



# **Bangkok Bank Public Company Limited**

## **Management Discussion and Analysis**

for the Quarter and Six-month Period Ended June 30, 2023

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## Management Discussion and Analysis

### Overview of the Economy and Banking Industry

#### *Thai Economy in the Second Quarter of 2023*

The Thai economy in the second quarter of 2023 showed a moderate improvement from the previous quarter, driven by the tourism sector and private consumption. The recovery of the tourism sector supported tourism-related businesses, especially in areas of major tourist attractions. This led to an increase in service-sector employment and household income. However, the household sector still faces pressure from the high cost of living and household debt. Meanwhile, private investment also improved, partly from investment in new industries. Exports contracted due to lower demand from major trading partners.

Headline inflation and core inflation in the second quarter of 2023 declined to 1.14 percent and 1.51 percent, from 3.88 percent and 2.24 percent in the previous quarter, respectively. During the first six months of 2023, headline inflation averaged 2.49 percent, down from 5.61 percent in the same period last year while core inflation averaged 1.87 percent, close to 1.85 percent in the same period last year. The average exchange rate was 34.49 THB/USD, depreciating from 33.91 and 34.40 THB/USD in the previous quarter and the same quarter last year, respectively.

The Monetary Policy Committee (MPC) raised the policy interest rate by 0.25 percentage point at each of its four meetings in January, March, May, and August, bringing the latest policy interest rate to 2.25 percent. At its latest meeting, the MPC said the Thai economy continued to expand, driven mainly by tourism and private consumption. Meanwhile, merchandise exports contracted in the short term but should pick up looking ahead. Inflation declined and is projected to stabilize within the target range, while upside inflationary risks stem from higher food prices amid more severe El Nino conditions which could accelerate cost pass-through in the context of continuing economic expansion. Overall financial conditions were less accommodative but remained supportive of fund mobilization by the private sector and the ongoing economic recovery. Against this backdrop, monetary policy should continue to ensure that inflation stays sustainably within the target range and support macro-financial stability in the longer term.

The Bank of Thailand (BOT) expects that the Thai economy in 2023 will continue to grow at a slower pace than its previous projection driven by the tourism sector and private consumption. Approximately 29 million foreign tourists are expected to visit Thailand during the year which will continuously benefit employment and income in the service sector and help support the expansion of private consumption. However, agricultural production and farmers' incomes may decline. Private investment is likely to expand at a slower pace due to the postponement of some Public-Private Partnership (PPP) projects, which require the consideration upon the formation of new government. Meanwhile, exports may be impacted by a slowdown in international demand. The risk factors for the Thai economy during the remaining of the year include the cooling of the global economy and trade, a slower than expected decline in inflation rates which the central banks in major economies may need to tighten monetary policy for longer than expected, the risk of economic crises in emerging and developing countries with weak economic conditions, and geopolitical conflicts. Meanwhile, the domestic risk factors to be monitored are the political situation and high cost of living.

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*Thai Banking Industry*

In the second quarter of 2023, business operations of commercial banks in Thailand were supported by a continued economic recovery from the expansion of private consumption and the tourism sector, while the decline in export sector remained challenges. At the end of June 2023, loans and deposit decreased slightly. As a result, the loan to deposit ratio was at the similar level to the end of last year. The ratio of non-performing loan (NPL) to total loans decreased from the end of last year.

The BOT's Credit Condition Report indicated that loan demand increased from all types of businesses in the second quarter of 2023, particularly those in the tourism-related service sector. Demand from large corporates was for working capital, project finance, and refinancing following an upward interest rate trend. Meanwhile, demand from small and medium-sized enterprises (SME), which was for working capital, fell slightly due to higher borrowing costs. Demand from households for almost all types of loans declined due to rising borrowing costs, especially housing and other consumer loans.

Going forward, loan demand is expected to increase across all business sectors with large corporates focusing on project finance and fixed asset investment, while SMEs focus on working capital. However, loan demand for exports will slow down in line with the decline in the export sector. Consumer loan demand is expected to slightly increase, especially housing loans due to consumer confidence.

