



Bangkok Bank Public Company Limited

Management Discussion and Analysis

for the Quarter and Nine-month Period Ended September 30, 2023



Management Discussion and Analysis

Overview of the Economy and Banking Industry

Thai Economy in the Third Quarter of 2023

The Thai economy in the third quarter of 2023 continued to recover supported by the expansion in private consumption and the increase in Thai and foreign tourists. The value of merchandise exports, excluding gold, increased from exports of automotive and petroleum in line with the rise in manufacturing production. Meanwhile, private investment decreased after accelerating in the previous period. Public spending contracted in both current and capital expenditures.

Headline inflation and core inflation in the third quarter of 2023 averaged 0.52 percent and 0.75 percent, decreasing from 1.14 percent and 1.51 percent respectively in the previous quarter. The average exchange rate in the third quarter of 2023 was 35.17 THB/USD, depreciating from 34.49 THB/USD in the previous quarter, but appreciating from 36.42 THB/USD in the same period last year.

The Monetary Policy Committee (MPC) has gradually raised the policy interest rate since the beginning of the year from 1.25 percent to 2.50 percent at the end of September 2023. At its latest meeting, the MPC assessed that this year the Thai economy would continue to expand but at a slower pace as the export and tourism sectors are recovering more slowly than expected. However, economic growth in 2024 is expected to accelerate following the recovery of the export sector and domestic demand partly from public spending stimulus policies, as well as the continued expansion of the tourism sector. Although overall financial conditions have been tighter, they remain supportive of private sector funding and the ongoing economic recovery. Going forward, the MPC will carefully assess the outlook of economic growth and inflation trend on setting monetary policy.

The Bank of Thailand (BOT) lowered its forecast for Thailand's economic expansion in 2023 to 2.8 percent from 3.6 percent due to the delayed recovery in the tourism sector and the slowdown in foreign demand for merchandise exports, partly from the subdued recovery of the Chinese economy and the economic slowdown in European countries. However, private consumption is improving, mainly in the service sector. Going forward, the Thai economy will continue to face risks from uncertainties in the global economy as major central banks are maintaining higher for longer interest rates than expected and uncertainty from geopolitical issues, especially in the Middle East. Domestically, the high level of household debt presents a risk that must be closely monitored as it affects the purchasing power of the household sector, especially amidst the elevated interest rate.

Thai Banking Industry

At the end of September 2023, the commercial banking system's loans grew slightly while deposits declined at a similar rate, resulting in higher loan to deposit ratio compared 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 Conditions Report indicated that loan demand increased from all types of businesses in the third quarter of 2023, particularly those in the tourism-related service sector. Loan demand for working capital across enterprises of all sizes also increased. Consumer loan demand was similar to the previous quarter as credit card loan continued to increase in line with increasing consumption needs and housing loan benefited from real estate sales promotions. Meanwhile, auto-leasing loans declined due to stricter loan covenants and other consumer loans from higher borrowing costs. Going forward, loan demand is expected to increase across enterprises of all sizes, with large corporates focusing on fixed asset investment, inventory build-up, mergers and acquisitions, as well as refinancing during the period of rising borrowing costs. Some businesses are likely to raise funds through loans as bond market funding costs are trending higher. Loan demand from SME will use to build up inventory and working capital. Consumer loan demand is expected to increase in most categories, especially for other consumer and housing loans, as consumer confidence is expected to grow, while demand for auto-leasing loans has not yet recovered due to tight loan covenants and higher borrowing costs.

Commercial banks placed importance on providing assistance and support to all customer groups in accordance with the BOT's assistance measures including measures to sustainably address household debt problems, long-term debt relief, 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 Thai financial landscape for digital and sustainable economy. These areas are: (1) Leveraging on Technology and Data to Drive Innovation which consists of open competition to allow service providers to access open infrastructure and benefit from open data; (2) Managing Transition towards Sustainability to enable the financial sector to incorporate environmental considerations into their risk assessments and support a sustainable economic transition; and (3) Shifting from Stability to Resiliency by shifting towards a more flexible regulatory framework while ensures that the financial sector could respond to significant and emerging risks in a timely manner. The BOT has already implemented various policies, such as regulations for digital asset business operations, issuing a policy statement on internalizing environmental and climate change aspects into financial institutions' business, the development of payment systems, and guidelines for licensing virtual banks. Meanwhile, the domestic systemically important banks (D-SIBs) together with the government and large corporates launched PromptBiz, a centralized digital financial and payment infrastructure to provide cross-bank digital transactions for business sector.

