

Standard Chartered Bank (Thai)  
Public Company Limited  
Report and financial statements  
31 December 2023

## **Independent Auditor's Report**

To the Shareholders of Standard Chartered Bank (Thai) Public Company Limited

### **Opinion**

I have audited the accompanying financial statements of Standard Chartered Bank (Thai) Public Company Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2023, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year 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 Standard Chartered Bank (Thai) Public Company Limited as at 31 December 2023, its financial performance and cash flows for the year 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 as 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 the Thai Financial Reporting Standards and Bank of Thailand's regulations, 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.



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- 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.

Rachada Yongsawadvanich

Certified Public Accountant (Thailand) No. 4951

EY Office Limited

Bangkok: 19 March 2024

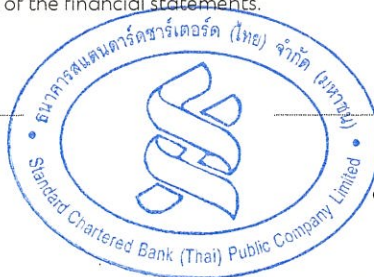
# Statements of Financial Position

As at 31 December 2023 and 2022

	Note	31 December 2023 Baht '000	31 December 2022 Baht '000
<b>Assets</b>			
Cash		106,873	26,622
Interbank and money market items - net	8	57,667,064	35,553,778
Financial assets measured at fair value through profit or loss	9	38,404,040	27,036,124
Derivative assets	10	20,072,467	25,404,846
Investments - net	11	25,676,883	37,133,793
Loan to customers and interest receivables - net	12	23,615,607	30,065,293
Premises and equipment - net	13	273,757	323,505
Right-of-use assets - net	14	171,744	184,060
Intangible assets - net	15	1,063,062	786,452
Deferred tax assets	16.1	445,642	651,779
Other assets	17	7,283,748	8,570,816
<b>Total assets</b>		<b>174,780,887</b>	<b>165,737,068</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Deposits	18	94,779,678	73,657,381
Interbank and money market items	19	17,116,870	27,552,659
Liabilities payable on demand		823,208	870,838
Financial liabilities measured at fair value through profit or loss	20	4,467,190	4,112,774
Derivative liabilities	10	18,831,243	22,863,914
Lease liabilities	14.2	178,446	184,911
Provisions for liabilities	21	477,879	464,940
Other liabilities	22	11,376,235	9,109,207
<b>Total liabilities</b>		<b>148,050,749</b>	<b>138,816,624</b>
<b>Shareholders' equity</b>			
<b>Share capital</b>			
Registered share capital	23	14,842,627	14,842,627
Issued and paid-up share capital	23	14,837,045	14,837,045
Premium on share capital	24	9,055,819	9,055,819
Other components of equity	25	(184,956)	(135,863)
<b>Retained earnings</b>			
Appropriated			
Statutory reserves	26	1,484,263	1,484,263
Unappropriated		1,537,967	1,679,180
<b>Total shareholders' equity</b>		<b>26,730,138</b>	<b>26,920,444</b>
<b>Total liabilities and shareholders equity</b>		<b>174,780,887</b>	<b>165,737,068</b>

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

(Mr. Plakorn Wanglee)  
Executive Director and President  
and Chief Executive Officer



(Ms. Toh Toak Cheng)  
Executive Director  
and Chief Financial Officer

# Statements of comprehensive income

For the years ended 31 December 2023 and 2022

		31 December 2023	31 December 2022
	Note	Baht '000	Baht '000
<b>Profit or loss:</b>			
Interest income	30.3, 34	4,432,767	2,638,686
Interest expense	30.3, 35	(2,288,516)	(696,767)
<b>Net interest income</b>		<b>2,144,251</b>	<b>1,941,919</b>
Fees and service income		1,459,218	1,139,832
Fees and service expenses		(250,076)	(348,836)
<b>Net fees and service income</b>	36	<b>1,209,142</b>	<b>790,996</b>
Net gains on financial instruments measured as fair value through profit or loss	30.3, 37	1,770,645	1,320,450
Net gains (losses) on investments	38	(4,455)	4,773
Other operating income		292,074	719,288
<b>Total operating income</b>		<b>5,411,657</b>	<b>4,777,426</b>
<b>Operating expenses</b>			
Employee expenses	30.6, 39	(1,364,220)	(1,300,921)
Director's remuneration		(6,700)	(7,054)
Premises and equipment expenses		(199,412)	(135,518)
Taxes and duties		(78,514)	(52,950)
Other operating expenses	30.3, 30.5, 40	(2,127,033)	(1,782,172)
<b>Total operating expenses</b>		<b>(3,775,879)</b>	<b>(3,278,614)</b>
Expected credit loss (reversal)	41	(29,829)	(320,754)
<b>Profit from operation before income tax expenses</b>		<b>1,665,607</b>	<b>1,819,566</b>
Income tax expenses	16.2	(349,365)	(350,006)
<b>Net profit</b>		<b>1,316,242</b>	<b>1,469,560</b>

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

  
(Mr. Plakorn Wanglee)

Executive Director and President  
and Chief Executive Officer






(Ms. Toh Toak Cheng)  
Executive Director  
and Chief Financial Officer

## Statements of comprehensive income (continued)

For the years ended 31 December 2023 and 2022

	Note	31 December 2023 Baht '000	31 December 2022 Baht '000
Other comprehensive income (loss):	16.3		
Items to be recognised subsequently in profit or loss:			
Gains (losses) on revaluation of investments in debt instruments measured at fair value through other comprehensive income		26,626	(215,917)
Gains (losses) on measurement of derivatives held for cash flows hedges		(82,050)	81,667
Income tax benefits		11,085	26,915
Items to be recognised subsequently in profit or loss - net of income taxes		(44,339)	(107,335)
Items not to be recognised subsequently in profit or loss:			
Gains (losses) on revaluation of investments in equity securities designated to be measured at fair value through other comprehensive income		(363)	276
Gains (losses) on revaluation of own credit risk		(5,579)	13,191
Actuarial gains		14,266	19,568
Income tax expenses		(1,665)	(7,523)
Items not to be recognised subsequently in profit or loss - net of income taxes		6,659	25,512
Other comprehensive loss for the years		(37,680)	(81,823)
Total comprehensive income for the years		1,278,562	1,387,737
Earnings per share:			
Earnings per share (Baht)	31	0.89	0.99

The accompanying notes are an integral part the financial statements.

 (Mr. Plakorn Wanglee) Executive Director and President and Chief Executive Officer		 (Ms. Toh Toak Cheng) Executive Director and Chief Financial Officer
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# Statements of changes in shareholders' equity

For the years ended 31 December 2023 and 2022

Note	Issued and paid up share capital	Premium on share capital	Fair value reserve	Other components of equity			Retained earnings		
	Bank 000	Bank 000	Bank 000	Exchange reserve	Cash flow hedge reserve	Contractual reserve	Appropriated - Statutory reserve	Unappropriated	Total
	Bank 000	Bank 000	Bank 000	Bank 000	Bank 000	Bank 000	Bank 000	Bank 000	Bank 000
Balance as at 1 January 2022	14,837,045	9,055,819	(32,773)	-	(5,612)	-	1,484,263	187,413	25,526,155
Reversal of deferred tax	-	-	-	-	-	-	-	6,552	6,552
Net profit	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	(172,448)	65,334	9,636	9,636	-	1,469,560	1,469,560
Total comprehensive income (loss) for the year	-	-	(172,448)	65,334	9,636	9,636	-	15,655	(81,823)
Balance as at 31 December 2022	14,837,045	9,055,819	(205,221)	65,334	4,024	(135,863)	1,484,263	1,485,215	1,387,737
Balance as at 1 January 2023	14,837,045	9,055,819	(205,221)	65,334	4,024	(135,863)	1,484,263	1,679,180	26,920,444
Dividend paid	-	-	-	-	-	-	-	(1,468,868)	(1,468,868)
Net profit	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	21,010	(65,640)	(4,463)	(49,093)	-	1,316,242	1,316,242
Total comprehensive income (loss) for the year	-	-	21,010	(65,640)	(4,463)	(49,093)	-	11,413	(37,680)
Balance as at 31 December 2023	14,837,045	9,055,819	(184,211)	(306)	(439)	(184,956)	1,484,263	1,327,655	1,278,562
								1,537,967	26,730,138

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



# Statements of cash flows

For the years ended 31 December 2023 and 2022

	Note	31 December 2023 Baht '000	31 December 2022 Baht '000
Cash flows from operating activities			
Profit before income tax expenses		1,665,607	1,819,566
Adjustments to reconcile profit before income tax expenses to net cash provided by (used in) operating activities			
Depreciation and amortisation		371,358	270,969
Expected credit losses (reversal)		(29,829)	(320,754)
Amortisation of net discount on investments in debt securities		(14,690)	(147,919)
Gains (losses) on disposals of investments in debt securities		4,455	(4,773)
Gains (losses) on financial instruments measured at fair value through profit or loss		(321,877)	2,737,694
Losses on impairment and write-offs of equipment		44,895	2,771
Gains on disposal of assets held for sales		(269,344)	(703,060)
Increase in provision for long-term employee benefits		40,477	38,967
Net interest income		(2,144,251)	(1,941,919)
Cash received on interest income		4,393,846	2,566,906
Cash paid on interest expenses		(2,184,887)	(638,621)
Cash paid on income taxes		(89,173)	(821,539)
Profit from operation activities before changes in operating assets and liabilities		1,466,587	2,858,288
(Increase) decrease in operating assets:			
Interbank and money market items		(22,071,210)	4,190,514
Net derivative assets		1,217,658	(3,129,979)
Financial assets measured at fair value through profit or loss		(10,265,977)	8,318,639
Loans to customers		6,455,558	10,271,459
Other assets		1,344,790	(187,737)
Increase (decrease) in operating liabilities:			
Deposits		21,122,296	1,848,003
Interbank and money market items		(10,435,789)	(8,140,096)
Liabilities payable on demand		(47,630)	23,635
Financial liabilities measured at fair value through profit or loss		286,494	1,232,116
Payments on provisions for liabilities		(15,099)	(3,981)
Other liabilities		2,031,262	(3,895,896)
Net cash provided by (used in) operating activities		(8,911,060)	13,384,965
Cash flows from investing activities			
Purchases of debt securities measured at amortised cost		(2,408,726)	(13,730,534)
Proceeds from sales of debt securities measured at amortised cost		3,174,000	-
Purchases of debt and equity securities measured at fair value through other comprehensive income		(5,265,056)	(61,631,344)
Proceeds from sales of debt securities measured at fair value through other comprehensive income		15,273,535	61,900,720
Cash paid for purchases of equipment		(43,847)	(312,556)
Cash paid for purchases of intangible assets		(561,527)	(426,628)
Proceeds from disposals of assets held for sales		332,243	797,348
Net cash provided by (used in) investing activities		10,500,622	(13,402,994)

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

# Statements of cash flows (continued)

For the years ended 31 December 2023 and 2022

	31 December 2023	31 December 2022
	Baht '000	Baht '000
<b>Cash flows from financing activities</b>		
Cash paid on lease liabilities	(40,443)	(16,622)
Dividends paid	27 (1,468,868)	-
<b>Net cash used in financing activities</b>	<b>(1,509,311)</b>	<b>(16,622)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>80,251</b>	<b>(34,651)</b>
Cash as at 1 January	26,622	61,273
<b>Cash as at 31 December</b>	<b>106,873</b>	<b>26,622</b>

## Supplemental cash flows information

Non-cash transaction:

Increase in right-of-use assets	25,425	195,664
Increase in assets held for sales	-	133,527

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



(Mr. Plakorn Wanglee)

Executive Director and President  
and Chief Executive Officer




(Ms. Toh Toak Cheng)

Executive Director  
and Chief Financial Officer

Standard Chartered Bank (Thai) Public Company Limited  
Table for notes to financial statements  
For the years ended 31 December 2023 and 2022

Note	Contents	Page
1.	General information .....	1
2.	Basis of preparation of financial statements .....	1
3.	New financial reporting standards .....	1
4.	Summary of significant accounting policies .....	2
5.	Risk Management of the Bank .....	13
6.	Classification of financial assets and liabilities .....	26
7.	Capital funds .....	28
8.	Interbank and money market items (assets) .....	29
9.	Financial assets measured at fair value through profit or loss .....	29
10.	Derivatives assets/liabilities .....	30
11.	Investments .....	33
12.	Loans to customers and interest receivables .....	34
13.	Premises and equipment .....	38
14.	Leases .....	39
15.	Intangible assets .....	40
16.	Deferred tax assets/liabilities and income tax expenses .....	41
17.	Other assets .....	42
18.	Deposits .....	43
19.	Interbank and money market items (liabilities) .....	43
20.	Financial liabilities measured at fair value through profit or loss .....	44
21.	Provisions for liabilities .....	44
22.	Other liabilities .....	46
23.	Share capital .....	47
24.	Premium on share capital .....	47
25.	Other components of equity .....	47
26.	Statutory reserve .....	47
27.	Dividends .....	47
28.	Commitments and contingent liabilities .....	48
29.	Assets placed as collateral .....	48
30.	Related party transactions .....	49
31.	Earnings per share .....	51
32.	Non-cancellable operating lease agreements .....	52
33.	Segment information .....	52
34.	Interest income .....	53
35.	Interest expenses .....	53
36.	Fees and service income - net .....	54
37.	Net gains on financial instruments measured at fair value through profit or loss .....	54
38.	Net gains (losses) on investments .....	54
39.	Employee expenses .....	54
40.	Other operating expenses .....	55
41.	Expected credit losses (reversal) .....	55
42.	Fair values of financial assets and liabilities .....	55
43.	Approval of financial statements .....	57

## Notes to the financial statements

### For the year ended 31 December 2023 and 2022

#### 1. General information

##### Corporate information

Standard Chartered Bank (Thai) Public Company Limited (the "Bank"), has been incorporated in Thailand and had its Head Office located at No.100 North Sathorn Road, Silom, Bangrak, Bangkok. Since 26 November 2022, the Bank has changed its registered office to be at No. 140 Wireless Road, Lumpini sub-district, Patumwan district, Bangkok. The immediate and ultimate parent companies of the Bank are Standard Chartered Bank (Singapore) Limited, which have been incorporated in the Singapore and Standard Chartered PLC, which have been incorporated in the United Kingdom, respectively. The Bank is a commercial bank, which provides a wide range of banking services to corporate and institutional clients.

#### 2. Basis of preparation of financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and with reference to the principles stipulated by the Bank of Thailand ("BoT") and their presentation has been made in compliance with the Notification of the Bank of Thailand ("BoT") No. SOR NOR SOR. 21/2561 dated 31 October 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BoT's Notifications.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

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 such financial statements in Thai language.

#### 3. New financial reporting standards

##### 3.1 Financial reporting standards that became effective in the current year

During the year, 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.

##### 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 management of the Bank believes that adoption of these amendments will not have any significant impact on the Bank's financial statements.

## Notes to the financial statements (continued)

For the year ended 31 December 2023 and 2022

### 4. Summary of significant accounting policies

Significant accounting policies adopted by the Bank can be summarised as follows.

#### 4.1 Revenue recognition

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

The Bank has recognised interest on loans on an accrual basis, using the effective interest method, applied to the outstanding principal amount, without ceasing revenue recognition. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, 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. If loans to customers are later credit-impaired, the Bank recognises interest income using the effective interest method applied to the net carrying value of the loan (the loan amount minus allowance for expected credit losses). If the financial asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

##### b) Fees and service income

The Bank recognises fees and service income in profit or loss over the service rendering periods.

#### 4.2 Expense recognition

The Bank recognises interest expenses and non-interest expenses on an accrual basis.

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

Net gains (losses) from financial instruments measured at fair value through profit or loss consist of gains (losses) on trading and foreign exchange transactions, gains (losses) from changes in fair value of derivatives and financial assets designated at fair value through profit or loss, gains (losses) from sales of financial assets measured at fair value through profit or loss and derivatives, and gains (losses) from hedge accounting. The Bank recognises them as revenues or expenses on the measurement or transaction dates.

#### 4.4 Net gains (losses) on investments

The Bank recognises gains (losses) on disposals or derecognition of financial assets on the transaction dates.

#### 4.5 Cash

Cash represent cash in hand and cash on collection.

#### 4.6 Securities purchased under resale agreements/securities sold under repurchase agreements

The Bank enters into repurchase agreements to purchase/sell securities with an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased under resale agreement are presented under the caption of "Interbank and money market items" and "Financial assets measured at fair value through profit or loss" as assets in the statements of financial position and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented under the caption of "Interbank and money market items" as liabilities in the statement of financial position and the underlying securities are treated as collateral.

#### 4.7 Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the dates on which the derivative contracts are entered into (trade date) and are subsequently remeasured at their fair values. The gains or losses on remeasurement to fair value is recognised immediately in net gains (losses) from financial instruments measured at fair value through profit or loss except for those qualified and the derivatives designated as hedging instruments in a cash flow hedge relationship. All derivatives are carried as assets under "Derivatives assets" when the fair value is positive and as liabilities under "Derivatives liabilities" when the fair value is negative in the statements of financial position.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

**4. Summary of significant accounting policies (continued)**

**Hedge accounting**

The Bank makes use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net position or cash flow. Hedging accounting can be applied for hedged items and hedging instruments. Upon meeting specified criteria for hedge accounting, the Bank applies hedge accounting for the aforementioned derivatives. In hedging, the Bank takes into consideration the relationship between hedging instruments and the hedged items, including the nature of the risk, the objective and strategy for undertaking the hedge as well as the effectiveness of the hedging relationship.

**Fair value hedge**

Where a derivative hedges the change in fair value of a recognised asset, liability (or an identified portion of such asset and liabilities), any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also measured at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss. The cumulative changes in the fair value attributable to the hedged risk of hedged item is made as an adjustment to the carrying value of the hedged assets or liabilities.

**Cash flow hedge**

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of change in the fair value of the derivative is recognised in other comprehensive income, and presented as "Cash flows hedge reserve" in other components of equity. Any ineffective portion is recognised immediately in profit or loss.

**Discontinuing hedge accounting**

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualified for hedge accounting. Any cumulative gain or loss on hedging instrument recognised in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was previously reported in equity is recognised in profit or loss immediately.

**4.8 Financial instruments**

**Recognition of financial instruments**

The Bank recognises financial assets or financial liabilities when the Bank becomes a party to the contractual provisions of the financial instrument.

**Classification and measurement**

**Financial assets - debt securities**

The Bank classifies its financial assets - debt instruments as financial assets 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 as follows:

a) A financial asset measured at amortised cost

A financial asset shall be classified as a financial asset measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset 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 on the designation date. This financial asset is initially recognised at fair value on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 4. Summary of significant accounting policies (continued)

##### b) A financial asset measured at fair value through other comprehensive income

A financial asset shall be classified as a financial asset measured at fair value through other comprehensive income only if both 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 asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. The unrealised gains or losses from change in fair value are recognised in other comprehensive income. Upon derecognition and disposal, the cumulative fair value change is recycled to the profit or loss. The gains or losses on foreign exchange, expected credit losses, and interest income calculated using the effective interest method are recognised in profit or loss.

At the end of the reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statements of financial position net of allowance for expected credit losses (if any).

##### c) A financial asset measured at fair value through profit or loss

A financial asset shall be classified as a financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding on the designation date. This financial asset is initially recognised at fair value and subsequently measured at fair value. Unrealised gains or losses from change in fair value, and gains and losses on disposals of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

#### Financial assets - equity instruments

The Bank classifies investments in equity securities that are not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial asset designated at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains or losses arising from changes in fair value are recognised in other comprehensive income and not subsequently recycled in profit or loss when disposal, instead, they are transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of a part of the cost of the investment.

#### Initial recognition

The Bank initially recognises investments on the trade date, which is the date the Bank has actually committed to purchase and sell the investment.

#### Fair value

The fair value of marketable securities is based on the latest bid price of the last working day of the reporting period. The fair value of non-marketable securities is based on discounted future cash flows and/or determined by comparing with information of similar companies.

The fair value of government bonds, state enterprise securities and private sector debt securities is determined using the formula specified by the Bank of Thailand and the yield rates quoted by the Thai Bond Market Association or other financial institutions.

#### Gains (losses) on disposals of investments

Gains (losses) on disposals of investments (excluding investments in equity securities classified as financial assets designated to be measured at fair value through other comprehensive income) are recognised in profit or loss on the transaction dates. The Bank previously use the weighted average method is used for computation of the cost of investments. Since 1 January 2023, The Bank has adopted the First-in, First-out method for computation of cost of investment.

#### 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 in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income depending on the classification of the reclassified investment.



## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 4. Summary of significant accounting policies (continued)

##### Financial liabilities

The Bank classifies and measures financial liabilities at amortised cost. They are initially recognised at fair value and subsequently measured at amortised cost. The Bank may classify financial liabilities as financial liabilities measured at fair value through profit or loss when they are held for trading or designated to be measured at fair value.

Financial liabilities may be designated to be measured at fair value through profit or loss under the following criteria:

- The designation eliminates or significantly reduces an accounting mismatch
- A group of financial liabilities or a group of financial assets and liabilities is managed and its performance is evaluated on a fair value basis
- The liabilities contain one or more embedded derivatives.

Fair value change in own credit risk is presented separately in other comprehensive income as an own credit revaluation reserve except it would create or enlarge an accounting mismatch in profit or loss. All changes in fair value on those liabilities, including the effects of changes in the credit risk are presented in "Gains (losses) on financial instruments measured at fair value through profit or loss".

The movement in fair value attributable to changes in own credit risk is calculated from the difference between the current fair value and the difference between the current and initial credit risk.

Amounts presented in "Own credit revaluation reserve" will not be subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the "Own credit revaluation reserve" is transferred to retained earnings.

##### Modifications of financial instruments not measured at fair value

##### Financial assets

If the terms of a financial assets are modified, the Bank evaluates whether the cash flows of the modified financial assets are different from the original financial asset significantly. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognised in profit or loss as a part of impairment loss.

If the cash flows of the modified financial assets are not substantially different, the Bank recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss, which is presented as a part of impairment losses.

##### Financial liabilities

The Bank derecognises a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Bank adjusts the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses in profit or loss.

##### Derecognition of financial instruments

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 i.e. when the obligation specified in the contract is discharged or cancelled or expired.

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 4. Summary of significant accounting policies (continued)

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Write-off bad debts

Debts that are determined to be irrecoverable are written off (either partially or in full) in the period in which the decision is taken. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's procedures for recovery of the amount due.

#### 4.9 Loans to customers

Loans to customers are stated at the outstanding principal amount, except for bank overdrafts which include interest receivables. Bills purchased at a discount are stated at the face value of the bill, net of deferred revenue.

#### 4.10 Allowance for expected credit losses on financial assets

The Bank recognises an allowance for expected credit losses for all financial debt instruments, which are interbank and money market (assets), loan to customers and investments in debt securities, including loan commitments and financial guarantee contracts measured at amortised cost or fair value through other comprehensive income, using the General Approach. The Bank classifies its financial instruments into three stages based on the changes in credit risk since initial recognition as follows:

##### Stage 1: Financial instruments where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Bank recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Bank will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

##### Stage 2: Financial instruments where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

##### Stage 3: Financial instruments 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 that asset have occurred. For financial assets that have become credit-impaired, the Bank recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting date, the Bank assesses whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default over the expected lifetime at the reporting date with the credit risk at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank uses internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, loans under the watchlist (Early warning sign), loans that are classified as in the high risk group, changes of internal credit rating of the borrower since initial recognition, and issuer credit rating with either below 'investment grade', etc.

The Bank assesses whether the credit risk has increased significantly from the date of initial recognition on an individual basis.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 4. Summary of significant accounting policies (continued)

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Bank considers its historical loss experience, adjusted by current observable data and plus on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. The Bank determines both current and future economic scenario, and probability-weighted in each scenario (base scenario, upturn scenario and downturn scenario) for calculating expected credit losses. The use of macroeconomic factors which major are include, but are not limited to, unemployment rate and property price index, etc.

The Bank has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on an annual basis.

In the case of investments in debt securities measured at fair value through other comprehensive income, the Bank recognises impairment charge in profit and loss as expected credit losses and the allowance for expected credit losses with the corresponding amount in other comprehensive income, whereas the carrying amount of the investments in debt securities in the statement of financial position still present at fair value.

The measurement of expected credit losses 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 losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Increase (decrease) in an allowance for expected credit losses is recognised as an increase (decrease) to expenses in profit or loss during the year.

##### Accounting judgements and estimates

The management is required to use judgement in estimation in determining the allowance for expected credit losses. The calculation of allowance for expected credit losses of the Bank is based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit losses model with a series of underlying assumptions, including the choice of the forecasted macroeconomic variables used in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

##### 4.11 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 existing financial asset is replaced with a new financial asset because the debtor is having financial problem, the Bank assesses whether to derecognise the financial asset and measure allowance for expected credit losses as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Bank calculates the gross carrying 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 gain or loss on contract 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 on the date of derecognition. The difference between the carrying amount of the asset and the sum of the consideration received from the financial asset is recognised in profit or loss which is presented as expected credit losses.

In cases where debt restructuring does not result in derecognition, a debtor is classified in the stage where there has been a significant increase in credit risk (Stage 2) or that is credit-impaired (Stage 3) until the repayment is made in compliance with the new debt restructuring agreement for not less than 12 months from the restructuring date. The financial asset is therefore classified in the stage where there has not been a 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).

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023 and 2022**

**4. Summary of significant accounting policies (continued)**

**4.12 Premise and equipment**

Premise and equipment are measured at cost less accumulated depreciation and allowance for impairment losses (if any).

The Bank initially recognises premise and equipment at its acquisition cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premise and equipment have different useful lives, they are accounted for as separate items of premise and equipment.

The cost of replacing a part of an item of premise and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premise and equipment are recognised in profit or loss as incurred.

Depreciation is determined on their costs on a straight-line basis over the following estimated useful lives.

Premise	20 years
Leasehold improvements	6 years
Equipment	3-5 years

No depreciation is provided on assets in progress.

The Bank derecognises premise and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Any gains and losses arising on disposal of an asset are included in profit or loss when asset is derecognised.

**Accounting judgements and estimates**

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

In addition, the management assesses whether there are indicators of the impairment of premise and equipment, and record impairment losses in the year when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgements in terms of forecasting future revenues and expenses relating to the assets subject to the review.

**4.13 Right-of-use assets/Lease liabilities**

**Right-of-use assets**

The Bank recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and allowance for impairment losses (if any), 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 or before the commencement date, less any lease incentives received.

Unless the Bank is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**Accounting judgement and estimates**

*Determination of the term of lease with the option to extend or cancel the lease - as a lessee*

In determination of the lease term, the management needs to exercise judgement in assessing whether the Bank is reasonably certain or not to exercise the right to extend the period of the lease or cancel the lease, taking into account all relevant facts and circumstances that create economic incentives for the Bank to exercise that right.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023 and 2022**

**4. Summary of significant accounting policies (continued)**

**Lease liabilities**

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or 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 modification or reassessment.

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

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

**4.14 Intangible assets**

Intangible assets, which are application softwares, are initially recognised at cost. Following the initial recognition, they are presented at cost net accumulated amortisation and allowance for impairment loss (if any).

Amortisation is recognised in profit or loss on a straight-line basis over the estimated benefit lives of intangible assets and tested for impairment whenever there is an indication that the intangible asset may be impaired. The Bank will review 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.

No amortisation is made on application softwares under development.

**4.15 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.

**4.16 Impairment of non-financial assets**

At the end of the reporting period, the Bank assesses to determine whether there is any indication of impairment of its assets. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

**4.17 Employee benefits**

**Short-term employee benefits**

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

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

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023 and 2022**

**4. Summary of significant accounting policies (continued)**

**Post-employment benefits and other long-term employee benefits**

**Defined contribution plans**

The Bank and its employees have jointly established a provident fund. Membership of the fund is on a voluntary basis. The fund is monthly contributed by the employees and by the Bank. Contributions by the employees at rates ranging from 3% to 15% of their basic salaries and by the Bank at 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers. The Bank will have no legal or constructive obligation to pay further amount. 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**

The Bank's net obligation in respect of the defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in respect of their current period and prior periods services discounted to be present value. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

In remeasurement of the net defined benefit obligations, actuarial gains or losses are recognised immediately in other comprehensive income. The Bank determines interest expense on the net defined benefit obligation for the year by applying the discount rate used to measure the defined benefit obligations at the beginning of the year, taking into account any changes in the net defined benefit obligations during the year as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit obligations are recognised in profit or loss.