Commercial banks put importance to provide assistance and support to customers in accordance with the BOT's assistance measures including sustainable debt relief measures, rehabilitation loans, and transformation loans, as well as SME loans for contractors of government and state enterprises. In addition, commercial banks must prepare to open up in three areas under the new direction of the Thai financial sector to support the digital economy and sustainable growth. The areas are: (1) Leveraging Technology and Data to drive Digital Innovation which consists of open competition to allow service providers to access open infrastructure and benefit from open data; (2) Managing the Transition towards Sustainability to enable the financial sector to assess environmental risks in business operations and support a sustainable economic transition; and (3) Shifting from Stability to Resilience by adjusting the financial sector supervision to be more flexible in line with new risks. The BOT has already begun to implement some new policies, such as regulations for digital asset business operations, a focus on environmental matters, the development of payment systems, and guidelines for licensing virtual banks, along with proposals for solving household debt in a sustainable way.

Commercial banks continued to place a greater emphasis on liquidity management with a focus on restructuring deposits and appropriately managing costs while maintaining their Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in line with the BOT's regulations, as well as focusing on appropriately managing loan quality and risk. The commercial banking system still has high levels of capital and has regularly increased loan loss reserves. This will enable it to support credit demand and manage economic volatility going forward.

## Overall Picture of the Bank and its Subsidiaries

Item	Million Baht							
	Q2/23	Q1/23	Q2/22	%QoQ	%YoY	H1/23	H1/22	%YoY
Net profit <sup>/1</sup>	<b>11,294</b>	10,129	6,961	11.5%	62.2%	<b>21,423</b>	14,079	52.2%
Earnings per share (Baht)	<b>5.92</b>	5.31	3.65	11.5%	62.2%	<b>11.22</b>	7.38	52.2%
Net interest margin	<b>2.91%</b>	2.84%	2.24%	0.07%	0.67%	<b>2.88%</b>	2.18%	0.70%
Net fees and service income to operating income ratio	<b>15.5%</b>	17.7%	19.7%	(2.2)%	(4.2)%	<b>16.6%</b>	21.0%	(4.4)%
Cost to income ratio	<b>47.4%</b>	46.8%	51.0%	0.6%	(3.6)%	<b>47.1%</b>	50.4%	(3.3)%
Return on average assets <sup>/1</sup>	<b>1.01%</b>	0.92%	0.64%	0.09%	0.37%	<b>0.97%</b>	0.65%	0.32%
Return on average equity <sup>/1</sup>	<b>8.75%</b>	8.05%	5.63%	0.70%	3.12%	<b>8.41%</b>	5.74%	2.67%

<sup>/1</sup> Attributable to owners of the Bank

Item	Million Baht				
	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
Loans	<b>2,698,304</b>	2,640,090	2,682,691	2.2%	0.6%
Deposits	<b>3,200,155</b>	3,205,989	3,210,896	(0.2)%	(0.3)%
Loan to deposit ratio	<b>84.3%</b>	82.3%	83.5%	2.0%	0.8%
Non-performing loans (Gross NPL) <sup>/1</sup>	<b>93,285</b>	98,359	97,188	(5.2)%	(4.0)%
Gross NPL to total loans ratio <sup>/1</sup>	<b>2.9%</b>	3.1%	3.1%	(0.2)%	(0.2)%
Allowance for expected credit losses to NPL ratio <sup>/1</sup>	<b>287.1%</b>	265.1%	260.8%	22.0%	26.3%
Total capital adequacy ratio	<b>19.13%</b>	19.18%	19.13%	(0.05)%	-

<sup>/1</sup> Including interbank and money market lending

The Bank and its subsidiaries report a net profit for the first half of 2023 of Baht 21,423 million, an increase of 52.2 percent from the same period last year. This is due mainly to an increase in net interest income of 36.0 percent following the rise in interest rates from higher yields on earning assets, net of an increase in cost of deposits and the resumption of the FIDF fee at a normal rate since the beginning of this year, resulting in the net interest margin increasing to 2.88 percent. Net fees and service income was at a similar level to the first half of 2022. Operating expenses rose by 18.3 percent following an increase in economic activities, and partly from expenses for operational efficiency improvement. Meanwhile, the cost to income ratio declined to 47.1 percent. According to consistently setting aside expected credit losses, the Bank provided the similar level of expected credit losses as the previous quarter. As a result, the expected credit losses for the first half of 2023 amounted to Baht 17,354 million.

At the end of June 2023, the Bank's total loans amounted to Baht 2,698,304 million, rising 0.6 percent from the end of last year, mainly due to an increase in loans to large corporate customers and loans made through the Bank's international network. The ratio of non-performing loans to total loans was at a manageable level of 2.9 percent. The Bank continues to prudently set aside expected credit losses, leading to a robust allowance for expected credit losses to non-performing loans ratio of 287.1 percent.