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

Million Baht									
Item	Q3/23	Q2/23	Q3/22	%QoQ	%YoY	9M23	9M22	%YoY	
Net profit ^{/1}	11,350	11,294	7,657	0.5%	48.2%	32,773	21,736	50.8%	
Earnings per share (Baht)	5.95	5.92	4.01	0.5%	48.2%	17.17	11.39	50.8%	
Net interest margin	3.11%	2.91%	2.49%	0.20%	0.62%	2.96%	2.28%	0.68%	
Net fees and service income to operating income ratio	15.9%	15.5%	18.7%	0.4%	(2.8)%	16.3%	20.1%	(3.8)%	
Cost to income ratio	45.1%	47.4%	46.3%	(2.3)%	(1.2)%	46.4%	49.0%	(2.6)%	
Return on average assets ^{/1}	1.00%	1.01%	0.69%	(0.01)%	0.31%	0.98%	0.67%	0.31%	
Return on average equity ^{/1}	8.59%	8.75%	6.05%	(0.16)%	2.54%	8.47%	5.83%	2.64%	

^{/1} Attributable to owners of the Bank

Million Baht						
Item	Sep'23	Jun'23	Dec'22	%QoQ	%YTD	
Loans	2,723,751	2,698,304	2,682,691	0.9%	1.5%	
Deposits	3,163,297	3,200,155	3,210,896	(1.2)%	(1.5)%	
Loan to deposit ratio	86.1%	84.3%	83.5%	1.8%	2.6%	
Non-performing loan (Gross NPL) ^{/1}	94,884	93,285	97,188	1.7%	(2.4)%	
Gross NPL to total loans ratio ^{/1}	3.0%	2.9%	3.1%	0.1%	(0.1)%	
Allowance for expected credit losses to NPL ratio ^{/1}	283.3%	287.1%	260.8%	(3.8)%	22.5%	
Total capital adequacy ratio	19.57%	19.13%	19.13%	0.44%	0.44%	

^{/1} Including interbank and money market lending

The Bank and its subsidiaries reported a net profit for the nine months of 2023 of Baht 32,773 million, an increase of 50.8 percent from the same period last year, primarily due to an increase of 33.3 percent in net interest income in line with the interest rates trend. An increase in yield on earning assets was offset by a gradual 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, resulting in a net interest margin of 2.96 percent. Net fees and service income was at a similar level to the same period last year. Operating expenses increased by 16.4 percent in line with economic activities and partially from expenses for operational efficiency improvement. The cost to income ratio was lower to 46.4 percent. According to consistently setting aside expected credit losses, the Bank provided expected credit losses at a similar level to the previous quarter. As a result, the Bank's expected credit losses for the nine months of 2023 was Baht 26,323 million.

At the end of September 2023, the Bank's total loans amounted to Baht 2,723,751 million, an increase of 1.5 percent from the end of last year, mainly due to an expansion in loans to large corporate customers and loans made through the Bank's international network. The ratio of non-performing loan to total loans remained manageable at 3.0 percent. As the Bank continues to set aside expected credit losses in line with its prudent approach, the ratio of allowance for expected credit losses to non-performing loan remained solid at 283.3 percent.



As of September 30, 2023, the Bank's deposits amounted to Baht 3,163,297 million, a decrease of 1.5 percent from the end of 2022. The loan to deposit ratio stood at 86.1 percent. In terms of capital, the capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 19.57 percent, 16.15 percent and 15.38 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Operating Income and Expenses of the Bank and its Subsidiaries

Item	Million Baht							
	Q3/23	Q2/23	Q3/22	%QoQ	%YoY	9M23	9M22	%YoY
Net interest income	34,130	31,487	26,496	8.4%	28.8%	95,695	71,769	33.3%
Non-interest income	8,443	10,957	10,211	(22.9)%	(17.3)%	29,603	30,240	(2.1)%
Operating expenses	19,208	20,111	17,006	(4.5)%	12.9%	58,157	49,947	16.4%
Expected credit loss	8,969	8,880	9,889	1.0%	(9.3)%	26,323	24,733	6.4%
Operating profit before tax	14,396	13,453	9,812	7.0%	46.7%	40,818	27,329	49.4%
Income tax expenses	2,938	2,047	2,032	43.5%	44.6%	7,712	5,227	47.5%
Net profit	11,458	11,406	7,780	0.5%	47.3%	33,106	22,102	49.8%
Net profit ^{/1}	11,350	11,294	7,657	0.5%	48.2%	32,773	21,736	50.8%
Total comprehensive income ^{/1}	11,322	11,131	18,399	1.7%	(38.5)%	32,315	24,977	29.4%