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

**Termination benefits**

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

**Accounting judgements and estimates**

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, staff turnover rate, and mortality rate, management exercises judgement to determine the appropriateness of these assumptions, based on their best knowledge of current situation and economic environment.

**4.18 Foreign currency translation**

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

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities are translated by using the reference exchange rates of the Bank of Thailand as at the reporting date.

Foreign currency differences are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates prevailing on the transaction dates.

The Bank enters into forward foreign exchange contracts for both trading and hedging purposes. Trading and hedging contracts are stated at fair value. Forward foreign exchange contracts outstanding and undue at the reporting date are stated at fair value by comparing contract rates to forward market rates having with similar maturities at the reporting date. Changes in fair value on outstanding forward foreign exchange contracts are recognised in profit or loss except for the portion of the effective cash flow hedges.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

**4. Summary of significant accounting policies (continued)**

**4.19 Share-based payments**

The Standard Chartered Group operates a number of share-based payment schemes for their directors and employees, for which the fair value of the services received in exchange for the grant of the options is recognised as an expense in profit or loss. Cash-settled awards are revalued at each reporting date and liabilities recognised in the statements of financial position for all unpaid amounts, with any changes in fair value increased or reduced employee expenses in profit or loss.

**4.20 Income tax expenses**

Income tax expenses consisted of current income taxes and deferred income taxes.

**a) Current income taxes**

Current income taxes are the expected tax payable to tax authorities determined based on the taxable income in accordance with tax laws, including any adjustment in respect of previous years. Current and deferred income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

**b) Deferred income taxes**

Deferred income taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes.

The measurement of deferred income taxes reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income taxes are measured at the tax rate that is expected to be applied to the temporary differences when they reverse, using the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

**Accounting judgements and estimates**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses 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.

**4.21 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 their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when there is 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 technique that are appropriate in the circumstances and maximise 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 categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an 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



**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023 and 2022**

**4. Summary of significant accounting policies (continued)**

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.

**Accounting judgements and estimates**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise 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 counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

**4.22 Significant accounting judgements and estimates**

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times 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 and derecognition of assets and liabilities**

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

**Significant accounting judgements and estimates**

- Allowance for expected credit losses – as described in note to financial statement 4.10
- Fair value of financial instruments – as described in note to financial statement 4.21

**Other accounting judgements and estimates**

- Premises and equipment and depreciation – as described in note to financial statement 4.12
- Leases – as a lessee – as described in note to financial statement 4.13
- Post-employee benefits – as described in note to financial statement 4.17
- Deferred tax assets – as described in note to financial statement 4.20
- Litigation – as described in note to financial statement 28.2

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

## 5. Risk Management of the Bank

### 5.1 Credit Risk

Credit risk is the potential for loss due to the failure of a counterparty to meet its obligations to pay the Bank in accordance with agreed terms. The Bank manages its credit exposures following the principle of diversification across products, geographies, client segments and industry sectors.

The Credit Risk function is the second line control function responsible for independent challenge, monitoring and oversight of the Credit risk management practices of the business and functions engaged in or supporting revenue-generating activities, which constitute the first line of defence. In addition, to ensure that credit risks are properly assessed and are transparent, credit decisions are controlled in accordance with the risk appetite, credit policies and standards, which are approved by the Bank's Board of Directors.

The Credit Policy sets the principles that must be followed for the end-to-end credit process including credit initiation, credit grading, credit assessment, structuring of product, credit risk mitigation, monitoring and control and documentation. In addition, there are other Group-wide policies as those relating to risk appetite, model risk, stress testing and impairment provisioning. Appropriate allocation and sound diversification of lending portfolios among suitable industries are also key objectives of the Bank.

The Bank regularly monitors credit exposures, portfolio performance, and external trends that may impact risk management outcomes.

All credit proposals are subject to a robust Credit Risk assessment. It includes a comprehensive evaluation of the client's credit quality, including willingness, ability and capacity to repay. The primary lending consideration is based on the client's credit quality and the repayment capacity from operating cashflows for counterparties. The risk assessment gives due consideration to the client's liquidity and leverage position.

#### 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 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 carrying values.

For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees are called upon. For loan commitments and other credit related 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.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

As at 31 December 2023 and 2022, the maximum exposures to credit risk were as follows:

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Interbank and money market items (asset)	57,667	35,554
Investments	25,677	37,134
Loans to customers and interest receivables	23,616	30,065
Interest receivables on non-loans	359	330
Total financial assets	107,319	103,083
Loan commitments	8,548	10,029
Financial guarantees	18,705	20,607
Total	27,253	30,636
Total maximum exposure to credit risk	134,572	133,719

Interbank and money market items - assets

As at 31 December 2023 and 2022, the Bank had interbank and money market items amounting to Baht 57,667 million and Baht 35,554 million, respectively, with counter parties having their credit ratings between AA- and BBB-, as rated by external rating agencies like Moody's, S&P and Fitch.

Collateral and any arrangements to increase credibility

The Bank has held collateral and any arrangement to increase credibility of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets were as follows:

	Exposure to credit risk with collateral as at		
	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million	Type of collateral
Interbank and money market items - assets	35,278	28,205	Debt securities
Loans to customers and interest receivables	6,448	5,656	Land and construction thereon, machinery and others

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 amounts (before allowance for expected credit losses). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

	31 December 2023			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Interbank and money market items (Assets)				
Investment grade	57,100	-	-	57,100
Non-investment grade	409	150	-	559
Overdue for 1-30 days	8	-	-	8
Total	57,517	150	-	57,667
Less Allowance for expected credit losses	-	-	-	-
Net book value	57,517	150	-	57,667
Investments in debt securities measured at amortised cost				
Investment grade	15,947	-	-	15,947
Total	15,947	-	-	15,947
Less Allowance for expected credit losses	(5)	-	-	(5)
Net book value	15,942	-	-	15,942
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	9,719	-	-	9,719
Total	9,719	-	-	9,719
Allowance for expected credit losses	(2)	-	-	(2)
Loans to customers and interest receivables				
Not overdue	22,797	613	-	23,410
Overdue 1 - 30 days	266	184	-	450
Overdue 31 - 90 days	-	10	-	10
Total	23,063	807	-	23,870
Less Allowance for expected credit losses	(214)	(40)	-	(254)
Net book value	22,849	767	-	23,616
Loan commitments				
Not overdue	8,310	238	-	8,548
Total	8,310	238	-	8,548
Less Allowance for expected credit losses	(3)	(3)	-	(6)
Net book value	8,307	235	-	8,542
Financial guarantee contracts				
Not overdue	14,345	3,932	428	18,705
Total	14,345	3,932	428	18,705
Less Allowance for expected credit losses	(2)	(20)	(100)	(122)
Net book value	14,343	3,912	328	18,583

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

	31 December 2022				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Excess allowance	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
<b>Interbank and money market items (Assets)</b>					
Investment grade	33,978	-	-	-	33,978
Non-investment grade	1,055	300	-	-	1,355
Overdue for 1-30 days	221	-	-	-	221
Total	35,254	300	-	-	35,554
Less Allowance for expected credit losses	-	-	-	-	-
<b>Net book value</b>	<b>35,254</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>35,554</b>
<b>Investments in debt securities measured at amortised cost</b>					
Investment grade	17,157	-	-	-	17,157
Total	17,157	-	-	-	17,157
Less Allowance for expected credit losses	(3)	-	-	-	(3)
<b>Net book value</b>	<b>17,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,154</b>
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Investment grade	19,964	-	-	-	19,964
Total	19,964	-	-	-	19,964
Allowance for expected credit losses	(2)	-	-	-	(2)
<b>Loans to customers and interest receivables</b>					
Not overdue	28,506	1,448	-	-	29,954
Overdue 1 - 30 days	61	321	-	-	382
Overdue 31 - 90 days	-	16	-	-	16
Total	28,567	1,785	-	-	30,352
Less Allowance for expected credit losses	(19)	(68)	-	(200)	(287)
<b>Net book value</b>	<b>28,548</b>	<b>1,717</b>	<b>-</b>	<b>(200)</b>	<b>30,065</b>
<b>Loan commitments</b>					
Not overdue	9,766	263	-	-	10,029
Total	9,766	263	-	-	10,029
Less Allowance for expected credit losses	(3)	(3)	-	-	(6)
<b>Net book value</b>	<b>9,763</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>10,023</b>
<b>Financial guarantee contracts</b>					
Not overdue	17,071	3,200	336	-	20,607
Total	17,071	3,200	336	-	20,607
Less Allowance for expected credit losses	(2)	(17)	(102)	-	(121)
<b>Net book value</b>	<b>17,069</b>	<b>3,183</b>	<b>234</b>	<b>-</b>	<b>20,486</b>

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

## 5. Risk Management of the Bank (continued)

### 5.2 Market Risk

Market risk is the potential for loss of economic value due to adverse changes in financial market rates or prices. The Bank's exposure to market risk arises predominantly from these sources.

#### Trading book

The Bank provides clients access to financial markets, facilitation of which entails the Bank taking moderate market risk positions. All trading teams support client activity; there are no proprietary teams. Hence, income earned from market-risk related activities is primarily driven by the volume of client activity rather than risk-taking. From 1 January 2016, a CVA desk has been actively hedging the credit and market exposure arising from CVA (Credit Valuation Adjustment) and FVA (Funding Valuation Adjustment).

#### Non-trading book

Market risk also arises in the non-trading book from the requirement to hold a large liquid assets buffer of high-quality, liquid debt securities and from the translation of non-Thai baht denominated assets, liabilities and earnings.

The primary categories of market risk for the Bank are:

- Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options.
- Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options.
- Commodity price risk: arising from changes in commodity prices and commodity options implied volatilities; covering energy, precious metals, base metals and agricultural. For this category of market risk, the Bank is fully hedged through a back-to-back position.
- Credit spread risk: arising from changes in the credit spread of its derivatives' counterparties through credit value adjustment (CVA) account

#### Interest Rate Benchmark Reform

The Bank set up the Interest Rate Benchmark Reform Working Group to set clear procedures in relation to the change from IBOR and THBFX to Thai Overnight Repurchase Rate (THOR). These will be jointly worked between relevant units within the Bank and regular progress updates are reported to the Bank's ALCO and Board of Directors. This operation of the Working Group corresponds to guidelines as laid down by the SCB Group's Working Group and the Committee in the relevant industries in Thailand. There are meetings between the Bank's units with the focus of issues that may arise from the change of the interest rate benchmark. In addition, the bank monitors the developments at these forums to reflect and align significant decision in its broader transition plan.

#### Progress of the interest rate benchmark reform transition plan

The Bank has a clear progress in its transition plan from the reference rates to the risk-free rate (RFR) for various financial products whereby it will strictly adhere and follow the plan to end the use of the IBOR reference rates as determined by the Bank of Thailand. The Bank's financial products development and improvement plan to adopt the RFR are progressing during the year. This includes the change of financial contracts relating to loans and derivatives with reference to LIBOR and THBFX and the plan to adapt to use the alternative reference rates.

#### Risk that may arise because of the interest rate benchmark reform

The Bank adjusted the negative impact that may arise from cession of the application of LIBOR. However, it did not change the Bank's risk management strategies. The Bank focused on product development on financial products with reference to RFR, including monitoring and risk management because of the interest rate benchmark reform.

#### Market risk governance

The Bank has established standards, principles, policies and techniques for managing market risk. The Board of Directors approve the Bank's market risk appetite and market risk limits taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Market and Traded Credit Risk Function, which is independent from the business, measures and monitors exposures against the approved limits to ensure the Bank's market risk exposures are within acceptable levels.

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 5. Risk Management of the Bank (continued)

##### Value at Risk (VaR)

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 percent. This confidence level suggests that potential daily losses, in excess of the VaR measures, are likely to be experienced six times per year.

The Bank applies the following two VaR methodologies:

##### Historical simulation

This methodology involves the revaluation of all existing positions to reflect the effect of historically observed changes in market risk factors on the valuation of the current portfolio. This approach is applied for general market risk factors and the majority of specific (Credit spread risk VaR).

##### Monte Carlo simulation

This methodology is similar to historical simulation but with considerably more input risk factor observations. These are generated by random sampling techniques, but the results retain the essential variability and correlations of historically observed risk factor changes. This approach is now applied for some of the specific (credit spread risk VaR) in relation to idiosyncratic exposures in credit markets.

In both methods, an historical observation period of one year is chosen and applied.

VaR is calculated as our exposure as at the close of business. Intra-day risk levels may vary from those reported at the end of the day.

In addition, sensitivity measures are used in addition to VaR as a risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts, limits on volatility risk and other variables that determine the option's value.

##### Stress Testing

Losses beyond the 97.5 percent confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations.

The Bank complements the VaR measurement by monthly stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of market risk management framework and considers both historical market events and forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Stress scenarios are regularly updated to reflect the changes in risk profile and economic events. The Market and Traded Credit Risk function reviews stress exposures and, where necessary, enforces reductions in overall market risk exposure. The Risk Committee considers the results of stress tests as part of its supervision of risk appetite.

Regular stress-test scenarios are applied to interest rates, credit spread, exchange rates, commodity prices and equity prices. This covers all asset classes in the Financial Markets' banking and trading books

##### Non-trading book and Treasury Market's risk treatment

Interest rate risk from non-trading book portfolios is transferred to financial markets where it is managed by Treasury Market (TM) desks under the supervision of Assets and Liabilities Committee (ALCO). TM deals in the market in approved financial instruments in order to manage the net interest rate risk, subject to approved VaR and risk limits.

VaR and stress tests are therefore applied to these non-trading book exposures in the same way as for trading book, including these investments measured at fair value through other comprehensive income.



Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

(a) Interest rate risk

Significant financial assets and liabilities of the Bank classified by repricing periods of interest rate were as follows:

31 December 2023									
Immediate repricing	Within six months	Over six months to one year	Over one year to five years	More than five years	Non interest bearing	Non accrual	Total	Average yields	
Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	% per annum	
Financial assets									
Cash	-	-	-	-	107	-	107	-	-
Interbank and money market items - net	10,715	45,935	43	-	974	-	57,667	2.91	-
Financial assets measured at fair value through profit or loss	-	6,905	1,571	1,690	-	-	38,404	2.17	-
Investments - net	-	8,187	-	15,454	16	-	25,677	2.36	-
Loans to customers and interest receivables	3,571	15,186	1,250	3,190	107	-	23,870	3.77	-
Collateral receivables under Credit Support Annex agreements and private repurchase transactions	5,076	-	-	-	-	-	5,076	3.51	-
Receivables on sales of investments	-	-	-	-	1,241	-	1,241	-	-
Others	-	-	-	-	359	-	359	-	-
Total financial assets	19,362	76,213	2,864	20,334	30,824	2,804	152,401	-	-
Financial liabilities									
Deposits	59,002	19,488	997	-	15,293	-	94,780	1.95	-
Interbank and money market items	9,362	72	-	-	7,683	-	17,117	1.68	-
Liabilities payable on demand	-	-	-	-	823	-	823	-	-
Financial liabilities measured at fair value through profit or loss	2,021	685	77	1,684	-	-	4,467	-	-
Lease liabilities	-	20	16	118	-	-	178	3.45	-
Collateral payables under Credit Support Annex agreements and private repurchase transactions	6,951	-	-	-	-	-	6,951	2.50	-
Payables on purchase of investments	-	-	-	-	1,777	-	1,777	-	-
Others	-	-	-	-	170	-	170	-	-
Total financial liabilities	77,336	20,265	1,090	1,802	24	25,746	126,263	-	-

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

31 December 2022													
	Immediate repricing	Within six months		Over six months to one year		Over one year to five years		More than five years		Non interest bearing	Non accrual	Total	Average yields % per annum
		Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million				
Financial assets													
Cash	-	-	-	-	-	-	-	-	-	27	-	27	-
Interbank and money market items - net	845	32,914	23	-	-	-	-	-	-	1,772	-	35,554	1.17
Financial assets measured at fair value through profit or loss	-	27,036	-	-	-	-	-	-	-	-	-	27,036	2.71
Investments - net	-	11,137	3,288	19,264	3,429	16	-	-	-	37,134	-	37,134	1.56
Loans to customers and interest receivables	3,946	22,208	3,710	350	-	138	-	-	-	30,352	-	30,352	1.96
Collateral receivables under Credit Support Annex agreements and private repurchase transactions	5,859	-	-	-	-	-	-	-	-	5,859	-	5,859	0.84
Receivables on sales of investments	-	-	-	-	-	1,951	-	-	-	1,951	-	1,951	-
Others	-	-	-	-	-	330	-	-	-	330	-	330	-
Total financial assets	10,650	93,295	7,021	19,614	3,429	4,234	-	-	-	138,243	-	138,243	-
Financial liabilities													
Deposits	47,222	13,194	115	-	-	13,126	-	-	-	73,657	-	73,657	0.52
Interbank and money market items	15,376	2,654	-	-	-	9,523	-	-	-	27,553	-	27,553	0.36
Liabilities payable on demand	-	-	-	-	-	871	-	-	-	871	-	871	-
Financial liabilities measured at fair value through profit or loss	1,455	-	198	2,460	-	-	-	-	-	4,113	-	4,113	-
Lease liabilities	-	15	13	113	44	-	-	-	-	185	-	185	2.83
Collateral payables under Credit Support Annex agreements and private repurchase transactions	6,574	-	-	-	-	-	-	-	-	6,574	-	6,574	1.85
Payables on purchase of investments	-	-	-	-	-	681	-	-	-	681	-	681	-
Others	-	-	-	-	-	66	-	-	-	66	-	66	-
Total financial liabilities	70,627	15,863	326	2,573	44	24,267	-	-	-	113,700	-	113,700	-

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

Interest rate sensitivity analysis

Analysis of sensitivity to changes in interest rates shows the potential change in interest rates on the Bank's profit or loss and equity by setting constant to other variables.

The sensitivity to profit or loss is the effect of changing interest rates on profit or loss for the year. For financial assets and financial liabilities at the end of the reporting period, sensitivity of equity is calculated by measuring fair value as at the reporting date of financial assets measured at fair value through other comprehensive income with a new fixed rate, including the effect of hedging cash flow risk by assuming change in interest rate. The methods used in sensitivity analysis does not change from the previous year.

(b) Foreign exchange rate risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility gives the adverse impact on income or capital due to foreign currency transactions or having assets or liabilities in foreign currency, when converting all items on the Bank's financial statements to local currency, the book values decrease including decline of income or loss incurred from foreign exchange trading.

As at 31 December 2023 and 2022, the Bank's net foreign currency positions were as follows:

	31 December 2023 US Dollar 'Million	31 December 2022 US Dollar 'Million
Net foreign currency exposure		
US Dollar	-	(51)
Others*	1	(61)

\* Balance denominated in other currencies were stated in USD equivalents.

Foreign exchange rate sensitivity analysis

Analysis of sensitivity to changes in foreign exchange rate shows the potential change in interest rates on the income statement and the equity of the bank by setting constant to other variables. Risks and methods used in sensitivity analysis does not change from the previous period.

5.3 Liquidity Risk

Liquidity Risk is the potential for loss where the Bank may not have sufficient stable or diverse sources of funding or financial resources to meet obligations as they fall due. It is the Bank policy to maintain adequate liquidity at all times, and hence to be in a position to meet obligations as they fall due.

The Bank manages liquidity risk both on a short-term and medium-term basis. In the short term, the Bank's focus is on ensuring that the cash flow demands can be met where required. In the medium term the focus is on ensuring that the statement of financial position remains structurally sound and aligned to the strategy.

The Bank's liquidity risk management framework requires limits to be set and monitored to ensure that they remain relevant given market conditions and business strategy. Through this framework, the Bank controls and optimises the risk return profile of the Bank. This is principally achieved by:

- Setting risk appetites aligned with strategic objectives
- Identifying, measuring and monitoring liquidity risks:
  - Assessment of regulatory requirements and internal balance sheet characteristics driving liquidity risk
  - Assessment of the liquidity adequacy of the Bank under business as usual and stressed conditions
  - The Bank's liquidity stress testing framework covering both internal and regulatory scenarios

## Notes to the financial statements (continued)

### For the year ended 31 December 2023 and 2022

#### 5. Risk Management of the Bank (continued)

→ Constraining risk profile within the Board of Director approved risk appetite:

- Development of policies to address the liquidity and funding risks identified
- Implementation of associated risk measures that act as mitigants of these risks
- Ongoing monitoring of risk measures against risk appetite

To mitigate liquidity risk, the Bank maintains a well-diversified, customer driven funding base and access to wholesale funds under normal market conditions. In addition, the Bank maintains a diversified portfolio of marketable securities that can be monetised or pledged as collateral in the event of a liquidity stress. Country Recovery Plan (CRP) is reviewed and approved annually with a broad set of Risk Indicators (RIs), an escalation framework and a set of management actions that could be effectively implemented by the appropriate level of senior management in the event of a liquidity stress.

##### Liquidity risk governance

The Bank's Board of Directors approves the Bank's risk appetite for liquidity and funding risk along with supporting metrics. The Assets and Liabilities Committee (ALCO) is the responsible governing body to ensure that the financial position of the Bank is managed effectively in compliance with the policies and standards of the Standard Chartered Group, as well as any other applicable regulatory requirements.

##### Stress Testing

The Bank intends to maintain a prudent and sustainable funding and liquidity position, such that it can withstand a severe yet plausible liquidity stress.

Regular stress testing is conducted to demonstrate that the Bank's liquidity exposure remains within the approved Risk Appetite Statement as well as within regulatory limits.

The internal liquidity stress testing framework includes multiple stress scenarios with varied survival periods and stressed conditions to appropriately reflect the liquidity risks undertaken by the Bank. The framework includes an idiosyncratic stress, a market wide stress and a combined stress.

The Bank's Board of Directors and ALCO have oversight over the appropriateness of the stress scenarios and the assumption contained within them.

In accordance with the BoT Notification No. Sor Nor Sor 2/2561 dated 25 January 2018, Re: "Liquidity coverage ratio disclosure standards", the Bank intends to disclose Liquidity Coverage Ratio as of 31 December 2023 and 2022 on 5 March 2024 and 7 March 2023, respectively through the Bank's website <https://www.sc.com/th>.

As at 31 December 2023 and 2022, the loans to deposits ratios of the Bank were 25% and 41%, respectively, and the liquidity coverage ratios of the Bank were 242% and 175%, respectively, against the regulatory requirement of 100%.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

As at 31 December 2023 and 2022, the Bank's financial assets and liabilities were classified by remaining periods to maturity as follows:

	31 December 2023						Total Baht Million
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	No Maturity	
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	
<b>Financial assets</b>							
Cash	107	-	-	-	-	-	107
Interbank and money market items - net	1,168	56,456	43	-	-	-	57,667
Financial assets measured at fair value through profit or loss	-	6,905	1,571	1,690	28,238	-	38,404
Investments - net	-	8,187	-	15,454	2,020	16	25,677
Loans to customers and interest receivables	3,651	10,886	1,521	5,752	2,060	-	23,870
Collateral receivables under Credit Support Annex agreements and private repurchase transactions	5,076	-	-	-	-	-	5,076
Receivables on sales of investments	1,241	-	-	-	-	-	1,241
Others	359	-	-	-	-	-	359
<b>Total financial assets</b>	<b>11,602</b>	<b>82,434</b>	<b>3,135</b>	<b>22,896</b>	<b>32,318</b>	<b>16</b>	<b>152,401</b>
<b>Financial liabilities</b>							
Deposits	73,785	19,998	997	-	-	-	94,780
Interbank and money market items	15,745	1,372	-	-	-	-	17,117
Liabilities payable on demand	823	-	-	-	-	-	823
Financial liabilities measured at fair value through profit or loss	-	1,195	1,152	2,120	-	-	4,467
Lease liabilities	-	20	16	118	24	-	178
Collateral payables under Credit Support Annex agreements and private repurchase transactions	6,951	-	-	-	-	-	6,951
Payables on purchase of investments	1,777	-	-	-	-	-	1,777
Others	170	-	-	-	-	-	170
<b>Total financial liabilities</b>	<b>99,251</b>	<b>22,585</b>	<b>2,165</b>	<b>2,238</b>	<b>24</b>	<b>-</b>	<b>126,263</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

	31 December 2022						Total Baht 'Million
	At call	Within 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	No Maturity	
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	
<b>Financial assets</b>							
Cash	27	-	-	-	-	-	27
Interbank and money market items - net	2,307	33,224	23	-	-	-	35,554
Financial assets measured at fair value through profit or loss	-	6,043	403	1,972	18,618	-	27,036
Investments - net	-	11,137	3,288	19,264	3,429	16	37,134
Loans to customers and interest receivables	2,819	18,216	3,974	3,066	2,277	-	30,352
Collateral receivables under Credit Support Annex agreements and private repurchase transactions	5,859	-	-	-	-	-	5,859
Receivables on sales of investments	1,951	-	-	-	-	-	1,951
Others	330	-	-	-	-	-	330
<b>Total financial assets</b>	<b>13,293</b>	<b>68,620</b>	<b>7,688</b>	<b>24,302</b>	<b>24,324</b>	<b>16</b>	<b>138,243</b>
<b>Financial liabilities</b>							
Deposits	60,348	13,194	115	-	-	-	73,657
Interbank and money market items	16,562	10,991	-	-	-	-	27,553
Liabilities payable on demand	871	-	-	-	-	-	871
Financial liabilities measured at fair value through profit or loss	-	-	200	3,913	-	-	4,113
Lease liabilities	-	15	13	113	44	-	185
Collateral payables under Credit Support Annex agreements and private repurchase transactions	6,574	-	-	-	-	-	6,574
Payables on purchase of investments	681	-	-	-	-	-	681
Others	66	-	-	-	-	-	66
<b>Total financial liabilities</b>	<b>85,102</b>	<b>24,200</b>	<b>328</b>	<b>4,026</b>	<b>44</b>	<b>-</b>	<b>113,700</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

5. Risk Management of the Bank (continued)

Derivatives

The remaining periods to maturity of the notional amounts of derivatives as at 31 December 2023 and 2022 were as follows:

	31 December 2023		
	Within 1 year Baht 'Million	Over 1 year Baht 'Million	Total Baht 'Million
<b>Foreign exchange</b>			
Forward exchange contracts	374,648	11,815	386,463
Cross currency swap contracts	54,861	119,994	174,855
Currency option contracts	15,879	-	15,879
<b>Interest rate</b>			
Interest rate swap contracts	185,709	374,385	560,094
Interest rate option contracts	5,783	17,151	22,934
<b>Others</b>			
Bond forward contracts	10,796	17,748	28,544
Credit default swap contracts	1,368	-	1,368
<b>Total</b>	<b>649,044</b>	<b>541,093</b>	<b>1,190,137</b>

	31 December 2022		
	Within 1 year Baht 'Million	Over 1 year Baht 'Million	Total Baht 'Million
<b>Foreign exchange</b>			
Forward exchange contracts	465,974	12,371	478,345
Cross currency swap contracts	31,459	143,869	175,328
Currency option contracts	19,207	-	19,207
<b>Interest rate</b>			
Interest rate swap contracts	143,557	333,146	476,703
Interest rate option contracts	3,161	4,660	7,821
<b>Others</b>			
Bond forward contracts	9,988	12,163	22,151
Credit default swap contracts	69	78	147
<b>Total</b>	<b>673,415</b>	<b>506,287</b>	<b>1,179,702</b>



Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

6. Classification of financial assets and liabilities

	31 December 2023				
	Financial instruments measured at fair value through profit and loss	Investments in debt securities measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
<b>Financial assets</b>					
Cash	-	-	-	107	107
Interbank and money market items - net	-	-	-	57,667	57,667
Financial assets measured at fair value through profit or loss	38,404	-	-	-	38,404
Derivatives assets	20,072	-	-	-	20,072
Investments - net	-	9,719	16	15,942	25,677
Loans to customers and interest receivables - net	-	-	-	23,616	23,616
Collateral receivables under the Credit Support Annex agreements and the private repurchase transactions	-	-	-	5,076	5,076
Receivables on sales of investments <sup>(1)</sup>	-	-	-	1,241	1,241
Accrued income and interest receivables <sup>(1)</sup>	-	-	-	359	359
<b>Total financial assets</b>	<b>58,476</b>	<b>9,719</b>	<b>16</b>	<b>104,008</b>	<b>172,219</b>
<b>Financial liabilities</b>					
Deposits	-	-	-	94,780	94,780
Interbank and money market items	-	-	-	17,117	17,117
Liabilities payable on demand	-	-	-	823	823
Financial liabilities measured at fair value through profit or loss	4,467	-	-	-	4,467
Derivatives liabilities	18,831	-	-	-	18,831
Lease liabilities	-	-	-	178	178
Collateral payables under the Credit Support Annex agreements and the private repurchase transactions	-	-	-	6,951	6,951
Payables on purchase of investments <sup>(2)</sup>	-	-	-	1,777	1,777
Interest payables <sup>(2)</sup>	-	-	-	170	170
<b>Total financial liabilities</b>	<b>23,298</b>	<b>-</b>	<b>-</b>	<b>121,796</b>	<b>145,094</b>

<sup>(1)</sup> These items were included as a part of "Other assets - others" in statements of financial position.

<sup>(2)</sup> These items were included as a part of "Other liabilities - others" in statements of financial position.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

6. Classification of financial assets and liabilities (continued)

	31 December 2022				
	Financial instruments measured at fair value through profit and loss	Investments in debt securities measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
<b>Financial assets</b>					
Cash	-	-	-	27	27
Interbank and money market items - net	-	-	-	35,554	35,554
Financial assets measured at fair value through profit or loss	27,036	-	-	-	27,036
Derivatives assets	25,405	-	-	-	25,405
Investments - net	-	19,964	16	17,154	37,134
Loans to customers and interest receivables - net	-	-	-	30,065	30,065
Collateral receivables under the Credit Support Annex agreements and the private repurchase transactions	-	-	-	5,859	5,859
Receivables on sales of investments <sup>(1)</sup>	-	-	-	1,951	1,951
Accrued income and interest receivables <sup>(1)</sup>	-	-	-	330	330
<b>Total financial assets</b>	<b>52,441</b>	<b>19,964</b>	<b>16</b>	<b>90,940</b>	<b>163,361</b>
<b>Financial liabilities</b>					
Deposits	-	-	-	73,657	73,657
Interbank and money market items	-	-	-	27,553	27,553
Liabilities payable on demand	-	-	-	871	871
Financial liabilities measured at fair value through profit or loss	4,113	-	-	-	4,113
Derivatives liabilities	22,864	-	-	-	22,864
Lease liabilities	-	-	-	185	185
Collateral payables under the Credit Support Annex agreements and the private repurchase transactions	-	-	-	6,574	6,574
Payables on purchase of investments <sup>(2)</sup>	-	-	-	681	681
Interest payables <sup>(2)</sup>	-	-	-	66	66
<b>Total financial liabilities</b>	<b>26,977</b>	<b>-</b>	<b>-</b>	<b>109,587</b>	<b>136,564</b>

<sup>(1)</sup> These items were included as a part of "Other assets - others" in statements of financial position.

<sup>(2)</sup> These items were included as a part of "Other liabilities - others" in statements of financial position.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

7. Capital funds

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

The Capital Funds and Capital Adequacy Ratio of the Bank as at 31 December 2023 and 2022 in accordance with the BoT's requirements with reference to Basel III framework consisted of the followings:

	31 December 2023 Baht Million	31 December 2022 Baht Million
<b>Tier 1 Capital</b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital and premium on share capital	23,893	23,893
Statutory reserve	1,484	1,484
Net profit after appropriation	48	131
Other components of equity	(153)	(290)
Less: Deduction items from common equity tier 1	(1,793)	(1,780)
<b>Total Tier 1 capital</b>	<b>23,479</b>	<b>23,438</b>
<b>Tier 2 capital</b>		
Provision for asset classified as normal	14	23
Surplus of provision	204	201
<b>Total Tier 2 capital</b>	<b>218</b>	<b>224</b>
<b>Total Capital Funds</b>	<b>23,697</b>	<b>23,662</b>

	The BoT's minimum regulatory requirement Percentage	31 December 2023 The Bank Percentage	31 December 2022 The Bank Percentage
<b>Capital Adequacy Ratio</b>			
Total Capital Funds to Risk-weighted assets	11.0	35.7	33.5
Tier-1 Capital Funds to Risk-weighted assets	8.5	35.4	33.2
Common Equity Tier-1 to Risk-weighted assets	7.0	35.4	33.2
Tier-2 Capital Funds to Risk-weighted assets		0.3	0.3
Capital Funds after deducting additional capital to support Single Lending Limit (Baht million)		23,697	23,662
Capital after deducting capital add-on arising from Single Lending Limit to total risk-weighted assets ratio		35.7	33.5

According to the BoT's Notification Sor Nor Sor 4/2556 and Sor Nor Sor 14/2562 commercial banks are required to disclose certain additional capital information for their position. The Bank will disclose such information as at 31 December 2023 in its website ([www.sc.com/th](http://www.sc.com/th)) by the end of April 2024. The Bank already disclosed such information as at 31 December 2022 on 31 March 2023.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

8. Interbank and money market items (assets)

	31 December 2023			31 December 2022		
	On demand Baht 'Million	Term Baht 'Million	Total Baht 'Million	On demand Baht 'Million	Term Baht 'Million	Total Baht 'Million
<b>Domestic</b>						
Bank of Thailand	385	4,824	5,209	160	903	1,063
Commercial banks	35	41,597	41,632	33	29,978	30,011
Other financial institutions	150	-	150	300	-	300
<b>Total</b>	<b>570</b>	<b>46,421</b>	<b>46,991</b>	<b>493</b>	<b>30,881</b>	<b>31,374</b>
Add: Interest receivables	65	-	65	12	-	12
Less: Deferred revenue	-	(24)	(24)	-	(8)	(8)
Less: Allowance for expected credit losses	-	-	-	-	-	-
<b>Total domestic items</b>	<b>635</b>	<b>46,397</b>	<b>47,032</b>	<b>505</b>	<b>30,873</b>	<b>31,378</b>
<b>Foreign</b>						
US Dollar	9	4,891	4,900	311	2,377	2,688
Yen	120	5,209	5,329	776	-	776
Euro	134	14	148	309	2	311
Yuan	183	-	183	126	-	126
Other currencies	77	-	77	258	-	258
<b>Total</b>	<b>523</b>	<b>10,114</b>	<b>10,637</b>	<b>1,780</b>	<b>2,379</b>	<b>4,159</b>
Add: Interest receivables	10	-	10	22	-	22
Less: Deferred revenue	-	(12)	(12)	-	(5)	(5)
Less: Allowance for expected credit losses	-	-	-	-	-	-
<b>Total foreign items</b>	<b>533</b>	<b>10,102</b>	<b>10,635</b>	<b>1,802</b>	<b>2,374</b>	<b>4,176</b>
<b>Total domestic and foreign items</b>	<b>1,168</b>	<b>56,499</b>	<b>57,667</b>	<b>2,307</b>	<b>33,247</b>	<b>35,554</b>

As at 31 December 2023 and 2022, Bank has unfunded risk participant transactions, which the underlying obligations for a portion on which credit risk has been transferred amounted to THB 7 million and THB 247 million, respectively.

9. Financial assets measured at fair value through profit or loss

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
<b>Financial assets held for trading</b>		
Government and state enterprises securities	25,650	16,384
Private sector debt securities	4,277	4,304
Foreign debt securities	726	685
Securities purchased under resale agreements	7,751	5,663
<b>Total financial assets measured at fair value through profit or loss</b>	<b>38,404</b>	<b>27,036</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

10. Derivatives assets/liabilities

10.1 Derivatives held for trading

As at 31 December 2023 and 2022, the fair values and notional amounts of derivatives held for trading, classified by type of risks, were as follows:

Type of risks	31 December 2023			31 December 2022		
	Fair values		Notional amounts	Fair values		Notional amounts
	Assets	Liabilities		Assets	Liabilities	
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Foreign currency	10,251	(11,906)	558,493	13,400	(15,650)	660,119
Interest rate	7,805	(6,274)	577,437	9,374	(6,909)	477,127
Others						
- Bond forward	1,328	(557)	28,544	1,990	(294)	22,151
- Credit default swap	688	(94)	1,368	641	(11)	147
Total others	2,016	(651)	29,912	2,631	(305)	22,298
<b>Total</b>	<b>20,072</b>	<b>(18,831)</b>	<b>1,165,842</b>	<b>25,405</b>	<b>(22,864)</b>	<b>1,159,544</b>

10.2 Derivatives held for hedging

As at 31 December 2023 and 2022, hedging instruments, classified by types of hedge accounting and risk, were as follows:

Fair value hedges

The amounts relating to items designated as hedged items under fair value hedges are as follows:

Hedge items	31 December 2023		
	Carrying value of investments	Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities
	Baht 'Million	Baht 'Million	Baht 'Million
<b>Interest rate risk</b>			
THB and US Dollar fixed-rate investments in debt securities measured at amortised cost	3,661	29	(10)
THB fixed-rate investments in debt securities measured at fair value through other comprehensive income	1,930	21	(3)
<b>Total</b>	<b>5,591</b>	<b>50</b>	<b>(13)</b>

Hedge items	31 December 2022		
	Carrying value of investments	Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities
	Baht 'Million	Baht 'Million	Baht 'Million
<b>Interest rate risk</b>			
THB and US Dollar fixed-rate investments in debt securities measured at fair value through other comprehensive income	7,397	20	85

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

10. Derivatives assets/liabilities (continued)

The amounts relating to items designated as hedging instruments under fair value hedges are as follows:

Hedging Instruments	31 December 2023		
	Notional amounts	Fair value of hedging instruments	
	Baht 'Million	Assets Baht 'Million	Liabilities Baht 'Million
Interest rate risk			
Interest rate swap contracts	5,591	13	(51)

Hedging Instruments	31 December 2022		
	Notional amounts	Fair value of hedging instruments	
	Baht 'Million	Assets Baht 'Million	Liabilities Baht 'Million
Interest rate risk			
Interest rate swap contracts	7,397	86	(21)

The below table sets out the outcome of the Bank's hedging strategy, as described in Note 4.7 to the financial statements, in particular, to changes in the fair value of the hedged items and hedging instruments during the year, used as the basis for recognising ineffectiveness:

Hedged items	Hedging instruments	31 December 2023		
		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring hedge ineffectiveness
		Hedged items Baht 'Million	Hedging instruments Baht 'Million	Baht 'Million
Interest rate risk				
THB and US Dollar fixed-rate investments in debt securities measured at amortised cost	Interest rate swap	19	(19)	-
THB fixed-rate investments in debt securities measured at fair value through other comprehensive income	Interest rate swap	18	(19)	1
Total		37	(38)	1

Hedged items	Hedging instruments	31 December 2022		
		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring hedge ineffectiveness
		Hedged items Baht 'Million	Hedging instruments Baht 'Million	Baht 'Million
Interest rate risk				
THB and US Dollar fixed-rate investments in debt securities measured at fair value through other comprehensive income	Interest rate swap	(64)	65	1

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

10. Derivatives assets/liabilities (continued)

Cash flow hedges

The amounts relating to items designated as hedged items under cash flow hedges are as follows:

Hedged items	31 December 2023		
	Change in fair value used in measuring hedge ineffectiveness Baht 'Million	Cash flow hedge reserve	
		Continuing hedges Baht 'Million	Discontinued hedges Baht 'Million
Interest rate and foreign exchange rate risk			
KRW fixed-rate investments in debt securities measured at amortised cost	84	-	-
MYR float-rate investments in debt securities measured at amortised cost	(2)	-	-
<b>Total</b>	<b>82</b>	<b>-</b>	<b>-</b>

Hedged items	31 December 2022		
	Change in fair value used in measuring hedge ineffectiveness Baht 'Million	Cash flow hedge reserve	
		Continuing hedges Baht 'Million	Discontinued hedges Baht 'Million
Interest rate and foreign exchange rate risk			
KRW fixed-rate investments in debt securities measured at amortised cost	(84)	84	-
MYR float-rate investments in debt securities measured at amortised cost	2	(2)	-
<b>Total</b>	<b>(82)</b>	<b>82</b>	<b>-</b>

The below table sets out the outcome of the Bank's hedging strategy, as described in Note 4.7 to the financial statements, in particular, the notional and the carrying amounts of the derivatives the Bank uses as cash flow hedging instruments and the changes in fair value used for measuring ineffectiveness of the cash flow hedges as follows:

Hedging instruments	31 December 2023						
	Notional amounts Baht 'Million	Carrying values		Changes in fair value used for measuring hedge ineffectiveness		Amount reclassified from the cash flow hedge reserve to profit or loss	
		Assets Baht 'Million	Liabilities Baht 'Million	Total Baht 'Million	Effective portion recognised in other comprehensive income Baht 'Million	Ineffective portion recognised in profit or loss Baht 'Million	Baht 'Million
Interest rate and foreign exchange rate risk							
Cross currency swap (KRW:THB) - hedge the risk of KRW fixed-rate investments in debt securities	16,273	534	(90)	84	84	-	-
Cross currency swap (MYR:THB) - hedge the risk of MYR float-rate investments in debt securities	2,431	143	-	(2)	(2)	-	-
<b>Total</b>	<b>18,704</b>	<b>677</b>	<b>(90)</b>	<b>82</b>	<b>82</b>	<b>-</b>	<b>-</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

10. Derivatives assets/liabilities (continued)

31 December 2022							
Hedging instruments	Carrying values			Changes in fair value used for measuring hedge ineffectiveness			Amount reclassified from the cash flow hedge reserve to profit or loss
	Notional amounts	Assets	Liabilities	Total	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Interest rate and foreign exchange rate risk							
Cross currency swap (KRW:THB) - hedge the risk of KRW fixed-rate investments in debt securities	23,183	102	(24)	85	84	1	-
Cross currency swap (MYR:THB) - hedge the risk of MYR float-rate investments in debt securities	2,510	36	-	(2)	(2)	-	-
<b>Total</b>	<b>25,693</b>	<b>138</b>	<b>(24)</b>	<b>83</b>	<b>82</b>	<b>1</b>	<b>-</b>

The following table provides a reconciliation by risk categories of other components of equity, resulting from hedge accounting.

	2023	2022
	Cash flow hedge reserve	Cash flow hedge reserve
	Baht 'Million	Baht 'Million
Beginning balance as at 1 January - net income tax	66	-
Effective portion of changes in fair value: Interest rate and foreign exchange rate risk	(82)	82
Changes in deferred cost of hedging related income taxes	16	(16)
Ending balance as at 31 December - net income tax	-	66

11. Investments

11.1 Classified by types of investment

Investments as at 31 December 2023 and 2022 consist of:

	31 December 2023	31 December 2022
	Baht 'Million	Baht 'Million
Investments in debt securities measured at amortised cost	15,942	17,154
Investments in debt securities measured at fair value through other comprehensive income	9,719	19,964
Investments in equity securities designated at fair value through other comprehensive income	16	16
<b>Total investments</b>	<b>25,677</b>	<b>37,134</b>



Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

11. Investments (continued)

Investments in debt securities measured at amortised cost

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Government and state enterprises securities	4,590	4,395
Private sector debt securities	500	-
Foreign debt securities	10,857	12,762
Total	15,947	17,157
Less: Allowance for expected credit losses	(5)	(3)
<b>Total investments in debt securities measured at amortised cost - net</b>	<b>15,942</b>	<b>17,154</b>

Investments in debt securities measured at fair value through other comprehensive income

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Government and state enterprise securities	5,206	5,573
Foreign debt securities	4,513	14,391
<b>Total investments in debt securities measured at fair value through other comprehensive income</b>	<b>9,719</b>	<b>19,964</b>
Allowance for expected credit losses	(2)	(2)

Investments in equity securities designated to be measured at fair value through other comprehensive income.

	Fair Value as at		Dividends received for the years ended	
	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Non-marketable domestic equity securities	16	16	10	8
<b>Total investments in equity securities designated at fair value through other comprehensive income</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>8</b>

During the years ended 31 December 2023 and 2022, the Bank did not dispose equity investments designated to be measured at fair value through other comprehensive income.

12. Loans to customers and interest receivables

12.1 Classified by loan types

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Overdrafts	1	5
Loans	23,312	29,856
Bills	450	353
Less: Deferred revenue	(23)	(20)
Loans to customers net of deferred revenue	23,740	30,194
Add: Interest receivables	130	158
Loans to customers net of deferred revenue and interest receivables	23,870	30,352
Less: Allowance for expected credit losses	(254)	(87)
Less: Excess allowance	-	(200)
Total allowance for expected credit losses	(254)	(287)
<b>Loans to customers and interest receivables - net</b>	<b>23,616</b>	<b>30,065</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

12. Loan to customers and interest receivables (continued)

12.2 Classified by currencies and debtors' residency

	31 December 2023			31 December 2022		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Baht	20,980	-	20,980	25,825	-	25,825
US Dollar	1,190	1,258	2,448	1,869	1,440	3,309
Others	-	312	312	130	930	1,060
Loans to customers net of deferred revenue	22,170	1,570	23,740	27,824	2,370	30,194

12.3 Classified by loan classification

	31 December 2023		31 December 2022	
	Loans to customers and interest receivables	Allowance for expected credit losses	Loans to customers and interest receivables	Allowance for expected credit losses
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Financial assets where there has not been a significant increase in credit risk (Performing)	23,063	(214)	28,567	(19)
Financial assets where there has been a significant increase in credit risk (Under-Performing)	807	(40)	1,785	(68)
Excess allowance	-	-	-	(200)
Total	23,870	(254)	30,352	(287)

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

12. Loan to customers and interest receivables (continued)

12.4 Allowance for expected credit losses

	31 December 2023				
	Financial assets where there has not been a significant increase in credit risk (12-month ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit-impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit-impaired)	Excess allowance	Total
	Baht/Million	Baht/Million	Baht/Million	Baht/Million	Baht/Million
<b>Interbank and money market items (assets)</b>					
Beginning balance	-	-	-	-	-
Changes due to remeasurement of allowance for expected credit losses	-	-	-	-	-
New financial assets purchased or acquired	1	-	-	-	1
Payments and derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	-	-	-	-	-
<b>Investments in debt securities measured at amortised cost</b>					
Beginning balance	3	-	-	-	3
Changes due to remeasurement of allowance for expected credit losses	-	-	-	-	-
New financial assets purchased or acquired	6	-	-	-	6
Payments and derecognition of financial assets	(4)	-	-	-	(4)
Ending balance	5	-	-	-	5
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Beginning balance	2	-	-	-	2
Changes due to remeasurement of allowance for expected credit losses	-	-	-	-	-
New financial assets purchased or acquired	2	-	-	-	2
Payments and derecognition of financial assets	(2)	-	-	-	(2)
Ending balance	2	-	-	-	2
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	19	68	-	200	287
Changes due to changes in staging	12	(12)	-	-	-
Changes due to remeasurement of allowance for expected credit losses	(16)	(15)	-	-	(31)
New financial assets purchased or acquired	4	1	-	-	5
Recovery	(5)	(2)	-	-	(7)
Write off	-	-	-	-	-
Amortisation of excess allowance	200	-	-	(200)	-
Ending balance	214	40	-	-	254

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

12. Loan to customers and interest receivables (continued)

12.4 Allowance for expected credit losses (continued)

	31 December 2022				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Excess allowance	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
<b>Interbank and money market items (assets)</b>					
Beginning balance	1	-	-	-	1
Changes due to remeasurement of allowance for expected credit losses	-	-	-	-	-
New financial assets purchased or acquired	-	-	-	-	-
Payments and derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	-	-	-	-	-
<b>Investments in debt securities measured at amortised cost</b>					
Beginning balance	1	-	-	-	1
Changes due to remeasurement of allowance for expected credit losses	-	-	-	-	-
New financial assets purchased or acquired	3	-	-	-	3
Payments and derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	3	-	-	-	3
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Beginning balance	1	-	-	-	1
Changes due to remeasurement of allowance for expected credit losses	1	-	-	-	1
New financial assets purchased or acquired	1	-	-	-	1
Payments and derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	2	-	-	-	2
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	28	341	894	300	1,563
Changes due to changes in staging	(8)	8	-	-	-
Changes due to remeasurement of allowance for expected credit losses	(2)	57	-	-	55
New financial assets purchased or acquired	9	3	-	-	12
Recovery	(8)	(94)	(254)	-	(356)
Write off	-	(247)	(640)	-	(887)
Amortisation of excess allowance	-	-	-	(100)	(100)
Ending balance	19	68	-	200	287

Due to the first-time adoption of TFRS 9 on 1 January 2020, the Bank had an excess allowance of Baht 500 million, which was the difference between the allowance for doubtful accounts determined based on accounting policy adopted before 1 January 2020 and the allowance for expected credit losses determined under TFRS 9. The Bank already notified to the Bank of Thailand in its letter dated 22 November 2019 that the Bank determined the plan to gradually reduce such excess allowance on a straight-line basis over the 5-year period, which is in accordance with the alternatives as determined by the Bank of Thailand. The Bank reduced the excess allowance by Baht 100 million for each year. During the year ended 31 December 2023, the Bank changed the excess allowance management whereby it reduced the remaining excess allowance of Baht 200 million to be reclassified as the management overlay reserve for business uncertainty.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

13. Premises and equipment

	Premise & Leasehold improvements Baht Million	Equipment Baht Million	Assets in progress Baht Million	Total Baht Million
<b>Cost</b>				
As at 1 January 2022	583	118	18	719
Acquisitions	-	8	304	312
Transfer in (out)	175	139	(314)	-
Transfer to assets held for sale	(583)	(57)	-	(640)
Disposal and written off	-	(30)	(1)	(31)
As at 31 December 2022	175	178	7	360
Acquisitions	-	43	1	44
Transfer in (out)	-	8	(8)	-
Disposal and written off	(11)	(10)	-	(21)
As at 31 December 2023	164	219	-	383
<b>Accumulated depreciation</b>				
As at 1 January 2022	466	60	-	526
Depreciation charged for the year	19	27	-	46
Transfer to assets held for sale	(481)	(25)	-	(506)
Disposal and written off	-	(30)	-	(30)
As at 31 December 2022	4	32	-	36
Depreciation charged for the year	32	50	-	82
Disposal and written off	(1)	(8)	-	(9)
As at 31 December 2023	35	74	-	109
<b>Net book value</b>				
As at 31 December 2022	171	146	7	324
As at 31 December 2023	129	145	-	274
Remaining useful lives as at 31 December 2023 (years)	5	0-5	-	-
<b>Depreciation included in profit or loss for the years ended</b>				
31 December 2022				46
31 December 2023				82

As at 31 December 2023 and 2022, certain equipment were fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to Baht 6 million and Baht 4 million, respectively.

The Bank relocated its offices to a new location and discontinued the old office in year 2022. The book value of Baht 63 million and Baht 94 million were sold and resulted net gains on disposal of Baht 269 million and Baht 703 million for the years ended 31 December 2023 and 2022, respectively. Such gains were included in other operating income in statement of income.

During the year 2023, the Bank reassessed the estimated benefit lives of leasehold improvements. The useful lives of leasehold improvements were previously estimated to be 10 years and the benefit live were ceased to be capped at 6 years. Such change has the effect of decreasing net profit for the year ended 31 December 2023 by approximately Baht 15 million.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

14. Leases

The Bank has lease contracts for property and equipment used in its operations. Leases generally have lease terms between 1 - 10 years.

14.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2023 and 2022 are summarised below:

	Buildings Baht Million	Motor vehicles Baht Million	Total Baht Million
<b>Cost</b>			
As at 1 January 2022	11	7	18
Acquisition of assets	195	1	196
Closed contract	(7)	-	(7)
As at 31 December 2022	199	8	207
Acquisition of assets	24	1	25
Closed contract	(6)	-	(6)
As at 31 December 2023	217	9	226
<b>Accumulated depreciation</b>			
As at 1 January 2022	8	5	13
Depreciation charged for the year	14	2	16
Closed contract	(6)	-	(6)
As at 31 December 2022	16	7	23
Depreciation charged for the year	34	2	36
Closed contract	(5)	-	(5)
As at 31 December 2023	45	9	54
<b>Net book value</b>			
As at 31 December 2022	183	1	184
As at 31 December 2023	172	-	172
<b>Depreciation charged in profit or loss for the years ended</b>			
31 December 2022			16
31 December 2023			36

14.2 Lease liability

	31 December 2023 Baht Million	31 December 2022 Baht Million
Lease payments	196	204
Less: Deferred interest expenses	(18)	(19)
<b>Lease liabilities - net</b>	<b>178</b>	<b>185</b>

A maturity analysis of lease payments is disclosed in Note 5.3 to financial statement regarding liquidity risk

14.3 Expenses relating to leases that are recognised in profit or loss

	31 December 2023 Baht Million	31 December 2022 Baht Million
Depreciation expense of right-of-use assets	35	16
Interest expense on lease liabilities	5	1
<b>Total</b>	<b>40</b>	<b>17</b>

The Bank had total cash outflows for leases for the years ended 31 December 2023 and 2022 of Baht 40 million and Baht 17 million, respectively.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

15. Intangible assets

	Application softwares Baht Million	Application softwares in progress Baht Million	Total Baht Million
<b>Cost</b>			
As at 1 January 2022	852	-	852
Acquisitions	27	399	426
Transfer in (out)	397	(397)	-
Disposal and written off	(65)	-	(65)
As at 31 December 2022	1,211	2	1,213
Acquisitions	37	526	563
Transfer in (out)	521	(521)	-
Disposal and written off	(38)	(2)	(40)
As at 31 December 2023	1,731	5	1,736
<b>Accumulated amortisation</b>			
As at 1 January 2022	283	-	283
Amortisation for the year	209	-	209
Disposal and written off	(65)	-	(65)
As at 31 December 2022	427	-	427
Amortisation for the year	255	-	255
Disposal and written off	(9)	-	(9)
As at 31 December 2023	673	-	673
<b>Net book value</b>			
As at 31 December 2022	784	2	786
As at 31 December 2023	1,058	5	1,063
Remaining useful lives as at 31 December 2023 (years)	0-9		
Amortisation included in profit or loss for the years ended			
31 December 2022			209
31 December 2023			255

As at 31 December 2023 and 2022, the Bank had application softwares, which were fully amortised but still in use. The original costs, before deducting accumulated amortisation, of those assets amounted to Baht 88 million and Baht 5 million, respectively.

During the year 2023, the Bank reassessed the estimated benefit lives of application softwares in order to accord with its group accounting policy and reflect their estimated useful lives. The useful lives of the application softwares were previously estimated to be 3 - 5 years and the benefit lives were reestimated to be capped at 10 years. Such change has the effect of increasing net profit for the year ended 31 December 2023 by approximately Baht 21 million.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

16. Deferred tax assets/liabilities and income tax expenses

16.1 Deferred tax assets/liabilities

Deferred tax assets/liabilities as at 31 December 2023 and 2022 consisted of the following components.

