Bangkok Bank

Bangkok Bank Public Company Limited

Basel III - Pillar 3 Disclosures

As at December 31, 2024

Bangkok Bank

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Introduction

Bangkok Bank ("the Bank") recognizes that effective risk management and good corporate governance are essential to the stability and sustainable credibility of the Bank and its subsidiaries in the Group ("the Group"). The Bank therefore places great emphasis on continually improving risk management processes and on having a sufficient level of capital to support business operations, at both the Bank level and the Group level.

The use of market discipline is deemed to be an important driver in the enhancement of the risk management system. Therefore, disclosures of information regarding capital, risk exposures, risk assessment processes, and capital adequacy are provided at both the Bank level (Solo Basis) and the Group level (Full Consolidation Basis). The disclosures are in accordance with the disclosure requirements of the Bank of Thailand ("BOT").

The complete disclosure report of information regarding capital management in accordance with Basel III - Pillar 3 is provided, of which the quantitative information regarding key prudential metrics, capital structure, capital adequacy, minimum capital requirements for credit risk, market risk, operational risk and Liquidity Coverage Ratio (LCR) is disclosed semi-annually. As for the disclosure of qualitative information, it is updated annually or when there is a material change in the risk management policy. Disclosures will be made for information that the Bank considers to be of material nature. The Pillar 3 disclosure reports will be made available on the Bank's website under the section "Investor Relations" within four months after the end of relevant period.

Scope of Application

The disclosure report covers information at both the Bank level (Solo Basis) and the Group level (Full Consolidation Basis). There are 12 companies in the Group consisting of;

- Bangkok Bank Public Company Limited engaged in commercial banking (as the parent company)
- Bangkok Bank Berhad engaged in commercial banking
- Bangkok Bank (China) Company Limited engaged in commercial banking
- PT Bank Permata Tbk engaged in commercial banking
- Bualuang Securities Public Company Limited engaged in securities business
- BBL Asset Management Company Limited engaged in fund management
- Bangkok Capital Asset Management Company Limited engaged in fund management
- Sinsuptawee Asset Management Company Limited engaged in asset management
- Bualuang Ventures Limited engaged in venture capital
- BSL Leasing Company Limited engaged in leasing business
- BBL (Cayman) Limited engaged in finance business
- BBL Nominees (Tempatan) Sdn. Bhd engaged in supporting business

The scope of consolidation for accounting and regulatory purposes has no difference (See Table 7).

1. Key Prudential Metrics

Table 1: Quantitative Disclosure of Key Prudential Metrics

Items		The Group		The Bank	
		31 December 2024	30 June 2024	31 December 2024	30 June 2024
Capital (Unit : Million Baht)					
1	Common Equity Tier 1 Capital (CET1)	492,953	474,984	487,366	463,734
1A	Common Equity Tier 1 Capital (CET1) after ECL[1/] (Fully loaded ECL CET1)	492,953	474,984	487,366	463,734
2	Tier 1 Capital	516,755	498,768	510,958	487,326
2A	Tier 1 Capital after ECL (Fully loaded ECL Tier1)	516,755	498,768	510,958	487,326
3	Total Capital	620,060	603,353	611,507	588,234
3A	Total Capital after ECL (Fully loaded ECL Total Capital)	620,060	603,353	611,507	588,234
Risk Weighted Assets (Unit : Million Baht)					
4	Total Risk Weighted Assets (RWA)	3,046,658	3,100,722	2,734,676	2,757,322
Capital to Risk Weighted Assets Ratio (%)					
5	Common Equity Tier1 Capital Ratio	16.18	15.32	17.82	16.82
5A	Common Equity Tier1 Capital Ratio after ECL (Fully loaded ECL CET1 Ratio)	16.18	15.32	17.82	16.82
6	Tier 1 Capital Ratio	16.96	16.09	18.68	17.67
6A	Tier 1 Capital Ratio after ECL (Fully loaded ECL Tier1 Ratio)	16.96	16.09	18.68	17.67
7	Total Capital Ratio	20.35	19.46	22.36	21.33
7A	Total Capital Ratio after ECL (Fully loaded ECL Total Capital Ratio)	20.35	19.46	22.36	21.33
Capital Buffer Ratio (%)					
8	Conservation Buffer Ratio	2.50	2.50	2.50	2.50
9	Countercyclical Buffer Ratio	-	-	-	-
10	Higher Loss Absorbency Ratio	1.00	1.00	1.00	1.00
11	Total Capital Buffer (Total Transaction 8 -10)	3.50	3.50	3.50	3.50
12	Common Equity Tier 1 Ratio Remaining after Minimum Requirement[2/]	10.96	10.09	12.68	11.67
Liquidity Coverage Ratio (LCR) (%)				**Average Value for the fourth quarter**	
				Year 2024	**Year 2023**
13	Total High-Quality Liquid Assets (Unit : Million Baht)			1,060,086	1,063,232
14	Total Expected Net Cash Outflows within the next 30 days (Unit : Million Baht)			400,151	383,149
15	LCR (%)			265	277

[1/] Expected Credit Loss (ECL) as prescribed in TFRS9 Financial Instruments (TFRS9) of the Federation of Accounting Professions

[2/] CET1 ratio remaining after minimum capital, it is not necessarily equal to the difference between the CET1 ratio in the 5th and the 4.5% minimum CET1 ratio requirement. Due to the CET1 ratio may be applied to maintain a minimum Tier1 ratio requirement of 6% and/or minimum total capital ratio requirement of 8.5%.

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2. Capital Structure and Capital Adequacy

2.1 Capital Structure

The Bank's capital structure according to the regulations on capital requirements under the principles of BOT's Basel III, is revised into Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

- Common Equity Tier 1 Capital comprises
  1) Paid-up Share Capital
  2) Premium (discount) on Common Share
  3) Legal Reserves
  4) Reserves appropriated from net profit
  5) Retained earnings after appropriations
  6) Non-controlling Interest classified as Common Equity Tier 1 Capital
  7) Other Reserves
  8) Deductions such as goodwill, intangible assets and deferred tax assets
- Additional Tier 1 Capital consists of
  1) Long-term subordinated debt instrument with claims subordinated to depositors, general creditors and other subordinated debts, including debt instruments qualified as Tier 2 Capital.
  2) Non-controlling Interest classified as Additional Tier 1 Capital
- Tier 2 Capital consists of
  1) Long-term subordinated debt instrument with claims subordinated to depositors and general creditors
  2) General Provisions for normal assets not exceeding 1.25 percent of credit risk- weighted assets
  3) Non-controlling Interest classified as Tier 2 Capital

Table 2: Capital Structure

Unit : Million Baht

Capital	The Group		The Bank	
	31 December 2024	**30 June 2024**	**31 December 2024**	**30 June 2024**
Common Equity Tier 1 Capital	**492,953**	**474,984**	**487,366**	**463,734**
Tier 1 Capital	**516,755**	**498,768**	**510,958**	**487,326**
Tier 2 Capital	**103,305**	**104,585**	**100,549**	**100,908**
Total Capital	**620,060**	**603,353**	**611,507**	**588,234**

2.2 Capital Adequacy

The objective of the Bank's and the Group's capital management policy is to maintain an adequate level of capital to support growth strategies within an acceptable risk framework, as well as to meet regulatory requirements and market expectations.

In compliance with the BOT's supervisory review process guidelines, the Bank's capital management process assesses the overall risk and capital adequacy under the Internal Capital Adequacy Assessment Process (ICAAP). The process covers projected assessments of all substantial risks to the Bank's operations, so that the Bank can effectively manage its risks and has a sound capital base for business operations under normal and stress scenarios. Therefore, the capital management process covers the Group level.

The Standardised Approach (SA) is used to measure credit risk, market risk, and operational risk for computing regulatory capital requirements under BOT's Basel III at both the Bank level and the Group level.

Under the principles of Basel III, the BOT requires that commercial banks registered in Thailand and their groups must maintain three minimum capital adequacy ratios: a Common Equity Tier 1 Capital adequacy ratio of no less than 4.50 percent, a Tier 1 Capital adequacy ratio of no less than 6.00 percent, and a Total Capital adequacy ratio of no less than 8.50 percent. The aforementioned minimum ratios have yet to include the Capital Conservation Buffer of more than 2.50 percent, Moreover, the BOT requires the Bank, which is classified as a Domestic Systemically Important Bank (D-SIB), to have additional capital to meet the Higher Loss Absorbency (HLA) requirement by 1.00 percent. Consequently, from January 1, 2020, Common Equity Tier 1 Ratio, Tier 1 Ratio and Total Capital Ratio must be more than 8.00, 9.50 and 12.00 percent, respectively, of the total risk-weighted assets.

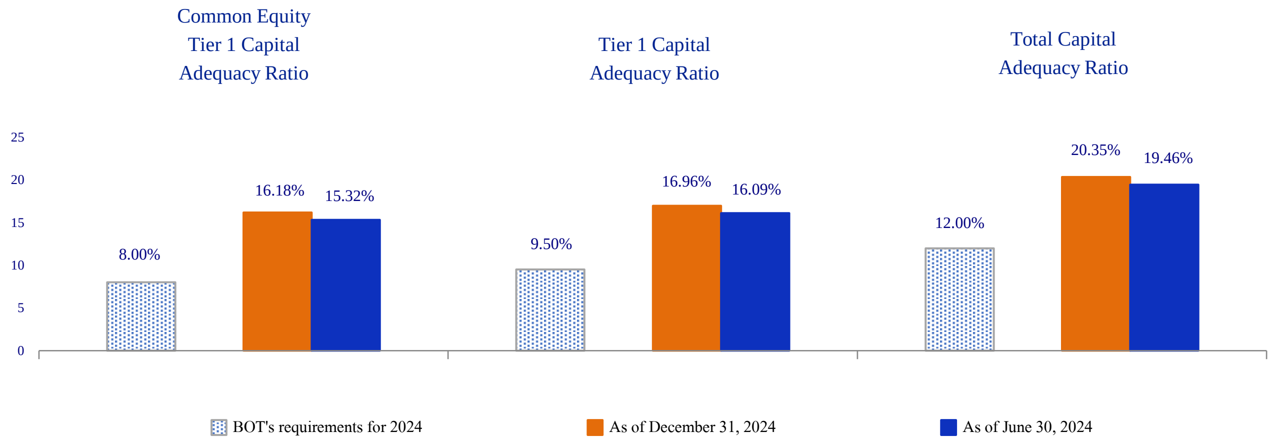
In this regard, the Bank has begun to gradually include Credit Valuation Adjustment risk (CVA risk) in the calculation of counterparty credit risk as specified by the BOT. This means no less than 25 percent of the total calculated CVA risk must be gradually included in the assessment of credit risk-weighted assets for calculating the capital ratio from July 1, 2024, and the proportion of CVA risk in the calculation must be gradually increased to no less than 50 percent from January 1, 2025, no less than 75 percent from January 1, 2026, and 100 percent from January 1, 2027 onwards. Moreover, the BOT may require banks to maintain additional capital for Countercyclical Buffer at maximum 2.50 percent. As at December 31, 2024, the Bank and the Group has adequate capital for such buffers and CVA Risk as required by the BOT. Moreover, the BOT may require banks to maintain additional capital for Countercyclical Buffer at maximum 2.50 percent. As at December 31, 2024, the Bank and the Group has adequate capital for such buffers and CVA Risk as required by the BOT.

Table 3: Capital Adequacy

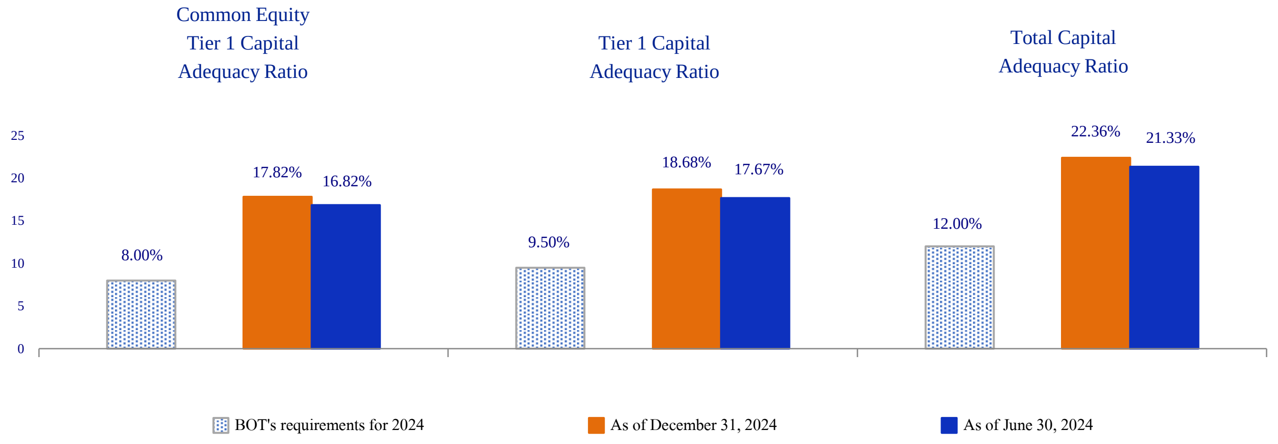
Capital	The Group		The Bank	
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
Common Equity Tier 1 Capital	16.18%	15.32%	17.82%	16.82%
Tier 1 Capital	16.96%	16.09%	18.68%	17.67%
Tier 2 Capital	3.39%	3.37%	3.68%	3.66%
Total Capital	20.35%	19.46%	22.36%	21.33%

Capital Adequacy Ratio

Group Level (Full Consolidation Basis)



Bank Level (Solo Basis)



Remark: The BOT requires commercial banks to maintain an additional Capital Conservation Buffer reaches more than 2.5 percent. The BOT also requires commercial banks to have additional capital requirement for Higher Loss Absorbency (HLA) requirement by 1 percent

Table 4: Component of Capital

Unit : Million Baht

Component of Capital	The Group		The Bank	
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
Tier 1 Capital	**516,755**	**498,768**	**510,958**	**487,326**
Common Equity Tier 1 Capital	**492,953**	**474,984**	**487,366**	**463,734**
Paid-up Share Capital	19,088	19,088	19,088	19,088
Premiums on Share Capital	56,346	56,346	56,346	56,346
Legal Reserves	29,000	28,500	29,000	28,500
Reserves appropriated from net profit	131,500	126,500	131,500	126,500
Net profit after appropriations	257,552	244,727	230,565	218,684
Other comprehensive income	37,533	47,556	46,150	46,574
Non-controlling Interest	407	453	-	-
Deductions from Common Equity Tier 1 Capital	(38,473)	(48,186)	(25,283)	(31,958)
Additional Tier 1 Capital	**23,802**	**23,784**	**23,592**	**23,592**
Subordinated Debenture	23,592	23,592	23,592	23,592
Non-controlling Interest	210	192	-	-
Tier 2 Capital	**103,305**	**104,585**	**100,549**	**100,908**
Subordinated Debenture	70,195	70,195	70,195	70,195
General Provision	33,008	34,290	30,354	30,713
Non-controlling Interest	102	100	-	-
Total Capital	**620,060**	**603,353**	**611,507**	**588,234**

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Table 5: Minimum Capital Requirements for Each Type of Risks

Unit : Million Baht

Type of Risks	The Group		The Bank	
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
Minimum Capital Requirements for Credit Risk	**228,016**	**233,176**	**206,411**	**208,852**
Performing	226,445	231,103	204,980	206,951
- Sovereigns and central banks, Multilateral development banks (MDBs[1]), and Provincial organizations/ Government entities/ State enterprises (PSEs[2]) which have the same risk weight as Sovereigns	3,471	4,098	2,947	3,197
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	9,138	10,458	9,234	10,101
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	167,440	170,037	143,354	144,773
- Retail	12,735	12,559	9,920	9,747
- Residential mortgage loans	12,706	12,952	9,747	9,833
- Other assets	20,955	20,999	29,778	29,300
Non-Performing	1,571	2,073	1,431	1,901
Minimum Capital Requirements for Market Risk	**6,379**	**7,160**	**6,236**	**7,017**
- Interest Rate Risk	3,505	4,071	3,392	3,971
- Equity Price Risk	75	81	-	-
- Foreign Exchange Risk	2,799	3,008	2,844	3,046
- Commodity Price Risk	-	-	-	-
Minimum Capital Requirements for Operational Risk	**24,571**	**23,226**	**19,800**	**18,503**
Total Minimum Capital Requirements	**258,966**	**263,562**	**232,447**	**234,372**

Remark

[1] Multilateral Development Banks

[2] Non-central Government Public Sector Entities

Table 6: Main Features of Regulatory Capital Instruments

	Ordinary Share	Subordinated Debenture	Subordinated Debenture	Subordinated Debenture
Issuer	Bangkok Bank Public Company Limited	Bangkok Bank Public Company Limited Hong Kong branch	Bangkok Bank Public Company Limited Hong Kong Branch	Bangkok Bank Public Company Limited Hong Kong Branch
ISIN Code	TH0001010006	USY06072AD75 (Reg S) US06000BAA08 (Rule 144A)	USY0606WCA63 (Reg S) US059895AT92 (Rule 144A)	USY0606WCC20 (Reg S) US059895AV49 (Rule 144A)
Regulatory treatment				
Instrument type	Common Equity Tier 1	Additional Tier 1	Tier 2 Capital	Tier 2 Capital
Qualified Basel III	Qualified	Qualified	Qualified	Qualified
Non-qualified Basel III features	N/A	N/A	N/A	N/A
Phased-out or full-amount	Full-amount	Full-amount	Full-amount (Phrased-out 20% p.a. after year 10)	Full-amount (Phrased-out 20% p.a. after year 10)
Eligible at solo/group level	Group & Solo	Group & Solo	Group & Solo	Group & Solo
Amount recognized in regulatory capital (Net of phasing out) (Unit: THB Million)	19,088	23,592	36,686	33,509
Par value	10 Baht	1,000 U.S. Dollar	1,000 U.S. Dollar	1,000 U.S. Dollar
Accounting classification	Shareholder's equity	Amortized-cost debt	Amortized-cost debt	Amortized-cost debt
Original date of issuance	Multiple	September 23, 2020	September 25, 2019	September 23, 2021
Perpetual or dated	Perpetual	Perpetual	Dated	Dated
Original maturity date	No maturity	No maturity	September 25, 2034	September 23, 2036
Issuer's authority to call subject to prior supervisory approval	No	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval
Optional call date, contingent call date and redemption amount	N/A	The Bank has the option to redeem the subordinated notes: (i) on the First Call Date (being 5 years from the Issue Date) and every Distribution Payment Date thereafter, on the revailing Principal Amount or the Optional Redemption Amount, plus accrued but not cancelled Distribution subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event; and (ii) at any time upon the occurrence of Tax or Regulatory Events, at their Prevailing Principal Amount plus accrued but not cancelled Distribution subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event, in any case, subject to approval from the Bank of Thailand and subject to the Terms and Condition of the Additional Tier 1 Subordinated Notes.	The Bank has the option to redeem the subordinated notes at year 10, or upon certain Tax or Regulatory Events, subject to approval from the Bank of Thailand. The redemption amount of the notes shall be equal to total outstanding principal plus accrued interest subject to adjustment following the occurrence of a Non-Viability Event.	The Bank has the option to redeem the subordinated notes at year 10, or upon certain Tax or Regulatory Events, subject to approval from the Bank of Thailand. The redemption amount of the notes shall be equal to total outstanding principal plus accrued interest subject to adjustment following the occurrence of a Non-Viability Event.

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Table 6: Main Features of Regulatory Capital Instruments (Continued)

	Ordinary Share	Subordinated Debenture	Subordinated Debenture	Subordinated Debenture
Subsequent call dates, if applicable	N/A	First Call Date and every Distribution Payment Date thereafter (or any time upon the occurrence of Tax or Regulatory Events), subject to approval from the Bank of Thailand	N/A	N/A
Coupons / dividends				
Fixed or floating dividend/coupon	Discretionary dividend amount	Fixed rate until the First Call Date and thereafter reset to Reset Distribution Rate every five-year according to the Terms and Condition of the Additional Tier 1 Subordinated Notes	Fixed rate	Fixed rate
Coupon rate and any related index	Distributable profit that has been declared as dividend	5.000% p.a. until the First Call Date and thereafter reset to Reset Distribution Rate according to the Terms and Condition of the Additional Tier 1 Subordinated Notes	3.733 % p.a.	3.466 % p.a.
Existence of a dividend stopper	No	Yes	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory by BOT	Mandatory by BOT
Existence of step up or other incentive to redeem	No	No	No	No
Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
Write-down feature	No	Yes	Yes	Yes
Position in subordination hierarchy in liquidation	The ordinary shareholders shall of the return of capital in a winding-up at the last position.	The subordinated noteholders' rights to payment of principal and Distribution (if any) on the Additional Tier 1 Subordinated Notes rank senior to rights of claims in respect of the Issuer's shares and obligations which by their terms or by operation of law rank junior to the Additional Tier 1 Subordinated Notes and junior to rights of claims in respect of all other types of the Issuer's creditors.	The Subordinated Noteholders' rights to receive their debt payments in a winding-up rank behind depositors and all creditors in respect of debts/ liabilities which by their terms rank senior to the Subordinated Notes.	The Subordinated Noteholders' rights to receive their debt payments in a winding-up rank behind depositors and all creditors in respect of debts/ liabilities which by their terms rank senior to the Subordinated Notes.

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision

The Group Capital

Unit : Million Baht

Item	31 December 2024 Amount	30 June 2024 Amount	References Based on Balance Sheet under the Consolidated Supervision
Tier 1 Capital			
Common Equity Tier 1 Capital			
Paid-up Common Shares	19,088	19,088	A
Premiums on Share Capital	56,346	56,346	B
Legal Reserves	29,000	28,500	C
Reserves Appropriated from Net Profit	131,500	126,500	D
Net Profit after Appropriation	257,552	244,727	E
Other Comprehensive Income			
Revaluation Surplus on Land Building and Condominium Appraisal	27,392	28,041	F
Revaluation Surplus on Investments	17,857	12,632	G
Foreign Currency Translation	(9,083)	7,062	H
Cash flow hedges reserve	1,365	(180)	I
Other Owner Changes Items	2	1	J
Non-controlling Interest	407	453	K
Total CET1 Capital before Regulatory Adjustments and Deduction	**531,426**	**523,170**	
Regulatory Deduction on CET1			
Goodwill	(17,384)	(21,072)	L
Intangible Assets	(10,414)	(12,701)	M
Deferred Tax Assets	(10,675)	(14,413)	N
Total Regulatory Deduction on CET1	**(38,473)**	**(48,186)**	
Total CET1	**492,953**	**474,984**	
Additional Tier 1 Capital			
Subordinated Debenture	23,592	23,592	O
Non-controlling Interest	210	192	P
Total Tier 1 Capital	**516,755**	**498,768**	
Tier 2 Capital			
Subordinated Debenture	70,195	70,195	Q
General Provision	33,008	34,290	R
Non-controlling Interest	102	100	S
Total Tier 2 Capital	**103,305**	**104,585**	
Total Regulatory Capital	**620,060**	**603,353**	

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision (Continued)

Balance Sheet under the Consolidated Supervision [1]

Unit : Million Baht

Items	31 December 2024 Amount	30 June 2024 Amount	References for the Group Capital Items
Assets			
Cash	47,363	38,682	
Interbank and Money Market Items, net	752,269	671,135	
Financial Assets Measured at Fair Value Through Profit or Loss	105,577	101,441	
Derivatives Assets	87,266	81,667	
Investments, net	989,975	1,000,605	
Investments in Subsidiaries and Associates, net	1,011	1,114	
Loans to Customers and Accrued Interest Receivables, net	2,428,321	2,462,773	
Qualified as Capital	33,008	34,290	R
Properties for Sale, net	5,921	8,998	
Premises and Equipment, net	60,095	62,129	
Goodwill and Other Intangible Assets, net	27,798	33,773	
Deduction from Capital	(27,798)	(33,773)	L, M
Deferred Tax Assets	10,679	14,452	
Deduction from Capital	(10,675)	(14,413)	N
Collateral Placed with Financial Counterparties	1,238	19,198	
Other assets, net	33,866	34,204	
Total Assets	**4,551,379**	**4,530,171**	
Liabilities			
Deposits	3,169,654	3,184,856	
Interbank and Money Market Items	346,936	316,210	
Liability Payable on Demand	7,125	8,117	
Financial Liabilities Measured at Fair Value Through Profit or Loss	17,762	19,399	
Derivatives Liabilities	64,702	94,149	
Debt Issued and Borrowings	213,785	204,574	
Qualified as Additional Tier 1 Capital	23,592	23,592	O
Qualified as Tier 2 Capital	70,195	70,195	Q
Provisions	36,775	35,305	
Deferred Tax Liabilities	4	39	
Other Liabilities	137,763	120,303	
Total Liabilities	**3,994,506**	**3,982,952**	

Table 7: Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision (Continued)

Balance Sheet under the Consolidated Supervision[1]

Unit : Million Baht

Items	31 December 2024 Amount	30 June 2024 Amount	References for the Group Capital Items
Owner' Equity			
Share Capital			
Registered Share Capital			
Preferred Shares	17	17	
Common Shares	39,983	39,983	
Issued and Paid-up Share Capital			
Common Shares	19,088	19,088	A
Premium on Common Shares	56,346	56,346	B
Other Reserves	38,112	48,029	
Qualified as Capital	37,533	47,556	F, G, H, I, J
Retained Earnings			
Appropriated			
Legal Reserve	29,000	28,500	C
Others	131,500	126,500	D
Unappropriated	280,993	266,869	
Qualified as Capital	257,552	244,727	E
Total Bank's Equity	555,039	545,332	
Non-controlling Interest	1,834	1,887	
Qualified as Common Equity Tier 1 Capital	407	453	K
Qualified as Additional Tier 1 Capital	210	192	P
Qualified as Tier 2 Capital	102	100	S
Total Shareholders' Equity	**556,873**	**547,219**	
Total Liabilities and Shareholders' Equity	**4,551,379**	**4,530,171**	

Remark

[1] The scope of consolidation for accounting and regulatory purposes has no difference.

3. Information Related to the Risks

The effective risk management is fundamental to good banking practice of the Bank and the Group. Accordingly, the Bank has established a framework and policies as guidelines for managing risk in each area of the business of the Bank and the Group to ensure that proper risk management mechanisms are in place. Over the past few years, the Bank proactively has been identified, monitored and analyzed major risk factors which could affect the financial operations of the Bank and the Group and, where necessary, has adjusted their organizational structure and risk management processes. This is to ensure that their risk management systems are effective and in line with international standards and are in accordance with the BOT guidelines.

The Risk Oversight Committee, the Board of Executive Directors and the senior management all play significant roles in prescribing and reviewing the efficacy of the risk management policy and system. They also define the risk management strategy, and monitor and control the risk of the Bank and the Group to be at an appropriate level, in compliance with the risk management policy approved by the Board of Directors.

The risk management process of the Bank and the subsidiaries in the Group comprises the identification of significant risks which may potentially impact business operations including setting an acceptable risk limit, the assessment of each type of risk, the monitoring and control of risks to an appropriate level, and the reporting of the status for each type of risk to relevant parties so as to enable them to manage and/or handle the risks in a timely manner.

The key principle of risk management is based on each business unit being responsible for continuously managing its relevant risk exposures and ensuring each risk remains within the approved limits and is in compliance with the overall risk management policy approved by the Board of Directors, while the Risk Management Division is responsible for monitoring and controlling the overall risks on a regular basis. The Risk Management Division and all risk-generating units are audited by the Audit and Control Division to assess the effectiveness, adequacy and appropriateness of the internal control systems.

The approach used by the Bank and the subsidiaries in the Group for the management of credit risk, market risk and operational risk are as follows:

3.1 Credit Risk

Credit Risk is the risk that arises from the inability of borrowers or counterparties to perform their obligations under contractual agreements in relation to lending, investment and other contractual activities, for example the borrowers' failure to repay principal and/or interest as agreed in the contract.

3.1.1 Credit Risk Management

The Bank has established credit underwriting processes which include the formulation of the credit policy, credit risk ratings for customers, and the establishment of different levels of delegation of authority for credit approval, depending on the type of business and/or the size of the credit line. In considering, the approval of loans in general, the Bank considers the purpose of the loan and assesses the repayment ability of the applicant, taking into account the applicant's operating cash flows, business feasibility, management capability, and collateral coverage. The Bank's credit reviews include reviewing credit risk rating on a regular basis. In order to effectively monitor and manage its credit risks, the Bank has, therefore, set up the following divisions.

- Risk Management Division is responsible for analyzing and reporting to management on the status of various risks of the Bank, as well as proposing recommendations for the review of the overall risk policy of the Bank in anticipation of, and in compliance with, new rules, regulations and international standards. The division is also responsible for overseeing the management of each type of risk to comply with the Bank's risk management policy. The Risk Management Division comprises the Credit Risk Unit, Market Risk Unit, Operational Risk Unit, Information Technology Risk Management Unit, Business Continuity Management Unit, and Fraud Risk Management Unit.

- Credit Management Division is responsible for managing risks related to credit extension by supervising and monitoring credit extensions in accordance with the Bank's credit policies. The Credit Management Division comprises the Credit Policy Unit, the Credit Acceptance Unit, the Portfolio Management Unit, the Risk Asset Review Unit, the Special Asset Management Unit, the Loan Recovery and Legal Unit, and the Bank Property Unit. The functions of each unit are summarized below
  - Credit Policy Unit oversees the credit policy framework and coordinates the improvement and adjustment of the credit policy. It is also responsible for disseminating the credit policy, credit standards and credit processes; for monitoring and overseeing exceptional cases which are inconsistent with the credit policy; and for gathering various inputs which may be used for improving the credit policy.
  - Credit Acceptance Unit oversees the quality of credit extensions to ensure they are in line with the credit policy and credit underwriting standards, reviews the appropriateness of loan structures as well as the results of customers' credit risk ratings, promotes the development of a good credit culture, and maintains a systematic and reliable credit extension process.
  - Portfolio Management Unit is responsible for analyzing and making recommendations for adjustments to the portfolio structure, recommending the appropriate portfolio composition and the provision of reserves for loan losses at the portfolio level, developing and overseeing credit risk management tools and methodologies, constructing credit databases, and overseeing related management standards.
  - Risk Asset Review Unit is charged with reviewing credit quality and credit management processes, assessing the adequacy of loan loss reserves, and evaluating compliance with credit policy, regulations and credit underwriting standards.
  - Special Asset Management Unit is responsible for managing non-performing loans, and for determining and executing strategies for the resolution and restructuring of troubled loans.
  - Loan Recovery and Legal Unit is responsible for taking legal actions, negotiating loan settlements, and seizing collateral for sale by public auction.
  - Bank Property Unit is responsible for managing and selling foreclosed assets obtained from loan recovery processes and from legal actions.

For the credit process, credit applications are first considered by the business units and then submitted to the Credit Acceptance Unit. The unit conducts additional analysis to help mitigate credit risk by ensuring that the proposals comply with the Bank's credit policies in areas such as credit underwriting standards, credit risk rating, and collateral appraisal. In handling non-performing loans, there is a specific unit to manage and resolve such loans. The Bank also has an independent unit to review credit quality and credit management processes; assess the adequacy of loan loss reserves for non-performing loans; evaluate the effectiveness in complying with credit policy, regulations and credit underwriting standards; and assess the appropriateness of portfolio composition, the adequacy of capital and the Stress Test which is annually operated both in Individual and Portfolio assessments as specified by the Bank and the BOT. All the above units report on a regular basis to the senior management, the Board of Executive Directors and the Risk Oversight Committee.

The Bank has established different measures to control credit risk. For example, the Bank has instituted limits on the amount of total credit extended, contingent liabilities, and investment in a group of borrowers, an industry and a country. All of this will limit the loss of capital due to an economic downturn. Moreover, the Bank monitors and reports on these aspects to the senior management, the Board of Executive Directors and the Risk Oversight Committee at least on a quarterly basis to ensure that there will be adequate capital to safeguard the continuity of business operations in difficult times.

For the subsidiaries in the Group, credit risk management processes similar to that of the Bank have been established, but the organizational structure of the units that are responsible for the supervision and management of credit risk may vary according to the structure of each company.

3.1.2 Classification and Impairment of Assets

The Bank and each subsidiary in the Group follow the guidelines of the BOT and/or the relevant local regulators regarding the classification of assets and relevant provisions by classifying assets into three stages as credit exposures where there has not been a significant increase in credit risk (Performing or stage 1), credit exposures where there has been a significant increase in credit risk (Under-Performing or stage 2) and financial assets are assessed as credit impaired (Non-Performing or stage 3) according to Thai Financial Reporting Standards No. 9 regarding Financial Instruments (TFRS 9) which has been announced by the Federation of Accounting Professions and effective from January 1, 2020 by taking into consideration the length of time in default of payment whether of principal or interest, and also qualitative measures.

Under the Standardised Approach (SA) for measuring capital adequacy, the Bank and the subsidiaries in the Group's provisions are categorized into Specific Provision and General Provision as follows:

- Specific Provision comprise allowance for expected credit loss of assets and financial guarantees based on TFRS 9 which is allowance for loss that "Expected" to occur or may occur by taking into consideration the economic factors or other factors in the past, present, and expected to occur in the future which may affect the probability that borrowers will not comply with bank's agreements, and allowance for expected credit loss considered by managerial judgement to have additional provision (Management Overlay) for circumstances, limitations, or any other rational possibilities that may not be precisely captured by the model. However, Specific Provision does not include Performing and Under-performing assets' allowance into account, as Tier 2 capital has already taken it into account.
- General Provisions is provisions that has been set aside for assets classified as Performing and Under-Performing that are included in Tier 2 Capital.

The following tables present the quantitative information related to credit risk at the Bank and the Group level as at December 31, 2024 and 2023.

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Table 8: Significant on-statement of financial position assets and off-balance sheet items before credit risk mitigation classified by remaining maturity

Unit: Million Baht

Remaining maturity	The Group 31 December 2024 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables*	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Up to 1 year	1,418,578	232,441	214,926	31,997	1,897,942	58,311	1,820,795	52,102	1,931,208
Over 1 year	1,569,131	750,153	-	55,269	2,374,553	15,142	2,129,631	103,676	2,248,449
Total	**2,987,709**	**982,594**	**214,926**	**87,266**	**4,272,495**	**73,453**	**3,950,426**	**155,778**	**4,179,657**

* Including interbank and money market items but excluding general provisions

Unit: Million Baht

Remaining maturity	The Group 31 December 2023 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables*	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Up to 1 year	1,344,549	214,803	263,777	20,655	1,843,784	51,632	1,733,504	43,028	1,828,164
Over 1 year	1,598,420	740,188	-	49,948	2,388,556	17,155	1,606,213	95,446	1,718,814
Total	**2,942,969**	**954,991**	**263,777**	**70,603**	**4,232,340**	**68,787**	**3,339,717**	**138,474**	**3,546,978**

* Including interbank and money market items but excluding general provisions

Unit: Million Baht

Remaining maturity	The Bank, 31 December 2024, On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables*	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Up to 1 year	1,235,861	95,214	141,516	31,124	1,503,715	49,099	1,725,639	25,583	1,800,321
Over 1 year	1,364,813	725,797	-	55,172	2,145,782	14,219	2,117,220	86,533	2,217,972
Total	**2,600,674**	**821,011**	**141,516**	**86,296**	**3,649,497**	**63,318**	**3,842,859**	**112,116**	**4,018,293**

* Including interbank and money market items but excluding general provisions

Unit: Million Baht

Remaining maturity	The Bank, 31 December 2023, On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables*	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Up to 1 year	1,121,363	125,475	154,834	20,268	1,421,940	38,015	1,666,686	27,579	1,732,280
Over 1 year	1,393,565	710,012	-	49,841	2,153,418	14,612	1,595,303	76,813	1,686,728
Total	**2,514,928**	**835,487**	**154,834**	**70,109**	**3,575,358**	**52,627**	**3,261,989**	**104,392**	**3,419,008**

* Including interbank and money market items but excluding general provisions

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Table 9: Significant on-statement of financial position assets and off-balance sheet items before credit risk mitigation classified by customer's country of residence

Unit: Million Baht

Customer's country of residence [1]	The Group 31 December 2024 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables[2]	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Thailand	2,353,671	709,395	19,899	59,510	3,142,475	53,142	2,633,040	67,753	2,753,935
Asia	584,243	230,416	154,659	19,692	989,010	18,358	979,326	66,556	1,064,240
Europe	27,534	2,362	11,783	7,340	49,019	1,783	312,572	2,589	316,944
America	14,358	39,996	27,888	724	82,966	170	25,488	18,879	44,537
Others	7,903	425	697	-	9,025	-	-	1	1
Total	**2,987,709**	**982,594**	**214,926**	**87,266**	**4,272,495**	**73,453**	**3,950,426**	**155,778**	**4,179,657**

[1] Based on customer's country of residence

[2] Including interbank and money market items

Unit: Million Baht

Customer's country of residence [1]	The Group 31 December 2023 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables[2]	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Thailand	2,253,057	732,349	33,800	46,727	3,065,933	43,152	2,204,168	53,332	2,300,652
Asia	635,671	176,269	193,891	19,127	1,024,958	24,855	856,725	65,714	947,294
Europe	26,878	2,567	7,230	4,692	41,367	86	264,128	4,925	269,139
America	19,532	43,417	28,856	57	91,862	694	14,696	13,974	29,364
Others	7,831	389	-	-	8,220	-	-	529	529
Total	**2,942,969**	**954,991**	**263,777**	**70,603**	**4,232,340**	**68,787**	**3,339,717**	**138,474**	**3,546,978**

[1] Based on customer's country of residence

[2] Including interbank and money market items but excluding general provisions

Unit: Million Baht

Customer's country of residence [1]	The Bank 31 December 2024 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables[2]	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Thailand	2,349,769	688,916	10,398	59,573	3,108,656	53,142	2,627,080	67,735	2,747,957
Asia	201,042	89,494	91,412	18,833	400,781	8,223	877,993	22,971	909,187
Europe	27,588	2,180	11,616	7,324	48,708	1,784	312,505	2,539	316,828
America	14,372	39,996	27,393	566	82,327	169	25,281	18,871	44,321
Others	7,903	425	697	-	9,025	-	-	-	-
Total	**2,600,674**	**821,011**	**141,516**	**86,296**	**3,649,497**	**63,318**	**3,842,859**	**112,116**	**4,018,293**

[1] Based on customer's country of residence

[2] Including interbank and money market items but excluding general provisions

Unit: Million Baht

Customer's country of residence [1]	The Bank 31 December 2023 On-statement of financial position assets					Off-balance sheet items before multiplying by credit conversion factors			
	Net loans and accrued interest receivables[2]	Net investment in debt securities	Deposits (including accrued interest receivables)	Derivatives assets	Total	Avals, loan guarantees, letters of credit	OTC derivatives	Undrawn committed lines	Total
Thailand	2,247,221	711,296	20,396	46,695	3,025,608	43,151	2,199,850	53,331	2,296,332
Asia	213,390	77,818	98,551	18,666	408,425	8,696	783,315	31,633	823,644
Europe	26,909	2,567	7,187	4,691	41,354	86	264,128	4,925	269,139
America	19,577	43,417	28,700	57	91,751	694	14,696	13,974	29,364
Others	7,831	389	-	-	8,220	-	-	529	529
Total	**2,514,928**	**835,487**	**154,834**	**70,109**	**3,575,358**	**52,627**	**3,261,989**	**104,392**	**3,419,008**

[1] Based on customer's country of residence

[2] Including interbank and money market items but excluding general provisions

Table 10: Outstanding of financial instruments before credit risk mitigation and provisions

Unit: Million Baht

Item	The Group 31 December 2024						
	Outstanding amounts		Total Provisions	Provisions under SA Approach		Provisions under IRB Approach	Net Value
	Non-Performing exposures	Performing exposures		General Provision	Specific Provision		
Loans and accrued interest receivables[1]	89,463	3,149,849	273,235	21,632	251,603	-	2,966,077
Investment in debt securities[2]	-	887,713	256	-	256	-	887,457
Deposits and accrued interest receivables[3]	-	215,650	1,137	413	724	-	214,513
Loan commitment and financial guarantees	1,323	593,111	12,580	12,253	327	-	581,854
Total	**90,786**	**4,846,323**	**287,208**	**34,298**	**252,910**	**-**	**4,649,901**

[1] Including EIR adjustments, net of interest received in advance and gain/loss from new loan conditions (debt restructuring)

[2] Excluding accrued interest receivables and net of allowances for revaluation and excluding investment in receivables

[3] Including EIR adjustments

Unit: Million Baht

Item	The Group 31 December 2023						
	Outstanding amounts		Total Provisions	Provisions under SA Approach		Provisions under IRB Approach	Net Value
	Non-Performing exposures	Performing exposures		General Provision	Specific Provision		
Loans and accrued interest receivables[1]	89,665	3,088,660	259,158	23,802	235,356	-	2,919,167
Investment in debt securities[2]	-	877,595	285	-	285	-	877,310
Deposits and accrued interest receivables[3]	-	264,442	828	163	665	-	263,614
Loan commitment and financial guarantees	367	583,996	10,549	10,469	80	-	573,814
Total	**90,032**	**4,814,693**	**270,820**	**34,434**	**236,386**	**-**	**4,633,905**

[1] Including EIR adjustments, net of interest received in advance and gain/loss from new loan conditions (debt restructuring)

[2] Excluding accrued interest receivables and net of allowances for revaluation and excluding investment in receivables

[3] Including EIR adjustments

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Unit: Million Baht

Item	The Bank 31 December 2024						
	Outstanding amounts		Total Provisions	Provisions under SA Approach		Provisions under IRB Approach	Net Value
	Non-Performing exposures	Performing exposures		General Provision	Specific Provision		
Loans and accrued interest receivables[1]	76,631	2,743,014	240,849	21,878	218,971	-	2,578,796
Investment in debt securities[2]	-	717,270	256	-	256	-	717,014
Deposits and accrued interest receivables[3]	-	142,248	1,099	367	732	-	141,149
Loan commitment and financial guarantees	1,244	509,601	10,204	9,879	325	-	500,641
Total	**77,875**	**4,112,133**	**252,408**	**32,124**	**220,284**	**-**	**3,937,600**

[1] Including EIR adjustments, net of interest received in advance and gain/loss from new loan conditions (debt restructuring)

[2] Excluding accrued interest receivables and net of allowances for revaluation and excluding investment in receivables

[3] Including EIR adjustments

Unit: Million Baht

Item	The Bank 31 December 2023						
	Outstanding amounts		Total Provisions	Provisions under SA Approach		Provisions under IRB Approach	Net Value
	Non-Performing exposures	Performing exposures		General Provision	Specific Provision		
Loans and accrued interest receivables[1]	74,777	2,644,354	226,056	21,853	204,203	-	2,493,075
Investment in debt securities[2]	-	746,668	285	-	285	-	746,383
Deposits and accrued interest receivables[3]	-	155,499	803	138	665	-	154,696
Loan commitment and financial guarantees	200	501,539	8,577	8,538	39	-	493,162
Total	**74,977**	**4,048,060**	**235,721**	**30,529**	**205,192**	**-**	**3,887,316**

[1] Including EIR adjustments, net of interest received in advance and gain/loss from new loan conditions (debt restructuring)

[2] Excluding accrued interest receivables and net of allowances for revaluation and excluding investment in receivables

[3] Including EIR adjustments

Table 11: Loans and accrued interest receivables (including interbank and money market items) and investment in debt securities before credit risk mitigation classified by customer's country of residence and by asset classification guidelines specified by regulators

Unit: Million Baht

Customer's country of residence*	The Group 31 December 2024							
	Loans and accrued interest receivables				Investment in debt securities			
	Performing	Under-Performing	Non-Performing	Total	Performing	Under-Performing	Non-Performing	Total
Thailand	2,302,525	187,936	74,284	2,564,745	702,212	7,433	-	709,645
Asia	590,938	16,887	14,718	622,543	230,422	-	-	230,422
Europe	24,550	3,776	446	28,772	2,362	-	-	2,362
America	14,386	396	10	14,792	39,996	-	-	39,996
Others	8,431	24	5	8,460	425	-	-	425
Total	**2,940,830**	**209,019**	**89,463**	**3,239,312**	**975,417**	**7,433**	**-**	**982,850**

* Based on customer's country of residence

Unit: Million Baht

Customer's country of residence*	The Group 31 December 2023							
	Loans and accrued interest receivables				Investment in debt securities			
	Performing	Under-Performing	Non-Performing	Total	Performing	Under-Performing	Non-Performing	Total
Thailand	2,226,365	146,419	74,514	2,447,298	724,817	7,812	-	732,629
Asia	642,923	17,596	14,695	675,214	176,275	-	-	176,275
Europe	27,212	7	446	27,665	2,499	67	-	2,566
America	19,760	5	9	19,774	43,417	-	-	43,417
Others	8,342	31	1	8,374	389	-	-	389
Total	**2,924,602**	**164,058**	**89,665**	**3,178,325**	**947,397**	**7,879**	**-**	**955,276**

* Based on customer's country of residence

Unit: Million Baht

Customer's country of residence*	The Bank							
	31 December 2024							
	Loans and accrued interest receivables				Investment in debt securities			
	Performing	Under-Performing	Non-Performing	Total	Performing	Under-Performing	Non-Performing	Total
Thailand	2,294,791	187,654	72,410	2,554,855	681,733	7,433	-	689,166
Asia	206,685	2,349	3,759	212,793	89,500	-	-	89,500
Europe	24,531	3,776	446	28,753	2,180	-	-	2,180
America	14,378	397	10	14,785	39,996	-	-	39,996
Others	8,430	24	5	8,459	425	-	-	425
Total	**2,548,815**	**194,200**	**76,630**	**2,819,645**	**813,834**	**7,433**	**-**	**821,267**

* Based on customer's country of residence

Unit: Million Baht

Customer's country of residence*	The Bank							
	31 December 2023							
	Loans and accrued interest receivables				Investment in debt securities			
	Performing	Under-Performing	Non-Performing	Total	Performing	Under-Performing	Non-Performing	Total
Thailand	2,219,467	146,220	72,617	2,438,304	703,764	7,812	-	711,576
Asia	220,394	2,925	1,696	225,015	77,823	-	-	77,823
Europe	27,212	7	446	27,665	2,499	67	-	2,566
America	19,759	5	9	19,773	43,417	-	-	43,417
Others	8,342	31	1	8,374	389	-	-	389
Total	**2,495,174**	**149,188**	**74,769**	**2,719,131**	**827,892**	**7,879**	**-**	**835,771**

* Based on customer's country of residence

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Table 12: General and specific provisions and bad debt written off for loans and accrued interest receivables (including interbank and money market items) and investment in debt securities classified by customer's country of residence

Unit: Million Baht

Customer's country of residence*	The Group 31 December 2024			
	Loans and accrued interest receivables			Investment in debt securities
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach
	General Provision	Specific Provision		Specific Provision
Thailand		211,074	10,314	250
Asia		38,300	4,736	6
Europe		1,238	-	-
America		434	-	-
Others		557	-	-
Total	**21,632**	**251,603**	**15,050**	**256**

* Based on customer's country of residence

Unit: Million Baht

Customer's country of residence*	The Group 31 December 2023			
	Loans and accrued interest receivables			Investment in debt securities
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach
	General Provision	Specific Provision		Specific Provision
Thailand		194,241	12,916	280
Asia		39,543	4,006	5
Europe		787	-	-
America		242	-	-
Others		543	-	-
Total	**23,802**	**235,356**	**16,922**	**285**

* Based on customer's country of residence

Unit: Million Baht

Customer's country of residence[*]	The Bank			
	31 December 2024			
	Loans and accrued interest receivables			Investment in debt securities
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach
	General Provision	Specific Provision		Specific Provision
Thailand		205,086	10,311	250
Asia		11,751	706	6
Europe		1,165	-	-
America		413	-	-
Others		556	-	-
Total	**21,878**	**218,971**	**11,017**	**256**

[*] Based on customer's country of residence

Unit: Million Baht

Customer's country of residence[*]	The Bank			
	31 December 2023			
	Loans and accrued interest receivables			Investment in debt securities
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach
	General Provision	Specific Provision		Specific Provision
Thailand		191,083	12,916	280
Asia		11,625	507	5
Europe		756	-	-
America		196	-	-
Others		543	-	-
Total	**21,853**	**204,203**	**13,423**	**285**

[*] Based on customer's country of residence

Table 13: Loans and accrued interest receivables (including interbank and money market items) before credit risk mitigation, classified by business type and by asset classification guidelines specified by regulators

Unit: Million Baht

	The Group			
	31 December 2024			
Type of Business	**Performing**	**Under-Performing**	**Non-Performing**	**Total**
Agriculture and mining	75,539	2,633	3,827	81,999
Manufacturing and commercial	599,041	91,378	47,754	738,173
Real estate and construction	164,757	28,623	11,015	204,395
Utilities and services	423,425	46,607	7,823	477,855
Housing loans	268,883	31,025	13,429	313,337
Others	1,409,185	8,753	5,615	1,423,553
Total	**2,940,830**	**209,019**	**89,463**	**3,239,312**

Unit: Million Baht

	The Group			
	31 December 2023			
Type of Business	**Performing**	**Under-Performing**	**Non-Performing**	**Total**
Agriculture and mining	80,027	1,757	3,278	85,062
Manufacturing and commercial	645,537	75,048	47,484	768,069
Real estate and construction	167,252	18,984	9,563	195,799
Utilities and services	416,324	46,713	10,559	473,596
Housing loans	287,758	17,366	10,788	315,912
Others	1,327,704	4,190	7,993	1,339,887
Total	**2,924,602**	**164,058**	**89,665**	**3,178,325**

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Unit: Million Baht

	The Bank			
	31 December 2024			
Type of Business	Performing	Under-Performing	Non-Performing	Total
Agriculture and mining	41,563	2,607	3,492	47,662
Manufacturing and commercial	481,152	85,655	41,751	608,558
Real estate and construction	147,537	25,533	9,333	182,403
Utilities and services	373,152	42,909	6,441	422,502
Housing loans	232,370	30,518	12,355	275,243
Others	1,273,041	6,978	3,258	1,283,277
Total	**2,548,815**	**194,200**	**76,630**	**2,819,645**

Unit: Million Baht

	The Bank			
	31 December 2023			
Type of Business	Performing	Under-Performing	Non-Performing	Total
Agriculture and mining	44,827	1,700	2,860	49,387
Manufacturing and commercial	538,409	69,764	39,485	647,658
Real estate and construction	147,152	15,818	7,908	170,878
Utilities and services	375,296	42,272	9,628	427,196
Housing loans	251,846	16,649	9,490	277,985
Others	1,137,644	2,985	5,398	1,146,027
Total	**2,495,174**	**149,188**	**74,769**	**2,719,131**

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Table 14: General and specific provisions and bad debt written off for loans and accrued interest receivables (including interbank and money market items) classified by business type

Unit: Million Baht

Type of Business	The Group					
	31 December 2024			31 December 2023		
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach		Bad debt written off
	General Provision	Specific Provision		General Provision	Specific Provision	
Agriculture and mining		8,521	-		4,948	-
Manufacturing and commercial		126,340	9,305		116,837	5,787
Real estate and construction		32,933	7		24,162	898
Utilities and services		42,032	66		54,528	67
Housing loans		9,247	657		7,675	445
Others		32,530	5,015		27,206	9,725
Total	**21,632**	**251,603**	**15,050**	**23,802**	**235,356**	**16,922**

Unit: Million Baht

Type of Business	The Bank					
	31 December 2024			31 December 2023		
	Provisions under SA Approach		Bad debt written off	Provisions under SA Approach		Bad debt written off
	General Provision	Specific Provision		General Provision	Specific Provision	
Agriculture and mining		7,525	-		4,105	-
Manufacturing and commercial		110,103	7,042		100,914	4,193
Real estate and construction		29,229	-		20,446	663
Utilities and services		36,805	4		50,112	1
Housing loans		8,475	115		6,740	79
Others		26,834	3,856		21,886	8,487
Total	**21,878**	**218,971**	**11,017**	**21,853**	**204,203**	**13,423**

Table 15: Reconciliation of general and specific provisions for loans and accrued interest receivables (including interbank and money market items)

Unit: Million Baht

	The Group					
	31 December 2024			31 December 2023		
Item	Provisions under SA Approach		Total	Provisions under SA Approach		Total
	General Provision	Specific Provision		General Provision	Specific Provision	
Beginning balance	23,802	235,356	259,158	26,330	217,313	243,643
Doubtful accounts	(2,170)	33,101	30,931	(2,528)	35,453	32,925
Others	-	(1,804)	(1,804)	-	(488)	(488)
Bad debt written off	-	(15,050)	(15,050)	-	(16,922)	(16,922)
Ending balance	**21,632**	**251,603**	**273,235**	**23,802**	**235,356**	**259,158**

Unit: Million Baht

	The Bank					
	31 December 2024			31 December 2023		
Item	Provisions under SA Approach		Total	Provisions under SA Approach		Total
	General Provision	Specific Provision		General Provision	Specific Provision	
Beginning balance	21,853	204,203	226,056	24,334	189,882	214,216
Doubtful accounts	25	26,366	26,391	(2,481)	27,812	25,331
Others	-	(581)	(581)	-	(68)	(68)
Bad debt written off	-	(11,017)	(11,017)	-	(13,423)	(13,423)
Ending balance	**21,878**	**218,971**	**240,849**	**21,853**	**204,203**	**226,056**

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Table 16: On-statement of financial position assets and credit equivalent amount of off-balance sheet items, net of specific provisions, classified by asset type under SA approach

Unit: Million Baht

Type of Asset	The Group					
	31 December 2024			31 December 2023		
	On-statement of financial position assets	**Off-balance sheet items***	**Total**	**On-statement of financial position assets**	**Off-balance sheet items***	**Total**
Performing						
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,385,579	16,001	1,401,580	1,321,240	79,970	1,401,210
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	262,564	64,599	327,163	277,402	97,487	374,889
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	1,910,732	260,573	2,171,305	1,881,922	263,047	2,144,969
- Retail	220,064	17,463	237,527	224,685	16,812	241,497
- Residential mortgage loans	318,460	-	318,460	327,086	-	327,086
- Other assets	387,516	-	387,516	414,294	-	414,294
Non-Performing	20,231	588	20,819	21,825	411	22,236
Total	**4,505,146**	**359,224**	**4,864,370**	**4,468,454**	**457,727**	**4,926,181**

* Including repo-style transactions

Unit: Million Baht

Type of Asset	The Bank					
	31 December 2024			31 December 2023		
	On-statement of financial position assets	Off-balance sheet items *	Total	On-statement of financial position assets	Off-balance sheet items*	Total
Performing						
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,162,609	10,492	1,173,101	1,107,424	14,881	1,122,305
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	248,088	56,218	304,306	256,871	93,689	350,560
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	1,646,599	226,654	1,873,253	1,635,309	230,356	1,865,665
- Retail	177,975	9,945	187,920	182,877	9,858	192,735
- Residential mortgage loans	259,290	-	259,290	265,519	-	265,519
- Other assets	470,003	-	470,003	485,462	-	485,462
Non-Performing	18,455	558	19,013	19,763	372	20,135
Total	**3,983,019**	**303,867**	**4,286,886**	**3,953,225**	**349,156**	**4,302,381**

* Including repo-style transactions

3.1.3 Credit Rating

In assigning risk weights for the calculation of risk weighted assets (RWA) using the Standardised Approach (SA) under Basel III, the Bank and the subsidiaries in the Group use credit ratings from the external credit assessment institutions (ECAIs) who meet the qualifications specified by the BOT. The credit rating from Standard & Poor's is applied for sovereign and financial institutions, while the credit ratings from Fitch Ratings (Thailand) and TRIS Rating are applied for corporate. The process of mapping the ECAI's ratings with the borrower risk weights is prescribed by the BOT.

Table 17: On-statement of financial position assets and credit equivalent amount of off-balance sheet items, net of specific provisions, after credit risk mitigation for each asset type classified by risk weights under SA approach

Unit: Million Baht

Type of Asset	The Group 31 December 2024														
	Rating					No Rating									
Risk weight (%)	0	20	50	100	150	0	20	35	50	75	100	250	625	937.5	100/8.5%
Performing															
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,399,077	45,655	30,876	1,647	9,747										
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	-	115,418	93,897	35,035	24		-		-						
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	-	42,852	120,065	35,857	46,789	91	-		16,369		1,787,049				
- Retail										198,236	1,145				
- Residential mortgage loans								226,885		85,995	5,580				
- Other assets						127,333	14,733		-		243,176	164			

Risk weight (%)	0	20	50	75	100	150
Non-Performing	190	-	4,732	211	15,102	573

Items deducted from capital	38,473

Unit: Million Baht

Type of Asset	The Group 31 December 2023														
	Rating					No Rating									
Risk weight (%)	**0**	**20**	**50**	**100**	**150**	**0**	**20**	**35**	**50**	**75**	**100**	**250**	**625**	**937.5**	**100/8.5%**
Performing															
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,406,626	25,965	55,291	2,035	9,552										
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	-	146,351	106,733	37,725	279		-		-						
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	-	50,144	119,406	28,504	53,689	109	-		20,288		1,749,639				
- Retail										202,077	817				
- Residential mortgage loans								228,135		92,747	6,204				
- Other assets						162,252	673		-		249,786	231			

Risk weight (%)	**0**	**20**	**50**	**75**	**100**	**150**
Non-Performing	148	-	3,697	136	17,419	801

Items deducted from capital	43,483

Unit: Million Baht

Type of Asset	The Bank														
	31 December 2024														
	Rating					No Rating									
Risk weight (%)	**0**	**20**	**50**	**100**	**150**	**0**	**20**	**35**	**50**	**75**	**100**	**250**	**625**	**937.5**	**100/8.5%**
Performing															
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,187,873	45,630	18,548	1,647	9,747										
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	-	96,762	83,275	21,547	24		-		-		23,792				
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	-	42,852	120,064	35,920	46,674	-			15,175		1,504,392				
- Retail										154,286	996				
- Residential mortgage loans								202,754		51,305	5,231				
- Other assets						107,906	14,702				347,390				

Risk weight (%)	**0**	**20**	**50**	**75**	**100**	**150**
Non-Performing	190	-	4,277	210	13,889	436

Items deducted from capital	25,284

Unit: Million Baht

Type of Asset	The Bank, 31 December 2023														
	Rating					No Rating									
Risk weight (%)	**0**	**20**	**50**	**100**	**150**	**0**	**20**	**35**	**50**	**75**	**100**	**250**	**625**	**937.5**	**100/8.5%**
Performing															
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	1,154,705	25,989	32,724	2,035	9,552										
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial Institutions	-	125,666	95,926	24,722	279		-		-		23,956				
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	-	50,145	119,406	28,534	53,591	4			18,052		1,489,265				
- Retail										158,626	777				
- Residential mortgage loans								201,988		57,755	5,776				
- Other assets						140,371	554				344,537				

Risk weight (%)	**0**	**20**	**50**	**75**	**100**	**150**
Non-Performing	148	-	3,113	136	16,255	449

Items deducted from capital	27,663

3.1.4 Credit Risk Mitigation

It is a policy of the Bank and the subsidiaries in the Group to mitigate credit risk through the use of collateral to reduce the potential loss which may arise when borrowers are unable or unwilling to repay loans. Documentation relating to collateral must be in order and verified for validity prior to loan drawdown and ongoing compliance with the conditions of the collateral agreement shall be monitored. Processes, procedures and regulations for collateral valuation have been defined, consistent with the BOT's guidelines on collateral valuation and foreclosed assets obtained from debt repayment of financial institutions.

Credit risk mitigations used in the Bank's and the Group's capital adequacy calculation under Basel III - SA approach are as follows:

1. For financial collaterals such as cash, deposits, debt securities and equity securities, the Comprehensive Approach is currently adopted for credit risk mitigation and the Standard Supervisory Haircut specified by the BOT is used.
2. On-balance sheet netting is used for repo-style transactions where the counterparties enter into a Global Master Repurchase Agreement that complies with the BOT guidelines.
3. Guarantees that may be used as credit risk mitigants must be issued by qualified guarantors from either of the following 2 groups:
    - Guarantors which are sovereigns, central banks, provincial organizations, government entities, state enterprises, financial institutions and securities companies, provided that the guarantors must have risk weights lower than the borrower.
    - Corporate guarantors must have risk weights lower than the borrower.

Credit risk mitigation is applied in accordance with the BOT guidelines.

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Table 18: Secured portion of credit exposures after on- and off-balance sheet netting for each asset type under SA approach classified by credit risk mitigation types

Unit: Million Baht

Type of Asset	The Group			
	31 December 2024		31 December 2023	
	Financial collateral	Guarantees and credit derivatives	Financial collateral	Guarantees and credit derivatives
Performing				
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	8,148	-	4,963	-
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial institutions	26,805	76,258	18,777	85,381
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	102,171	42,426	103,245	40,216
- Retail	20,626	17,520	20,350	18,253
- Residential mortgage loans	-	-	-	-
- Other assets	2,105	5	1,352	-
Non-Performing	12	200	35	169
Total	**159,867**	**136,409**	**148,722**	**144,019**

Unit: Million Baht

	The Bank			
	31 December 2024		**31 December 2023**	
Type of Asset	**Financial collateral**	**Guarantees and credit derivatives**	**Financial collateral**	**Guarantees and credit derivatives**
Performing				
- Sovereigns and central banks, Multilateral development banks (MDBs), and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Sovereigns	3,228	-	523	-
- Financial institutions, Securities firms, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Financial institutions	23,004	76,258	15,098	85,381
- Corporates, and Provincial organizations/ Government entities/ State enterprises (PSEs) which have the same risk weight as Corporates	88,032	42,509	86,611	40,328
- Retail	15,117	17,520	15,080	18,252
- Residential mortgage loans	-	-	-	-
- Other assets	-	4	-	-
Non-Performing	11	201	34	170
Total	**129,392**	**136,492**	**117,346**	**144,131**

3.2 Market Risk

Market risk is the risk of loss in on- and off-balance sheet positions of the Bank and the Group arising from movements in market prices such as interest rates, equity prices, foreign exchange rates, and commodity prices.

3.2.1 Market Risk Management

The Bank's market risk arises from financial services activities provided to customers and/or financial institutions. These involve buying and selling foreign exchange and debt securities, as well as financial derivative transactions, such as foreign exchange forward contracts, cross currency swap, interest rate swap and foreign exchange option. The Bank manages market risk arising from the position from customer-driven transactions to be at acceptable levels by hedging or reducing the risk exposure. Market risk exposures also arise from the Bank's mismatched own asset and liability positions.

The primary objective of market risk management is to manage the risks resulting from changes in market factors to be at acceptable levels and in line with the overall risk management policy. The Bank and the subsidiaries in the Group have therefore established market risk management policies and specified market risk measurement metrics and limits taking into consideration the nature and complexities of the respective financial activities.

The committee and functional units that are mainly responsible for managing, monitoring and controlling the market risk are:

- The Asset-Liability Management Committee is responsible for establishing and reviewing policies and guidelines for asset and liability management and market risk management as well as monitoring and controlling these risks to be at acceptable levels and in compliance with the risk management policy set by the Risk Oversight Committee and the Board of Directors.
- The Treasury Division is responsible for executing the trading strategy for the Bank through buying and selling financial products such as foreign exchange, bonds, and derivatives instruments, as well as managing the Bank's foreign exchange risk, interest rate risk and liquidity risk to be within the limits according to ALCO's guidelines and the Bank's acceptable risk level.
- Market Risk Unit, which is part of the Risk Management Division, is accountable for assessing, monitoring, reporting and controlling market risk positions against specified limits. The Market Risk unit reports to ALCO and senior management on a regular basis and is responsible for proposing the enhancement of the market risk policies, measurement metrics and limits in response to change in operating environment, the Bank's business plans, and the complexities of financial activities. Moreover, the Market Risk unit coordinates with the subsidiaries of the Group to ensure that their risk management policies and processes are in line with the Bank's practices.

The market risk management practices of the subsidiaries in the Group are similar to the Bank's practices, although the relevant units responsible for overseeing, monitoring and managing the risks may differ depending on each company's organizational structure.

3.2.2 Traded Market Risk

The main traded market risks for the Bank and the Group are interest rate risk and foreign exchange risk.

Risk Assessment and Monitoring for Traded Market Risk

Various tools and measurement techniques are used to assess market risk exposures in the trading book, including:

1. Value-at-Risk (VaR)

VaR is a statistical technique that estimates the maximum potential losses on risk exposures as a result of movements in market rates and prices over a specified time horizon and at a given level of confidence. The Bank uses a historical simulation approach at a 99% confidence level over a one-day holding period to measure interest rate risk (only for general market risk) and foreign exchange risk. Historical Simulation VaR estimates the maximum potential losses assuming plausible future scenarios from the observed historical market movements. To validate the accuracy of the VaR model, the Bank conducts back testing against hypothetical profit and loss of the trading book positions and analyses whether the number of exceptions, i.e. the incidents where hypothetical profit and loss exceed the calculated VaR, are within an acceptable range. Hypothetical profit and loss is calculated by assuming that the previous day's exposures remain unchanged.

2. Other measurements

Apart from the statistical measurement technique, the Bank also uses non-statistical measurements, such as Present Value of a Basis Point (PV01), portfolio size, and mark-to-market profit and loss, to regularly assess major market risk exposures in the trading book as deemed appropriate for each transaction type. The PV01 measures the sensitivity of the value of securities to one basis point change in interest rate.

3. Stress Testing

The Bank performs market risk stress testing on its trading book position at least on a quarterly basis to determine if the impact of potential losses from extreme market movements or crisis situations on the Bank's capital are within the risk tolerance limits. Stress testing also enhances the Bank's understanding of its risk exposures and vulnerability as well as facilitates proactive risk management.

Risk Control for Traded Market Risk

Traded market risk is controlled primarily through a series of limits, such as VaR Limit, PV01 Limit, and Maximum Loss Limit, etc. These limits are specified by ALCO, and approved by the Risk Oversight Committee, the Board of Executive Directors and the Board of Directors. They are reviewed and updated at least once a year or more frequently when warranted by a material change in circumstances.

By using the historical simulation approach, the Bank's and the Group's VaR of the trading book for a one-day holding period with a 99 percent confidence level as of December 31,2024, was 322 million Baht and 325 million Baht, respectively.

The subsidiaries in the Group also use, to varying degrees based on the size and complexity of transactions, similar measurement tools and techniques to assess their market risk exposures in the trading book and have specified limits to control these exposures.

Capital Treatment for Traded Market Risk

The Bank currently adopts the Standardised Approach (SA) for the calculation of minimum capital requirement for market risk at both the Bank level and the Group level. In addition, the Bank and the subsidiaries in the Group use VaR models internally to measure, monitor and control traded market risks, as mentioned above in the risk assessment and monitoring section.

Minimum capital requirement for market risk at the Bank and the Group level as at December 31, 2024 and June 30, 2024 are as follows:

Table 19: Minimum capital requirements for market risk based on Standardised Approach (SA)

Unit: Million Baht

	The Group		The Bank	
Capital Requirements for Market Risk	**31 December 2024**	**30 June 2024**	**31 December 2024**	**30 June 2024**
Interest Rate Risk	3,505	4,071	3,392	3,971
Equity Price Risk	75	81	-	-
Foreign Exchange Risk	2,799	3,008	2,844	3,046
Commodity Price Risk	-	-	-	-
Total Capital Requirement	**6,379**	**7,160**	**6,236**	**7,017**

3.2.3 Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book normally arises when the repricing and/or maturity schedule of assets, liabilities, and off-balance sheet positions are not matched, or when the movements of reference interest rates on assets and liabilities are not correlated, negatively affecting net interest income (NII) and/or economic value of equity (EVE).

Sources of Interest Rate Risk can be classified as follows:

- Repricing risk arises from timing differences in maturity (for fixed rate items) and repricing period (for floating rate items) of the Bank's assets, liabilities, and off-balance sheet positions. Repricing risk is the primary form of interest rate risk.
- Yield curve risk arises from changes in the shape and slope of yield curves arising from unparallel shifts of the yield curves, including yield curve twist.
- Basis risk arises from imperfect correlation of reference interest rates applicable to the Bank's assets, liabilities and off-balance sheet positions.
- Embedded option risk arises from changes in interest rate, causing uncertainty of cash flows due to the options embedded in assets, liabilities and off-balance sheet positions, such as non-maturity deposits and loans without prepayment penalty.

Risk Assessment and Monitoring for IRRBB

The measurement of interest rate risk in the banking book provides an assessment of the potential impact of interest rate change on NII, which will help the Bank and the subsidiaries in the Group to manage the risk and determine alternative balance sheet strategies to achieve business return targets. Furthermore, it also provides an assessment of the potential impact on EVE reflecting the sensitivity of the value of assets, liabilities and off-balance sheet positions to changes in interest rates.

The Bank employs both static analysis tools and dynamic simulation techniques to assess interest rate risk in the banking book, including:

1. Repricing Gap Analysis and Sensitivity Analysis

Repricing gap analysis is a traditional method widely used to assess the interest rate risk of current balance sheet positions. It captures repricing risk which is a primary form of interest rate risk, but does not capture yield curve risk, basis risk and embedded option risk.

The Bank uses repricing gap analysis to assess NII impact in the year ahead assuming assets, liabilities and off-balance sheet positions are static and interest rates change immediately across the curves. Repricing gap analysis is also used in conjunction with duration-based weights to estimate the potential impact of interest rate change on EVE.

The Bank assesses and monitors interest rate risk in the banking book through NII impact and EVE impact on a monthly basis.

2. Net Interest Income Simulation (NII Simulation)

NII simulation is a more granular and complex technique than repricing gap analysis. The Bank also uses NII simulation to measure interest rate risk because this technique allows for a projection of future NII under various interest rate scenarios, based on current positions of assets, liabilities, and off-balance sheet items, and assumptions regarding new business activities (dynamic position). This includes assumptions regarding the growth in the positions of balance sheet items, maturity profile of new transactions, product pricing, and the launch of new products. NII simulation is able to capture other types of interest rate risks i.e. yield curve risk, basis risk, and embedded option risk.

The Bank uses NII simulation technique to assess interest rate risk and project future NII from the business plan at least once a year.

3. Stress Testing

The Bank performs stress testing for interest rate risk in the banking book at least on a quarterly basis using static NII simulation on the current position, to assess the potential negative impact to NII under various stress scenarios. The results of stress testing are analyzed and used to determine alternative balance sheet strategies more suited to the business environment in order to achieve the business return target under an acceptable level of risk.

The NII impact for the Bank and the Group of a 100 bps interest rate change using NII Simulation as at December 31, 2024 and 2023 are as follows:

Table 20: Net Interest Income Impact if interest rate rises by 100 bps

Unit: Million Baht

Currency	NII Impact			
	The Group		The Bank	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
THB	(1,238)	(2,337)	(1,494)	(2,655)
USD	1,376	1,749	1,149	1,392
Others	(181)	977	472	797
Total NII Impact	**(43)**	**389**	**127**	**(466)**
% of Estimated NII in next 12 months	**(0.03%)**	**0.30%**	**0.12%**	**(0.44%)**

Risk Control for IRRBB

The Bank monitors and controls interest rate risk by specifying a NII Impact Limit (being the cumulative NII impact within 1 year) and an EVE Impact Limit, assuming interest rates change immediately by 100 bps. These limits are reviewed by ALCO and approved by the Board of Executive Directors, the Risk Oversight Committee and the Board of Directors at least annually or more frequently when warranted by material changes in circumstances.

The Bank manages the interest rate risk by adjusting its asset and liability structure in line with forecast interest rate trends, taking into consideration the changes in NII impact and EVE impact. The Bank may deploy plain vanilla derivatives, such as interest rate swaps and cross currency interest rate swaps, to hedge or mitigate interest rate risk to be within the risk tolerance limit, and manage the risk in accordance with ALCO's guidelines.

The subsidiaries in the Group with significant interest rate risks in the banking book use repricing gap analysis to assess and control IRRBB in the similar fashion as mentioned above.

3.2.4 Equity Exposure in the Banking Book

Equity price risk is the risk associated with equity price changes resulting in the deterioration of investment value and affecting the Bank's and the Group's capital.

Objectives of equity investment in the banking book are as follows

- To enhance income in terms of dividends and capital gains for medium to long-term investments
- To support core banking business by establishing good relationships with customers and creating networks of strategic investment partners
- To exchange for debt repayments from debt restructuring agreements

The Bank's equity price risk arises from various types of investments in both domestic and overseas markets in order to diversify risk, to enhance returns, and to support the development of the Thai capital market, such as investments in property funds and infrastructure funds. In the past year, the Bank's portfolio of equity investment grew considerably, mainly from investment in domestic and foreign listed companies.

The Bank and the subsidiaries in the Group classify equity investments in the banking book in accordance with the applicable accounting standards, with marketable securities classified as available-for-sale investment, non-marketable securities classified as general investment, investment in subsidiaries and investment in associated companies.

Risk Assessment and Monitoring for Equity Exposure in the Banking Book

The market risk management policy is used as a guideline by the Bank and the subsidiaries in the Group in assessing, monitoring, and controlling equity price risk. Measurement techniques for the assessment of equity price risk can be categorized by equity type as follows:

- Listed equity securities: Fair value is used for risk assessment. Stress testing is performed on a quarterly basis, based on the stress scenarios implied from historical movements of the security exchange indices, to estimate the maximum potential losses that may occur during volatile market conditions.
- Other equity securities: Fair value is used for risk assessment, the reliability of which is reviewed at least annually or more frequently as warranted by market conditions.

In managing equity risk in the banking book, the Bank, as the parent company, controls the ratio of equity exposures to total capital to be in accordance with the BOT's regulation and the Bank's internal guidelines.

Valuation Policy for Equity Exposure in the Banking Book

In establishing the fair value of equity securities, the Bank and the subsidiaries in the Group adopts the following valuation policy:

- Listed equity securities are fair valued by referencing the last bid price on the last business day of the period. If this is not available, the last closing price will be applied. Listed equity securities under rehabilitation are fair valued using the discounted cash flow approach or the net asset value approach, as appropriate.
- Other equity securities that are non-listed equity securities are fair valued using the discounted cash flow approach or the net asset value approach, as appropriate. For unit trusts, the fair value is based on net asset value (NAV) as at the end of the period.

Equity exposure in the banking book for the Bank and the Group as at December 31, 2023 and 2022 are as follows:

Table 21: Equity exposures in the banking book

Unit: Million Baht

	The Group		The Bank	
Equity exposures	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
Equity exposures				
• Equity securities listed on a securities exchange (domestic and foreign)	92,788*	89,411*	195,671*	192,165*
• Other equity securities (domestic and foreign)	18,856*	15,666*	56,779*	53,399*
Gains (losses) on sales of equity securities for the year	(1,129)	293	(828)	213
Unrealized gains (losses) on investments at fair value through other comprehensive income	16,320	24,177	16,522	24,427
Minimum capital for equity exposures under SA approach	13,724	12,893	23,838	22,726

* Net Fair Value for the investment in equity securities

3.3 Liquidity Coverage Ratio (LCR)

According to the Basel III guideline, the Bank is subject to the Liquidity Coverage Ratio (LCR) requirement imposed by the BOT. This guideline aims to ensure that a bank has adequate liquidity to support short-term severe liquidity stress scenarios by requiring a bank to maintain High-Quality Liquid Asset (HQLA) to cover Total Net Cash Outflows over the next 30 calendar days under severe liquidity stress scenarios (NCOF). The BOT has required commercial banks to maintain LCR at the end of each month not less 100% since January 1, 2020. The LCR calculation is as follow.

$$\text{LCR} = \frac{\text{Stock of High-Quality Liquid Asset (HQLA)}}{\begin{array}{c}\text{Total Net Cash Outflow over the next 30 days estimated} \\ \text{under severe liquidity stress scenarios (NCOF)}\end{array}}$$

HQLA is unencumbered high-quality liquid asset that can be easily and immediately converted into cash at little or no loss of value even under severe liquidity stress scenarios. All high-quality liquid assets must also meet the minimum standard as stipulated by the BOT. When calculating the amount of HQLA, the value of all qualified assets must be combined and deducted by the haircut value as specified by the BOT. The caps of each class of HQLA must be considered.

NCOF is calculated by deducting the total expected cash inflow from the total expected cash outflow within the period of 30 days during the severe liquidity stress scenario. The total expected cash inflow cannot exceed 75% of the total expected cash outflow and cannot include those assets that are already qualified as HQLA. In calculating expected cash inflow and outflow, the Bank estimates the flows by applying the inflow rates and the run-off rates specified by the BOT.

The Bank’s quarterly LCR which is an average of month-end value in each quarter is shown below.

Table 22: Liquidity Coverage Ratio

Unit: Million Baht

Items	Average Value for the fourth quarter[2]	
	Year 2024	Year 2023
Total High-Quality Liquid Assets (HQLA)	1,060,086	1,063,232
Total expected net cash outflows within the next 30 days (NCOF)	400,151	383,149
LCR[1]	265%	277%
Minimum LCR required by the Bank of Thailand	100%	100%

Note

[1] The LCR is computed as an average ratio of month-end LCR in the quarter. This may not be equal to an LCR computed with the average values of HQLA and NCOF.

[2] Average of month-end value in the quarter.

The Bank's average LCR for the third quarter and the fourth quarter of 2024 in comparison with those of 2023 are shown below.

Table 23: Comparison of Liquidity Coverage Ratio

Average LCR	Year 2024	Year 2023
The third quarter	275%	263%
The fourth quarter	265%	277%

For the fourth quarter of 2024, the Bank's average LCR was 265 percent, well above the regulatory minimum requirement of 100 percent.

The Bank's average HQLA was 1,060,086 million Baht for the fourth quarter of 2024. Of this amount, 96 percent was Level 1 HQLA, which included cash and qualifying debt securities issued or guaranteed by governments, central banks and state enterprises. The remaining was Level 2 HQLA, which were mainly qualifying corporate debt securities rated at least A or equivalent and promissory notes issued by Thailand's Ministry of Finance.

The Bank's average NCOF was 400,151 million Baht for the fourth quarter of 2024. The expected net cash outflows of the Bank were mainly driven by deposits and borrowings from retails and corporates, as well as contingent bond bought. The main drivers of the Bank's inflows were fully- performing loans, interbank placement and contingent bond sold.

The Bank assesses, monitors and controls liquidity risk through a variety of measurements, along with the LCR, such as loan-to-deposit ratio, cumulative net cash flow positions, funding concentration and Net Stable Funding Ratio. The Bank also regularly monitors the early warning indicators to detect any potential liquidity crisis. This is to ensure that the Bank has sufficient liquidity for business operation as usual and can proactively manage liquidity risk.

3.4 Operational Risk

Operational Risk is the risk of loss from inadequate or failed internal processes, people and systems, or from external events. This includes legal risks, but does not include strategic risks and reputational risks.

The Bank understands that good operational risk management is vital to sustainable business success, particularly in the current environment where uncertainties, both domestic and international, prevail. The Bank therefore places great importance on effective operational risk management for the Bank and the Group that covers all aspects of its operations and enables the Bank to deal promptly with any unpredictable event, including compliance with more demanding regulations in Thailand and overseas.

Furthermore, the Bank pays close attention to operating its businesses in accordance with the principles of market conduct covering the quality of customer service and customer care, suitability of products and services sold, reinforcements of system security, information systems, and all electronic/digital channels as well as risk management regarding fraud related to bank products and services such as credit cards, debit cards and electronic services to ensure customer confidence. In relation to a new product and service launches, the product and service risks must be well analyzed, assessed and controlled to be at the acceptable level, and the appropriate risk control procedures must be in place.

Operational Risk Management

The operational risk management of the Bank and its subsidiaries in the Group includes defining, assessing, monitoring, mitigating and controlling risk. Each unit in the organization is directly responsible for managing its operational risk and for establishing measures to mitigate, monitor and control risk to the designated level by allocating appropriate resources and establishing an organizational culture for managing operational risk.

The Bank has The Operational Risk Management Committee (“ORMC”), comprising senior executives from various business and support units, which is responsible for supporting and overseeing the functioning of the Bank’s operational risk management, information technology risk management, and business continuity management to comply with the Bank’s policy.

The Bank has a dedicated unit for operational risk management under its Risk Management Division, which is responsible for the operational risk management system, such as monitoring and supporting every unit in implementing the operational risk management framework at the unit level, managing operational risk at the organization level, reviewing operational risk management in the process of product and service development, calculating the capital required for operational risk under the Basel framework, and maintaining and analyzing data on the operational risk loss data system.

The Operational Risk unit coordinates with the Compliance and Audit and Control Division, by information sharing, and by analyzing and setting controls to enhance the efficiency of operational risk management and the Bank’s internal control.

Likewise, the subsidiaries in the Group have assigned the responsibility for operational risk management at both the unit and the organization level, in line with the Bank’s practices, although the relevant units responsible for overseeing, monitoring, and managing operational risk may differ depending on each company’s organizational structure.

Operational Risk Assessment and Monitoring

A key principle underlying the Bank and the subsidiaries' operational risk management is education staff throughout the organization by providing them with a consistent understanding of operational risk, and cultivate of a sustainable operational risk culture as part of day-to-day business activities across the Bank through Operational Risk Management Tools, namely Risk Taxonomy, which covers data risks, to be used as the bank-wide risk identification standard, Risk Control Self-assessment (RCSA), so that they are able to accurately and completely identify the operational risks, assess the risk, analyze details of the risks, assess the effectiveness of controls, find appropriate solutions to mitigate risks, and implement the selected solutions to minimize risks. This is accompanied by the systematic monitoring of progress, the measurement of potential risk, through Risk Monitoring Information (RMI) and Loss Data collection, and the use of reporting systems as key elements of compiling and analyzing preventive and control measurements, and/or effectively diminishing operational risk, plus regular reviews of the entire process.

Loss data arising from operational risk events for the Bank and the subsidiaries in the Group are maintained in a database. Reports on operational risk exposures and operational risk management are provided on a regular basis.

Operational Risk Mitigation

An important mechanism in controlling, preventing, and mitigating operational risk is an effective internal control system with strong participation of management. Each business unit must enforce operational controls vigorously, ensure compliance with regulations including anti-money laundering measures, implement the segregation of duties and procedures for verification and reconciliation, define approval authorities as well as establish limits commensurate with the scale of the business, the business type and level of staff. The reliability of the information technology system and the security measures related thereto is also of paramount importance.

The Bank and the subsidiaries in the Group have implemented Business Continuity Management (BCM) to enhance their resilience and their capability of responding to unexpected interruptions. The Group has adopted a BCM Policy and a Business Continuity Plans, which are reviewed and updated in accordance with potential threats, as well as being tested on an annual basis.

The Calculation of Value Equivalent to Operational Risk-weighted Asset

The Bank currently uses the Standardised Approach - Operation Risk (SA-OR) to calculate the value equivalent to operational risk-weighted asset at both the Bank level and the Group level. This calculation approach allocates the gross income into business lines and multiplies with a Beta value each business line as prescribed by the BOT.

3.5 Information Technology Risk

Information Technology (IT) Risk is the potential risk from using information technology which will have an impact on the system or operation, and the risk from cyber threats.

Key IT risk factors of the Bank are composed of internal and external factors. Internal factors are the capability and complexity of the Bank's systems and the adoption of technology for the Bank's business operations, system security, data security especially personal data, the integrity of system processing, the development of the Bank's personnel knowledge and capability regarding the use of new technologies and associated IT and cyber risks. External factors are more diversified, rapid and complex forms of IT risk and cyber threats. There are also risks from changes in the business supply chain as the interconnectivity of information and technology may have a business impact, as well as risks due to the transformation of the business landscape in the era of digitalization. In addition, there may be impacts from changes to official regulations related to information technology and newly issued or rapidly changing laws.

The Bank is aware of the risks arising from the use of IT, the importance of information security and cybersecurity, IT third parties and IT projects. The Bank has continually reviewed its IT Risk Management Policy, the Information Security and Cybersecurity Policy, and Information Technology Third-Party Risk Management policy including IT Project Methodology Management. Moreover, the Bank has enhanced the readiness of its IT governance and IT risk management throughout the organization by putting in place a framework for the following areas: strengthening cyber security to meet the most up-to-date standards and covering new technology adoption processes; assessing cyber risk and making appropriate adjustments to the assessment framework according to each situation and review the Bank's IT risks at least once a year; regularly building awareness and understanding of cybersecurity with staff and customers; developing cyber incident response plans to rapidly and effectively handle different forms of cyber risk to reduce its impact; and collaborating with external organizations to further strengthen the Bank's readiness to both effectively prevent and handle cyber risks.

3.6 Strategic Risk

Strategic risk means the risk arising from formulating, conducting, and implementing strategic plans that are inappropriate or inconsistent with critical internal and external environments which may affect the income, capital and survival of the business.

The Bank has prepared a systematic business plan by taking into account the internal and external business environments, risk factors, trends, and business opportunities covering the economic, financial, social, and general environments. This is used as a foundation for planning and assessing the Bank's key opportunities and obstacles, strengths and weaknesses, to guide its business strategies. Furthermore, the Bank has assessed any risks that may affect its operating results and capital adequacy.

The Bank has established a process to regularly monitor, evaluate, and review the implementation of the plan so that it will be completed in a timely manner with efficiency and effectiveness according to its objectives. This enables the Bank to adjust its strategic plans in an appropriate and timely manner. The Bank's Board of Directors and senior management regularly receive reports on the progress of, and adjustments made to, strategic plans.

The Bank attaches great importance in having risk management systems that run in parallel to its business operations. These systems are managed by the Risk Oversight Committee, Risk Management Division, Audit and Control Division, and Compliance Unit as well as senior executives responsible for risk management. The Bank also implements policies, prepares operational manuals and regularly reports issues to the Board of Directors.

3.7 Compliance Risk

Compliance risk refers to the risk arising from non-compliance with laws, rules, regulations, standards and guidelines that are applicable to banking transactions, including providing fair treatment to customers. Failure to comply may result in fines, penalties, or damages from complaints, litigation or other legal action.

Compliance risk management is fundamental to the Bank's business operations as the Bank currently operates more diverse and complex business operations so it can effectively respond to the needs of its customers under changing market conditions. At the same time, the Bank must comply with the rules and regulations of Thailand and other countries.

The Bank has established a Compliance Mandate with appropriate policies and procedures to limit possible damages that may occur from non-compliance with rules and laws within the Compliance Risk Appetite. The Bank has also established a vision and mission for compliance risk management.

To ensure the management of compliance risk without intervention, the Bank has established its Compliance Unit which is independent from business units and Internal Audit. The Compliance Unit acts as a compliance center, giving advice and providing consultation about regulations, prepares compliance guidelines, monitors any rules and regulations that may affect the Bank's operations, and reports to department managers, senior management and the Board of Directors on any important issues arising from the Bank's operations.

Furthermore, the Bank has established the Compliance Framework which establishes the key elements of its compliance risk management, such as governance structure, internal policies and plans, compliance risk management process, external relations, reporting, data and technology, people and skills, and interaction with other control functions, to assure this delivers the maximum benefit to the Bank. In the past year, the Bank has monitored the changes in regulations and laws related to the Bank's business operations and assessed the risk level and impact on the Bank, in order to consider how to improve operations to be in line with the changed regulations and laws in an accurate and timely fashion.

3.8 Reputation Risk

Reputation risk is a major risk that has significant implications for an organization. It is a knock-on consequence of other risks inherent in conducting business and effectively increases the severity of the risk for the general public including customers, business partners, investors, regulators and so on as it can lead to a negative perception or lack of confidence in the Bank, which may affect the Bank's income and/or capital funds, both in the present and in the future.

Reputation risk management is directly linked to other risk management processes, including risk control, risk monitoring and risk mitigation. The Bank manages the reputation risk by conducting an annual reputation risk assessment that covers the key factors linked to the reputation of the organization ranging from the financial position and strength, business conduct in accordance with good governance principles and in compliance with laws and regulations, as well as the management of market conduct, etc. To monitor and control reputation risk effectively, if the assessment results reveal significant risk issues, the implementation of additional control or corrective measures will be considered to mitigate the impact of possible reputation risk. Important measures include the communication contingency plan, which is very important to reduce the impact from internal and external factors. In addition, timely and efficient detection and speed of response, as well as appropriate communication channels are also important factors in reputation risk management.