As of June 30, 2023, the Bank's deposits amounted to Baht 3,200,155 million, a similar level compared to the end of last year. The loan to deposit ratio stood at 84.3 percent. In terms of capital, the total capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 19.13 percent, 15.71 percent and 14.92 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

### Operating Income and Expenses of the Bank and its Subsidiaries

Million Baht								
Item	Q2/23	Q1/23	Q2/22	%QoQ	%YoY	H1/23	H1/22	%YoY
Net interest income	<b>31,487</b>	30,077	23,526	4.7%	33.8%	<b>61,565</b>	45,273	36.0%
Non-interest income	<b>10,957</b>	10,216	10,666	7.3%	2.7%	<b>21,172</b>	20,029	5.7%
Operating expenses	<b>20,111</b>	18,850	17,435	6.7%	15.3%	<b>38,961</b>	32,941	18.3%
Expected credit loss	<b>8,880</b>	8,474	8,354	4.8%	6.3%	<b>17,354</b>	14,843	16.9%
Operating profit before tax	<b>13,453</b>	12,969	8,403	3.7%	60.1%	<b>26,422</b>	17,518	50.8%
Income tax expenses	<b>2,047</b>	2,728	1,319	(25.0)%	55.2%	<b>4,775</b>	3,195	49.5%
Net profit	<b>11,406</b>	10,241	7,084	11.4%	61.0%	<b>21,647</b>	14,323	51.1%
Net profit <sup>/1</sup>	<b>11,294</b>	10,129	6,961	11.5%	62.2%	<b>21,423</b>	14,079	52.2%
Total comprehensive income <sup>/1</sup>	<b>11,131</b>	9,863	1,671	12.9%	566.1%	<b>20,993</b>	6,578	219.1%

<sup>/1</sup> Attributable to owners of the Bank

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank in the second quarter of 2023 of Baht 11,294 million, increasing 11.5 percent from the previous quarter due to an increase in net interest income following the rise in interest rates. Non-interest income increased from higher gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL) in line with the market environment. Operating expenses increased from operational efficiency improvement and seasonal expenses. The Bank set aside expected credit losses at the similar level as the previous quarter by continuing to maintain its prudent approach.

Compared with the second quarter of 2022, net profit attributable to owners of the Bank rose by 62.2 percent. In the first half of 2023, net profit attributable to owners of the Bank amounted to Baht 21,423 million, an increase of 52.2 percent from the same period last year, due mainly to an increase in net interest income in line with the interest rates trend from an increase in yield on earning assets offset by an increase in cost of deposits and the resumption of the Financial Institutions Development Fund (FIDF) fee to the normal rate since the beginning of 2023. Operating expenses increased from the gradual recovery of economic activities after the Covid-19 situation eased, as well as partly from expenses for operational efficiency improvement. The Bank set aside Baht 17,354 million in expected credit losses in the first half of 2023.

### Net Interest Income

Net interest income in the second quarter of 2023 amounted to Baht 31,487 million, an increase of 4.7 percent from the previous quarter due to an increase in interest income and interest expenses following the rise in interest rates.

Compared with the second quarter of 2022, net interest income increased by 33.8 percent. In the first half of 2023, net interest income amounted to Baht 61,565 million, an increase of 36.0 percent from the rise in yield on earning assets following the direction of interest rates offset by an increase in cost of deposits from rising interest rate and the adjustment of the FIDF fee to the normal rate of 0.46 percent per annum from the beginning of 2023 onwards.

	Million Baht							
Item	Q2/23	Q1/23	Q2/22	%QoQ	%YoY	H1/23	H1/22	%YoY
<b>Interest Income</b>								
Loans	<b>37,367</b>	35,500	26,955	5.3%	38.6%	<b>72,868</b>	52,360	39.2%
Interbank and money market items	<b>5,046</b>	4,348	1,553	16.1%	224.9%	<b>9,394</b>	2,952	218.2%
Investments	<b>4,859</b>	4,322	3,429	12.4%	41.7%	<b>9,181</b>	6,547	40.2%
<b>Total interest income</b>	<b>47,272</b>	44,170	31,937	7.0%	48.0%	<b>91,443</b>	61,859	47.8%
<b>Interest expenses</b>								
Deposits	<b>8,787</b>	7,585	4,354	15.8%	101.8%	<b>16,372</b>	8,732	87.5%
Interbank and money market items	<b>1,741</b>	1,422	344	22.4%	406.1%	<b>3,164</b>	597	430.0%
Contributions to Financial Institutions Development Fund and Deposit Protection Agency	<b>3,139</b>	3,100	1,716	1.3%	82.9%	<b>6,239</b>	3,394	83.8%
Debt issued and borrowings	<b>2,118</b>	1,986	1,997	6.6%	6.1%	<b>4,103</b>	3,863	6.2%
<b>Total interest expenses</b>	<b>15,785</b>	14,093	8,411	12.0%	87.7%	<b>29,878</b>	16,586	80.1%
<b>Net interest income</b>	<b>31,487</b>	30,077	23,526	4.7%	33.8%	<b>61,565</b>	45,273	36.0%
Yield on earning assets	<b>4.37%</b>	4.16%	3.05%	0.21%	1.32%	<b>4.27%</b>	2.97%	1.30%
Cost of funds	<b>1.71%</b>	1.55%	0.93%	0.16%	0.78%	<b>1.63%</b>	0.92%	0.71%
Net interest margin	<b>2.91%</b>	2.84%	2.24%	0.07%	0.67%	<b>2.88%</b>	2.18%	0.70%

