX derivatives. For other assets and liabilities, the Bank regularly hedges against the foreign exchange rate risk by using forward. Therefore, the Bank's overall foreign exchange rate risk is relatively low.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2023 and 2022 are summarised as follows;

	2023				
	US Dollar Baht'000	Euro Baht'000	Yen Baht'000	Others Baht'000	Total Baht'000
Financial assets					
Interbank and money market items, net	59,990	3,811	9,987	6,239	80,027
Derivative assets	50,329	5	-	41	50,375
Investments, net	-	-	-	-	-
Loans to customers	-	-	-	-	-
Financial liabilities					
Deposits	24,504	4	-	-	24,508
Interbank and money market items, net	-	-	-	-	-
Derivative liabilities	18,634	1	-	66	18,701
	2022				
	US Dollar Baht'000	Euro Baht'000	Yen Baht'000	Others Baht'000	Total Baht'000
Financial assets					
Interbank and money market items, net	49,881	3,629	10,169	8,292	71,971
Derivative assets	63,413	-	-	-	63,413
Investments, net	-	-	-	-	-
Loans to customers	-	-	-	-	-
Financial liabilities					
Deposits	1,187	4	-	-	1,191
Interbank and money market items, net	34,562	-	-	-	34,562
Derivative liabilities	61,314	-	-	-	61,314

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in exchange rate to the profit after taxation.

	2023 Baht'000	2022 Baht'000
+1%		
US Dollar	165	432
EURO	32	23
Yen	70	65
Others	39	29
	306	549
-1%		
US Dollar	(165)	(432)
EURO	(32)	(23)
Yen	(70)	(65)
Others	(39)	(29)
	(306)	(549)

33.3 Liquidity risks

The Bank has low liquidity risk as we have a large amount of liquid assets in the portfolio. The Bank also maintains liquidity for deposit withdrawals and for daily operations. Most of the daily excess liquidity is usually invested in highly liquid assets such as Government, State Enterprise bonds, and Central Bank Bond. Most of the deposits are renewed on maturity and the Bank can use this amount to support the lending business. Besides, RHB Bank has an Assets and Liabilities Committee (ALCO) to monitor and follow-up the risk and to determine the Liquidity Management Policy.

The following table presents a maturity analysis for monetary assets and liabilities on statements of financial positions as at 31 December 2023 and 2022.

	2023					Total Baht'000
	At call Baht'000	Within 3 months Baht'000	3 to 12 months Baht'000	1 to 5 years Baht'000	Over 5 years Baht'000	
Financial assets						
Interbank and money market items, net	2,973,770	-	-	-	-	2,973,770
Derivative assets	-	6,939	43,437	-	-	50,376
Investments, net	-	39,983	2,078,363	6,537,327	-	8,655,673
Loans to customers and accrued interest receivables, net	566,418	4,805,885	1,267,117	462,287	2,976,157	10,077,864
Financial liabilities						
Deposits	2,011,337	1,794,915	3,506,256	-	-	7,312,508
Interbank and money market items	2,372,602	6,110,000	1,064,000	1,299,738	-	10,846,340
Demand liabilities	872	-	-	-	-	872
Derivative liabilities	-	2,926	15,774	-	-	18,700

	2022					Total Baht'000
	At call Baht'000	Within 3 months Baht'000	3 to 12 months Baht'000	1 to 5 years Baht'000	Over 5 years Baht'000	
Financial assets						
Interbank and money market items, net	1,867,447	-	-	-	-	1,867,447
Derivative assets	-	39,534	23,879	-	-	63,413
Investments, net	-	25,008	877,537	6,793,117	308,994	8,004,656
Loans to customers and accrued interest receivables, net	1,766,172	4,821,053	1,846,912	1,680,726	2,084,551	12,199,414
Financial liabilities						
Deposits	2,274,031	2,023,090	4,049,870	24,000	-	8,370,991
Interbank and money market items	2,437,030	7,079,562	810,000	49,000	-	10,375,592
Demand liabilities	744	-	-	-	-	744
Derivative liabilities	-	36,633	24,681	-	-	61,314

The liability items as shown above do not include borrowings from Head Office and other branches under the same entity which are presented under Head Office's equity and balances with other branches under the same entity.

The above table analyses monetary assets and liabilities of the Bank into relevant maturity grouping based on the remaining period at the date of statement of financial position to the contractual maturity date.

The matching and controlled mismatching of the maturities of monetary assets and liabilities is fundamental to the management of the Bank. It is unusual for the Bank to be completely matched the maturities since business transaction is often of uncertain term and of different types.

34 Financial instruments

34.1 Measurement basis of financial assets and liabilities

The accounting policies in Note 2 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category and by statement of financial position heading.

	2023			
	At fair value through profit or loss Baht	At fair value through other comprehensive income Baht	Amortised cost Baht	Total Baht
Financial assets				
Cash	-	-	4,123,489	4,123,489
Interbank and money market items, net	-	-	2,973,770,383	2,973,770,383
Derivatives assets	50,375,358	-	-	50,375,358
Investments, net	-	7,370,497,163	1,285,176,070	8,655,673,233
Loans to customers and accrued interest receivables, net	-	-	7,926,576,010	7,926,576,010
Total financial assets	50,375,358	7,370,497,163	12,189,645,952	19,610,518,473
Financial liabilities				
Deposits	-	-	7,312,507,861	7,312,507,861
Interbank and money market items, net	-	-	10,846,340,354	10,846,340,354
Demand liabilities	-	-	872,470	872,470
Derivatives liabilities	18,700,582	-	-	18,700,582
Lease liabilities	-	-	44,124,319	44,124,319
Total financial liabilities	18,700,582	-	18,203,845,004	18,222,545,586

RHB Bank Berhad - Bangkok Branch
Notes to the Financial Statements
For the year ended 31 December 2023

Wong Kee Poh

Chief Executive Officer

RHB Bank Berhad, Thailand

	2022			
	At fair value through profit or loss Baht	At fair value through other comprehensive income Baht	Amortised cost Baht	Total Baht
Financial assets				
Cash	-	-	14,337,992	14,337,992
Interbank and money market items, net	-	-	1,867,446,656	1,867,446,656
Derivatives assets	63,413,026	-	-	63,413,026
Investments, net	-	7,021,010,943	983,644,423	8,004,655,366
Loans to customers and accrued interest receivables, net	-	-	11,668,376,117	11,668,376,117
Total financial assets	63,413,026	7,021,010,943	14,533,805,188	21,618,229,157
Financial liabilities				
Deposits	-	-	8,370,991,104	8,370,991,104
Interbank and money market items, net	-	-	10,375,592,547	10,375,592,547
Demand liabilities	-	-	743,812	743,812
Derivatives liabilities	61,314,035	-	-	61,314,035
Lease liabilities	-	-	23,021,488	23,021,488
Total financial liabilities	61,314,035	-	18,770,348,951	18,831,662,986