^{/1} Attributable to owners of the Bank

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank in the third quarter of 2023 of Baht 11,350 million, a similar level compared to the previous quarter. The net interest income increased due to the expansion of corporate loans and loans made through the Bank's international network, as well as an increase in yield on earning assets in line with the interest rates trend. This included a decline in operating expenses due to seasonality. Meanwhile, non-interest income decreased mainly from gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL) following the market environment. The Bank set aside expected credit losses at the similar level to the previous quarter.

Compared with the third quarter of 2022, net profit attributable to owners of the Bank rose by 48.2 percent, mainly from higher interest income along with the direction of interest rates offset by a gradual 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. The Bank set aside lower expected credit losses in consistent with the Bank's prudent approach. Non-interest income declined from lower gains on financial instruments measured at FVTPL in accordance with the market environment. Operating expenses increased in line with economic activities as well as partly from expenses for operational efficiency improvement.

In the first nine months of 2023, net profit attributable to owners of the Bank amounted to Baht 32,773 million, an increase of 50.8 percent from the same period last year. This is due mainly to an increase in interest income corresponding with the interest rates trend from higher yield on earning assets offset by a gradual increase in cost of deposits and the resumption of the FIDF fee to the normal rate since the beginning of 2023. Operating expenses increased in line with economic activities as well as partly from expenses for operational efficiency improvement. The expected credit losses amounted to Baht 26,323 million in the first nine months of 2023 in consistent with the Bank's prudent approach.

Net Interest Income

Net interest income in the third quarter of 2023 amounted to Baht 34,130 million, an increase of 8.4 percent from the previous quarter due to the expansion of corporate loans and loans made through the Bank's international network, as well as an increase in yield on earning assets supporting by the interest rates trend.

Compared with the same quarter last year, net interest income increased by 28.8 percent. In the first nine months of 2023, net interest income amounted to Baht 95,695 million, an increase of 33.3 percent due to the rise in yields on earning assets following the interest rates trend. This was offset by a gradual increase in the cost of deposits from rising interest rates and the resumption of the FIDF fee to the normal rate of 0.46 percent per annum at the beginning of 2023.

Million Baht								
Item	Q3/23	Q2/23	Q3/22	%QoQ	%YoY	9M23	9M22	%YoY
Interest Income								
Loans	39,786	37,367	29,969	6.5%	32.8%	112,654	82,329	36.8%
Interbank and money market items	5,109	5,046	1,996	1.2%	156.0%	14,503	4,948	193.1%
Investments	5,389	4,859	3,856	10.9%	39.8%	14,570	10,403	40.1%
Total interest income	50,284	47,272	35,821	6.4%	40.4%	141,727	97,680	45.1%
Interest expenses								
Deposits	9,114	8,787	4,647	3.7%	96.1%	25,486	13,379	90.5%
Interbank and money market items	1,661	1,741	615	(4.6)%	170.1%	4,825	1,212	298.1%
Contributions to Financial Institutions Development Fund and Deposit Protection Agency	3,095	3,139	1,706	(1.4)%	81.4%	9,334	5,100	83.0%
Debt issued and borrowings	2,284	2,118	2,357	7.8%	(3.1)%	6,387	6,220	2.7%
Total interest expenses	16,154	15,785	9,325	2.3%	73.2%	46,032	25,911	77.7%
Net interest income	34,130	31,487	26,496	8.4%	28.8%	95,695	71,769	33.3%
Yield on earning assets	4.58%	4.37%	3.36%	0.21%	1.22%	4.38%	3.10%	1.28%
Cost of funds	1.72%	1.71%	1.02%	0.01%	0.70%	1.66%	0.96%	0.70%
Net interest margin	3.11%	2.91%	2.49%	0.20%	0.62%	2.96%	2.28%	0.68%
Bangkok Bank Interest Rate								
	Sep'23	Jun'23	Mar'23	Dec'22	Sep'22	Jun'22	Mar'22	Dec'21
Loans (%)								
MOR	7.550	7.300	6.900	6.350	6.250	5.875	5.875	5.875
MRR	7.300	7.050	6.800	6.250	6.250	5.950	5.950	5.950
MLR	7.100	6.850	6.450	5.850	5.650	5.250	5.250	5.250
Deposits (%)								
Savings	0.450	0.350	0.500	0.450	0.450	0.250	0.250	0.250
3-month Fixed	1.200	0.950	0.750	0.600	0.550	0.375	0.375	0.375
6-month Fixed	1.250	1.050	0.850	0.700	0.650	0.500	0.500	0.500
12-month Fixed	1.600	1.350	1.150	1.000	0.800	0.500	0.500	0.500
Bank of Thailand Policy Rate (%)	2.500	2.000	1.750	1.250	1.000	0.500	0.500	0.500