Bangkok Bank Interest Rate	Jun'23	Mar'23	Dec'22	Sep'22	Jun'22	Mar'22	Dec'21
<b>Loans (%)</b>							
MOR	7.300	6.900	6.350	6.250	5.875	5.875	5.875
MRR	7.050	6.800	6.250	6.250	5.950	5.950	5.950
MLR	6.850	6.450	5.850	5.650	5.250	5.250	5.250
<b>Deposits (%)</b>							
Savings	0.350	0.500	0.450	0.450	0.250	0.250	0.250
3-month Fixed	0.950	0.750	0.600	0.550	0.375	0.375	0.375
6-month Fixed	1.050	0.850	0.700	0.650	0.500	0.500	0.500
12-month Fixed	1.350	1.150	1.000	0.800	0.500	0.500	0.500
<b>Bank of Thailand Policy Rate (%)</b>	2.000	1.750	1.250	1.000	0.500	0.500	0.500



### *Non-interest Income*

Non-interest income for the second quarter of 2023 amounted to Baht 10,957 million, increasing by 7.3 percent from the previous quarter. This was mainly from higher gains on financial instruments measured at FVTPL following the market environment. Meanwhile, net fees and service income decreased from the securities business in line with the capital market situation.

Compared with the second quarter of 2022, non-interest income increased by 2.7 percent from an increase in gains on investments, while net fees and service income declined mainly from the securities business.

In the first half of 2023, the Bank's non-interest income was Baht 21,172 million, an increase of 5.7 percent from the first half of last year due to an increase in gains on investments. Net fees and service income was at the similar level as the same period last year.

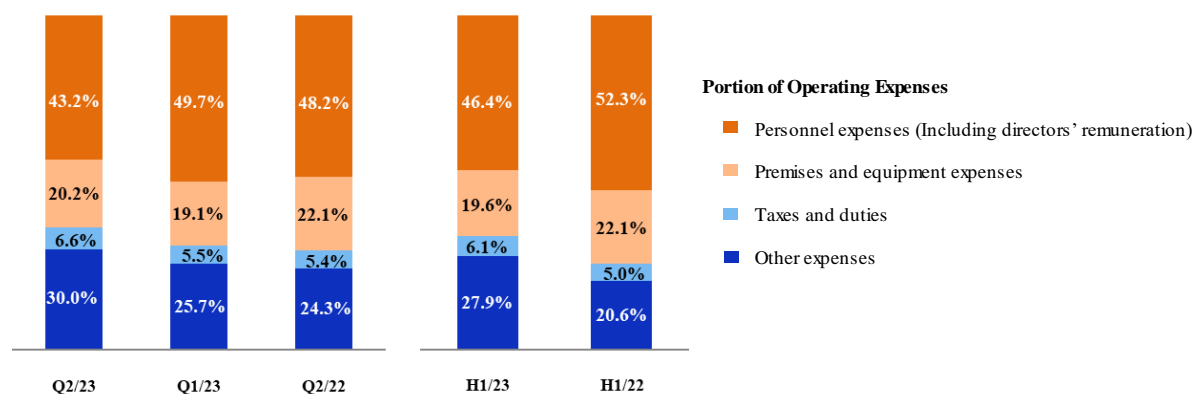
Million Baht								
Item	Q2/23	Q1/23	Q2/22	%QoQ	%YoY	H1/23	H1/22	%YoY
Fees and service income	<b>10,265</b>	11,158	9,966	(8.0)%	3.0%	<b>21,422</b>	20,056	6.8%
<u>Less</u> fees and service expenses	<b>3,694</b>	4,035	3,240	(8.5)%	14.0%	<b>7,729</b>	6,372	21.3%
<b>Net fees and service income</b>	<b>6,571</b>	7,123	6,726	(7.7)%	(2.3)%	<b>13,693</b>	13,684	0.1%
Gains on financial instruments measured at FVTPL	<b>3,372</b>	1,445	3,435	133.4%	(1.8)%	<b>4,817</b>	4,781	0.8%
Gains (losses) on investments	<b>(98)</b>	30	(823)	(426.7)%	88.1%	<b>(68)</b>	(752)	91.0%
Share of profit from investment using equity method	<b>50</b>	57	41	(12.3)%	22.0%	<b>107</b>	91	17.6%
Gains on disposal of assets	<b>59</b>	642	99	(90.8)%	(40.4)%	<b>701</b>	162	332.7%
Dividend income	<b>798</b>	630	910	26.7%	(12.3)%	<b>1,428</b>	1,521	(6.1)%
Other operating income	<b>205</b>	289	278	(29.1)%	(26.3)%	<b>494</b>	542	(8.9)%
<b>Total other operating income</b>	<b>4,386</b>	3,093	3,940	41.8%	11.3%	<b>7,479</b>	6,345	17.9%
<b>Total non-interest income</b>	<b>10,957</b>	10,216	10,666	7.3%	2.7%	<b>21,172</b>	20,029	5.7%
Net fees and service income to operating income ratio	<b>15.5%</b>	17.7%	19.7%	(2.2)%	(4.2)%	<b>16.6%</b>	21.0%	(4.4)%