	Statement of financial position as at		Changes in deferred income taxes for the years ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
<b>Deferred tax assets:</b>				
Revaluation allowance on financial instrument	278	501	(223)	481
Allowance for expected credit losses	25	25	-	-
Provision for long-term employee benefits	69	68	1	4
Provision for other liabilities	5	8	(3)	(4)
Accrued expenses	44	45	(1)	8
Others	25	21	4	1
<b>Total</b>	<b>446</b>	<b>668</b>	<b>(222)</b>	<b>490</b>
<b>Deferred tax liabilities:</b>				
Reserve of derivatives held for cash flow hedge	-	16	16	(16)
Others	-	-	-	2
<b>Total</b>	<b>-</b>	<b>16</b>	<b>16</b>	<b>(14)</b>
Deferred tax assets - net	446	652	-	-
Changes in deferred income taxes			(206)	504

Movements in deferred tax assets (liabilities) during the years ended 31 December 2023 and 2022 were summarised as follows:

	31 December 2023	31 December 2022
	Baht 'Million	Baht 'Million
Deferred tax assets - beginning balances	652	148
Changes in deferred income taxes:		
Adjustment in respect of deferred tax assets	-	6
Recognised in profit or loss	(215)	478
Recognised in other comprehensive income	9	20
<b>Total changes in deferred income taxes for the years</b>	<b>(206)</b>	<b>504</b>
<b>Deferred tax assets - ending balances</b>	<b>446</b>	<b>652</b>

16.2 Income tax expenses

Income tax expenses for the years ended 31 December 2023 and 2022 were summarised as follows:

	31 December 2023	31 December 2022
	Baht 'Million	Baht 'Million
<b>Current income taxes:</b>		
Current income tax charge for the years	122	828
Adjustments in respect of corporate income taxes of previous year	12	-
<b>Deferred income taxes:</b>		
Deferred income tax relating to origination and reversal of temporary differences	215	(478)
<b>Income tax expenses reported in profit or loss</b>	<b>349</b>	<b>350</b>



Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

16. Deferred tax assets/liabilities and income tax expenses (continued)

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2023 and 2022 multiplied by the applicable tax rate were as follows:

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Accounting profits before income tax expenses	1,666	1,819
Applicable tax rate	20%	20%
Accounting profits before income tax expenses multiplied by applicable tax rate	333	364
Adjustments in respect of corporate income taxes of previous year	12	-
Tax effects from:		
Net tax effect of tax-exempted revenue and non-tax-deductible expenses	4	6
Others	-	(20)
Income tax expenses reported in profit or loss	349	350

16.3 Components of other comprehensive income (losses)

	31 December 2023			31 December 2022		
	Before tax amount Baht 'Million	Tax benefit (expense) Baht 'Million	Net of tax amount Baht 'Million	Before tax amount Baht 'Million	Tax benefit (expense) Baht 'Million	Net of tax amount Baht 'Million
Items to be recognised subsequently in profit or loss:						
Gains (losses) from revaluation of investments in debt securities measured at fair value through other comprehensive income	27	(5)	22	(216)	43	(173)
Gains (losses) from measurement of derivatives held for cash flows hedges	(82)	16	(66)	82	(16)	66
Total items to be recognised subsequently in profit or loss	(55)	11	(44)	(134)	27	(107)
Items not to be recognised subsequently in profit and loss:						
Gains (losses) from revaluation of own credit risk	(6)	1	(5)	13	(3)	10
Actuarial gains (losses)	14	(3)	11	19	(4)	15
Total items not to be recognised subsequently in profit or loss	8	(2)	6	32	(7)	25
Total	(47)	9	(38)	(102)	20	(82)

17. Other assets

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Collateral receivables under the Credit Support Annex agreements and the private repurchase transactions	5,076	5,859
Receivables on sales of investments	1,241	1,951
Others	967	761
Total	7,284	8,571

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

18. Deposits

18.1 Classified by type of deposits

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Current accounts	15,293	13,126
Savings accounts	58,492	45,700
Fixed deposits	20,995	14,831
<b>Total deposits</b>	<b>94,780</b>	<b>73,657</b>

18.2 Classified by currency and residence of depositors

	31 December 2023			31 December 2022		
	Domestic Baht 'Million	Overseas Baht 'Million	Total Baht 'Million	Domestic Baht 'Million	Overseas Baht 'Million	Total Baht 'Million
Baht	48,738	4,150	52,888	45,473	1,712	47,185
US Dollar	29,073	3,387	32,460	20,699	4,164	24,863
Others	9,392	40	9,432	1,553	56	1,609
<b>Total deposits</b>	<b>87,203</b>	<b>7,577</b>	<b>94,780</b>	<b>67,725</b>	<b>5,932</b>	<b>73,657</b>

19. Interbank and money market items (liabilities)

	31 December 2023			31 December 2022		
	On demand Baht 'Million	Term Baht 'Million	Total Baht 'Million	On demand Baht 'Million	Term Baht 'Million	Total Baht 'Million
<b>Domestic items</b>						
Commercial banks	-	1,300	1,300	-	8,137	8,137
Specific financial institutions	-	-	-	-	200	200
Other financial institutions	8,673	72	8,745	7,250	45	7,295
<b>Total domestic items</b>	<b>8,673</b>	<b>1,372</b>	<b>10,045</b>	<b>7,250</b>	<b>8,382</b>	<b>15,632</b>
<b>Foreign items</b>						
US Dollar	293	-	293	2	-	2
Baht	6,779	-	6,779	9,310	-	9,310
Yen	-	-	-	-	2,609	2,609
<b>Total Foreign items</b>	<b>7,072</b>	<b>-</b>	<b>7,072</b>	<b>9,312</b>	<b>2,609</b>	<b>11,921</b>
<b>Total domestic and foreign items</b>	<b>15,745</b>	<b>1,372</b>	<b>17,117</b>	<b>16,562</b>	<b>10,991</b>	<b>27,553</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

20. Financial liabilities measured at fair value through profit or loss

20.1 Financial liabilities held for trading

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Provision for returning securities	1,590	1,079

20.2 Financial liabilities designated at fair value through profit or loss

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Bills of Exchange	1,535	1,716
Structured debenture	1,342	1,318
<b>Total</b>	<b>2,877</b>	<b>3,034</b>
Cumulative change in fair values due to a change in credit risk of liabilities recognised in other comprehensive income	(1)	4
Difference between book values and notional amounts to be settled as the contracts mature	434	468

21. Provisions for liabilities

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Provision for long-term employee benefits	350	338
Allowance for expected credit losses on loan commitments and financial guarantee contracts	128	127
<b>Total provision for liabilities</b>	<b>478</b>	<b>465</b>

21.1 Provision for long-term employee benefits

Changes in provisions for long-term employee benefits for the years ended were summarised as follows:

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Provisions for long-term employee benefits at beginning of the year	338	323
Recognised in profit or loss:		
Current service cost	29	31
Interest cost	11	7
<b>Total benefits recognised in profit or loss</b>	<b>40</b>	<b>38</b>
Recognised in other comprehensive income:		
Actuarial gains arising from		
Financial assumption changes	(8)	(17)
Experience adjustments	(6)	(2)
<b>Total recognised in other comprehensive income</b>	<b>(14)</b>	<b>(19)</b>
Employee benefits paid during the year	(14)	(4)
<b>Provisions for long-term employee benefits at end of the year</b>	<b>350</b>	<b>338</b>

As at 31 December 2023 and 2022, the Bank expected to pay long-term employee benefits during the next year amounting to Baht 13 million and Baht 23 million, respectively.

As at 31 December 2023 and 2022, the weighted average duration of the Bank's long-term employee benefit obligation was 9 years and 10 years, respectively.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

21. Provision for liabilities (continued)

The principal assumptions used in determining provision for long-term employee benefits can be summarised as follows:

(Unit: % per annum)		
	31 December 2023	31 December 2022
Future salary incremental rate (depending on age)	4.0	4.0
Turnover rates (depending on age)	0.0 – 30.0	0.0 – 30.0
Average discount rate	3.1	2.8
Mortality development rates	0.0004 – 0.0073	0.0004 – 0.0073

Sensitivity analysis for principal assumptions that affected provision for long-term employee benefits as at 31 December 2023 and 2022 were summarised below:

	31 December 2023							
	Salary incremental rate		Turnover rate		Discount rate		Mortality development rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 20%	Decreased by 20%	Increased by 0.25%	Decreased by 0.25%	Increased by 1%	Decreased by 1%
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Increase (decrease) in provision for long-term employee benefits	15	(14)	(9)	10	(7)	7	-	-

	31 December 2022							
	Salary incremental rate		Turnover rate		Discount rate		Mortality development rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 20%	Decreased by 20%	Increased by 0.25%	Decreased by 0.25%	Increased by 1%	Decreased by 1%
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Increase (decrease) in provision for long-term employee benefits	13	(12)	(8)	9	(6)	6	-	-

21.2 Allowance for expected credit losses on loan commitments and financial guarantee contracts

As at 31 December 2023 and 2022, allowances for expected credit losses on loan commitments and financial guarantee contracts classified by classification were as follows:

	31 December 2023		31 December 2022	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Financial assets where there has not been a significant increase in credit risk (Performing)	22,655	(5)	26,837	(5)
Financial assets where there has been a significant increase in credit risk (Under-Performing)	4,170	(23)	3,463	(20)
Financial assets that are credit-impaired (Non-Performing)	428	(100)	336	(102)
Total	27,253	(128)	30,636	(127)

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

21. Provision for liabilities (continued)

The changes in the allowance for expected credit losses on loan commitments and financial guarantee contracts were as follows:

	For the year ended 31 December 2023			
	Financial assets where there has not been a significant increase in credit risk (12-month ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Beginning balances	5	20	102	127
Changes due to changes in staging	1	(1)	-	-
Changes due to remeasurement of allowance for expected credit losses	(1)	4	(2)	1
Derecognition	(1)	(1)	-	(2)
Obligations to grant new credit limits and financial guarantees	1	1	-	2
Ending balances	5	23	100	128

	For the year ended 31 December 2022			
	Financial assets where there has not been a significant increase in credit risk (12-month ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Beginning balances	4	121	-	125
Changes due to changes in staging	6	(104)	98	-
Changes due to remeasurement of allowance for expected credit losses	(5)	6	4	5
Derecognition	(1)	(4)	-	(5)
Obligations to grant new credit limits and financial guarantees	1	1	-	2
Ending balances	5	20	102	127

22. Other liabilities

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Collateral payables under Credit Support Annex agreements and payables on private repurchase transactions	6,951	6,574
Payables on purchases of investments	1,777	681
Accrued expense	1,741	1,030
Others	908	824
Total	11,377	9,109

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

23. Share capital

	Par value per share (Baht)	31 December 2023		31 December 2022	
		Number of shares	Amounts	Number of shares	Amounts
		(Million shares)	Baht 'Million	(Million shares)	Baht 'Million
Registered share capital:					
Ordinary shares	10	1,484	14,843	1,484	14,843
Issued and paid-up share capital:					
Ordinary shares	10	1,484	14,837	1,484	14,837

24. Premium on share capital

Section 51 of the Public Limited Company Act B.E. 2535 requires the Bank to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account under the name of "Premium on share capital", which is not available for dividend distribution.

25. Other components of equity

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Other components of equity:		
Revaluation deficit on investments measured at fair value through other comprehensive income		
Debt securities	(222)	(249)
Total	(222)	(249)
Revaluation deficit on investments designated to be measured at fair value through other comprehensive income		
Equity securities	(8)	(8)
Total	(8)	(8)
Total fair value reserve	(230)	(257)
Cash flow hedge reserve	-	82
Own credit revaluation reserve	(1)	5
Total other components of equity	(231)	(170)
Less: Income taxes	46	34
Other components of equity - net of income taxes	(185)	(136)

26. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Bank is required to set aside its legal reserve not less than 5% of its net profits, after deducting any balance of deficit brought forward, until such reserve reaches 10% of the Bank's registered share capital. The statutory reserve is not available for dividend distribution.

27. Dividends

On 18 April 2023, the Annual General Meeting of the Bank's shareholders passed a resolution approving payment of cash dividend from operating results for the year ended 31 December 2022 at the rate of Baht 0.99 per share, or a total of Baht 1,469 million. The dividend payment was made on 24 April 2023.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

## 28. Commitments and contingent liabilities

### 28.1 Contingent liabilities

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Guarantees of loans	556	2,454
Letters of credit	1,020	3,261
Bank's liability under acceptances	2,702	974
Other commitments		
- Undrawn committed lines of other credits	8,548	10,029
- Other guarantees	17,128	14,891
- Others	1,763	7,817
Total other commitments	27,439	32,737
Total commitments	31,717	39,426

### 28.2 Litigation

In the course of normal business operation of the Bank, the Bank has been sued and as of 31 December 2023 and 2022, there were lawsuits under court proceeding. Under these lawsuits, the original principal amount of claim against the Bank were Baht 649 million and Baht 649 million, respectively (excluding interest and other costs).

The Bank's management exercise their reasonable judgment to estimate the amount of claims to the Bank and believe that, should the outcome of the lawsuits be finalized, there will not be a material impact to the Bank's financial position or operating performance.

For the assessment of contingent liabilities as a result of litigation for claims, the management has used judgement to assess the outcome of the cases and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

## 29. Assets placed as collateral

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Government bonds		
Placed as collateral for Intraday Liquidity Facilities with the BoT	15,489	16,379
Placed as collateral for hedging of settlement risk	701	898
Placed as collateral for private repurchase transaction	1,313	7,208
Foreign bonds		
Placed as collateral under Credit support annex for derivatives	450	609
Total	17,953	25,094

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

### 30. Related party transactions

#### 30.1 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group, a person or entity that are under common control or under the same significant influence as the Group, or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with key management, related persons and parties were as follows:

Name of entity/Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thai/Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank
Standard Chartered PLC	United Kingdom	Ultimate parent company of the Bank
Standard Chartered Bank (Singapore) Limited	Singapore	Immediate parent company of the Bank
Standard Chartered Bank	United Kingdom	Affiliated company within Standard Chartered Group
Standard Chartered Global Business Services Private Limited	India	Affiliated company within Standard Chartered Group
Standard Chartered Global Business Services SDN BHD	Malaysia	Affiliated company within Standard Chartered Group
Standard Chartered Global Business Services Private Limited	China	Affiliated company within Standard Chartered Group
Raffles Nominees Pte Ltd.	Singapore	Affiliated company within Standard Chartered Group

#### 30.2 Pricing policies

The pricing policies for particular types of transactions were summarised below:

Transactions	Pricing policies
Interest rate	Based on market rate
Services	Contractually agreed price
Derivatives	Based on market price

#### 30.3 Significant related parties' transactions

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

	31 December 2023 Baht Million	31 December 2022 Baht Million
Net interest income (expenses)	(12)	(98)
Net gains on financial instruments measured at fair value through profit or loss	704	4,930
Service fees under the service agreements <sup>(1)</sup>	(1,349)	(1,146)
Other operating income	348	41
Other operating expense	(119)	(99)

<sup>(1)</sup> This amount was presented as a part of "Other operating expenses"



Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

30. Related party transactions (continued)

30.4 Outstanding balance

Significant outstanding balance as of 31 December 2023 and 2022 were as follows:

	31 December 2023		31 December 2022	
	Standard Chartered Group	Others	Standard Chartered Group	Others
	Baht 'Million	Baht 'Million	Baht 'Million	Baht 'Million
Interbank and money market items (assets)	9,131	-	2,281	-
Derivatives assets	9,639	-	11,201	-
Financial assets held for trading	424	-	-	-
Collateral receivables under the Credit Support Annex agreements and the private repurchase transactions <sup>(1)</sup>	44	-	86	-
Others <sup>(1)</sup>	197	-	1,406	-
Deposits	-	24	-	199
Interbank and money market items (liabilities)	951	-	4,061	-
Derivatives liabilities	4,234	-	5,709	-
Collateral payables under the Credit Support Annex agreements and the private repurchase transactions <sup>(2)</sup>	4,561	-	4,686	-
Accrued expenses <sup>(2)</sup>	1,156	-	590	-
Others <sup>(2)</sup>	787	-	338	-
Other letters of guarantee	2,433	-	4,540	-
Derivatives (stated in notional amounts)				
Foreign exchange	110,618	-	144,436	-
Interest rate	134,416	-	121,942	-
Others				
Credit default swap	77	-	147	-

<sup>(1)</sup> These accounts were presented as a part of "Other assets"

<sup>(2)</sup> These accounts were presented as a part of "Other liabilities"

30.5 Significant agreements with related parties

Service agreements

In 2011, the Bank entered into service agreements with Standard Chartered Bank-UK relating to the provision of certain advisory and other services to the Bank by Standard Chartered Bank-UK. The fees payable by the Bank to Standard Chartered Bank-UK under the advisory and service agreements are based on an allocation of actual costs plus a margin, in accordance with the terms in the agreement.

Outsourcing service agreements

In 2002, the Bank entered into service agreements with related parties for certain accounting and financial processing activities, information technology support, and other related activities. The fees are based on the terms of the agreements, including actual cost, actual cost plus margin, fixed cost per transaction and other agreed fees.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

30. Related party transactions (continued)

30.6 Remunerations to directors and senior management

Remunerations to the Bank's directors and senior management, who are key management personnel with authority and responsibility, whether direct or indirect, for planning, direction and controlling the operations of the Bank, consisted of monthly remunerations, salaries, provident fund contributions and long-term benefits, which were incurred for the years ended 31 December 2023 and 2022 as follows:

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Short-term employee benefits	254	246
Post-employment benefits	9	8
Share-based payments	21	6
Total	284	260

The Bank did not provide additional benefit to the directors and management other than the benefits normally provided. These include managements salary, bonus and director remuneration, which were approved in Shareholders' Meeting. All the directors appointed by Standard Chartered PLC. had renounced all types of benefits.

30.7 Share-based payments

The Standard Chartered Group operates a number of share-based arrangements for its executive directors and employees. The Bank participates in cash settled and equity settled share-based compensations under the following schemes:

2021 Standard Chartered Share Plan (the '2021 Plan')

The 2021 Plan was approved by shareholders in May 2021 and is the Standard Chartered Group's main share plan. Since approval, it has been used to deliver various types of share awards. Currently the following only one type of share award has been granted to employees in Thailand.

Deferred awards are used to deliver the deferred portion of variable remuneration, in line with both market practice and regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of grant.

All Employee Sharesave Plans - 2013 Sharesave Plan

Under the 2013 Sharesave Plan, employees may open a 3-year savings contract. Contribution (saving) amount will determine number of options granted. Within a period of six months after the third anniversary, employees can decide to exercise their options to receive a payment equal to any increase in value of Standard Chartered PLC share price units less any withholding tax and stock broking commission charges.

31. Earnings per share

Basic earnings per share is calculated by dividing net profit or loss, excluding other comprehensive income, by the weighted average number of ordinary shares in issue during the years.

	31 December 2023	31 December 2022
Net profit (Million Baht)	1,316	1,470
Earnings per share (Baht/share)	0.89	0.99
Weighted average number of ordinary shares (Million shares)	1,484	1,484

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

### 32. Non-cancellable operating lease agreements

As at 31 December 2023 and 2022, the Bank had rental and related service commitments related to 1 - 6 years office lease agreements. Future minimum lease payments required under such contracts were as follows:

Payable within	31 December 2023	31 December 2022
	Baht 'Million	Baht 'Million
1 year	1	1
1 to 5 years	3	3
Over 5 years	-	1

### 33. Segment information

#### 33.1 Client segments

The main business in Thailand, is Corporate and Institutional Banking ("CIB").

CIB comprises of International Corporates, which are major multinational corporations and large business groups with sophisticated, cross-border needs requiring high levels of international service and Financial Institutions, consists of Banks, Investor clients, Insurance companies, Broker, Dealers, Public Sector such as Bank of Thailand, Sovereign Wealth Funds, Development Organisations and other types of financial institutions.

Activities not directly related to a client segment are included in "Central and other items" which mainly include Asset and Liability Management and unallocated central costs. This segment information is reported in a manner consistent with the internal performance framework as presented to the Bank's management.

Operating segment information of the Bank was summarised as follow:

	31 December 2023		
	Corporate and Institutional Banking	Central and other items	Total operating segment
	Baht 'Million	Baht 'Million	Baht 'Million
Net interest income	2,256	(112)	2,144
Net non-interest income	2,348	919	3,267
Operating income	4,604	807	5,411
Operating expenses	(3,469)	(307)	(3,776)
Reversal of expected credit losses	30	-	30
Profits before income tax expenses	1,165	500	1,665
Income tax expenses			(349)
Net profit			1,316

	31 December 2022		
	Corporate and Institutional Banking	Central and other items	Total operating segment
	Baht 'Million	Baht 'Million	Baht 'Million
Net interest income	1,566	376	1,942
Net non-interest income	2,071	764	2,835
Operating income	3,637	1,140	4,777
Operating expenses	(3,048)	(230)	(3,278)
Reversal of expected credit losses	321	-	321
Profits before income tax expenses	910	910	1,820
Income tax expenses			(350)
Net profit			1,470

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

33. Segment information (continued)

	31 December 2023		
	Corporate and Institutional Banking	Central and other items	Total operating segment
	Baht 'Million	Baht 'Million	Baht 'Million
Total assets	114,901	59,880	174,781
Total liabilities	141,910	6,141	148,051

	31 December 2022		
	Corporate and Institutional Banking	Central and other items	Total operating segment
	Baht 'Million	Baht 'Million	Baht 'Million
Total assets	106,090	59,647	165,737
Total liabilities	124,483	14,334	138,817

33.2 Geographic information

The Bank operates in Thailand only. Therefore, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical report.

34. Interest income

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Interbank and money market items	1,727	579
Investments and trading transactions	973	700
Investments in debt securities	614	509
Loans to customers	1,119	851
<b>Total Interest income</b>	<b>4,433</b>	<b>2,639</b>

35. Interest expenses

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Deposits	1,277	315
Interbank and money market items	667	217
Contributions to the Deposit Protection Agency and the Financial Institution Development Fund	339	164
Others	6	1
<b>Total Interest expenses</b>	<b>2,289</b>	<b>697</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

36. Fees and service income - net

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Fees and service income		
Of which:		
Acceptances and guarantees	90	85
Transaction fee	389	315
Custody fee	412	413
Others	568	326
Total fees and service income	1,459	1,139
Fees and service expenses		
Of which:		
Commission	62	61
Others	188	288
Total fees and service expenses	250	349
Net fees and service income	1,209	790

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

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Gains (losses) on foreign currencies and derivatives on foreign exchange	1,640	(679)
Gains on derivatives on interest rates	168	2,340
Gains (losses) on debt securities and derivative linked to price of debt securities	4	(537)
Others	(57)	239
Total	1,755	1,363
Gains (losses) on hedging transactions	16	(43)
Net gains on financial instruments measured at fair value through profit or loss	1,771	1,320

38. Net gains (losses) on investments

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Gains (losses) on sales		
Investments in debt securities measured at fair value through other comprehensive income	(4)	5
Net gains (losses) on investments	(4)	5

39. Employee expenses

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Wages and salaries	826	783
Post-employment benefits - define benefit plan	41	39
Share-based payments	43	45
Others	454	433
Total employee expenses	1,364	1,300

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

40. Other operating expenses

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Service fees under the service agreements – related parties	1,349	1,146
Technology expenditure	418	317
Others	360	319
<b>Total other operating expenses</b>	<b>2,127</b>	<b>1,782</b>

41. Expected credit losses (reversal)

	31 December 2023 Baht 'Million	31 December 2022 Baht 'Million
Expected credit losses (reversal):		
Interbank and money market items	-	(1)
Investments in debt securities measured at amortised cost	2	3
Investments in debt securities measured at fair value through other comprehensive income	-	1
Loans to customers, commitments and contingent liabilities	(32)	(324)
<b>Total expected credit losses (reversal)</b>	<b>(30)</b>	<b>(321)</b>

42. Fair values of financial assets and liabilities

42.1 Fair value estimation process

The Bank estimates fair values of assets and liabilities under the following policies, controls, methods and assumptions.

The Bank's fair value estimation process is monitored under the policies, which cover methods of calculation, market data, counterparty credit risk and reserve provisioning. Such policies determine the methods and controls in estimating fair values of assets and liabilities where mark-to-market or mark-to-model is required.

The rates and parameters used in estimating fair values are reviewed independently by Product Control and Governance (PCG) Unit and other relevant units whereby in case of products or financial instruments that are traded in the liquid market or the exchange, the fair values will be cross-checked with other service providers in the market or other market sources. If the market prices obtained have no liquidity, the Bank will use other additional techniques, i.e. valuation using historical information or using market rates and parameters available to test the level of reasonableness of such fair values.

42.2 Fair values of financial assets and liabilities

Fair values of each item of financial assets and liabilities are estimated using the following methods and assumptions.

a. Cash

The fair value is assumed to approximate its carrying value.

b. Interbank and money market items (assets and liabilities)

The fair value of floating interest rate interbank and money market items (both assets and liabilities) were assumed to approximate the carrying value as at the reporting date. The fair value of fixed interest rate interbank and money market items with a remaining to maturity period of more than 1 year from the statement of financial position date was determined by discounting the expected future cash flows at the current average interest rate for similar debts.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023 and 2022**

**42. Fair value of financial assets and liabilities (continued)**

**c. Derivatives assets/liabilities**

The fair value of derivatives is referred to market price. In case that fair value cannot be quoted in market price, the fair value is determined by using valuation techniques. The information used in the valuation techniques is observable in the market, which is based on reliable sources, such as interest rates and exchange rates etc. Moreover, in using valuation techniques, the Bank has adjusted valuation adjustment in order to appropriately reflect relevant risks such as credit valuation adjustment (CVA), market liquidity risk based on the bid-offer spread, etc.

**d. Investments**

The fair values of debt securities are determined based on the yield rates quoted by the Thai Bond Market Association.

The fair value of foreign debt securities are determined based on the value quoted by reliable international financial institutions will be used.

The fair value of non-marketable equity securities are determined using non-observable information.

**e. Loans to customers**

Fair value of floating interest loans to customers where the rates change frequently without material impact on credit risk is measured at carrying value as at reporting date. Fixed interest loans to customers where the interest rate is expected to change within 1 year of the reporting date is measured approximately at their carrying value as at the reporting date. Other fixed interest loans to customers are measured by discounting future cash flow. The discount rate used is determined based on loans with similar credit risk.

**f. Deposits**

Fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with not more than 1 year from the reporting date remaining to maturity is measured at carrying value as at reporting date. For the promissory notes and fixed rate deposits with more than 1 year from the reporting date remaining to maturity are measured determined by discounting future cash flow. The discount rate used is determined based on current interest rate.

**g. Liability payable on demand**

The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.

**h. Financial liabilities designated at fair value through profit or loss**

The fair value is referred to market price. In case that fair value cannot be quoted in market price, the fair value is determined by using valuation techniques. The information used in the valuation techniques is observable in the market, which is based on reliable sources, such as interest rates and exchange rates etc. Moreover, in using valuation techniques, the Bank has adjusted the Bank's credit risk.

Since the majority of the Bank's financial instruments, which were not measured at fair value, are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is assumed to approximate their book value in the statement of financial position.

Notes to the financial statements (continued)  
For the year ended 31 December 2023 and 2022

42. Fair value of financial assets and liabilities (continued)

As at 31 December 2023 and 2022, the Bank had financial assets and liabilities measured at fair value or disclosed at fair value using different levels of inputs as follows:

	31 December 2023				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
	Baht	Baht	Baht	Baht	Baht
	Million	Million	Million	Million	Million
<b>Financial assets measured at fair value</b>					
Financial assets measured at fair value through profit or loss:					
Financial assets held for trading	38,404	-	38,404	-	38,404
Derivatives assets	20,072	46	20,026	-	20,072
Investments in debt securities measured at fair value through other comprehensive income	9,719	4,514	5,205	-	9,719
Investment in equity securities designated to be measured at fair value through other comprehensive income	16	-	-	16	16
<b>Financial liabilities measured at fair value</b>					
Financial liabilities measured at fair value through profit or loss	4,467	-	4,467	-	4,467
Derivatives liabilities	18,831	64	18,767	-	18,831
<b>Financial assets for which fair value were disclosed</b>					
Investments in debt securities measured at amortised cost	15,942	-	15,819	-	15,819
Loans to customers and interest receivables - net	23,616	-	-	23,159	23,159

	31 December 2022				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
	Baht	Baht	Baht	Baht	Baht
	Million	Million	Million	Million	Million
<b>Financial assets measured at fair value</b>					
Financial assets measured at fair value through profit or loss:					
Financial assets held for trading	27,036	-	27,036	-	27,036
Derivatives assets	25,405	49	25,356	-	25,405
Investments in debt securities measured at fair value through other comprehensive income	19,964	14,391	5,573	-	19,964
Investment in equity securities designated to be measured at fair value through other comprehensive income	16	-	-	16	16
<b>Financial liabilities measured at fair value</b>					
Financial liabilities measured at fair value through profit or loss	22,864	11	22,853	-	22,864
Derivatives liabilities	4,113	-	4,113	-	4,113
<b>Financial assets for which fair value were disclosed</b>					
Investments in debt securities measured at amortised cost	17,154	-	17,154	-	17,154
Loans to customers and interest receivables - net	30,065	-	7,528	22,537	30,065

43. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 19 March 2024.