Non-interest Income

Non-interest income for the third quarter of 2023 amounted to Baht 8,443 million, decreasing by 22.9 percent from the previous quarter and 17.3 percent from the same period last year. This was mainly from lower gains on financial instruments measured at FVTPL following the market environment.

In the first nine months of 2023, the Bank's non-interest income was Baht 29,603 million, a decline of 2.1 percent from the same period last year due to a decrease in gains on financial instruments measured at FVTPL. Net fees and service income was at a similar level as the same period last year.

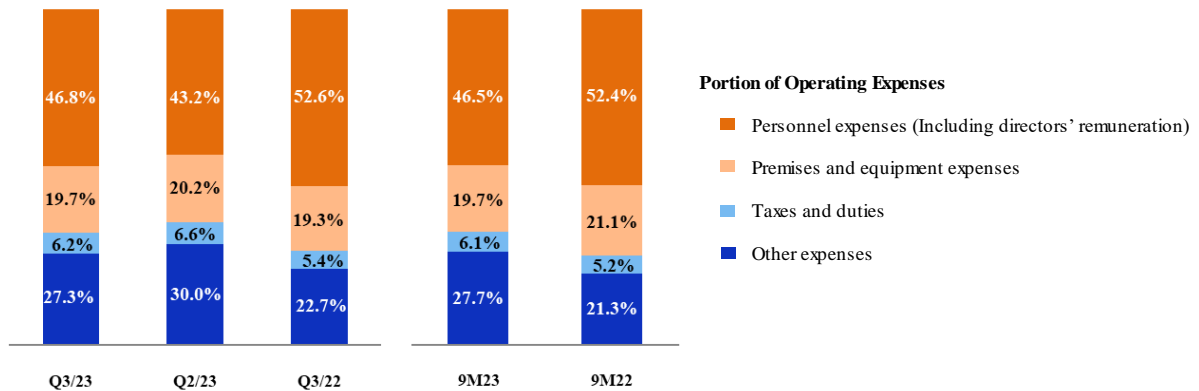
	Million Baht								
Item	Q3/23	Q2/23	Q3/22	%QoQ	%YoY	9M23	9M22	%YoY	
Fees and service income	10,536	10,265	10,294	2.6%	2.4%	31,958	30,350	5.3%	
<u>Less</u> fees and service expenses	3,763	3,694	3,428	1.9%	9.8%	11,492	9,800	17.3%	
Net fees and service income	6,773	6,571	6,866	3.1%	(1.4)%	20,466	20,550	(0.4)%	
Gains on financial instruments measured at FVTPL	768	3,372	2,329	(77.2)%	(67.0)%	5,585	7,110	(21.4)%	
Losses on investments	(57)	(98)	(55)	41.8%	(3.6)%	(125)	(808)	84.5%	
Share of profit from investment using equity method	45	50	48	(10.0)%	(6.3)%	151	140	7.9%	
Gains on disposal of assets	69	59	265	16.9%	(74.0)%	770	427	80.3%	
Dividend income	636	798	489	(20.3)%	30.1%	2,064	2,010	2.7%	
Other operating income	209	205	269	2.0%	(22.3)%	692	811	(14.7)%	
Total other operating income	1,670	4,386	3,345	(61.9)%	(50.1)%	9,137	9,690	(5.7)%	
Total non-interest income	8,443	10,957	10,211	(22.9)%	(17.3)%	29,603	30,240	(2.1)%	
Net fees and service income to operating income ratio	15.9%	15.5%	18.7%	0.4%	(2.8)%	16.3%	20.1%	(3.8)%	

Operating Expenses

Operating expenses for the third quarter of 2023 amounted to Baht 19,208 million, decreasing by 4.5 percent from the previous quarter according to seasonal expenses.

Compared with the third quarter of 2022, operating expenses increased by 12.9 percent. In the first nine months of 2023, operating expenses were Baht 58,157 million, an increase of 16.4 percent from the same period last year, in line with economic activities and partly from expenses for operational efficiency improvement. The cost to income ratio declined to 46.4 percent.

Million Baht								
Item	Q3/23	Q2/23	Q3/22	%QoQ	%YoY	9M23	9M22	%YoY
Personnel expenses	8,941	8,616	8,885	3.8%	0.6%	26,882	25,931	3.7%
Directors' remuneration	41	77	57	(46.8)%	(28.1)%	166	232	(28.4)%
Premises and equipment expenses	3,779	4,050	3,288	(6.7)%	14.9%	11,418	10,555	8.2%
Taxes and duties	1,198	1,328	917	(9.8)%	30.6%	3,564	2,583	38.0%
Other expenses	5,249	6,040	3,859	(13.1)%	36.0%	16,127	10,646	51.5%
Total operating expenses	19,208	20,111	17,006	(4.5)%	12.9%	58,157	49,947	16.4%
Cost to income ratio	45.1%	47.4%	46.3%	(2.3)%	(1.2)%	46.4%	49.0%	(2.6)%



Expected Credit Losses

The Bank had expected credit losses of Baht 8,969 million for the third quarter of 2023 and Baht 26,323 million for the first nine months of 2023. This is consistent with the Bank's prudent approach by taking into consideration of economic uncertainties.

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

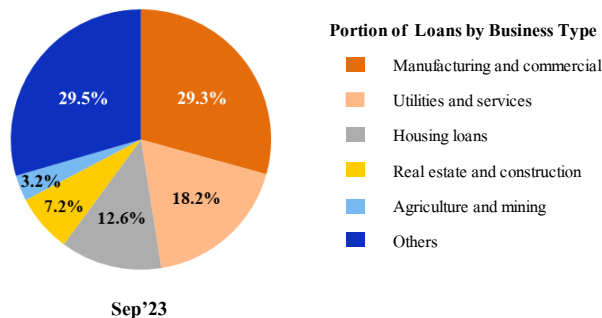
As of September 30, 2023, total assets amounted to Baht 4,559,185 million, increasing by 1.6 percent from the end of the previous quarter and 3.1 percent from the end of last year mainly from higher net investments and loans.

	Million Baht				
Item	Sep'23	Jun'23	Dec'22	%QoQ	%YTD
Net interbank and money market items	694,436	749,158	766,074	(7.3)%	(9.4)%
Financial assets measured at FVTPL	84,010	85,959	75,036	(2.3)%	12.0%
Net investments	971,085	915,943	850,151	6.0%	14.2%
Net investments in associates	1,384	1,399	1,421	(1.1)%	(2.6)%
Loans	2,723,751	2,698,304	2,682,691	0.9%	1.5%
Net properties for sale	13,089	12,076	12,017	8.4%	8.9%
Total assets	4,559,185	4,485,624	4,421,752	1.6%	3.1%

Loans

As of September 30, 2023, loans amounted to Baht 2,723,751 million, increasing by 0.9 percent from the end of the previous quarter and 1.5 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	Sep'23	Jun'23	Dec'22	%QoQ	%YTD
Manufacturing and commercial	797,351	801,356	825,508	(0.5)%	(3.4)%
Utilities and services	496,981	494,387	527,351	0.5%	(5.8)%
Housing loans	341,958	340,690	336,256	0.4%	1.7%
Real estate and construction	196,934	194,699	196,482	1.1%	0.2%
Agriculture and mining	87,219	89,136	88,014	(2.2)%	(0.9)%
Others	803,308	778,036	709,080	3.2%	13.3%
Total loans	2,723,751	2,698,304	2,682,691	0.9%	1.5%



The Bank and its subsidiaries had loans distributed across business sectors, with 29.3 percent in the manufacturing and commercial sector, 18.2 percent in the utilities and services sector, 12.6 percent in the housing loans sector, 7.2 percent in the real estate and construction sector. The increase in loans from the end of June 2023 was mainly driven by the others sector. Comparing with the end of December 2022, loans increased 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 September 2023 was Baht 94,884 million, while the gross NPL to total loans ratio stood at 3.0 percent.

The allowance for expected credit losses was Baht 268,786 million. The allowance for expected credit losses to NPL ratio was 283.3 percent.

	Million Baht				
Item	Sep'23	Jun'23	Dec'22	%QoQ	%YTD
<u>Consolidated</u>					
Non-performing loan (Gross NPL) ^{/1}	94,884	93,285	97,188	1.7%	(2.4)%
Gross NPL to total loans ratio ^{/1}	3.0%	2.9%	3.1%	0.1%	(0.1)%
Net NPL to net total loans ratio ^{/1}	0.8%	0.7%	0.9%	0.1%	(0.1)%
Allowance for expected credit losses to NPL ratio	283.3%	287.1%	260.8%	(3.8)%	22.5%
<u>The Bank</u>					
Non-performing loan (Gross NPL) ^{/1}	79,175	77,327	80,991	2.4%	(2.2)%
Gross NPL to total loans ratio ^{/1}	2.9%	2.8%	2.9%	0.1%	-

^{/1} Including interbank and money market lending

	Million Baht					
Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses ^{/1}		
	Sep'23	Jun'23	Dec'22	Sep'23	Jun'23	Dec'22
Non-credit-impaired	3,324,208	3,354,013	3,351,508	193,697	194,374	179,648
Credit-impaired	94,884	93,285	97,188	75,089	73,462	73,811
Total	3,419,092	3,447,298	3,448,696	268,786	267,836	253,459

^{/1} Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

Investments

As of September 30, 2023, investments amounted to Baht 1,055,095 million, increasing by 5.3 percent from the end of the previous quarter. Compared to the end of 2022, investments increased by 14.0 percent, predominantly from investments in Thai government and state enterprise securities.

The Bank and its subsidiaries had Baht 621,936 million in investments in Thai government and state enterprise securities, accounting for 58.9 percent of total investments. Foreign debt securities amounted to Baht 225,560 million, and net investment in equity securities to Baht 112,022 million.

Million Baht					
Investments by Investment Holding	Sep'23	Jun'23	Dec'22	%QoQ	%YTD
Trading securities	12,774	14,509	5,141	(12.0)%	148.5%
Securities measured at FVTPL	71,236	71,450	69,895	(0.3)%	1.9%
Debt securities measured at amortized cost	126,871	113,123	88,212	12.2%	43.8%
Debt securities measured at FVOCI	745,833	714,296	672,065	4.4%	11.0%
Equity securities measured at FVOCI	98,381	88,524	89,874	11.1%	9.5%
Total investments	1,055,095	1,001,902	925,187	5.3%	14.0%

Liabilities and Shareholders' Equity

Total liabilities as of September 30, 2023, amounted to Baht 4,029,234 million, increasing by 1.7 percent from the end of the previous quarter and 2.9 percent from the end of last year mainly from higher debt issued and borrowings as well as interbank and money market items.

Million Baht					
Item	Sep'23	Jun'23	Dec'22	%QoQ	%YTD
Deposits	3,163,297	3,200,155	3,210,896	(1.2)%	(1.5)%
Interbank and money market items	323,105	309,199	262,522	4.5%	23.1%
Financial liabilities measured at FVTPL	18,622	18,538	17,960	0.5%	3.7%
Debt issued and borrowings	243,371	192,632	188,302	26.3%	29.2%
Total liabilities	4,029,234	3,963,103	3,914,610	1.7%	2.9%
Shareholders' equity ^{/1}	528,117	520,613	505,346	1.4%	4.5%

^{/1} Attributable to owners of the Bank

*Deposits*

Total deposits as of September 30, 2023, amounted to Baht 3,163,297 million, decreasing by 1.2 percent from the end of the previous quarter and 1.5 percent from the end of last year due to decreases in savings and current deposits. The loan to deposit ratio was 86.1 percent.