### Operating Expenses

Operating expenses for the second quarter of 2023 amounted to Baht 20,111 million, increasing by 6.7 percent from the previous quarter due to expenses for operational efficiency improvement and seasonal expenses.

Compared with the second quarter of 2022, operating expenses increased by 15.3 percent. In the first half of 2023, operating expenses stood at Baht 38,961 million, an increase of 18.3 percent from the first half of 2022, partly from expenses for operational efficiency improvement, including marketing and operating costs as economic activities recovered after the Covid-19 situation eased. The cost to income ratio for the first half of 2023 stood at 47.1 percent.

Item	Million Baht								
	Q2/23	Q1/23	Q2/22	%QoQ	%YoY	H1/23	H1/22	%YoY	
Personnel expenses	<b>8,616</b>	9,324	8,312	(7.6)%	3.7%	<b>17,940</b>	17,046	5.2%	
Directors' remuneration	<b>77</b>	49	94	57.1%	(18.1)%	<b>125</b>	175	(28.6)%	
Premises and equipment expenses	<b>4,050</b>	3,589	3,847	12.8%	5.3%	<b>7,639</b>	7,267	5.1%	
Taxes and duties	<b>1,328</b>	1,038	935	27.9%	42.0%	<b>2,367</b>	1,666	42.1%	
Other expenses	<b>6,040</b>	4,850	4,247	24.5%	42.2%	<b>10,890</b>	6,787	60.5%	
<b>Total operating expenses</b>	<b>20,111</b>	18,850	17,435	6.7%	15.3%	<b>38,961</b>	32,941	18.3%	
Cost to income ratio	<b>47.4%</b>	46.8%	51.0%	0.6%	(3.6)%	<b>47.1%</b>	50.4%	(3.3)%	



### Expected Credit Losses

In the second quarter of 2023, the Bank set aside Baht 8,880 million in expected credit losses. The Bank considered the global economic uncertainty resulting from high levels of inflation and the slower-than-expected recovery of major economies. Therefore, the Bank set aside expected credit losses with a prudent approach to cope with the potential impact on the Thai economy.



**Significant Items in the Financial Position***Assets*

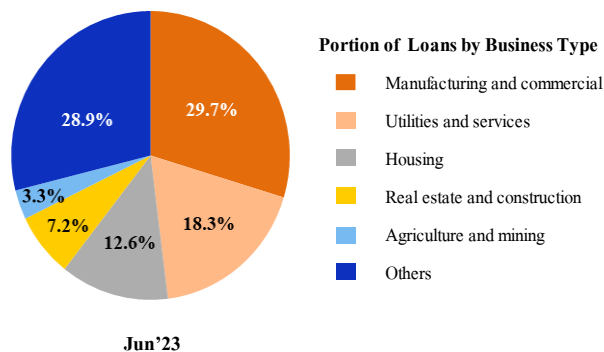
As of June 30, 2023, total assets amounted to Baht 4,485,624 million, the same level as at the end of the previous quarter and increasing from the end of last year mainly from higher net investments and loans.

	Million Baht				
Item	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
Net interbank and money market items	749,158	811,274	766,074	(7.7)%	(2.2)%
Financial assets measured at FVTPL	85,959	75,226	75,036	14.3%	14.6%
Net investments	915,943	909,494	850,151	0.7%	7.7%
Net investments in associates	1,399	1,487	1,421	(5.9)%	(1.5)%
Loans	2,698,304	2,640,090	2,682,691	2.2%	0.6%
Net properties for sale	12,076	14,727	12,017	(18.0)%	0.5%
<b>Total assets</b>	<b>4,485,624</b>	<b>4,461,137</b>	<b>4,421,752</b>	<b>0.5%</b>	<b>1.4%</b>

*Loans*

As of June 30, 2023, loans amounted to Baht 2,698,304 million, increasing by 2.2 percent from the end of the previous quarter and 0.6 percent from the end of last year, mainly from increases in corporate loans and loans made through the Bank's international network.

	Million Baht				
Loans by Business Type	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
Manufacturing and commercial	801,356	808,497	825,508	(0.9)%	(2.9)%
Utilities and services	494,387	506,295	527,351	(2.4)%	(6.3)%
Housing	340,690	336,161	336,256	1.3%	1.3%
Real estate and construction	194,699	193,020	196,482	0.9%	(0.9)%
Agriculture and mining	89,136	81,192	88,014	9.8%	1.3%
Others	778,036	714,925	709,080	8.8%	9.7%
<b>Total loans</b>	<b>2,698,304</b>	<b>2,640,090</b>	<b>2,682,691</b>	<b>2.2%</b>	<b>0.6%</b>



The Bank and its subsidiaries had loans distributed across business sectors, with 29.7 percent in the manufacturing and commercial sector, 18.3 percent in the utilities and services sector, 12.6 percent in the housing sector, and 7.2 percent in the real estate and construction sector. The increase in loans from the end of March 2023 was mainly driven by the others sector. Comparing with December 2022, loans increased mainly from the others sector, while the utilities and services sector decreased.

### Classified Loans and Allowance for Expected Credit Losses

Non-performing loan (Gross NPL) at the end of June 2023 was Baht 93,285 million, while the gross NPL to total loans ratio stood at 2.9 percent.

The allowance for expected credit losses was Baht 267,836 million. The allowance for expected credit losses to NPL ratio was 287.1 percent.

	Million Baht				
Item	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
<b><u>Consolidated</u></b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>93,285</b>	98,359	97,188	(5.2)%	(4.0)%
Gross NPL to total loans ratio <sup>/1</sup>	<b>2.9%</b>	3.1%	3.1%	(0.2)%	(0.2)%
Net NPL to net total loans ratio <sup>/1</sup>	<b>0.7%</b>	0.9%	0.9%	(0.2)%	(0.2)%
Allowance for expected credit losses to NPL ratio	<b>287.1%</b>	265.1%	260.8%	22.0%	26.3%
<b><u>The Bank</u></b>					
Non-performing loan (Gross NPL) <sup>/1</sup>	<b>77,327</b>	84,016	80,991	(8.0)%	(4.5)%
Gross NPL to total loans ratio <sup>/1</sup>	<b>2.8%</b>	3.0%	2.9%	(0.2)%	(0.1)%

<sup>/1</sup> Including interbank and money market lending

	Million Baht					
Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses <sup>/1</sup>		
	Jun'23	Mar'23	Dec'22	Jun'23	Mar'23	Dec'22
Non-credit-impaired	<b>3,354,013</b>	3,352,959	3,351,508	<b>194,374</b>	185,286	179,648
Credit-impaired	<b>93,285</b>	98,359	97,188	<b>73,462</b>	75,452	73,811
<b>Total</b>	<b>3,447,298</b>	3,451,318	3,448,696	<b>267,836</b>	260,738	253,459

<sup>/1</sup> Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

### Investments

As of June 30, 2023, investments amounted to Baht 1,001,902 million, increasing by 1.7 percent from the end of the previous quarter. Compared to the end of 2022, investments increased by 8.3 percent, predominantly from investments in Thai government and state enterprise securities.

The Bank and its subsidiaries had Baht 577,514 million in investments in Thai government and state enterprises securities, accounting for 57.6 percent of total investments. Foreign debt securities amounted to Baht 226,673 million, private enterprise debt securities to Baht 29,213 million, and net investment in equity securities to Baht 101,654 million.

Million Baht					
Investments by Investment Holding	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
Trading securities	14,509	5,843	5,141	148.3%	182.2%
Securities measured at FVTPL	71,450	69,383	69,895	3.0%	2.2%
Debt securities measured at amortized cost	113,123	96,331	88,212	17.4%	28.2%
Debt securities measured at FVOCI	714,296	725,067	672,065	(1.5)%	6.3%
Equity securities measured at FVOCI	88,524	88,096	89,874	0.5%	(1.5)%
<b>Total investments</b>	<b>1,001,902</b>	<b>984,720</b>	<b>925,187</b>	<b>1.7%</b>	<b>8.3%</b>

### Liabilities and Shareholders' Equity

Total liabilities as of June 30, 2023, amounted to Baht 3,963,103 million, the same level as at the end of the previous quarter and increasing by 1.2 percent from the end of last year mainly from higher interbank and money market items.

Million Baht					
Item	Jun'23	Mar'23	Dec'22	%QoQ	%YTD
Deposits	3,200,155	3,205,989	3,210,896	(0.2)%	(0.3)%
Interbank and money market items	309,199	317,865	262,522	(2.7)%	17.8%
Financial liabilities measured at FVTPL	18,538	17,767	17,960	4.3%	3.2%
Debt issued and borrowings	192,632	185,745	188,302	3.7%	2.3%
<b>Total liabilities</b>	<b>3,963,103</b>	<b>3,943,985</b>	<b>3,914,610</b>	<b>0.5%</b>	<b>1.2%</b>
<b>Shareholders' equity</b> <sup>/1</sup>	<b>520,613</b>	<b>515,208</b>	<b>505,346</b>	<b>1.0%</b>	<b>3.0%</b>

<sup>/1</sup> Attributable to owners of the Bank

*Deposits*

Total deposits as of June 30, 2023, amounted to Baht 3,200,155 million, the same level as at the end of the previous quarter and the end of last year. The loan to deposit ratio was 84.3 percent.

Million Baht

Deposits Classified by Product Type	Jun'23		Mar'23		Dec'22		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	283,512	8.9%	293,391	9.1%	302,855	9.4%	(3.4)%	(6.4)%
Savings	1,708,745	53.4%	1,711,027	53.4%	1,708,362	53.2%	(0.1)%	0.0%
Fixed	1,207,898	37.7%	1,201,571	37.5%	1,199,679	37.4%	0.5%	0.7%
<b>Total deposits</b>	<b>3,200,155</b>	<b>100.0%</b>	<b>3,205,989</b>	<b>100.0%</b>	<b>3,210,896</b>	<b>100.0%</b>	<b>(0.2)%</b>	<b>(0.3)%</b>
Loan to deposit ratio		<b>84.3%</b>		82.3%		83.5%	2.0%	0.8%

*Debt Issued and Borrowings*

Total debt issued and borrowings as of June 30, 2023, amounted to Baht 192,632 million, increasing from the end of March 2023 and the end of December 2022 due to an increase in the value of foreign-denominated debentures following the depreciation of the Baht.

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	Jun'23		Mar'23		Dec'22		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	87,142	45.2%	84,362	45.4%	85,045	45.2%	3.3%	2.5%
Subordinated notes	104,970	54.5%	100,646	54.2%	101,998	54.1%	4.3%	2.9%
Bills of exchange	-	-	100	0.0%	413	0.2%	(100.0)%	(100.0)%
Others	581	0.3%	700	0.4%	915	0.5%	(17.0)%	(36.5)%
Total (before less discount on borrowings)	192,693	100.0%	185,808	100.0%	188,371	100.0%	3.7%	2.3%
<u>Less</u> discount on borrowings	61		63		69		(3.2)%	(11.6)%
<b>Total debt issued and borrowings</b>	<b>192,632</b>		<b>185,745</b>		<b>188,302</b>		<b>3.7%</b>	<b>2.3%</b>

*Shareholders' Equity*

Shareholders' equity attributable to owners of the Bank as of June 30, 2023, amounted to Baht 520,613 million, an increase of Baht 15,267 million or 3.0 percent from the end of 2022. This was due to the net profit attributable to owners of the Bank for the first half of 2023 of Baht 21,423 million, offset by a dividend payment of Baht 5,726 million (3.00 baht per share) according to a resolution of the shareholders' meeting on April 12, 2023.

**Sources and Utilization of Funds**

As of June 30, 2023, the Bank and its subsidiaries' primary sources of funds consisted of deposits of Baht 3,200,155 million or 71.3 percent, equity attributable to owners of the Bank of Baht 520,613 million or 11.6 percent, interbank and money market items on liabilities of Baht 309,199 million or 6.9 percent and debt securities issued and borrowing including financial liabilities measured at FVTPL amounting to Baht 211,170 million or 4.7 percent.

The utilization of funds comprised loans of Baht 2,698,304 million or 60.2 percent, net investments including financial assets measured at FVTPL and net investments in associates of Baht 1,003,301 million or 22.4 percent, and net interbank and money market assets of Baht 749,158 million or 16.7 percent.

**Capital Reserves and Capital Adequacy Ratio**

Under the principles of Basel III, the Bank of Thailand (BOT) currently requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios: the Common Equity Tier 1 capital adequacy ratio at no less than 4.50 percent, the Tier 1 capital adequacy ratio at no less than 6.00 percent, and the Total Capital Adequacy ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The BOT also requires a capital conservation buffer of more than 2.50 percent. Since the Bank is classified by BOT as a Domestic Systemically Important Bank (D-SIB), it must have an additional Common Equity Tier 1 ratio at 1.00 percent for Higher Loss Absorbency (HLA). Consequently, the Bank is required to maintain the Common Equity Tier 1 capital adequacy ratio at more than 8.00 percent, the Tier 1 capital adequacy ratio at more than 9.50 percent, and the total capital adequacy ratio at more than 12.00 percent – measured as percentages of total risk-weighted assets.

As of June 30, 2023, the Bank's Common Equity Tier 1 capital adequacy ratio was 14.92 percent, the Tier 1 capital adequacy ratio was 15.71 percent, and the total capital adequacy ratio was 19.13 percent, which was above the Bank of Thailand's minimum capital requirements.

**Consolidated**

Million Baht

Item	Jun'23		Mar'23		Dec'22		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	453,098	14.92%	445,491	14.91%	447,590	14.88%	> 8.00%
Tier 1 capital	476,875	15.71%	469,275	15.71%	471,366	15.67%	> 9.50%
Tier 2 capital	104,027	3.42%	103,882	3.47%	104,108	3.46%	
<b>Total capital</b>	<b>580,902</b>	<b>19.13%</b>	<b>573,157</b>	<b>19.18%</b>	<b>575,474</b>	<b>19.13%</b>	<b>&gt; 12.00%</b>

**The Bank**

Million Baht

Item	Jun'23		Mar'23		Dec'22		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	440,906	16.17%	439,798	16.35%	444,882	16.51%	> 8.00%
Tier 1 capital	464,498	17.04%	463,390	17.23%	468,474	17.38%	> 9.50%
Tier 2 capital	100,687	3.69%	100,754	3.74%	100,807	3.74%	
<b>Total capital</b>	<b>565,185</b>	<b>20.73%</b>	<b>564,144</b>	<b>20.97%</b>	<b>569,281</b>	<b>21.12%</b>	<b>&gt; 12.00%</b>

### Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of June 30, 2023, the ratio of liquid assets to total assets and liquid assets to deposits was 38.2 percent and 53.6 percent, respectively.

Item	Jun'23	Mar'23	Dec'22
Liquid assets/Total assets (%)	38.2	39.6	37.7
Liquid assets/Deposits (%)	53.6	55.1	51.9

### Credit Ratings

Details of the Bank's credit ratings are as follows:

Credit Rating Agency	Jun'23	Mar'23	Dec'22
<b>Moody's Investors Service</b>			
Long-term Deposit	Baa1	Baa1	Baa1
Short-term Deposit	P-2	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	Ba1	Ba1	Ba1
Financial Strength (BCA)	baa1	baa1	baa1
Outlook	Stable	Stable	Stable
<b>S&amp;P Global Ratings</b>			
Long-term Issuer Credit Rating	BBB+	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Financial Strength (SACP)	bbb-	bbb-	bbb-
Outlook	Stable	Stable	Stable
<b>Fitch Ratings</b>			
<b>International Rating</b>			
Long-term Issuer Default Rating	BBB	BBB	BBB
Short-term Issuer Default Rating	F2	F2	F2
Senior Unsecured Debt Instrument	BBB	BBB	BBB
Subordinated Debt Instrument	BB+	BB+	BB+
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BB+	BB+
Financial Strength (VR)	bbb	bbb	bbb
Outlook	Stable	Stable	Stable
<b>National Rating</b>			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable