

TISCO Bank Public Company Limited  
Report and financial statements  
30 June 2023

## **Independent Auditor's Report**

To the Shareholders of TISCO Bank Public Company Limited

### **Opinion**

I have audited the accompanying financial statements of TISCO Bank Public Company Limited (the Bank), which comprise the statement of financial position as at 30 June 2023, and the related statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 30 June 2023, its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

### **Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and 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.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## **Review Report of Interim Financial Information**

I have reviewed the accompanying statements of comprehensive income for the three-month period ended 30 June 2023 of TISCO Bank Public Company Limited as well as the notes to the interim financial statements (collectively "Interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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



Saranya Pludsri  
Certified Public Accountant (Thailand) No. 6768

EY Office Limited  
Bangkok: 24 August 2023

**TISCO Bank Public Company Limited****Statement of financial position****As at 30 June 2023**

(Unit: Thousand Baht)

	Note	30 June 2023	31 December 2022
<b>Assets</b>			
Cash		941,872	1,000,283
Interbank and money market items - net	3.2, 3.8	36,348,034	39,069,597
Financial assets measured at fair value through profit or loss	3.3	1,041,944	940,631
Derivatives assets	3.4	-	147,489
Investments - net	3.5, 3.8	3,041,629	3,239,972
Loans to customers and accrued interest receivables	3.6, 3.8		
Loans to customers		241,894,294	228,756,963
Accrued interest receivables and undue interest income		1,566,977	1,473,765
Total loans to customers and accrued interest receivables		243,461,271	230,230,728
Less: Deferred revenue		(15,604,721)	(15,566,094)
Less: Allowance for expected credit loss	3.7	(10,304,097)	(10,682,559)
Total loans to customers and accrued interest receivables - net		217,552,453	203,982,075
Properties foreclosed - net	3.9	10,924	6,476
Investment properties	3.10	28,152	28,152
Premises and equipment - net	3.11	728,095	701,655
Right-of-use assets - net	3.12	257,658	294,841
Intangible assets - net	3.13	17,978	19,605
Deferred tax assets	3.30	264,236	186,494
Other assets	3.14	1,045,956	1,297,445
<b>Total assets</b>		<b>261,278,931</b>	<b>250,914,715</b>

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

**TISCO Bank Public Company Limited****Statement of financial position (continued)****As at 30 June 2023**

		(Unit: Thousand Baht)	
	Note	30 June 2023	31 December 2022
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits	3.15	200,656,027	189,834,243
Interbank and money market items	3.16	6,546,382	6,519,575
Liabilities payable on demand		229,063	256,708
Derivatives liabilities	3.4	84,054	-
Debts issued and borrowings	3.17	7,876,122	7,876,919
Lease liabilities	3.18	253,381	289,593
Provisions	3.19	999,562	853,703
Accrued interest payable		830,819	545,034
Income tax payable		631,673	663,585
Dividend payable		1,161,175	3,372,938
Other liabilities	3.20	5,527,547	4,768,079
<b>Total liabilities</b>		<b>224,795,805</b>	<b>214,980,377</b>

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

**TISCO Bank Public Company Limited**  
**Statement of financial position (continued)**  
**As at 30 June 2023**

(Unit: Thousand Baht)

	Note	30 June 2023	31 December 2022
<b>Equity</b>			
Share capital			
Registered			
104 preference shares of Baht 10 each	3.21	1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each	3.21	1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares		2,543,024	2,543,024
Other components of equity	3.23	298,921	300,977
Retained earnings			
Appropriated - statutory reserve		984,000	984,000
Unappropriated		23,441,504	22,890,660
<b>Total equity</b>		<u>36,483,126</u>	<u>35,934,338</u>
<b>Total liabilities and equity</b>		<u>261,278,931</u>	<u>250,914,715</u>

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



Mr. Sakchai Peechapat  
 (Chairman of the Executive Board)



ธนาคารทีเอสซี จำกัด (มหาชน)  
 TISCO Bank Public Company Limited



Mr. Metha Pingsuthiwong  
 (President)

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**  
**Statement of comprehensive income**  
**For the three-month period ended 30 June 2023**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2023	2022
<b>Profit or loss:</b>			
Interest income	3.24	4,062,234	3,255,751
Interest expenses	3.25	(937,310)	(487,162)
<b>Net interest income</b>		<b>3,124,924</b>	<b>2,768,589</b>
Fee and service income		374,900	402,089
Fee and service expenses		(22,143)	(27,695)
<b>Net fee and service income</b>	3.26	<b>352,757</b>	<b>374,394</b>
Net gain on financial instruments measured at fair value through profit or loss	3.27	92,511	129,917
Net gain on investments	3.28	2,178	2,306
Penalty fee income from loans		28,742	34,346
Other operating income		40,490	33,477
<b>Total operating income</b>		<b>3,641,602</b>	<b>3,343,029</b>
<b>Operating expenses</b>			
Employee expenses		772,783	830,531
Premises and equipment expenses		295,217	283,077
Taxes and duties		84,529	57,825
Intercompany supporting fee expenses	3.32	639,712	607,663
Other operating expenses		203,938	122,011
<b>Total operating expenses</b>		<b>1,996,179</b>	<b>1,901,107</b>
Expected credit loss	3.29	18,075	32,428
<b>Profit from operations before income tax expenses</b>		<b>1,627,348</b>	<b>1,409,494</b>
Income tax expenses	3.30	325,059	281,493
<b>Profit for the period</b>		<b>1,302,289</b>	<b>1,128,001</b>

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

(Unaudited but reviewed)

**TISCO Bank Public Company Limited**  
**Statement of comprehensive income (continued)**  
**For the three-month period ended 30 June 2023**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2023	2022
<b>Other comprehensive income:</b>			
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>			
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(3,072)	(6,552)
Income tax effects	3.30	614	1,310
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(2,458)	(5,242)
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>			
Actuarial gain (loss)		(28,517)	73,333
Income tax effects	3.30	5,703	(14,667)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(22,814)	58,666
<b>Other comprehensive income for the period (loss)</b>		(25,272)	53,424
<b>Total comprehensive income for the period</b>		<u>1,277,017</u>	<u>1,181,425</u>
<b>Earnings per share</b>			
Basic earnings per share (Baht per share)	3.31	<u>1.41</u>	<u>1.22</u>

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

**TISCO Bank Public Company Limited**  
**Statement of comprehensive income**  
**For the six-month period ended 30 June 2023**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2023	2022
<b>Profit or loss:</b>			
Interest income	3.24	7,860,912	6,459,420
Interest expenses	3.25	(1,753,295)	(965,902)
<b>Net interest income</b>		<b>6,107,617</b>	<b>5,493,518</b>
Fee and service income		777,104	826,713
Fee and service expenses		(45,218)	(49,569)
<b>Net fee and service income</b>	3.26	<b>731,886</b>	<b>777,144</b>
Net gain on financial instruments measured at fair value through profit or loss	3.27	85,510	136,336
Net gain on investments	3.28	4,073	652
Penalty fee income from loans		59,427	67,997
Other operating income		83,989	81,500
<b>Total operating income</b>		<b>7,072,502</b>	<b>6,557,147</b>
<b>Operating expenses</b>			
Employee expenses		1,531,710	1,621,194
Premises and equipment expenses		592,652	563,557
Taxes and duties		156,671	113,690
Intercompany supporting fee expenses	3.32	1,255,769	1,203,053
Other operating expenses		397,835	263,337
<b>Total operating expenses</b>		<b>3,934,637</b>	<b>3,764,831</b>
Expected credit loss	3.29	51,831	36,225
<b>Profit from operations before income tax expenses</b>		<b>3,086,034</b>	<b>2,756,091</b>
Income tax expenses	3.30	615,101	548,612
<b>Profit for the period</b>		<b>2,470,933</b>	<b>2,207,479</b>

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

**TISCO Bank Public Company Limited**

**Statement of comprehensive income (continued)**

**For the six-month period ended 30 June 2023**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2023	2022
<b>Other comprehensive income:</b>			
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>			
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(1,416)	(8,061)
Income tax effects	3.30	283	1,612
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(1,133)	(6,449)
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>			
Actuarial gain (loss)		(28,517)	73,333
Income tax effects	3.30	5,703	(14,667)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(22,814)	58,666
<b>Other comprehensive income for the period (loss)</b>		<b>(23,947)</b>	<b>52,217</b>
<b>Total comprehensive income for the period</b>		<b>2,446,986</b>	<b>2,259,696</b>
<b>Earnings per share</b>			
Basic earnings per share (Baht per share)	3.31	2.68	2.40

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

**TISCO Bank Public Company Limited****Statement of cash flows****For the six-month period ended 30 June 2023**

	(Unit: Thousand Baht)	
	2023	2022
<b>Cash flows from operating activities</b>		
Profit from operations before income tax	3,086,034	2,756,091
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	110,686	113,966
Expected credit loss	752,375	844,723
Other provisions	39,380	-
Reversal of allowance for impairment of properties foreclosed	(48)	(264)
Gain on disposal of investments in securities	(675)	(185)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	172,439	(49,315)
Gain on financial instruments measured at fair value through profit or loss	(101,313)	(156,185)
(Gain) loss on disposal/write-off of equipment and intangible assets	108	(699)
Gain on disposal of properties foreclosed	(11,959)	(23,618)
Employee benefit expenses	67,615	36,359
Decrease in accrued income	27,702	21,222
Increase in accrued expenses	826,271	679,568
Net interest income	(6,107,617)	(5,493,518)
Dividend income	(33,411)	(32,004)
Cash received on interest income	7,727,505	6,524,785
Cash paid on interest expenses	(997,464)	(828,422)
Cash received on dividend income	33,411	32,004
Cash paid on income tax	(718,537)	(432,396)
Profit from operating activities before changes in operating assets and liabilities	4,872,502	3,992,112

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

**TISCO Bank Public Company Limited****Statement of cash flows (continued)****For the six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	2023	2022
Operating assets (increase) decrease		
Interbank and money market items	2,724,509	(2,362,718)
Loans to customers	(14,189,836)	(802,183)
Properties foreclosed	(4,400)	22,884
Other assets	224,731	159,343
Operating liabilities increase (decrease)		
Deposits	10,821,784	3,032,209
Interbank and money market items	26,807	(2,036,378)
Liabilities payable on demand	(27,645)	(29,054)
Short-term debts issued and borrowings	(797)	-
Provision for long-term employee benefits	(5,914)	(4,853)
Other liabilities	(452,637)	(455,708)
<b>Net cash flows from operating activities</b>	<b>3,989,104</b>	<b>1,515,654</b>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of investments in securities	(3,617,835)	(6,202,564)
Cash received from disposal of investments in securities	3,819,518	7,120,549
Cash paid for purchase of building improvements, equipment and vehicles	(51,781)	(12,360)
Cash paid for purchase of intangible assets	(1,468)	(1,144)
Cash received from disposal of equipment and vehicles	217	699
<b>Net cash flows from investing activities</b>	<b>148,651</b>	<b>905,180</b>
<b>Cash flows from financing activities</b>		
Cash received from issuance of long-term debentures	-	2,800,000
Cash paid for redemption of long-term debentures	-	(3,220,000)
Cash paid on lease liabilities	(85,974)	(83,603)
Dividend paid	(4,110,192)	(1,999,802)
<b>Net cash flows used in financing activities</b>	<b>(4,196,166)</b>	<b>(2,503,405)</b>
<b>Net decrease in cash</b>	<b>(58,411)</b>	<b>(82,571)</b>
Cash at beginning of the period	1,000,283	1,099,506
<b>Cash at end of the period</b>	<b>941,872</b>	<b>1,016,935</b>
	-	
<b>Supplement cash flows information</b>		
Non-cash transactions		
Right-of-use assets	45,392	24,263
Transfer-in of properties foreclosed in settlement of loans to customers	438,603	765,728

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

**TISCO Bank Public Company Limited**

**Statement of changes in equity**

**For the six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		Total
	Preference shares	Ordinary shares		Surplus (deficit) on changes in value of investments		Total	Appropriated	Unappropriated	
				measured at fair value through other comprehensive income	Surplus on revaluation of assets				
<b>Balance as at 1 January 2022</b>	1	9,215,676	2,543,024	104	302,536	302,640	984,000	21,619,444	34,664,785
Profit for the period	-	-	-	-	-	-	-	2,207,479	2,207,479
Other comprehensive income for the period (loss)	-	-	-	(6,449)	-	(6,449)	-	58,666	52,217
Total comprehensive income for the period (loss)	-	-	-	(6,449)	-	(6,449)	-	2,266,145	2,259,696
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(924)	(924)	-	1,155	231
<b>Balance as at 30 June 2022</b>	1	9,215,676	2,543,024	(6,345)	301,612	295,267	984,000	23,886,744	36,924,712
<b>Balance as at 1 January 2023</b>	1	9,215,676	2,543,024	304	300,673	300,977	984,000	22,890,660	35,934,338
Dividend paid (Note 4)	-	-	-	-	-	-	-	(1,898,429)	(1,898,429)
Profit for the period	-	-	-	-	-	-	-	2,470,933	2,470,933
Other comprehensive income for the period (loss)	-	-	-	(1,133)	-	(1,133)	-	(22,814)	(23,947)
Total comprehensive income for the period (loss)	-	-	-	(1,133)	-	(1,133)	-	2,448,119	2,446,986
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(923)	(923)	-	1,154	231
<b>Balance as at 30 June 2023</b>	1	9,215,676	2,543,024	(829)	299,750	298,921	984,000	23,441,504	36,483,126

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

**TISCO Bank Public Company Limited**  
**Notes to financial statements**  
**For the six-month period ended 30 June 2023**

**1. Basis for preparation and presentation of financial statements and significant accounting policies**

**1.1 Basis for preparation of financial statements**

The financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and with reference to the regulations stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification No. Sor Nor Sor. 21/2561 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 31 October 2018.

The statement of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2023 were prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, whereby the Bank chose to present the statement of comprehensive income and notes to the financial statements in the full format, as presented in the annual financial statements.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is impacting various businesses and industries both directly and indirectly. This situation could create uncertainties and may be impacting the operating results and cash flows in the future. However, the Bank’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

### **1.3 New financial reporting standards**

#### **Financial reporting standards that became effective in the current period**

During the period of 2023, the Bank has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

### **1.4 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19**

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

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

- a) Debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension (Assistance type 1). For this type of debt restructuring, the Bank may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions, whereby:
  - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
  - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.

- Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
  - Loans are classified as loans with significant increase in credit risk (Underperforming or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due, counting from the due date.
  - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
- b) Debt restructuring involving only a payment timeline extension, e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts (Assistance type 2). For this type of debt restructuring, the Bank is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. However, the Bank may elect to adopt treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C. 802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2.

For both types of assistance, the Bank may determine expected credit loss based on the outstanding balance of the drawn down portion only.

The Bank provided both types of assistance to debtors. However, it has elected to comply with the staging assessment and the setting aside of provisions in accordance with the relevant financial reporting standards, and has only adopted treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT as mentioned above to assess whether a debtor is to move to under-performing stage or Stage 2 only for some types of loans.

## **1.5 Significant accounting policies**

### **1.5.1 Revenue and expenses recognition**

#### a) Interest income and discounts on loans

The Bank recognises interest on loans on an accrual basis, using the effective interest rate method, applied to the outstanding principal amount. The effective interest rate is the discount rate that estimates future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate.

For hire purchase receivables, fee income, commissions and direct expenses incurred at the initiation of hire purchase are recognised over time using the effective interest rate method, and are presented as deductions from interest income on hire purchase over the contract term in order to reflect the effective rate of return of the contract.

Deferred revenue on hire purchase is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

For loans to customers that are later credit-impaired, the Bank recognises interest income using the effective interest rate method applied to the net carrying value of the loan (the loan amount net of allowance for expected credit loss). Subsequently, if the financial asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

b) Gain (loss) on financial instruments measured at fair value through profit or loss

Gain (loss) on financial instruments measured at fair value through profit or loss consists of gain (loss) on trading and foreign exchange transactions, gain (loss) on changes in fair value of derivatives and financial assets measured at fair value through profit or loss, and gain (loss) on sales of financial assets measured at fair value through profit or loss and derivatives, which the Bank recognises as income or expenses on the transaction date.

c) Interest and dividend on investments in securities

Interest on investments is recognised as income on an accrual basis. Dividend on investments is recognised as income when the right to receive the dividend is established.

d) Fee and service income

Fee and service income is recognised as income on an accrual basis except fee income that is an integral part of the effective interest rate.

e) Interest expenses

Interest expenses are recognised on an accrual basis using the effective interest rate method.

f) Fee and service expenses and other operating expenses

Fee and service expenses and other operating expenses are recognised on an accrual basis.

### **1.5.2 Securities purchased under resale agreements according to private repurchase transactions**

The Bank has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items - net" in the statement of financial position, and the securities purchased are used as collateral.

Under securities purchased under resale agreements according to private repurchase transactions, the Bank obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

### **1.5.3 Financial assets**

#### Financial assets - Debt instruments

The Bank classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Bank's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, based on the facts and circumstances as of the date these financial reporting standards were initially adopted or the acquisition date. Classifications are as follows:

a) Financial assets measured at fair value through profit or loss

Investments in debt instruments held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss on changes in fair value is recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

b) Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss on changes in fair value is presented as a separate item in other comprehensive income until disposal. Gain or loss on disposal of the instruments are recognised in profit or loss. Expected credit loss and interest income calculated using the effective interest rate method are recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position at fair value.

c) Financial assets measured at amortised cost

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at amortised cost. These financial assets are initially recognised at fair value.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Financial assets - Equity instruments

All investments in equity instruments are measured at fair value in the statement of financial position. The Bank classifies investments in equity instruments as financial assets measured at fair value through profit or loss.

After initial recognition, unrealised gain or loss on subsequent changes in fair value of investments is recognised in profit or loss. Dividends on these investments are recognised in profit or loss.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

Recognition

Purchases and sales of investments are recognised on the settlement date. The weighted average method is used for computation of investment cost.

Changes in classification of investments in debt instruments

When there are changes in the Bank's business model for management of financial assets, the Bank has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments on the reclassification date are recorded in profit or loss or other comprehensive income, depending on the classification of the investments.

#### **1.5.4 Classification and measurement of financial liabilities**

The Bank classifies and measures its financial liabilities at amortised cost, except for derivatives liabilities which are measured at fair value through profit or loss.

#### **1.5.5 Investments in receivables purchased or transferred in**

The Bank classifies investments in receivables purchased or transferred in as financial assets measured at amortised cost which are initially recognised at acquisition cost. At the end of reporting period, these investments in receivables are presented in the statement of financial position at amortised cost net of allowance for expected credit loss (if any).

#### **1.5.6 Loans to customers**

Loans to customers are stated at the principal balance, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are presented as deductions from loans to customers.

Hire purchase receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

#### **1.5.7 Allowance for expected credit loss on financial assets**

The Bank applies the General Approach to calculate allowance for expected credit loss on its financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans to customers and accrued interest receivables, and committed credit lines.

The Bank classifies financial assets into three groups (Three-stage approach) in order to measure the allowance for expected credit loss, with the classification of the financial assets determined on the basis of the change in credit quality since the initial transaction date, as follows:

Group 1: Financial assets with no significant increase in credit risk (Performing)

For financial assets with no significant increase in credit risk since the initial recognition date, the Bank recognises allowance for expected credit loss at an amount equal to 12-month expected credit loss. For financial assets with maturity of less than 12 months, the Bank uses a probability of default that corresponds to remaining terms of the contract.

## Group 2: Financial assets with significant increase in credit risk (Under-performing)

For financial assets with significant increase in credit risk since the initial recognition date but that are not credit-impaired, the Bank recognises the allowance for expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

## Group 3: Financial assets that are credit-impaired (Non-performing)

Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets occur. The Bank recognises the allowance for expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

At the end of each reporting period, the Bank assesses whether the credit risk of financial assets has increased significantly since the initial recognition date, by comparing the risk of expected default on the financial assets as at reporting date with the risk of default as at the initial recognition date. The Bank uses internal quantitative and qualitative bases and forward-looking information as a basis for assessing a decrease in credit quality, such as debtors overdue for more than 30 days or credit rating. Evaluations of whether credit risk has increased significantly since the initial recognition date may be conducted individually or collectively for groups of financial assets.

Loans to customers are considered to be credit-impaired when one or more events occur affecting the estimated future contractual cash flows of the counterparties. Evidence that financial assets are credit-impaired includes being overdue for more than 90 days or indications that debtors are facing significant financial difficulties, breaches of contract, the legal status, renegotiation of terms of repayment or debt restructuring.

In subsequent periods, if the credit quality of financial assets improves and it is assessed that there is no longer significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Bank will change from recognising expected credit loss over the expected lifetime to recognising the 12-month expected credit loss.

When the terms of repayment of a loan to customer are renegotiated or the terms of the contractual cash flow are modified because the debtors are in financial difficulty, the loan is considered to be a financial asset with a significant increase in credit risk or credit-impaired, unless there is evidence that the risk that contractual cash flows will not be recoverable has decreased significantly and there are no other indicators of impairment.

In addition, the Bank has adopted treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C. 802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2 for some types of loans.

Expected credit loss is the probability-weighted estimate of expected credit loss over the lifetime of a financial instrument, taking into account the present value of all cash flows that are expected not to be recoverable. This is determined with reference to historical loss experience data grouped by asset on the basis of shared credit risk characteristics, taking into account type of loan, type of collateral, months on books, and other relevant factors, adjusted for current observable data, as well as forward-looking information that is supportable and reasonable, provided it can be shown to be statistically related. It also involves the appropriate exercise of judgement to estimate the amount of expected credit loss, using macroeconomic data. The Bank determines both current and future economic scenarios, and probability-weights each scenario (base scenario, upturn scenario, downturn scenario and stress scenario) for the purpose of calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant macroeconomic changes affect expected credit loss. However, the Bank has established a process to review and monitor the methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis. In addition, expected credit loss also includes a management overlay.

For financial assets that are credit-impaired upon initial acquisition (investments in receivables purchased or transferred in), the Bank measures allowance for expected credit loss at an amount equal to the outstanding receivable balance because it does not expect to receive cash flows from these receivables.

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

The increase (decrease) in an allowance for expected credit loss is recognised as an expense in profit or loss in the statement of comprehensive income. The Bank has a policy to write off receivables when they are identified as bad debts.

The Bank considers using the Simplified Approach to determine allowance for expected credit loss over a lifetime for accrued fee and service income and other receivables.

### **1.5.8 Financial assets with modifications of terms/Debt restructuring**

When a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because the debtor is having financial difficulties, the Bank assesses whether to derecognise the financial asset and measures the expected credit loss, as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Bank calculates the gross book value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises a gain or loss on modification of terms in profit or loss.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset as at the date of derecognition. The difference between the book value and the fair value of the financial asset is recognised in profit or loss.

If the debt restructuring does not meet the criteria for derecognition as of the restructuring date, the debtor continues to be classified as a financial asset with a significant increase in credit risk (Stage 2) until the debtor has been able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period; or continues to be classified as a financial asset that is credit-impaired (Stage 3) until the debtor has been able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period, before being able to be reclassified as a financial asset with a significant increase in credit risk (Stage 2), and if the debtor is able to make payment for additional 9 consecutive months or installments, it can be reclassified as a financial asset with no significant increase in credit risk (Stage 1).

If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

### **1.5.9 Properties foreclosed**

Properties foreclosed represents assets transferred in respect of receivables on which the debtors have defaulted or restructured receivables.

At the end of reporting period, the value of properties foreclosed is stated at the lower of cost or net realisable value. Net realisable value is determined at the market value or the appraisal value less estimated selling expenses. In addition, the Bank is required to record additional allowance for impairment of properties foreclosed in accordance with the notifications of the BOT.

The Bank recognises loss on impairment in profit or loss. Gain or loss from disposal of properties foreclosed is recognised in profit or loss in the statement of comprehensive income upon disposal.

#### **1.5.10 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from changes in the fair value is recognised in profit or loss when incurred.

The difference between the net disposal proceed and the carrying amount of the asset is recognised in profit or loss in the period in which the asset is derecognised.

#### **1.5.11 Premises and equipment/Depreciation**

Land is stated at cost. Buildings, office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, subsequently revalued by an independent professional appraiser, and then recorded at revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Bank's assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Bank's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of buildings, office condominiums and equipment is calculated by reference to their cost or revalued amount on the straight-line basis (except for the depreciation of communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings	-	20 years
Office condominiums	-	30 years
Office improvements	-	5, 15 years
Furniture, fixtures and equipment	-	5 years
Motor vehicles	-	6 years

Depreciation attributed to the original cost portion and the revaluation portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. Remaining surplus on revaluation of assets as at the date of derecognition is directly transferred to retained earnings.

#### **1.5.12 Leases**

At inception of contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease, the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments. The Bank applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

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

Right-of-use assets are measured at cost, less accumulated depreciation, accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at the commencement date of the lease less any lease incentives received.

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

Buildings	-	1 - 20 years
-----------	---	--------------

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payments of penalties for terminating the lease if the lease term reflects the Bank exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Bank discounts the present value of the lease payments by the Bank's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term of less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### **1.5.13 Intangible assets**

The Bank initially recognises intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

The Bank amortises intangible assets with finite lives on a straight-line basis over the economic useful life and tests for impairment whenever there is an indication that the intangible assets may be impaired. The Bank reviews the amortisation period and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are computer software that the Bank amortises over the following estimated useful lives:

The license agreements with specified number of years of usage	- according to the period of license agreement
The license agreements with no specified number of years of usage	- 5 years
No license agreements	- 5 years

#### **1.5.14 Income tax**

Income tax represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. They will be realised as tax income or tax expenses when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Bank recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which such deductible deferred tax assets can be utilised. The Bank recognises deferred tax liabilities for all taxable temporary differences.

The Bank records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At the end of each reporting period, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

#### **1.5.15 Impairment of non-financial assets**

At the end of each reporting period, the Bank assesses whether there is an indication that a non-financial asset may be impaired. If any indication exists, an impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. Fair value less costs to sell reflects the amount that the Bank could obtain from the disposal of the asset on the statement of financial position in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss. However, in cases where assets were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that a previously recognised impairment loss may no longer exist or may have decreased, the Bank estimates the asset's recoverable amount. The previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised immediately in profit or loss in the statement of comprehensive income.

#### **1.5.16 Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of ownership. If the Bank neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Bank continues to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished e.g. when the obligation specified in the contract is discharged, cancelled or expired.

#### **1.5.17 Foreign currencies**

The financial statements are presented in Baht, which is also the Bank's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the reference rates announced by the BOT at the end of each reporting period.

Gain or loss on exchange is included in determining income.

### 1.5.18 Employee benefits

#### a) Short-term employee benefits

The Bank records salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Apart from the annual bonus portion of bonus expenses which is remuneration for employees' annual performance that is paid in cash, the Bank also has another portion of bonus expenses which is paid in cash with reference to the parent company's share price. The Bank records this portion of expenses and related accrued bonus over the service period of those employees, counting from the grant date. It is recorded based on the average daily share price from the grant date to the end of reporting period, and any increase or decrease in the expenses according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

#### b) Post-employment benefits and other long-term employee benefits

##### *Defined contribution plans*

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

##### *Defined benefit plans and other long-term employee benefits*

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Bank treats these severance payment obligations as a defined benefit plan. In addition, the Bank provides other long-term employee benefit plans, namely long service awards.

The obligation under the defined benefit plan is determined by the Bank based on actuarial techniques.

Actuarial gain or loss arising from post-employment benefits is recognised immediately in other comprehensive income.

Actuarial gain or loss arising from other long-term benefits is recognised immediately in profit or loss.

### **1.5.19 Provisions**

Provisions are recognised when the Bank has a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **1.5.20 Derivatives**

Derivatives are initially recognised at fair value on the trade date and are classified as trading. Derivatives are subsequently remeasured at fair value. Subsequent changes are recognised as net gain (loss) on financial instruments measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

### **1.5.21 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Bank measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

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

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 1.5.22 Financial instruments

### a) Financial risk management

The Bank has financial risks associated with financial instruments and has financial risk management policy as described in Note 3.36 to the financial statements.

### b) Fair value of financial instruments

In determining the fair value of financial instruments, the estimated fair value will be adjusted by allowance for expected credit loss with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration of greater than one year, fair value is determined based on the quoted market prices, where available, or otherwise based on present value of contractual cash flows, discounted using the rate used for financial instruments with similar features.

The methods used by the Bank in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), fee and service receivables, other receivables, deposits, interbank and money market items (liabilities), liabilities payable on demand, and accrued insurance premium, the carrying amounts in the statement of financial position approximate their fair value.
- For investments in marketable equity securities, their fair value is stated based on the latest bid price at the end of last working day of the year as quoted by the Stock Exchange of Thailand, or based on discounted future cash flows and/or book value of the investees for investments in non-marketable equity securities.
- Government and state enterprise securities and private debt securities are stated at fair value which is determined using yield rates quoted by the Thai Bond Market Association.
- Unit trusts are stated at fair value based on their net asset value at the end of reporting period.

- Loans to customers and accrued interest receivables, except for hire purchase receivables and other retail loans, are presented at fair value which is estimated from balance of loans to customers and accrued interest receivables as stated in the financial statements less allowance for expected credit loss, since most loans to customers carry interest at floating rates. Fair value of hire purchase receivables and other retail loans is calculated from the present value of future cash inflows, discounted by the current interest rate for new loans, less allowance for expected credit loss.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash outflows by the current market interest rates of the borrowings with similar terms and conditions.
- For derivatives, their fair value is determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Bank has considered the counterparty's credit risk when determining the fair value of derivatives.

### **1.5.23 Significant accounting judgements and estimates**

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

#### ***Recognition or derecognition of assets and liabilities***

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

#### ***Allowance for expected credit loss on financial assets***

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

### ***Fair value of financial instruments***

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of both the Bank and the counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### ***Investment properties***

The Bank presents investment properties at the fair value estimated by an internal appraiser of the Bank, and recognises changes in the fair value in profit or loss. The appraiser valued the investment properties using the market approach. The key assumptions used in estimating the fair value are described in Note 3.10 to the financial statements.

### ***Premises and equipment/Depreciation***

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful life and residual value of the buildings and equipment and to review estimated useful life and residual value when there are any changes.

The Bank measures office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the market approach. The valuation involves certain assumptions and estimates as described in Note 3.11 to the financial statements.

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

### ***Leases***

In determining the lease terms, the management is required to use judgement to assess whether the Bank is reasonably certain to exercise options to extend the terms of leases or to cancel the leases, taking into account all relevant facts and circumstances that create economic incentives for the Bank to exercise or not to exercise such options.

In addition, the management is required to exercise judgement in estimating the incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### ***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

### ***Post-employment benefits under defined benefit plans and other long-term employee benefits***

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

### ***Litigation***

The Bank has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation. In case the management believes that there will be no loss, no provisions are recognised at the end of the reporting period.

## **2. General information**

### **2.1 The Bank's information**

TISCO Bank Public Company Limited (“the Bank”) is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate a commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 June 2023 and 31 December 2022, the Bank has 54 branches in Thailand.

### **2.2 Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

### **2.3 Directors' remuneration**

Directors' remuneration represents the benefits paid to the Bank's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions.

### **2.4 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Bank, whether directly or indirectly, or which are under common control with the Bank. They also include individuals or enterprises which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors and officers with authority in the planning and direction of the Bank's operations.

The Bank has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Bank and those related parties, which are in reference to the terms and prices as charged to other customers.

### 3. Supplemental information

#### 3.1 Classification of financial assets and financial liabilities

The Bank has a classification of significant financial assets and financial liabilities as follows:

(Unit: Thousand Baht)

	As at 30 June 2023			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial assets</u></b>				
Cash	-	-	941,872	941,872
Interbank and money market items	-	-	36,348,034	36,348,034
Financial assets measured at fair value				
through profit or loss	1,041,944	-	-	1,041,944
Investments	-	3,041,629	-	3,041,629
Loans to customers and accrued interest				
receivables	-	-	217,552,453	217,552,453
Other assets - fee and service receivables	-	-	104,288	104,288
Other assets - other receivables	-	-	320,369	320,369
<b><u>Financial liabilities</u></b>				
Deposits	-	-	200,656,027	200,656,027
Interbank and money market items	-	-	6,546,382	6,546,382
Liabilities payable on demand	-	-	229,063	229,063
Derivatives liabilities	84,054	-	-	84,054
Debts issued and borrowings	-	-	7,876,122	7,876,122
Lease liabilities	-	-	253,381	253,381
Accrued interest payable	-	-	830,819	830,819
Other liabilities - accrued insurance premium	-	-	174,384	174,384

(Unit: Thousand Baht)

	As at 31 December 2022			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial assets</u></b>				
Cash	-	-	1,000,283	1,000,283
Interbank and money market items	-	-	39,069,597	39,069,597
Financial assets measured at fair value				
through profit or loss	940,631	-	-	940,631
Derivatives assets	147,489	-	-	147,489
Investments	-	3,239,972	-	3,239,972
Loans to customers and accrued interest receivables	-	-	203,982,075	203,982,075
Other assets - fee and service receivables	-	-	131,990	131,990
Other assets - other receivables	-	-	401,822	401,822
<b><u>Financial liabilities</u></b>				
Deposits	-	-	189,834,243	189,834,243
Interbank and money market items	-	-	6,519,575	6,519,575
Liabilities payable on demand	-	-	256,708	256,708
Debts issued and borrowings	-	-	7,876,919	7,876,919
Lease liabilities	-	-	289,593	289,593
Accrued interest payable	-	-	545,034	545,034
Other liabilities - accrued insurance premium	-	-	231,333	231,333

### 3.2 Interbank and money market items (assets)

(Unit: Thousand Baht)

	As at					
	30 June 2023			31 December 2022		
	At call	Term	Total	At call	Term	Total
<b><u>Domestic</u></b>						
Bank of Thailand and Financial Institutions						
Development Fund	1,974,932	-	1,974,932	2,237,130	-	2,237,130
Commercial banks	362,873	16,500,000	16,862,873	324,780	18,600,000	18,924,780
Specialised Financial Institutions	521	17,500,000	17,500,521	925	17,900,000	17,900,925
Total	2,338,326	34,000,000	36,338,326	2,562,835	36,500,000	39,062,835
Add: Accrued interest receivables	-	10,415	10,415	22	7,677	7,699
Less: Allowance for expected credit loss	(707)	-	(707)	(937)	-	(937)
Total domestic	2,337,619	34,010,415	36,348,034	2,561,920	36,507,677	39,069,597

As at 30 June 2023 and 31 December 2022, all outstanding interbank and money market items are in Baht.

The Bank entered into securities purchases under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Thousand Baht)

Securities purchased under resale agreements  
according to private repurchase transactions  
as at

	30 June 2023	31 December 2022
Commercial banks	16,500,000	18,600,000
Specialised Financial Institutions	17,500,000	17,900,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

Fair value of securities received as collateral  
as at

	30 June 2023	31 December 2022
Commercial banks	16,500,800	18,733,000
Specialised Financial Institutions	17,611,800	18,167,700

### 3.3 Financial assets measured at fair value through profit or loss

#### 3.3.1 Financial assets measured at fair value through profit or loss classified by type of investments

(Unit: Thousand Baht)

As at

Investments	30 June 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
<b>Others</b>				
Domestic marketable equity instruments	9,320	4,928	9,320	6,000
Domestic non-marketable equity instruments	220,274	1,037,016	220,274	934,631
	229,594	<u>1,041,944</u>	229,594	<u>940,631</u>
Add: Allowance for changes in value	812,350		711,037	
Total	<u>1,041,944</u>		<u>940,631</u>	

**3.3.2** Investments in non-marketable equity instruments include investments in which the Bank holds not less than 10 percent of the equity of the investees, as follows:

(Unit: Thousand Baht)

Securities' name	As at					
	30 June 2023			31 December 2022		
	Fair value of investments	Unpaid amount	Percentage of holding (%)	Fair value of investments	Unpaid amount	Percentage of holding (%)
<b>Services:</b>						
Jiji Press (Thailand) Co., Ltd.	1,391	300	10	1,439	300	10
<b>Trading import and export:</b>						
Juki (Thailand) Co., Ltd.	8,787	-	10	5,919	-	10
PDTL Trading Co., Ltd.	-	-	10	3,801	-	10
Wattana Inter-Trade Co., Ltd.	17,545	-	10	17,789	-	10
<b>Real estate:</b>						
UMI Property Co., Ltd.	1,356	-	10	3,087	-	10
<b>Industrial:</b>						
Siam Art Ceramic Co., Ltd.	7,596	-	10	8,260	-	10

**3.3.3** Investments in companies with weak financial positions and poor operating results

As at 30 June 2023 and 31 December 2022, investments in securities of the Bank include investments in securities issued by companies with weak financial positions and poor operating results as follows:

(Unit: Thousand Baht)

Companies with weak financial positions and poor operating results	As at			
	30 June 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
	9,270	-	9,270	3,801

### 3.4 Derivatives assets/derivatives liabilities

The Bank entered into foreign exchange contracts to manage the risk associated with financial assets, as follows:

(Unit: Thousand Baht)

Type of risks	As at					
	30 June 2023			31 December 2022		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	84,054	2,208,116	147,489	-	1,739,526
Total	-	84,054	2,208,116	147,489	-	1,739,526

All counterparties of these derivatives transactions are financial institutions.

### 3.5 Investments

#### 3.5.1 Investments classified by type of investments

As at 30 June 2023 and 31 December 2022, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	As at			
	30 June 2023		31 December 2022	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Investments in debt instruments</b>				
<b>measured at fair value through other comprehensive income</b>				
Government and state enterprise securities	3,018,665	3,015,089	3,215,592	3,215,602
Private sector debt instruments	51,460	26,540	51,460	24,370
	3,070,125	3,041,629	3,267,052	3,239,972
Less: Allowance for changes in value	(28,496)		(27,080)	
Total	3,041,629		3,239,972	
Allowance for expected credit loss	27,460		27,460	
<b>Investments in debt instruments measured at amortised cost</b>				
Investments in receivables	8,730		8,896	
Less: Allowance for expected credit loss	(8,730)		(8,896)	
Total	-		-	
Total investments	3,041,629		3,239,972	

### 3.5.2 Investments subject to restrictions

(Unit: Million Baht)

Type of investments	As at		Type of restrictions
	30 June 2023	31 December 2022	
Government debt securities	1	2	Pledge for electricity usage

### 3.5.3 Investments in companies with weak financial positions and poor operating results

As at 30 June 2023 and 31 December 2022, investments in securities of the Bank include investments in securities issued by companies with weak financial positions and poor operating results as follows:

(Unit: Thousand Baht)

	As at					
	30 June 2023			31 December 2022		
	Cost	Fair value	Allowance for expected credit loss	Cost	Fair value	Allowance for expected credit loss
Companies having problems with debt repayment or in default	51,460	26,540	27,460	51,460	24,370	27,460

## 3.6 Loans to customers and accrued interest receivables

### 3.6.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
<b>Loans to customers</b>		
Overdrafts	6,880	6,880
Loans	120,508,380	105,906,624
Hire purchase receivables	121,379,034	122,843,459
Less: Deferred revenue	(15,604,721)	(15,566,094)
Total loans to customers	226,289,573	213,190,869
Add: Accrued interest receivables and undue interest income	1,566,977	1,473,765
Total loans to customers and accrued interest receivables	227,856,550	214,664,634
Less: Allowance for expected credit loss	(10,304,097)	(10,682,559)
Loans to customers and accrued interest receivables - net	217,552,453	203,982,075

### 3.6.2 Classified by residency of debtors

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
<b>Loans to customers net of deferred revenue</b>		
- Domestic	216,310,505	203,970,880
- Foreign	9,979,068	9,219,989
Total	<u>226,289,573</u>	<u>213,190,869</u>

### 3.6.3 Classified by loan classification

(Unit: Thousand Baht)

	As at			
	30 June 2023		31 December 2022	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	201,842,021	6,158,487	189,142,376	6,631,970
Financial assets with significant increase in credit risk (Under-performing)	21,514,027	2,679,128	21,495,534	2,758,059
Financial assets that are credit-impaired (Non-performing)	4,500,502	1,466,482	4,026,724	1,292,530
Total	<u>227,856,550</u>	<u>10,304,097</u>	<u>214,664,634</u>	<u>10,682,559</u>

The Bank has continuously provided additional assistance to affected debtors in accordance with circulars of the BOT regarding the provision of financial assistance to debtors affected by COVID-19 since 2020 until present. As at 30 June 2023, the Bank's outstanding loan balance under the relief measures totalled Baht 5,388 million, for which the Bank complies with the staging assessment and the setting aside of provision in accordance with the relevant financial reporting standards.

### 3.6.4 Classified by loan classification and type of debtors

As at 30 June 2023 and 31 December 2022, loans to customers classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

	As at 30 June 2023							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	92,114	2,579	27,126	1,070	82,602	2,509	201,842	6,158
Financial assets with significant increase in credit risk (Under-performing)	12,189	1,342	6,143	644	3,182	693	21,514	2,679
Financial assets that are credit-impaired (Non-performing)	2,241	694	1,147	436	1,113	337	4,501	1,467
<b>Total</b>	<b>106,544</b>	<b>4,615</b>	<b>34,416</b>	<b>2,150</b>	<b>86,897</b>	<b>3,539</b>	<b>227,857</b>	<b>10,304</b>

(Unit: Million Baht)

	As at 31 December 2022							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	93,434	3,018	25,506	1,124	70,202	2,490	189,142	6,632
Financial assets with significant increase in credit risk (Under-performing)	12,536	1,342	5,221	570	3,739	846	21,496	2,758
Financial assets that are credit-impaired (Non-performing)	2,098	652	772	297	1,157	344	4,027	1,293
<b>Total</b>	<b>108,068</b>	<b>5,012</b>	<b>31,499</b>	<b>1,991</b>	<b>75,098</b>	<b>3,680</b>	<b>214,665</b>	<b>10,683</b>

### 3.6.5 Hire purchase receivables

As at 30 June 2023, receivables of the Bank under hire purchase agreements amount to Baht 106,544 million (31 December 2022: Baht 108,068 million) and mostly comprise hire purchase agreements for cars. The terms of the agreements are generally between 1 to 8 years, and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

As at 30 June 2023					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit-impaired	Total
Gross investment in the agreements	36,916	73,827	3,677	6,959	121,379
Less: Deferred revenue <sup>(1)</sup>	(4,379)	(6,118)	(144)	(4,791)	(15,432)
Present value of minimum lease payment from agreements	32,537	67,709	3,533	2,168	105,947
Accrued interest receivables	524	-	-	73	597
Total	33,061	67,709	3,533	2,241	106,544
Allowance for expected credit loss					(4,615)
Net hire purchase receivables					101,929

(1) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

(Unit: Million Baht)

As at 31 December 2022					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit-impaired	Total
Gross investment in the agreements	37,317	74,953	3,911	6,662	122,843
Less: Deferred revenue <sup>(1)</sup>	(4,405)	(6,204)	(152)	(4,632)	(15,393)
Present value of minimum lease payment from agreements	32,912	68,749	3,759	2,030	107,450
Accrued interest receivables	550	-	-	68	618
Total	33,462	68,749	3,759	2,098	108,068
Allowance for expected credit loss					(5,012)
Net hire purchase receivables					103,056

(1) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

### 3.6.6 Troubled debt restructuring

As at 30 June 2023 and 31 December 2022, the Bank has outstanding balances with troubled debt restructuring debtors as follows:

	As at			
	30 June 2023		31 December 2022	
	Number of debtors	Outstanding balances (Million Baht)	Number of debtors	Outstanding balances (Million Baht)
Balances of restructured debts	1,611	1,115	1,531	1,021

### 3.7 Allowance for expected credit loss

As at 30 June 2023 and 31 December 2022, the Bank has allowance for expected credit loss classified by type of financial assets as follows:

	For the six-month period ended 30 June 2023				(Unit: Thousand Baht)
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	Total
	<b>Interbank and money market items (assets)</b>				
Balance - beginning of period	937	-	-	-	937
Changes from revaluation of allowance for credit loss	(230)	-	-	-	(230)
Balance - end of period	707	-	-	-	707
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Balance - beginning of period	-	-	27,460	-	27,460
Changes from revaluation of allowance for credit loss	-	-	-	-	-
Balance - end of period	-	-	27,460	-	27,460

(Unit: Thousand Baht)

For the six-month period ended 30 June 2023

	Financial assets				Total
	with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	
<b>Investments in debt instruments measured at amortised cost</b>					
Balance - beginning of period	-	-	8,896	-	8,896
Changes from revaluation of allowance for credit loss	-	-	(166)	-	(166)
Balance - end of period	-	-	8,730	-	8,730
<b>Loans to customers and accrued interest receivables</b>					
Balance - beginning of period	6,631,970	2,758,059	1,292,530	-	10,682,559
Changes from transfers among stages	(15,321)	(143,011)	158,332	-	-
Changes from revaluation of allowance for credit loss	(1,418,558)	46,125	1,237,564	-	(134,869)
New financial assets purchased or acquired	1,328,730	183,131	31,968	-	1,543,829
Derecognition	(368,334)	(165,176)	(101,219)	-	(634,729)
Write-off	-	-	(1,152,693)	-	(1,152,693)
Balance - end of period	6,158,487	2,679,128	1,466,482	-	10,304,097
<b>Other assets - accrued interest receivables on investments</b>					
Balance - beginning of period	-	-	556	-	556
Changes from revaluation of allowance for credit loss	-	-	179	-	179
Balance - end of period	-	-	735	-	735
<b>Other assets - other receivables</b>					
Balance - beginning of period	-	-	-	4,934	4,934
Changes from revaluation of allowance for credit loss	-	-	-	288	288
New financial assets purchased or acquired	-	-	-	30	30
Derecognition	-	-	-	(282)	(282)
Write-off	-	-	-	(7)	(7)
Balance - end of period	-	-	-	4,963	4,963

(Unit: Thousand Baht)

For the year ended 31 December 2022

	Financial assets				Total
	with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	
<b>Interbank and money market items (assets)</b>					
Balance - beginning of year	227	-	-	-	227
Changes from revaluation of allowance for credit loss	710	-	-	-	710
Balance - end of year	937	-	-	-	937
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Balance - beginning of year	-	-	27,460	-	27,460
New financial assets purchased or acquired	97	-	-	-	97
Derecognition	(97)	-	-	-	(97)
Balance - end of year	-	-	27,460	-	27,460
<b>Investments in debt instruments measured at amortised cost</b>					
Balance - beginning of year	-	-	11,958	-	11,958
Changes from revaluation of allowance for credit loss	-	-	(3,062)	-	(3,062)
Balance - end of year	-	-	8,896	-	8,896
<b>Loans to customers and accrued interest receivables</b>					
Balance - beginning of year	6,357,689	3,002,574	1,305,933	-	10,666,196
Changes from transfers among stages	68,624	(303,727)	235,103	-	-
Changes from revaluation of allowance for credit loss	(1,410,581)	(70,687)	2,082,961	-	601,693
New financial assets purchased or acquired	2,499,543	583,373	169,865	-	3,252,781
Derecognition	(883,305)	(453,474)	(225,564)	-	(1,562,343)
Write-off	-	-	(2,275,768)	-	(2,275,768)
Balance - end of year	6,631,970	2,758,059	1,292,530	-	10,682,559

(Unit: Thousand Baht)

For the year ended 31 December 2022

	Financial assets				Total
	with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	
<b>Other assets - accrued interest receivables on investments</b>					
Balance - beginning of year	-	-	196	-	196
Changes from revaluation of allowance for credit loss	-	-	360	-	360
Balance - end of year	-	-	556	-	556
<b>Other assets - other receivables</b>					
Balance - beginning of year	-	-	-	1,872	1,872
Changes from revaluation of allowance for credit loss	-	-	-	3,182	3,182
New financial assets purchased or acquired	-	-	-	96	96
Derecognition	-	-	-	(209)	(209)
Write-off	-	-	-	(7)	(7)
Balance - end of year	-	-	-	4,934	4,934

### 3.8 Classification of assets

#### 3.8.1 Classification of assets under the BOT's guidelines

As at 30 June 2023 and 31 December 2022, classification of financial assets is as follows:

(Unit: Thousand Baht)

	As at 30 June 2023				
	Financial assets				
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	Total
Financial assets with no significant increase in credit risk (Performing)	36,348,741	3,015,089	-	201,842,021	241,205,851
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	21,514,027	21,514,027
Financial assets that are credit-impaired (Non-performing)	-	26,540	8,730	4,500,502	4,535,772
<b>Total</b>	<b>36,348,741</b>	<b>3,041,629</b>	<b>8,730</b>	<b>227,856,550</b>	<b>267,255,650</b>

(Unit: Thousand Baht)

	As at 31 December 2022				
	Financial assets				
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	Total
Financial assets with no significant increase in credit risk (Performing)	39,070,534	3,215,602	-	189,142,376	231,428,512
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	21,495,534	21,495,534
Financial assets that are credit-impaired (Non-performing)	-	24,370	8,896	4,026,724	4,059,990
<b>Total</b>	<b>39,070,534</b>	<b>3,239,972</b>	<b>8,896</b>	<b>214,664,634</b>	<b>256,984,036</b>

### 3.8.2 Loans to customers with weak financial positions and poor operating results

	Number of debtors as at		Loans to customers and accrued interest receivables as at		Collateral value as at		Allowance for expected credit loss provided in the accounts as at	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET and under rehabilitation	1	1	362	387	290	292	362	387
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	9	11	1,312	1,784	743	908	65	185
<b>Total</b>	<b>10</b>	<b>12</b>	<b>1,674</b>	<b>2,171</b>	<b>1,033</b>	<b>1,200</b>	<b>427</b>	<b>572</b>

### 3.9 Properties foreclosed

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2023	For the year ended 31 December 2022
<b>Assets from debt settlement</b>		
<b>Immovable assets</b>		
Balance - beginning of period/year	-	-
Additions	-	12,567
Disposals	-	(12,567)
Balance - end of period/year	-	-
<b>Movable assets</b>		
Balance - beginning of period/year	6,594	136,100
Additions	438,603	1,379,081
Disposals	(434,203)	(1,508,587)
Balance - end of period/year	10,994	6,594
<b>Total properties foreclosed</b>	<b>10,994</b>	<b>6,594</b>
<b>Less: Allowance for impairment</b>		
Balance - beginning of period/year	118	16,292
Increase	70	39,182
Decrease	(118)	(55,356)
Balance - end of period/year	70	118
<b>Total properties foreclosed - net</b>	<b>10,924</b>	<b>6,476</b>

### 3.10 Investment properties

The book value of investment properties as at 30 June 2023 and 31 December 2022 is as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
Book value - beginning of period/year	28,152	28,152
Gain (loss) on changes in fair value	-	-
Book value - end of period/year	28,152	28,152

Investment properties of the Bank are office condominiums for rent and are stated at fair value. The fair value of investment properties is calculated using the asset appraisal method based on the market approach, with reference to market data of the similar and comparable assets. These valuations were made by in-house appraisers of the Bank who have professional experiences and are capable of the asset appraisal, and were based on the asset valuation standards and code of professional ethics in Thailand.

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	As of the appraisal date	Result to fair value where as an increase in assumption
Estimated office condominium price rate (Baht/Sq.m.)	93,330 - 139,951	Increase in fair value

The Bank has rented part of its office condominiums under operating leases with a lease term of 3 years, and has future minimum rental fee as at 30 June 2023 and 31 December 2022 as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
Not over 1 year	1,292	1,975
Over 1 year but not over 3 years	51	356
Total	1,343	2,331

During the six-month periods ended 30 June 2023 and 2022, the Bank has rental income of Baht 2 million.

### 3.11 Premises and equipment

(Unit: Thousand Baht)

	Revaluation	Cost basis				Total
	basis					
	Office condominiums and building improvements	Land	Buildings and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	
<b><u>Cost:</u></b>						
As at 1 January 2022	634,232	17,509	403,797	391,721	51,028	1,498,287
Additions/transfers-in	-	-	16,102	14,538	4,190	34,830
Disposals/write-offs/ transfers-out	(343)	-	(8,706)	(3,682)	(7,007)	(19,738)
As at 31 December 2022	633,889	17,509	411,193	402,577	48,211	1,513,379
Additions/transfers-in	-	-	16,450	35,331	-	51,781
Disposals/write-offs/ transfers-out	-	-	(16,632)	(48,229)	-	(64,861)
As at 30 June 2023	633,889	17,509	411,011	389,679	48,211	1,500,299
<b><u>Accumulated depreciation:</u></b>						
As at 1 January 2022	30,786	-	366,372	355,113	28,171	780,442
Depreciation for the year	10,222	-	16,163	18,251	6,127	50,763
Depreciation on disposals/ write-offs/transfers-out	(235)	-	(8,706)	(3,679)	(6,861)	(19,481)
As at 31 December 2022	40,773	-	373,829	369,685	27,437	811,724
Depreciation for the period	5,055	-	7,661	9,384	2,916	25,016
Depreciation on disposals/ write-offs/transfers-out	-	-	(16,325)	(48,211)	-	(64,536)
As at 30 June 2023	45,828	-	365,165	330,858	30,353	772,204
<b><u>Net book value:</u></b>						
As at 31 December 2022	593,116	17,509	37,364	32,892	20,774	701,655
As at 30 June 2023	588,061	17,509	45,846	58,821	17,858	728,095
<b><u>Depreciation for the six-month periods ended 30 June:</u></b>						
2022						25,392
2023						25,016

As at 30 June 2023 and 31 December 2022, the Bank has equipment which has been fully depreciated but is still in use with the gross carrying amount, before deducting accumulated depreciation and allowance for loss on impairment, of approximately Baht 610 million and Baht 659 million, respectively.

The Bank arranged for an independent professional appraiser to appraise the value of the office condominiums in 2018, using the market approach.

Had the office condominiums been carried in the financial statements based on cost model, their net book value as at 30 June 2023 and 31 December 2022 would have been as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
Office condominiums - net of accumulated depreciation	202,694	206,594

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	As of the appraisal date	Result to fair value where as an increase in assumption
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475	Increase in fair value

### 3.12 Right-of-use assets

Movements of right-of-use assets for the six-month period ended 30 June 2023 and for the year ended 31 December 2022 are as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended	For the year ended
	30 June 2023	31 December 2022
Book value - beginning of period/year	294,841	393,671
Additions	24,630	55,551
Contract amendment	20,762	14,492
Contract termination	-	(7,049)
Depreciation for the period/year	(82,575)	(161,824)
Book value - end of period/year	257,658	294,841

### 3.13 Intangible assets

The book value of intangible assets - computer software as at 30 June 2023 and 31 December 2022 is presented as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
Cost	872,875	871,407
Less: Accumulated amortisation	(854,897)	(851,802)
Net book value	<u>17,978</u>	<u>19,605</u>

A reconciliation of the net book value of intangible assets for the six-month period ended 30 June 2023 and for the year ended 31 December 2022 is presented as follows:

(Unit: Thousand Baht)

	For the six-month period ended	For the year ended
	30 June 2023	31 December 2022
Book value - beginning of period/year	19,605	32,652
Acquisitions of computer software	1,468	3,323
Amortisation for the period/year	(3,095)	(16,370)
Book value - end of period/year	<u>17,978</u>	<u>19,605</u>

As at 30 June 2023 and 31 December 2022, the Bank has computer software which has been fully amortised but is still in use with the gross carrying amount, before deducting accumulated amortisation, of approximately Baht 838 million and Baht 825 million, respectively.

### 3.14 Other assets

(Unit: Thousand Baht)

As at

	30 June 2023	31 December 2022
Value added tax - net	409,686	503,682
Accrued interest receivables	3,486	2,456
Fee and service receivables	104,288	131,990
Deposits	59,893	56,714
Other receivables	320,369	401,822
Other assets	148,234	200,781
Total other assets	<u>1,045,956</u>	<u>1,297,445</u>

### 3.15 Deposits

#### 3.15.1 Classified by type of deposits

(Unit: Thousand Baht)

As at

	30 June 2023	31 December 2022
Deposits		
Current accounts	2,088,252	2,779,260
Saving accounts	33,655,998	42,929,520
Fixed accounts		
- not over 6 months	13,286,500	12,296,262
- over 6 months but not over 1 year	17,502,200	15,578,457
- over 1 year	25,653,697	15,050,668
Certificates of deposits/negotiable certificates of deposits	108,469,380	101,200,076
Total	<u>200,656,027</u>	<u>189,834,243</u>

**3.15.2** As at 30 June 2023 and 31 December 2022, all outstanding deposits are deposits from domestic depositors and are in Baht.

### 3.16 Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	As at					
	30 June 2023			31 December 2022		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand	-	5,599,702	5,599,702	-	5,233,228	5,233,228
Commercial banks	162,681	-	162,681	69,074	-	69,074
Specialised Financial Institutions	-	154,300	154,300	-	221,473	221,473
Other financial institutions	553,975	75,724	629,699	883,059	112,741	995,800
<b>Total</b>	<b>716,656</b>	<b>5,829,726</b>	<b>6,546,382</b>	<b>952,133</b>	<b>5,567,442</b>	<b>6,519,575</b>

### 3.17 Debts issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	5,040,000	5,040,000
Unsubordinated unsecured debentures	2,800,000	2,800,000
Bills of exchange	36,122	36,122
Promissory notes	-	797
<b>Total</b>	<b>7,876,122</b>	<b>7,876,919</b>

#### 3.17.1 Subordinated unsecured debentures

As at 30 June 2023 and 31 December 2022, the Bank has long-term subordinated unsecured debentures with an early redemption right in accordance with the BOT's regulations as follows:

Issued year	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
	30 June 2023	31 December 2022		30 June 2023	31 December 2022		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2020	1.25	1.25	1,000	1,250	1,250	2030	3.50 percent per annum
2020	0.69	0.69	1,000	690	690	2030	3.15 percent per annum
2021	0.70	0.70	1,000	700	700	2031	3.25 percent per annum
<b>Total</b>				<b>5,040</b>	<b>5,040</b>		

### 3.17.2 Unsubordinated unsecured debentures

As at 30 June 2023 and 31 December 2022, the Bank has long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
		30 June 2023	31 December 2022		30 June 2023	31 December 2022		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2022	Long-term debenture	2.80	2.80	1,000	2,800	2,800	2024	1.25 percent per annum
Total					<u>2,800</u>	<u>2,800</u>		

### 3.17.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and bear interest at a fixed rate of 2.50 percent per annum.

### 3.18 Lease liabilities

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
Balance - beginning of period/year	315,875	413,777
Increase during the period/year	28,325	61,113
Contract amendment	21,667	16,455
Paid during the period/year	(85,974)	(168,035)
Terminated during the period/year	-	(7,435)
Balance - end of period/year	279,893	315,875
Less: Deferred interest expenses	(26,512)	(26,282)
Lease liabilities - net	253,381	289,593
Current portion	(81,823)	(113,529)
Lease liabilities - net of current portion	<u>171,558</u>	<u>176,064</u>

The Bank had total cash outflows on leases during the six-month periods ended 30 June 2023 and 2022 of Baht 89 million and Baht 87 million, respectively.

Expenses relating to leases that are recognised in profit or loss for the six-month periods ended 30 June 2023 and 2022 are as follows:

	(Unit: Million Baht)	
	For the six-month periods ended 30 June	
	2023	2022
Depreciation expenses of right-of-use assets	83	80
Interest expenses on lease liabilities	4	5
Expenses relating to variable lease payments	4	3
<b>Total</b>	<b>91</b>	<b>88</b>

### 3.19 Provisions

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
Allowance for expected credit loss on loan commitments and financial guarantees	26,359	10,098
Provision for long-term employee benefits	933,823	843,605
Other provisions	39,380	-
<b>Total provisions</b>	<b>999,562</b>	<b>853,703</b>

#### 3.19.1 Allowance for expected credit loss on loan commitments and financial guarantees

As at 30 June 2023 and 31 December 2022, allowance for expected credit loss on loan commitments and financial guarantees by classification is as follows:

	(Unit: Thousand Baht)			
	As at			
	30 June 2023		31 December 2022	
	Loan commitments and financial guarantees	Allowance for expected credit loss	Loan commitments and financial guarantees	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	3,285,979	26,035	3,414,910	9,287
Financial assets with significant increase in credit risk (Under-performing)	6,785	321	13,801	792
Financial assets that are credit-impaired (Non-performing)	10	3	59	19
<b>Total</b>	<b>3,292,774</b>	<b>26,359</b>	<b>3,428,770</b>	<b>10,098</b>

Changes in allowance for expected credit loss on loan commitments and financial guarantees are as follows:

(Unit: Thousand Baht)

	For the six-month period ended 30 June 2023			Total
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	
Balance - beginning of period	9,287	792	19	10,098
Changes from revaluation of allowance for credit loss/new financial assets/derecognition	16,748	(471)	(16)	16,261
Balance - end of period	26,035	321	3	26,359

(Unit: Thousand Baht)

	For the year ended 31 December 2022			Total
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	
Balance - beginning of year	1,806	-	-	1,806
Changes from revaluation of allowance for credit loss/new financial assets/derecognition	7,481	792	19	8,292
Balance - end of year	9,287	792	19	10,098

### 3.19.2 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, is as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2023	For the year ended 31 December 2022
Defined post-employment benefit obligation		
at beginning of period/year	670,439	662,039
Current service cost	23,229	46,215
Interest cost	9,244	16,836
Benefits paid during the period/year	-	(15,751)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	7,842	29,549
Financial assumptions changes	(24,501)	(122,579)
Other assumptions changes	45,176	54,130
Defined post-employment benefit obligation		
at end of period/year	731,429	670,439
Other long-term benefits	202,394	173,166
Total provision for long-term employee benefits		
at end of period/year	<u>933,823</u>	<u>843,605</u>

Long-term employee benefit expenses included in profit or loss for the six-month periods ended 30 June 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	For the six-month periods ended 30 June	
	2023	2022
Current service cost	31,000	32,368
Interest cost	11,254	8,527
Actuarial (gain) loss	25,361	(4,536)
Total employee benefit expenses	<u>67,615</u>	<u>36,359</u>

As at 30 June 2023 and 31 December 2022, the Bank expects to pay long-term employee benefits during the next year of Baht 61 million and Baht 62 million, respectively.

As at 30 June 2023 and 31 December 2022, the weighted average duration of the liabilities for long-term employee benefits is 15 years.

Significant actuarial assumptions as at the assessment date are summarised below.

(Unit: Percent per annum)

	As at	
	30 June 2023	31 December 2022
Discount rate	1.00 - 4.21	1.00 - 4.94
Average salary increase rate	5.00	5.00
Turnover rate	0.79 - 7.69	0.72 - 7.88

The results of sensitivity analysis for significant assumptions that affect the increase (decrease) in the present value of the employee benefit obligation as at 30 June 2023 and 31 December 2022 are summarised below.

(Unit: Thousand Baht)

	As at			
	30 June 2023		31 December 2022	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(20,381)	21,231	(18,586)	19,360
Average salary increase rate	20,764	(20,042)	18,983	(18,321)
Turnover rate	(2,215)	2,215	(2,020)	2,020

### 3.20 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
Withholding income tax and other tax payables	128,715	262,745
Accrued insurance premium	174,384	231,333
Deferred income	1,396,788	1,363,145
Accrued expenses	2,511,288	1,685,017
Suspense creditors	807,042	803,371
Other liabilities	509,330	422,468
<b>Total other liabilities</b>	<b>5,527,547</b>	<b>4,768,079</b>

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is continuously set aside for payment five years later. It is paid in cash and partly determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 30 June 2023 and 31 December 2022, the Bank has accrued bonus under this scheme amounting to Baht 157 million and Baht 135 million, respectively, and recognised expenses in profit or loss during the six-month periods ended 30 June 2023 and 2022 amounting to Baht 22 million and Baht 20 million, respectively.

As at 31 December 2022, the above other liabilities include advances received from Electronic Funds Transfer transactions amounting to Baht 0.03 million (30 June 2023: no outstanding balance). In addition, the Bank maintained an asset amounting to Baht 11 million to reserve for advances received through such transactions, presented under interbank and money market items (assets) in the statement of financial position as at 30 June 2023 and 31 December 2022.

### **3.21 Preference shares converted to ordinary shares**

Up to 30 June 2023 and 31 December 2022, preference shares have been converted into ordinary shares totalling 627,952,146 shares.

As at 30 June 2023 and 31 December 2022, there are preference shares which are convertible to ordinary shares totalling 104 shares.

### **3.22 Capital funds**

The primary objectives of the Bank's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio in accordance with the regulations of the BOT.

The Bank maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, loan against auto license receivables, corporate lending and SME business loans that are qualified to the specified requirements, and for equity exposure and other assets. For such loans that are not qualified to the requirements and other loans, the Standardized Approach (SA) is implemented to maintain capital adequacy ratio.

Regarding Capital funds as at 30 June 2023 and 31 December 2022, the Bank has allocated the additional reserve from loan classification as part of regulatory capital funds. Such reserve has been allocated to Tier 1 capital and Tier 2 capital based on method under the BOT's regulations.

Capital funds of the Bank (under Basel III principles) are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2023	31 December 2022
<b><u>Common Equity Tier I capital</u></b>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	22,153,406	20,417,489
Other components of equity	298,921	300,977
Less: Deductions from Common Equity Tier I items	(299,729)	(229,831)
<b>Total Common Equity Tier I capital</b>	<b>34,895,298</b>	<b>33,231,335</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and fully paid-up share capital - non-cumulative preference shares	1	1
<b>Total Tier I capital</b>	<b>34,895,299</b>	<b>33,231,336</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	5,040,000	5,040,000
Surplus of provision	818,114	765,917
Reserve for loans classified as normal	539,151	520,205
<b>Total Tier II capital</b>	<b>6,397,265</b>	<b>6,326,122</b>
<b>Total capital funds</b>	<b>41,292,564</b>	<b>39,557,458</b>

	(Unit: Percent)			
	As at			
	30 June 2023		31 December 2022	
Capital fund ratios	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	19.44	7.00	19.63	7.00
Tier I capital to risk assets	19.44	8.50	19.63	8.50
Total capital to risk assets	23.01	11.00	23.37	11.00

To comply with the Notification of the BOT No. Sor Nor Sor. 14/2562 regarding "Public Disclosure of Capital Maintenance for Commercial Banks (No. 2)", the Bank will disclose capital maintenance information as at 30 June 2023 on its website ([www.tisco.co.th](http://www.tisco.co.th)) by October 2023.

### 3.23 Other components of equity

#### 3.23.1 Surplus on valuation of investments measured at fair value through other comprehensive income

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2023	For the year ended 31 December 2022
Balance - beginning of period/year	380	130
Increase (decrease) from changes in value of investments during the period/year	(1,416)	250
	(1,036)	380
Add (less): Effect of deferred tax assets (liabilities)	207	(76)
Balance - end of period/year	(829)	304

#### 3.23.2 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2023	For the year ended 31 December 2022
Balance - beginning of period/year	375,841	378,170
Transfer to retained earnings	(1,154)	(2,329)
	374,687	375,841
Less: Effect of deferred tax liabilities	(74,937)	(75,168)
Balance - end of period/year	299,750	300,673

### 3.24 Interest income

Interest income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Interbank and money market items	168,058	35,367	303,136	70,402
Investments in debt instruments	15,806	13,168	28,163	27,844
Loans to customers	2,405,347	1,712,118	4,587,052	3,344,690
Hire purchase receivables	1,473,023	1,495,098	2,942,561	3,016,484
Total interest income	<u>4,062,234</u>	<u>3,255,751</u>	<u>7,860,912</u>	<u>6,459,420</u>

Interest income for the three-month and six-month periods ended 30 June 2023 included interest income on credit-impaired financial assets amounting to Baht 73 million and Baht 157 million, respectively (2022: Baht 54 million and Baht 106 million, respectively). The Bank fully recognised expected credit loss on such interest income.

### 3.25 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Deposits	641,731	318,703	1,172,094	623,875
Interbank and money market items	822	817	1,989	1,792
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	237,660	105,024	465,676	208,773
Issued debt securities				
- Subordinated debentures	45,933	51,468	91,361	108,177
- Unsubordinated debentures	8,726	8,726	17,356	18,233
Borrowings	225	227	449	452
Others	2,213	2,197	4,370	4,600
Total interest expenses	<u>937,310</u>	<u>487,162</u>	<u>1,753,295</u>	<u>965,902</u>

### 3.26 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Fee and service income				
- Acceptance, aval and guarantees	1,944	2,496	8,174	6,927
- Insurance service	263,606	285,993	533,838	567,132
- Others	109,350	113,600	235,092	252,654
Total fee and service income	374,900	402,089	777,104	826,713
Fee and service expenses	(22,143)	(27,695)	(45,218)	(49,569)
Net fee and service income	352,757	374,394	731,886	777,144

### 3.27 Net gain on financial instruments measured at fair value through profit or loss

Net gain on financial instruments measured at fair value through profit or loss in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	(14,767)	(31,161)	(30,625)	(28,656)
- Debt instruments	6,046	4,533	14,822	8,807
- Equity instruments	101,232	156,545	101,313	156,185
Net gain on financial instruments measured at fair value through profit or loss	92,511	129,917	85,510	136,336

### 3.28 Net gain on investments

Net gain on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Gain on derecognition				
- Debt instruments measured at fair value through other comprehensive income	465	185	675	185
- Debt instruments measured at amortised cost	1,713	2,121	3,398	467
Net gain on investments	<u>2,178</u>	<u>2,306</u>	<u>4,073</u>	<u>652</u>

### 3.29 Expected credit loss

Expected credit loss and gain or loss from the modification of terms of financial assets in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Expected credit loss				
- Interbank and money market items (reversal)	127	(1,530)	(230)	262
- Investments in debt instruments measured at amortised cost (reversal)	(162)	(4)	(166)	(3,055)
- Investments in debt instruments measured at fair value through other comprehensive income and accrued interest receivables	81	7	179	194
- Loans to customers	19,802	27,618	74,278	36,855
- Other receivables (reversal)	(224)	171	84	551
(Gain) loss from the modification of terms				
- Loans to customers	(542)	6,456	(38,575)	520
Loan commitments and financial guarantees (reversal)	(1,007)	(290)	16,261	898
Total	<u>18,075</u>	<u>32,428</u>	<u>51,831</u>	<u>36,225</u>

### 3.30 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Current income tax:				
Income tax expenses for the period	357,506	261,833	686,625	533,742
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(32,447)	19,660	(71,524)	14,870
Income tax expenses reported in the statement of comprehensive income	<u>325,059</u>	<u>281,493</u>	<u>615,101</u>	<u>548,612</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	614	1,310	283	1,612
Actuarial (gain) loss	<u>5,703</u>	<u>(14,667)</u>	<u>5,703</u>	<u>(14,667)</u>
Income tax expenses recorded directly to other comprehensive income	<u>6,317</u>	<u>(13,357)</u>	<u>5,986</u>	<u>(13,055)</u>

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and six-month periods ended 30 June 2023 and 2022 is as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Accounting profit before tax	1,627,348	1,409,494	3,086,034	2,756,091
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	325,470	281,899	617,207	551,218
Tax effect of net tax-exempt income, net disallowed expenses and additional expense deductions allowed	(411)	(406)	(2,106)	(2,606)
Income tax expenses reported in the statement of comprehensive income	325,059	281,493	615,101	548,612
Weighted average tax rate	19.97%	19.97 %	19.93%	19.91 %

The components of deferred tax assets/liabilities are as follows:

(Unit: Thousand Baht)

Changes in deferred tax  
assets/liabilities reported in  
profit or loss for the  
six-month periods ended

	As at		30 June	
	30 June	31 December	2023	2022
	2023	2022	2023	2022
Allowance for expected credit loss	13,497	10,283	3,214	(230)
Allowance for impairment of investments	2,589	2,589	-	-
Allowance for impairment of properties foreclosed	14	24	(10)	(765)
Non-accrual of interest income	3,614	3,894	(280)	(861)
Depreciation of assets	(6,890)	(13,923)	7,033	1,991
Surplus on revaluation of assets	(74,937)	(75,168)	-	-
(Surplus) deficit on changes in value of investments	207	(76)	-	-
Gain on changes in value of investments	(162,470)	(142,208)	(20,262)	(31,237)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(48,585)	(75,391)	26,806	49,774
Unearned interest income on hire purchase	6,646	13,226	(6,580)	(17,684)
Loss on disposal of properties foreclosed	14,022	9,284	4,738	(20,505)
Accrued expenses	213,788	213,788	-	-
Employee benefit expenses	186,765	168,721	12,340	6,301
Others	115,976	71,451	44,525	(1,654)
<b>Deferred tax assets</b>	<b>264,236</b>	<b>186,494</b>	<b>71,524</b>	<b>(14,870)</b>

### 3.31 Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the period. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2023	2022	2023	2022
Profit attributable to equity holders				
of the Bank (Thousand Baht)	1,302,289	1,128,001	2,470,933	2,207,479
Weighted average number of shares				
(Thousand shares)	921,568	921,568	921,568	921,568
Basic earnings per share				
(Baht/share)	1.41	1.22	2.68	2.40

### 3.32 Related party transactions

The relationships between the Bank and its related parties

Name of related parties	Relationship
TISCO Financial Group Plc.	Parent company
TISCO Securities Co., Ltd.	Common shareholders
TISCO Asset Management Co., Ltd.	Common shareholders
Hi-Way Co., Ltd.	Common shareholders
TISCO Insurance Solution Co., Ltd.	Common shareholders
TISCO Information Technology Co., Ltd.	Common shareholders
TISCO Learning Center Co., Ltd.	Common shareholders
All-Ways Co., Ltd.	Common shareholders
Primus Leasing Co., Ltd. (In the process of liquidation)	Common shareholders
TISCO Tokyo Leasing Co., Ltd.	Common shareholders

As at 30 June 2023 and 31 December 2022, the balances of accounts between the Bank and its related companies are as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
<b><u>Outstanding balances</u></b>		
<b>Parent company</b>		
TISCO Financial Group Plc.		
Loans to customers	2,430,000	550,000
Other assets	110	-
Deposits	30,656	27,244
Lease liabilities	4,993	9,928
Accrued interest payable	13	11
Dividend payable	1,161,032	3,372,521
Other liabilities	125,375	119,625
<b>Related companies</b>		
Interbank and money market item (assets)		
TISCO Securities Co., Ltd.	-	100,000
Other assets		
TISCO Securities Co., Ltd.	243	93
TISCO Asset Management Co., Ltd.	4,291	3,240
Hi-Way Co., Ltd.	1,117	750
TISCO Insurance Solution Co., Ltd.	12,705	15,339
TISCO Information Technology Co., Ltd.	56	-
TISCO Learning Center Co., Ltd.	27	-
All-Ways Co., Ltd.	24	-
Deposits		
Hi-Way Co., Ltd.	148,267	204,620
TISCO Insurance Solution Co., Ltd.	315,980	540,470
TISCO Information Technology Co., Ltd.	444,590	444,074
TISCO Learning Center Co., Ltd.	67,136	74,549
All-Ways Co., Ltd.	260,078	244,579
Primus Leasing Co., Ltd.	32,897	32,897
TISCO Tokyo Leasing Co., Ltd.	382	2,808
Interbank and money market items (liabilities)		
TISCO Securities Co., Ltd.	319,726	388,880
TISCO Asset Management Co., Ltd.	21,584	147,251
Lease liabilities		
TISCO Securities Co., Ltd.	452	577
Hi-Way Co., Ltd.	3,277	3,597

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
<b>Related companies (continued)</b>		
Accrued interest payable		
TISCO Securities Co., Ltd.	23	17
TISCO Asset Management Co., Ltd.	2	8
Hi-Way Co., Ltd.	5	6
TISCO Insurance Solution Co., Ltd.	15	24
TISCO Information Technology Co., Ltd.	493	31
TISCO Learning Center Co., Ltd.	5	4
All-Ways Co., Ltd.	229	116
Other liabilities		
Hi-Way Co., Ltd.	253,680	214,840
TISCO Insurance Solution Co., Ltd.	9,354	13,334
TISCO Learning Center Co., Ltd.	2,941	3,007
All-Ways Co., Ltd.	6,712	5,342
<b>Management - departmental managers upward</b>		
Loans <sup>(1)</sup>	15,236	9,675
<b>Directors and management - departmental managers upward</b>		
Deposits	320,082	196,190
<b>Companies which directors or their related persons have significant influence over</b>		
Deposits	1,313,670	796,166
<b>Related persons of directors and key management</b>		
Deposits	59,603	62,162
<b>Commitments - guarantees</b>		
<b>Parent company</b>		
TISCO Financial Group Plc.	1,040	1,040
<b>Related companies</b>		
TISCO Securities Co., Ltd.	540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Insurance Solution Co., Ltd.	200	200
TISCO Information Technology Co., Ltd.	1,014	1,014
<b>Commitments - undrawn overdraft facilities</b>		
<b>Related companies</b>		
TISCO Securities Co., Ltd.	30,000	30,000
TISCO Asset Management Co., Ltd.	200,000	200,000

(1) Including employee welfare loans and normal loans.

(Unit: Thousand Baht)

As at

	30 June 2023	31 December 2022
<b>Related companies (continued)</b>		
<b>Commitments - loan credit lines <sup>(2)</sup></b>		
<b>Parent company</b>		
TISCO Financial Group Plc.	9,500,000	9,500,000
<b>Related companies</b>		
TISCO Securities Co., Ltd. <sup>(3)</sup>	5,000,000	5,000,000
TISCO Asset Management Co., Ltd. <sup>(3)</sup>	500,000	500,000
Hi-Way Co., Ltd.	3,500,000	3,500,000
TISCO Insurance Solution Co., Ltd.	500,000	500,000
TISCO Information Technology Co., Ltd.	50,000	50,000
All-Ways Co., Ltd.	1,000,000	1,000,000
TISCO Tokyo Leasing Co., Ltd.	500,000	500,000
<b>Commitments - financial guarantees</b>		
TISCO Tokyo Leasing Co., Ltd.	8,000	8,000

<sup>(2)</sup> Total loan balances for all credit lines granted to all companies in TISCO Group must not exceed Baht 9,500 million.

<sup>(3)</sup> Credit line for subordinated loan

### Loans to related companies

As at 30 June 2023 and 31 December 2022, the balances of loans between the Bank and its related companies and their movements are as follows:

(Unit: Thousand Baht)

	For the six-month period ended 30 June 2023			
	Balance - beginning			Balance - end
	of period	Increase	Decrease	of period
<b>Parent company</b>				
Loans				
TISCO Financial Group Plc.	550,000	2,430,000	(550,000)	2,430,000
<b>Related company</b>				
Interbank and money market				
items (Assets)				
TISCO Securities Co., Ltd.	100,000	-	(100,000)	-

(Unit: Thousand Baht)

For the year ended 31 December 2022

	For the year ended 31 December 2022			Balance - end of year
	Balance - beginning of year	Increase	Decrease	
<b>Parent company</b>				
Loans				
TISCO Financial Group Plc.	565,000	1,640,000	(1,655,000)	550,000
<b>Related company</b>				
Interbank and money market items (Assets)				
TISCO Securities Co., Ltd.	-	400,000	(300,000)	100,000

During the periods, the Bank had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on bases agreed upon between the Bank and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Terms and pricing policies
	2023	2022	2023	2022	
	<b><u>Transactions occurred during the periods</u></b>				
<b>Parent company</b>					
Interest income	6,216	10	6,936	417	With reference to the terms and prices as offered to other customers
Other income	180	180	360	360	With reference to the terms and prices as offered to other customers
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	373,750	358,750	747,500	717,500	Determined on actual costs in compliance with the criteria specified by the BOT
Interest expenses	165	360	438	581	With reference to the terms and prices as offered to other customers
Other expenses	2,508	2,508	5,017	5,017	With reference to the terms and prices as offered to other customers

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Terms and pricing policies
	2023	2022	2023	2022	
	<b>Related companies</b>				
Interest income	-	669	481	1,610	With reference to the terms and prices as offered to other customers
Insurance service income	13,680	15,310	29,929	30,620	With reference to the terms and prices as offered to other customers
Other income	12,264	12,132	27,269	26,465	With reference to the terms and prices as offered to other customers
Expenses involving loans	253,724	235,617	483,883	459,217	Determined on actual costs
Computer system advisory service expenses	163,500	152,500	327,000	305,000	Determined on actual costs in compliance with the criteria specified by the BOT
Training expenses	12,405	10,897	24,539	18,767	With reference to the prices as offered from other service providers
Interest expenses	2,465	747	4,213	1,303	With reference to the terms and prices as offered to other customers
Other expenses	7,677	9,129	15,435	18,332	With reference to the terms and prices as offered to other customers

**Directors' and key management's benefits**

During the three-month and six-month periods ended 30 June 2023 and 2022, the Bank had short-term benefit expenses and post-employment benefit expenses to its directors and key management as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
	Short-term benefits	25	24	50
Post-employment benefits	5	4	9	9
<b>Total</b>	<b>30</b>	<b>28</b>	<b>59</b>	<b>56</b>

The Bank has other employee benefit expenses to its directors and key management recognised in profit or loss during the six-month periods ended 30 June 2023 and 2022 amounting to Baht 7 million and Baht 9 million, respectively.

### **3.33 Segment information**

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

For management purposes, the Bank is organised into business units based on its products and services and has the following three reportable segments:

1. Retail banking business: Provision of credit facilities to retail customers, who are mostly individuals, principally comprised of consumer credit.
2. Corporate banking business: Provision of financial services, in the form of loans and related services, to medium and large corporate clients for commercial purposes and related services.
3. Treasury investment and other businesses: Responsible for asset and liability management activities of the Bank and other businesses.

No operating segments have been aggregated from the above reportable operating segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets in which operating expenses are allocated on a basis of loans and operating income of each segment. However, the Bank's income taxes are managed on a group basis; therefore, income tax expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Bank operates in Thailand only. As a result, all the revenues and assets as reflected in the financial statements pertain exclusively to this geographical reportable segment.

During the three-month and six-month periods ended 30 June 2023 and 2022, the Bank did not have income from any customers amounting to or over 10 percent of its income.

Revenue and profit information regarding the Bank's operating segments for the three-month and six-month periods ended 30 June 2023 and 2022 is as follows:

(Unit: Million Baht)

	For the three-month period ended 30 June 2023					
	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
<b>Revenue:</b>						
External customers	2,847	536	259	3,642	-	3,642
Inter-segment	-	-	907	907	(907)	-
<b>Total revenue</b>	<b>2,847</b>	<b>536</b>	<b>1,166</b>	<b>4,549</b>	<b>(907)</b>	<b>3,642</b>
<b>Operating results:</b>						
Net interest income	2,453	519	153	3,125	-	3,125
Net fee and service income	327	31	(5)	353	-	353
Other operating income	67	(14)	1,018	1,071	(907)	164
<b>Total operating income</b>	<b>2,847</b>	<b>536</b>	<b>1,166</b>	<b>4,549</b>	<b>(907)</b>	<b>3,642</b>
Premises and equipment expenses and amortisation	(59)	(9)	(228)	(296)	-	(296)
Other operating expenses	(1,690)	(233)	(685)	(2,608)	907	(1,701)
Expected credit loss	(368)	(50)	400	(18)	-	(18)
<b>Total operating expenses</b>	<b>(2,117)</b>	<b>(292)</b>	<b>(513)</b>	<b>(2,922)</b>	<b>907</b>	<b>(2,015)</b>
<b>Segment profit before income tax expenses</b>	<b>730</b>	<b>244</b>	<b>653</b>	<b>1,627</b>	<b>-</b>	<b>1,627</b>
Income tax expenses						(325)
<b>Profit for the period</b>						<b>1,302</b>

(Unit: Million Baht)

For the three-month period ended 30 June 2022

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
<b>Revenue:</b>						
External customers	2,844	334	165	3,343	-	3,343
Inter-segment	-	-	921	921	(921)	-
<b>Total revenue</b>	<b>2,844</b>	<b>334</b>	<b>1,086</b>	<b>4,264</b>	<b>(921)</b>	<b>3,343</b>
<b>Operating results:</b>						
Net interest income	2,422	342	5	2,769	-	2,769
Net fee and service income	356	23	(5)	374	-	374
Other operating income	66	(31)	1,086	1,121	(921)	200
<b>Total operating income</b>	<b>2,844</b>	<b>334</b>	<b>1,086</b>	<b>4,264</b>	<b>(921)</b>	<b>3,343</b>
Premises and equipment						
expenses and amortisation	(62)	(7)	(219)	(288)	-	(288)
Other operating expenses	(1,668)	(160)	(707)	(2,535)	921	(1,614)
Expected credit loss	(29)	29	(32)	(32)	-	(32)
<b>Total operating expenses</b>	<b>(1,759)</b>	<b>(138)</b>	<b>(958)</b>	<b>(2,855)</b>	<b>921</b>	<b>(1,934)</b>
<b>Segment profit before</b>						
<b>income tax expenses</b>	<b>1,085</b>	<b>196</b>	<b>128</b>	<b>1,409</b>	<b>-</b>	<b>1,409</b>
Income tax expenses						(281)
<b>Profit for the period</b>						<b>1,128</b>

(Unit: Million Baht)

For the six-month period ended 30 June 2023

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
<b>Revenue:</b>						
External customers	5,648	1,018	407	7,073	-	7,073
Inter-segment	-	-	1,825	1,825	(1,825)	-
<b>Total revenue</b>	<b>5,648</b>	<b>1,018</b>	<b>2,232</b>	<b>8,898</b>	<b>(1,825)</b>	<b>7,073</b>
<b>Operating results:</b>						
Net interest income	4,861	982	265	6,108	-	6,108
Net fee and service income	677	65	(10)	732	-	732
Other operating income	110	(29)	1,977	2,058	(1,825)	233
<b>Total operating income</b>	<b>5,648</b>	<b>1,018</b>	<b>2,232</b>	<b>8,898</b>	<b>(1,825)</b>	<b>7,073</b>
Premises and equipment expenses and amortisation	(123)	(16)	(456)	(595)	-	(595)
Other operating expenses	(3,345)	(442)	(1,378)	(5,165)	1,825	(3,340)
Expected credit loss	(710)	(30)	688	(52)	-	(52)
<b>Total operating expenses</b>	<b>(4,178)</b>	<b>(488)</b>	<b>(1,146)</b>	<b>(5,812)</b>	<b>1,825</b>	<b>(3,987)</b>
<b>Segment profit before income tax expenses</b>	<b>1,470</b>	<b>530</b>	<b>1,086</b>	<b>3,086</b>	<b>-</b>	<b>3,086</b>
Income tax expenses						(615)
<b>Profit for the period</b>						<b>2,471</b>

(Unit: Million Baht)

For the six-month period ended 30 June 2022

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
<b>Revenue:</b>						
External customers	5,675	689	193	6,557	-	6,557
Inter-segment	-	-	1,802	1,802	(1,802)	-
<b>Total revenue</b>	<b>5,675</b>	<b>689</b>	<b>1,995</b>	<b>8,359</b>	<b>(1,802)</b>	<b>6,557</b>
<b>Operating results:</b>						
Net interest income	4,831	660	3	5,494	-	5,494
Net fee and service income	730	57	(10)	777	-	777
Other operating income	114	(28)	2,002	2,088	(1,802)	286
<b>Total operating income</b>	<b>5,675</b>	<b>689</b>	<b>1,995</b>	<b>8,359</b>	<b>(1,802)</b>	<b>6,557</b>
Premises and equipment expenses and amortisation	(122)	(13)	(438)	(573)	-	(573)
Other operating expenses	(3,301)	(320)	(1,373)	(4,994)	1,802	(3,192)
Expected credit loss	43	41	(120)	(36)	-	(36)
<b>Total operating expenses</b>	<b>(3,380)</b>	<b>(292)</b>	<b>(1,931)</b>	<b>(5,603)</b>	<b>1,802</b>	<b>(3,801)</b>
<b>Segment profit before income tax expenses</b>	<b>2,295</b>	<b>397</b>	<b>64</b>	<b>2,756</b>	<b>-</b>	<b>2,756</b>
Income tax expenses						(549)
<b>Profit for the period</b>						<b>2,207</b>

Total assets information regarding the Bank's operating segments as at 30 June 2023 and 31 December 2022 is as follows:

(Unit: Million Baht)

	As at 30 June 2023			Total segments
	Retail	Corporate	Treasury	
	banking	banking	investment and others	
<b>Segment total assets</b>	170,362	55,949	34,968	261,279
Premises and equipment - net	19	2	707	728

(Unit: Million Baht)

	As at 31 December 2022			Total segments
	Retail	Corporate	Treasury	
	banking	banking	investment and others	
<b>Segment total assets</b>	169,060	44,150	37,705	250,915
Premises and equipment - net	17	2	683	702

### 3.34 Provident fund

The Bank and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Bank and the employees contribute to the fund monthly at the rates of 5 to 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The fund, which is managed by TISCO Asset Management Co., Ltd, will be paid to the employees upon termination in accordance with the fund rules. During the three-month and six-month periods ended 30 June 2023, the Bank recognised contributions as expenses totalling Baht 46 million and Baht 91 million, respectively (2022: Baht 44 million and Baht 87 million, respectively).

### 3.35 Commitments and contingent liabilities

#### 3.35.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 June 2023	31 December 2022
Avals to bills	230,502	182,479
Other guarantees	1,323,194	1,840,962
Undrawn client overdraft facilities	230,000	230,000
Foreign exchange contracts (Note 3.36.4)	2,208,116	1,739,526
Others	2,824,272	3,008,291
Total	<u>6,816,084</u>	<u>7,001,258</u>

#### 3.35.2 Litigation

As at 30 June 2023 and 31 December 2022, the Bank has been sued for compensation totalling approximately Baht 191 million and Baht 212 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material loss will be incurred as a result of the mentioned lawsuits. The management has exercised judgments in assessing the possible loss to the Bank and recorded the amount under “Provisions” as presented in Note 3.19 to the financial statements.

#### 3.35.3 Other commitments

The Bank has commitments in relation to computer service agreements with a related party and other companies, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

### 3.36 Risk management

#### 3.36.1 Credit risk

Credit Risk is defined as the possibility that the obligor or borrower will be unable to comply with the terms and conditions of agreements, causing them to be unable to settle liabilities to the Bank when due or to deliberately breach the terms of payment to the Bank. If this occurs without collateral coverage, the Bank will need to increase its bad debt provisions, adversely impacting the net income and capital of the Bank.

## **Credit Risk Management Framework**

The Risk Management Committee has been appointed to oversee credit risk management of the overall portfolio. The committee is responsible for formulating credit risk strategies and establishing guidelines and limits, as well as advising other credit risk authorities on related issues. It also monitors and reviews credit risks at the portfolio level and reports essential credit risk information to the Board. In addition, the Risk Oversight Committee is to advise the Board of Directors on the risk governance framework to ensure that top management and heads of risk management functions comply with the approved risk management policy, strategies, and risk appetites, while reviewing the sufficiency and effectiveness of the overall risk management policy and strategies. The Risk Oversight Committee is also to report to the Board of Directors on risk exposures and to participate in evaluation of the performance of the heads of the risk management functions.

Specific-area credit risk at in-depth transaction level is under the supervision of the Credit Committee and the Problem Loan Committee. The Credit Committee is responsible for reviewing and granting credit approvals, and may delegate its authority to oversee credit risk to designated persons for lower-risk transactions. In addition, the Problem Loan Committee was set up to closely monitor and follow up on overdue payments of problem loan accounts and properties foreclosed.

The credit risk assessment processes are key practices of the Bank which include credit rating, delinquency analysis, concentration analysis and risk capital analysis. The Bank is aware of the importance of the credit risk assessment process and so all credit activities must operate under a sound credit approval process in which an effective credit rating system is employed. In the retail lending area, quantitative-oriented approaches to credit grading are implemented, considering homogenous high-volume characteristics at the portfolio level. In the corporate lending area, qualitative-oriented credit grading approaches are employed, taking into account the widely varying risk profiles.

Concentration risk is another key factor in credit portfolio risk management. Appropriate guidelines are set to control credit concentration, taking into account appropriateness to and alignment with business practices and the Bank's capital. In addition, the Bank uses credit risk management guidelines and limits that are comprehensively and strictly applied to all credit-related functions both at the portfolio and transactional levels, as well as monitoring and managing problem loan and properties foreclosed.

## The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at gross before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amount before deductions of allowance for expected credit loss.

For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 30 June 2023 and 31 December 2022, the exposure to credit risk is as follows:

	(Unit: Million Baht)	
	As at	
	30 June 2023	31 December 2022
Interbank and money market items (Assets)	36,349	39,071
Investments in debt instruments measured at fair value through other comprehensive income	3,042	3,240
Investments in debt instruments measured at amortised cost	9	9
Loans to customers and accrued interest receivables	227,857	214,665
Other assets - accrued interest receivables on investments	4	3
Other assets - fee and service receivables	104	132
Other assets - other receivables	325	407
Total financial assets	267,690	257,527
Loan commitments	3,293	3,429
Total credit risk exposure	270,983	260,956

## Collateral and any operations to increase creditability

The Bank has held collateral and any operations to increase creditability of exposure to risk. The details of the exposure to risk with collateral held by the Bank for each type of financial assets are as follows:

	Exposure to risk with collateral		
	as at		Type of collateral
	30 June 2023	31 December 2022	
Interbank and money market items	34,010	36,508	Bonds
Loans to customers and accrued interest receivables	223,361	212,024	Motor vehicles, land and buildings, deposits, securities

## Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk, the amounts presented for financial assets are gross carrying amount (before allowance for expected credit loss). For loan commitments, the amounts in the table represent the amounts committed.

(Unit: Million Baht)

	As at 30 June 2023				Total
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	
<b>Interbank and money market items</b>					
<b>(Assets)</b>					
Investment grade	36,349	-	-	-	36,349
Non-investment grade	-	-	-	-	-
<b>Total</b>	<b>36,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,349</b>
Allowance for expected credit loss	1	-	-	-	1
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Investment grade	3,015	-	-	-	3,015
Non-investment grade	-	-	27	-	27
<b>Total</b>	<b>3,015</b>	<b>-</b>	<b>27</b>	<b>-</b>	<b>3,042</b>
Allowance for expected credit loss	-	-	27	-	27
<b>Investments in debt instruments measured at amortised cost</b>					
Investment grade	-	-	-	-	-
Non-investment grade	-	-	9	-	9
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>9</b>
Allowance for expected credit loss	-	-	9	-	9

(Unit: Million Baht)

As at 30 June 2023

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	Total
<b>Loans to customers and accrued interest receivables</b>					
0 day overdue	191,898	3,050	152	-	195,100
1 - 30 days overdue	9,944	5,085	90	-	15,119
31 - 60 days overdue	-	9,577	155	-	9,732
61 - 90 days overdue	-	3,802	139	-	3,941
Over 90 days overdue	-	-	3,965	-	3,965
Total	201,842	21,514	4,501	-	227,857
Allowance for expected credit loss	6,159	2,679	1,466	-	10,304
<b>Other assets - accrued interest receivables on investments</b>					
Investment grade	3	-	-	-	3
Non-investment grade	-	-	1	-	1
Total	3	-	1	-	4
Allowance for expected credit loss	-	-	1	-	1
<b>Other assets - fee and service receivables</b>					
0 day overdue	-	-	-	104	104
1 - 30 days overdue	-	-	-	-	-
Total	-	-	-	104	104
Allowance for expected credit loss	-	-	-	-	-
<b>Other assets - other receivables</b>					
0 day overdue	-	-	-	318	318
1 - 30 days overdue	-	-	-	-	-
31 - 90 days overdue	-	-	-	1	1
91 - 180 days overdue	-	-	-	1	1
Over 180 days overdue	-	-	-	5	5
Total	-	-	-	325	325
Allowance for expected credit loss	-	-	-	5	5
<b>Commitments</b>					
Loan commitments and financial guarantees	3,286	7	-	-	3,293
Total	3,286	7	-	-	3,293
Allowance for expected credit loss	26	-	-	-	26

(Unit: Million Baht)

As at 31 December 2022

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	Total
<b>Interbank and money market items</b>					
<b>(Assets)</b>					
Investment grade	39,071	-	-	-	39,071
Non-investment grade	-	-	-	-	-
Total	39,071	-	-	-	39,071
Allowance for expected credit loss	1	-	-	-	1
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Investment grade	3,216	-	-	-	3,216
Non-investment grade	-	-	24	-	24
Total	3,216	-	24	-	3,240
Allowance for expected credit loss	-	-	27	-	27
<b>Investments in debt instruments measured at amortised cost</b>					
Investment grade	-	-	-	-	-
Non-investment grade	-	-	9	-	9
Total	-	-	9	-	9
Allowance for expected credit loss	-	-	9	-	9
<b>Loans to customers and accrued interest receivables</b>					
0 day overdue	179,921	4,069	135	-	184,125
1 - 30 days overdue	9,221	4,610	116	-	13,947
31 - 60 days overdue	-	9,355	141	-	9,496
61 - 90 days overdue	-	3,462	125	-	3,587
Over 90 days overdue	-	-	3,510	-	3,510
Total	189,142	21,496	4,027	-	214,665
Allowance for expected credit loss	6,632	2,758	1,293	-	10,683

(Unit: Million Baht)

As at 31 December 2022

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach	Total
<b>Other assets - accrued interest receivables on investments</b>					
Investment grade	2	-	-	-	2
Non-investment grade	-	-	1	-	1
<b>Total</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>
Allowance for expected credit loss	-	-	1	-	1
<b>Other assets - fee and service receivables</b>					
0 day overdue	-	-	-	132	132
1 - 30 days overdue	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>132</b>
Allowance for expected credit loss	-	-	-	-	-
<b>Other assets - other receivables</b>					
0 day overdue	-	-	-	400	400
1 - 30 days overdue	-	-	-	-	-
31 - 90 days overdue	-	-	-	1	1
91 - 180 days overdue	-	-	-	1	1
Over 180 days overdue	-	-	-	5	5
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>407</b>
Allowance for expected credit loss	-	-	-	5	5
<b>Commitments</b>					
Loan commitments and financial guarantees	3,415	14	-	-	3,429
<b>Total</b>	<b>3,415</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>3,429</b>
Allowance for expected credit loss	9	1	-	-	10

The Bank has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the BOT. The Bank manages credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables and other retail loans, the Bank has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. The Bank also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. Therefore, the Bank does not expect to incur material financial loss from loans and guarantees of loans. In addition, the Bank is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans to customers as stated in the financial statements.

Quality of risk from credit granted by the Bank is mainly from the provision of hire purchase receivables. The Bank considers risk of hire purchase receivables as follows.

The risk of hire purchase receivables with no significant increase in credit risk can be classified into three groups, based on quality of risk in respect of expected loss that will be incurred within one year. These are “Very high grade”, “High grade” and “Medium grade”, with “Very high grade” credit defined as credit from which expected loss within one year is less than or equal to 0.2% of the balance; “High grade” as credit from which loss within one year is expected to be between 0.2% and 2.0% and “Medium grade” as credit from which loss within one year is expected to exceed 2.0% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at	
	30 June 2023	31 December 2022
Hire purchase receivables with no significant increase in credit risk		
in credit risk		
Very high grade	46,188	48,370
High grade	43,506	42,613
Medium grade	2,420	2,451
Subtotal	92,114	93,434
Hire purchase receivables with significant increase in credit risk	12,189	12,536
Hire purchase receivables that are credit-impaired	2,241	2,098
Total	106,544	108,068

### 3.36.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices and interest rates, which may affect income or the capital funds of the Bank. In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. Market risk of both financial assets and liabilities of the Bank is assessed by employing the Value at Risk (VaR) model and methodologies appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value at Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

#### 3.36.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk as at	
	30 June 2023	31 December 2022
Marketable financial assets		
Equity securities	1	1
Debt securities	18	12
Derivatives	1	2

#### 3.36.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over one year, based on the interest bearing asset and liability positions held by the Bank at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

	Increase (decrease) in sensitivity of net interest income as at	
	30 June 2023	31 December 2022
Changes in interest rate		
Increase by 1 percent	161.85	165.12
Decrease by 1 percent	(161.85)	(165.12)

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. In addition, this market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

### 3.36.2.3 Interest rate risk

The Bank has the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

Transactions	As at 30 June 2023			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	942	942
Interbank and money market items	-	34,012	2,337	36,349
Financial assets measured at fair value				
through profit or loss	-	-	1,042	1,042
Investments	-	1,878	1,164	3,042
Loans to customers	41,310	177,228	9,319	227,857
Other assets - accrued interest receivables				
on investments	-	-	4	4
Other assets - fee and service receivables	-	-	104	104
Other assets - other receivables	-	-	325	325
	<u>41,310</u>	<u>213,118</u>	<u>15,237</u>	<u>269,665</u>
<b><u>Financial liabilities</u></b>				
Deposits	35,155	164,912	589	200,656
Interbank and money market items	601	5,830	115	6,546
Liabilities payable on demand	-	-	229	229
Derivatives liabilities	-	-	84	84
Debts issued and borrowings	-	7,876	-	7,876
Lease liabilities	-	253	-	253
Accrued interest payable	-	-	831	831
Other liabilities - accrued insurance premium	-	-	174	174
	<u>35,756</u>	<u>178,871</u>	<u>2,022</u>	<u>216,649</u>

(Unit: Million Baht)

As at 31 December 2022				
Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>				
Cash	-	-	1,000	1,000
Interbank and money market items	-	36,609	2,462	39,071
Financial assets measured at fair value				
through profit or loss	-	-	941	941
Derivatives assets	-	-	147	147
Investments	-	2,342	898	3,240
Loans to customers	40,980	163,321	10,364	214,665
Other assets - accrued interest receivables				
on investments	-	-	3	3
Other assets - fee and service receivables	-	-	132	132
Other assets - other receivables	-	-	407	407
	<u>40,980</u>	<u>202,272</u>	<u>16,354</u>	<u>259,606</u>
<b><u>Financial liabilities</u></b>				
Deposits	44,926	144,125	783	189,834
Interbank and money market items	837	5,567	116	6,520
Liabilities payable on demand	-	-	257	257
Debts issued and borrowings	-	7,877	-	7,877
Lease liabilities	-	290	-	290
Accrued interest payable	-	-	545	545
Other liabilities - accrued insurance premium	-	-	231	231
	<u>45,763</u>	<u>157,859</u>	<u>1,932</u>	<u>205,554</u>

Financial instruments which bear interest at fixed rates are classified below by the periods from the financial statements date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 30 June 2023							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	1	34,011	-	-	-	34,012	1.9981
Investments	-	-	774	1,104	-	1,878	1.2561
Loans to customers	6,570	11,583	34,941	98,675	25,459	177,228	7.6734
	<u>6,571</u>	<u>45,594</u>	<u>35,715</u>	<u>99,779</u>	<u>25,459</u>	<u>213,118</u>	
<b>Financial liabilities</b>							
Deposits	506	78,184	77,657	8,565	-	164,912	1.6417
Interbank and money market items	-	50	129	5,651	-	5,830	0.0305
Debts issued and borrowings	36	-	2,800	-	5,040	7,876	2.7950
Lease liabilities	-	22	59	120	52	253	3.0175
	<u>542</u>	<u>78,256</u>	<u>80,645</u>	<u>14,336</u>	<u>5,092</u>	<u>178,871</u>	

(Unit: Million Baht)

As at 31 December 2022							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	101	36,508	-	-	-	36,609	1.2502
Investments	-	50	1,685	607	-	2,342	1.2207
Loans to customers	4,097	11,271	34,472	96,598	16,883	163,321	7.5018
	<u>4,198</u>	<u>47,829</u>	<u>36,157</u>	<u>97,205</u>	<u>16,883</u>	<u>202,272</u>	
<b>Financial liabilities</b>							
Deposits	271	77,386	53,356	13,112	-	144,125	1.2103
Interbank and money market items	-	149	470	4,948	-	5,567	0.0314
Debts issued and borrowings	37	-	-	2,800	5,040	7,877	2.7949
Lease liabilities	-	24	90	127	49	290	2.8067
	<u>308</u>	<u>77,559</u>	<u>53,916</u>	<u>20,987</u>	<u>5,089</u>	<u>157,859</u>	

### 3.36.3 Liquidity risk

Liquidity risk is uncertainty that the Bank is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations, which could result in damages to the Bank. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

#### Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the Bank and regulatory requirement. On the other hand, the Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the Bank's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk and return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the Bank sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the management and other relevant functions.

The Bank has set stress testing scenarios for liquidity risk where the scenarios cover the Bank's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the Bank.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the Bank also issues subordinated and unsubordinated debentures as another source of fund. On the uses of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets to cushion against liquidity risk. Moreover, the Bank provides credit line to other companies under TISCO Group to support liquidity position if required.

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity of less than three months comprise current deposit and saving deposits. Both current deposits and saving deposits are considered to be more stable than term deposits in terms of cash outflow.

### 3.36.3.1 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at	
	30 June 2023	31 December 2022
Composition of highly liquid assets		
Cash	942	1,000
Interbank and money market items	36,349	39,069
Current investments	3,020	3,222
Total highly liquid assets	<u>40,311</u>	<u>43,291</u>
Liquid asset requirement based on the Bank's internal policy	27,634	28,020

The Bank has a policy to maintain the internal highly liquid assets higher than the liquid asset requirement. As at 30 June 2023 and 31 December 2022, the Bank has highly liquid assets higher than the internal liquid asset requirement. In addition, the Bank has operating cash inflows from business, and available credit lines from other financial institutions which are available to support uncertain liquidity requirement.

### 3.36.3.2 Counting from the financial statements date, as at 30 June 2023 and 31 December 2022, the periods to maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	As at 30 June 2023						Financial assets that are credit-impaired	Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified		
<b>Financial assets</b>								
Cash	942	-	-	-	-	-	-	942
Interbank and money market items	2,339	34,010	-	-	-	-	-	36,349
Financial assets measured at fair value through profit or loss	-	-	-	-	-	1,042	-	1,042
Investments	-	650	1,288	1,077	-	-	27	3,042
Loans to customers	6,368	13,156	39,559	113,983	50,290	-	4,501	227,857
Other assets - accrued interest receivables on investments	-	3	-	-	-	-	1	4
Other assets - fee and service receivables	-	104	-	-	-	-	-	104
Other assets - other receivables	3	311	-	11	-	-	-	325
	<u>9,652</u>	<u>48,234</u>	<u>40,847</u>	<u>115,071</u>	<u>50,290</u>	<u>1,042</u>	<u>4,529</u>	<u>269,665</u>

(Unit: Million Baht)

As at 30 June 2023

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit-impaired	Total
<b>Financial liabilities</b>								
Deposits	36,250	78,184	77,657	8,565	-	-	-	200,656
Interbank and money market items	717	50	128	5,651	-	-	-	6,546
Liabilities payable on demand	229	-	-	-	-	-	-	229
Derivatives liabilities	-	-	84	-	-	-	-	84
Debts issued and borrowings	36	-	2,800	-	5,040	-	-	7,876
Lease liabilities	-	22	59	120	52	-	-	253
Accrued interest payable	19	329	441	42	-	-	-	831
Other liabilities - accrued insurance premium	-	174	-	-	-	-	-	174
	<u>37,251</u>	<u>78,759</u>	<u>81,169</u>	<u>14,378</u>	<u>5,092</u>	<u>-</u>	<u>-</u>	<u>216,649</u>
<b>Commitments and contingent liabilities</b>								
Avals to bills and other guarantees	4	37	252	15	2	1,244	-	1,554
Other commitments	833	135	2,312	1,674	308	-	-	5,262

(Unit: Million Baht)

As at 31 December 2022

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit-impaired	Total
<b>Financial assets</b>								
Cash	1,000	-	-	-	-	-	-	1,000
Interbank and money market items	2,563	36,508	-	-	-	-	-	39,071
Financial assets measured at fair value through profit or loss	-	-	-	-	-	941	-	941
Derivatives assets	-	147	-	-	-	-	-	147
Investments	-	450	2,183	583	-	-	24	3,240
Loans to customers	3,948	13,476	39,383	109,818	44,013	-	4,027	214,665
Other assets - accrued interest receivables on investments	-	2	-	-	-	-	1	3
Other assets - fee and service receivables	-	132	-	-	-	-	-	132
Other assets - other receivables	3	393	-	11	-	-	-	407
	<u>7,514</u>	<u>51,108</u>	<u>41,566</u>	<u>110,412</u>	<u>44,013</u>	<u>941</u>	<u>4,052</u>	<u>259,606</u>

(Unit: Million Baht)

As at 31 December 2022

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit-impaired	Total
<b>Financial liabilities</b>								
Deposits	45,980	77,386	53,356	13,112	-	-	-	189,834
Interbank and money market items	953	149	470	4,948	-	-	-	6,520
Liabilities payable on demand	257	-	-	-	-	-	-	257
Debts issued and borrowings	37	-	-	2,800	5,040	-	-	7,877
Lease liabilities	-	24	90	127	49	-	-	290
Accrued interest payable	19	275	207	44	-	-	-	545
Other liabilities - accrued insurance premium	-	231	-	-	-	-	-	231
	<u>47,246</u>	<u>78,065</u>	<u>54,123</u>	<u>21,031</u>	<u>5,089</u>	<u>-</u>	<u>-</u>	<u>205,554</u>

**Commitments and contingent****liabilities**

Avals to bills and other guarantees	6	190	52	8	2	1,765	-	2,023
Other commitments	686	1,986	177	2,084	45	-	-	4,978

Regarding the disclosure of the Bank's Liquidity Coverage Ratio as at 30 June 2023, it will be disclosed via the Bank's website by October 2023.

**3.36.4 Derivatives**

As at 30 June 2023 and 31 December 2022, the Bank has a policy to enter into foreign exchange contracts to manage the risk associated with its financial assets. The Bank classified them as trading derivatives and measured them at fair value through profit or loss, as follows:

(Unit: Million Baht)

As at 30 June 2023

Maturity	Notional amount	Loss on measurement of fair value
2024	2,208	(84)

(Unit: Million Baht)

As at 31 December 2022

Maturity	Notional amount	Gain on measurement of fair value
2023	1,740	147

### 3.37 Fair value hierarchy

3.37.1 As at 30 June 2023 and 31 December 2022, the Bank has assets and liabilities that are measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 30 June 2023				Total
	Book value	Fair value			
		Level 1	Level 2	Level 3	
<b><u>Financial assets measured at fair value</u></b>					
Financial assets measured at fair value through profit or loss					
Equity instruments	1,042	5	-	1,037	1,042
Investments - debt instruments	3,042	-	3,015	27	3,042
<b><u>Financial liabilities measured at fair value</u></b>					
Derivatives liabilities					
Foreign exchange contracts	84	-	84	-	84
<b><u>Assets measured at fair value</u></b>					
Investment properties	28	-	-	28	28
Office condominiums	588	-	-	588	588
<b><u>Financial assets for which fair value is disclosed</u></b>					
Cash	942	942	-	-	942
Interbank and money market items	36,348	2,338	34,010	-	36,348
Loans to customers and accrued interest receivables	217,552	-	61,042	161,325	222,367
Other assets - accrued interest receivables on investments	3	-	3	-	3
Other assets - fee and service receivables	104	-	104	-	104
Other assets - other receivables	320	-	320	-	320
<b><u>Financial liabilities for which fair value is disclosed</u></b>					
Deposits	200,656	35,744	164,912	-	200,656
Interbank and money market items	6,546	716	5,830	-	6,546
Liabilities payable on demand	229	229	-	-	229
Debts issued and borrowings	7,876	-	7,459	-	7,459
Accrued interest payable	831	4	827	-	831
Other liabilities - accrued insurance premium	174	-	174	-	174

(Unit: Million Baht)

As at 31 December 2022

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b><u>Financial assets measured at fair value</u></b>					
Financial assets measured at fair value through profit or loss					
Equity instruments	941	6	-	935	941
Derivatives assets					
Foreign exchange contracts	147	-	147	-	147
Investments - debt instruments	3,240	-	3,216	24	3,240
<b><u>Assets measured at fair value</u></b>					
Investment properties	28	-	-	28	28
Office condominiums	593	-	-	593	593
<b><u>Financial assets for which fair value is disclosed</u></b>					
Cash	1,000	1,000	-	-	1,000
Interbank and money market items	39,070	2,562	36,508	-	39,070
Loans to customers and accrued interest receivables					
	203,982	-	53,103	156,901	210,004
Other assets - accrued interest receivables on investments					
	2	-	2	-	2
Other assets - fee and service receivables					
	132	-	132	-	132
Other assets - other receivables					
	402	-	402	-	402
<b><u>Financial liabilities for which fair value is disclosed</u></b>					
Deposits	189,834	45,709	144,125	-	189,834
Interbank and money market items	6,520	953	5,567	-	6,520
Liabilities payable on demand	257	257	-	-	257
Debts issued and borrowings	7,877	-	7,488	-	7,488
Accrued interest payable	545	5	540	-	545
Other liabilities - accrued insurance premium	231	-	231	-	231

During the current period, there were no transfers within the fair value hierarchy.

**3.37.2** A reconciliation of the financial assets measured at fair value on a recurring basis which are categorised within level 3 of the fair value hierarchy is presented as follows:

(Unit: Million Baht)

	Non-marketable equity instruments	Investments - private sector debt instruments	Total
Balance as at 1 January 2023	935	24	959
Net gain recognised in profit or loss	102	-	102
Net gain recognised in other comprehensive income	-	3	3
Balance as at 30 June 2023	<u>1,037</u>	<u>27</u>	<u>1,064</u>

Key assumptions used in the valuation are summarised below.

Financial instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Investments in non-marketable equity instruments	Discounted future cash flows	Terminal growth rate	0%	1% increase in the terminal growth rate would result in an increase in fair value by Baht 74 million.
		Equity risk premium	9.40%	1% increase in the equity risk premium would result in a decrease in fair value by Baht 72 million.

Fair value of investments in private sector debt instruments is wholly determined using yield rates quoted by the Thai Bond Market Association. However, as they are investments in companies with weak financial positions and poor operating results, they are categorised within level 3, and sensitivity of the input to fair value has not been calculated.

#### 4. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference	Ordinary	dividend paid	payment period
		share	share	(Million Baht)	
		(Baht per share)	(Baht per share)		
Annual dividend for the year 2022	The 2023 Annual General Meeting of the Shareholders on 17 April 2023	0.80	0.80	737	May 2023
Interim dividend for the year 2023	The 3/2023 Meeting of the Board of Directors on 29 June 2023	1.26	1.26	1,161	July 2023
Total dividend payment in the year 2023				1,898	

#### 5. Reclassification

The Bank has reclassified some items in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022 in order to correspond to the classification in the current period. The reclassification does not impact profit or equity as previously reported, as follows:

	(Unit: Thousand Baht)			
	For the three-month period		For the six-month period	
	ended 30 June		ended 30 June	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Statement of comprehensive income</b>				
<b>Net fee and service income</b>				
Fee and service income	402,089	407,799	826,713	836,182
<b>Operating expenses</b>				
Other operating expenses	122,011	127,721	263,337	272,806

#### 6. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 24 August 2023.