Million Baht

Deposits Classified by Product Type	Sep'23		Jun'23		Dec'22		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	278,945	8.8%	283,512	8.9%	302,855	9.4%	(1.6)%	(7.9)%
Savings	1,667,957	52.7%	1,708,745	53.4%	1,708,362	53.2%	(2.4)%	(2.4)%
Fixed	1,216,395	38.5%	1,207,898	37.7%	1,199,679	37.4%	0.7%	1.4%
Total deposits	3,163,297	100.0%	3,200,155	100.0%	3,210,896	100.0%	(1.2)%	(1.5)%
Loan to deposit ratio		86.1%		84.3%		83.5%	1.8%	2.6%

Debt Issued and Borrowings

Total debt issued and borrowings as of September 30, 2023, amounted to Baht 243,371 million, increasing from the end of June 2023 and the end of December 2022 due mainly to the issuance of senior unsecured notes in September 2023 in the amount of USD 1,250 million, divided into USD 500 million worth of 5-year notes and USD 750 million worth of 10-year notes.

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	Sep'23		Jun'23		Dec'22		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	134,554	55.2%	87,142	45.2%	85,045	45.2%	54.4%	58.2%
Subordinated notes	107,885	44.3%	104,970	54.5%	101,998	54.1%	2.8%	5.8%
Bills of exchange	-	-	-	-	413	0.2%	-	(100.0)%
Others	1,205	0.5%	581	0.3%	915	0.5%	107.4%	31.7%
Total (before less discount on borrowings)	243,644	100.0%	192,693	100.0%	188,371	100.0%	26.4%	29.3%
Less discount on borrowings	273		61		69		347.5%	295.7%
Total debt issued and borrowings	243,371		192,632		188,302		26.3%	29.2%

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of September 30, 2023, amounted to Baht 528,117 million, an increase of Baht 22,771 million or 4.5 percent from the end of 2022. This was due to net profit attributable to owners of the Bank for the first nine months of 2023 of Baht 32,773 million, offset by a dividend payment during 2023 of Baht 9,543 million which consisted of the final dividend payment for the operating performance in 2022 of Baht 5,726 million (3.00 baht per share) according to the resolution of the shareholders' meeting on April 12, 2023 and the interim dividend payment from the net profit from operations in the first half of 2023 of Baht 3,817 million (2.00 baht per share).



Sources and Utilization of Funds

As of September 30, 2023, the Bank and its subsidiaries' primary sources of funds consisted of deposits of Baht 3,163,297 million or 69.4 percent, equity attributable to owners of the Bank of Baht 528,117 million or 11.6 percent, interbank and money market items on liabilities of Baht 323,105 million or 7.1 percent and debt securities issued and borrowing including financial liabilities measured at FVTPL amounting to Baht 261,993 million or 5.7 percent.

The utilization of funds comprised loans of Baht 2,723,751 million or 59.7 percent, net investments including financial assets measured at FVTPL and net investments in associates of Baht 1,056,479 million or 23.2 percent, and net interbank and money market assets of Baht 694,436 million or 15.2 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 September 30, 2023, the Bank's Common Equity Tier 1 capital adequacy ratio was 15.38 percent, the Tier 1 capital adequacy ratio was 16.15 percent, and the total capital adequacy ratio was 19.57 percent, which was above the Bank of Thailand's minimum capital requirements.

Consolidated

Million Baht

Item	Sep'23		Jun'23		Dec'22		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	469,721	15.38%	453,098	14.92%	447,590	14.88%	> 8.00%
Tier 1 capital	493,504	16.15%	476,875	15.71%	471,366	15.67%	> 9.50%
Tier 2 capital	104,389	3.42%	104,027	3.42%	104,108	3.46%	
Total capital	597,893	19.57%	580,902	19.13%	575,474	19.13%	> 12.00%

The Bank

Million Baht

Item	Sep'23		Jun'23		Dec'22		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	456,058	16.65%	440,906	16.17%	444,882	16.51%	> 8.00%
Tier 1 capital	479,650	17.51%	464,498	17.04%	468,474	17.38%	> 9.50%
Tier 2 capital	100,494	3.67%	100,687	3.69%	100,807	3.74%	
Total capital	580,144	21.18%	565,185	20.73%	569,281	21.12%	> 12.00%

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of September 30, 2023, the ratio of liquid assets to total assets and liquid assets to deposits was 37.5 percent and 54.1 percent, respectively.

Item	Sep'23	Jun'23	Dec'22
Liquid assets/Total assets (%)	37.5	38.2	37.7
Liquid assets/Deposits (%)	54.1	53.6	51.9

Credit Ratings

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

Credit Rating Agency	Sep'23	Jun'23	Dec'22
Moody's Investors Service			
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
S&P Global Ratings			
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
Fitch Ratings			
International Rating			
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
National Rating			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable