

**OVERSEA-CHINESE BANKING CORPORATION LIMITED,
BANGKOK BRANCH**

FINANCIAL STATEMENTS

31 DECEMBER 2023



Independent Auditor's Report

To the management of Oversea-Chinese Banking Corporation Limited, Bangkok Branch

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Oversea-Chinese Banking Corporation Limited, Bangkok Branch (the Branch) as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the Bank of Thailand notifications in relation to the preparation and presentation of financial reporting as described in the notes to the financial statements no. 2.

What I have audited

The Branch's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in head office and other branches of the same juristic person for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs and the Bank of Thailand notifications in relation to the preparation and presentation of financial reporting as described in the notes to the financial statements no. 2, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Boonlert Kamolchanokkul', written in a cursive style.

Boonlert Kamolchanokkul
Certified Public Accountant (Thailand) No. 5339
Bangkok
10 April 2024

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Financial Position
As at 31 December 2023

	Notes	2023 Thousand Baht	2022 Thousand Baht
Assets			
Cash		30	30
Interbank and money market items, net	8, 26	8,218,467	4,935,313
Financial assets measured at fair value through profit or loss	9	105,487	972,950
Derivative assets	10, 26	1,137,661	1,739,235
Investments, net	11	23,926,128	19,265,412
Loans to customers and accrued interest receivable, net	12	19,597,917	16,139,435
Premises and equipment, net	14	16,356	9,464
Intangible asset, net	15	7,233	4,066
Right-of-use assets, net	16	10,351	29,308
Deferred tax assets, net	17	91,550	75,737
Other assets, net	18	78,872	78,637
Total assets		53,190,052	43,249,587

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch

Statement of Financial Position (Cont'd)

As at 31 December 2023

	Notes	2023 Thousand Baht	2022 Thousand Baht
Liabilities and accounts with head office and other branches of the same juristic person			
Liabilities			
Deposits	19	13,847,480	9,178,025
Interbank and money market items	20, 26	10,001,137	7,805,277
Liabilities payable on demand		6,627	2,417
Derivative liabilities	10, 26	1,158,275	642,449
Lease liabilities	16	10,452	29,345
Provisions for employee benefits	21	46,395	43,702
Provisions	22	79,468	111,519
Other liabilities	23	372,717	147,856
Total liabilities		25,522,551	17,960,590
Accounts with head office and other branches of the same juristic person			
Funds brought in to maintain assets under the Act	7, 26	11,869,950	11,937,770
Balance of inter-office accounts with head office and other branches of the same juristic person, net	7, 26	16,221,148	13,739,946
Other components of accounts with head office and other branches of the same juristic person	11.2	(137,982)	(64,706)
Deficits		(285,615)	(324,013)
Total accounts with head office and other branches of the same juristic person		27,667,501	25,288,997
Total liabilities and accounts with head office and other branches of the same juristic person		53,190,052	43,249,587

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Comprehensive Income
For the year ended 31 December 2023

		2023	2022
		Thousand	Thousand
	Notes	Baht	Baht
Interest income	26, 28	1,270,608	737,322
Interest expenses	26, 29	970,493	360,807
Net interest income		300,115	376,515
Fees and service income	26, 30	129,937	119,485
Fees and service expenses	26, 30	13,520	12,820
Net fees and service income		116,417	106,665
Net (losses) gains on financial instruments measured at fair value through profit or loss	26, 31	(13,791)	60,796
Net losses on investments		(10,299)	(69,093)
Other operating income	26	40	329
Total operating income		392,482	475,212
Other operating expenses			
Employee benefit expenses	26, 32	237,876	201,944
Premises and equipment expenses		20,914	19,375
Taxes and duties		36,729	34,306
Other expenses	26, 33	165,953	126,260
Total other operating expenses		461,472	381,885
Expected credit losses (reversal)	34	(116,137)	(11,896)
Profit from operations before income tax		47,147	105,223
Income tax	35	9,615	21,129
Net profit for the year		37,532	84,094

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch

Statement of Comprehensive Income (Cont'd)

For the year ended 31 December 2023

	Notes	2023 Thousand Baht	2022 Thousand Baht
Other comprehensive income (expense)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Losses on debt instruments classified at fair value through other comprehensive income		(91,595)	(105,813)
Income taxes relating to items that will be reclassified subsequently to profit or loss	17, 35	18,319	21,163
Total items that will be reclassified subsequently to profit or loss		(73,276)	(84,650)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gains on remeasurement of defined benefit plans		1,082	1,543
Income taxes on items that will not be reclassified subsequently to profit or loss	17, 35	(216)	(309)
Total items that will not be reclassified subsequently to profit or loss		866	1,234
Other comprehensive losses for the year, net of income tax		(72,410)	(83,416)
Total comprehensive (losses) gains for the year		(34,878)	678

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Changes in Accounts with Head Office and Other Branches of the Same Juristic Person
For the year ended 31 December 2023

	Funds brought in to maintain assets under the Act Thousand Baht	Balance of inter-office accounts with head office and other branches of the same juristic person Thousand Baht	Gains (losses) on remeasurement of debt instruments classified at fair value through other comprehensive income Thousand Baht	Deficits Thousand Baht	Total Thousand Baht
Balance at 1 January 2022	11,709,270	11,702,497	19,944	(409,341)	23,022,370
Comprehensive income for the year					
Profit for the year	-	-	-	84,094	84,094
Other comprehensive (losses) income					
Losses on remeasurement of debt instruments classified at fair value through other comprehensive income, net of income tax	-	-	(84,650)	-	(84,650)
Gains on remeasurement of defined benefit plan, net of income tax	-	-	-	1,234	1,234
Total other comprehensive losses	-	-	(84,650)	1,234	(83,416)
Total comprehensive losses for the year					
Adjustment for foreign currency translation	228,500	-	-	-	228,500
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	2,037,449	-	-	2,037,449
Balance at 31 December 2022	11,937,770	13,739,946	(64,706)	(324,013)	25,288,997

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Changes in Accounts with Head Office and Other Branches of the Same Juristic Person (Cont'd)
For the year ended 31 December 2023

	Funds brought in to maintain assets under the Act		Balance of inter-office accounts with head office and other branches of the same juristic person		Other components of accounts with head office and other branches of the same juristic person		Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Balance at 1 January 2023	11,937,770	13,739,946	(64,706)	(324,013)	25,288,997		
Comprehensive income for the year							
Profit for the year	-	-	-	37,532	37,532		
Other comprehensive (losses) income							
Losses on remeasurement of debt instruments classified at fair value through other comprehensive income, net of income tax	-	-	(73,276)	-	(73,276)		(73,276)
Gains on remeasurement of defined benefit plan, net of income tax	-	-	-	866	866		866
Total other comprehensive losses	-	-	(73,276)	866	(72,410)		(72,410)
Total comprehensive losses for the year							
Adjustment for foreign currency translation	(67,820)	-	(73,276)	38,398	(34,878)		(34,878)
Movement in balance of inter-office accounts with head office and other branches of the same juristic person, net	-	2,481,202	-	-	(67,820)		(67,820)
Balance at 31 December 2023	11,869,950	16,221,148	(137,982)	(285,615)	27,667,501		

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch

Statement of Cash Flows

For the year ended 31 December 2023

	2023 Thousand Baht	2022 Thousand Baht
Cash flows from operating activities		
Profit from operations before income tax	47,147	105,223
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities:		
Depreciation and amortisation	14,143	7,802
expected credit losses (reversal)	(116,137)	(11,896)
Employee benefit expenses	5,793	5,317
Unrealised (gains) losses on foreign exchange transactions, net	(67,820)	228,500
Losses (gains) on revaluation of derivative contracts, net	1,082,555	(785,012)
Amortisation of premium on debt instruments	158,994	115,951
Losses on sales of investments, net	10,299	69,093
Gains on disposal of equipments	(4)	-
Net interest income	(300,115)	(376,515)
Proceeds from interest received	1,257,877	702,473
Interest paid	(892,672)	(340,687)
Income tax paid	(7,221)	-
Profit (losses) from operations before changes in operations assets and liabilities	1,192,839	(279,751)
(Increase) decrease in operating assets		
Interbank and money market items	(3,279,550)	(3,590,345)
Financial assets measured at fair value through profit or loss	867,463	703,102
Loans to customers	(3,366,141)	1,026,635
Other assets	582	1,664
(Decrease) increase in operating liabilities		
Deposits	4,669,455	1,379,460
Interbank and money market items	2,195,791	(4,132,710)
Liabilities payable on demand	4,210	253
Provisions for employee benefits	(2,018)	(11,450)
Other liabilities	141,200	31,593
Net cash provided by (used in) operating activities	2,423,831	(4,871,549)

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2023

	2023 Thousand Baht	2022 Thousand Baht
Cash flows from investing activities		
Purchases of debt securities measured at fair value through other comprehensive income	(9,056,241)	(5,031,219)
Proceeds from sales and maturity of debt securities measured at fair value through other comprehensive income	4,910,975	7,967,617
Purchases of debt securities measured at amortised cost	(9,050,440)	(2,069,888)
Proceeds from maturity of debt securities measured at amortised cost	8,309,000	1,995,000
Purchases of equipment	(10,090)	(7,032)
Proceeds from sale of equipment	4	-
Purchases of intangible assets	(3,365)	(4,046)
Net cash (used in) provided by investing activities	(4,900,157)	2,850,432
Cash flows used in financing activities		
Payment on principal elements of lease liabilities	(10,946)	(5,551)
Increase in balance of inter-office accounts with head office and other branches of the same juristic person, net	2,487,272	2,026,668
Net cash provided by financing activities	2,476,326	2,021,117
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	30	30
Cash and cash equivalents at the end of the year	30	30

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

Oversea-Chinese Banking Corporation Limited, Bangkok Branch
Notes to the Financial Statements
For the year ended 31 December 2023

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1 General information

Oversea-Chinese Banking Corporation Limited (“the Head Office”) is incorporated and domiciled in Singapore.

Oversea-Chinese Banking Corporation Limited, Bangkok Branch (“the Branch”) has its registered office located at Unit 2501-2, 25th floor, Q House Lumpini, 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok, Thailand.

The operations of the Branch are the Domestic Banking Activities (Full Branch). The Branch received approval from the Ministry of Finance to undertake Full Branch banking activities on 29 August 1994.

The Branch’s financial statements have been approved for issue by the Branch’s management on 10 April 2024.

2 Significant accounting policies

The principal accounting policies applied in the preparation of the Branch financial statements are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance with Thai financial reporting standards (“TFRS”) under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Professions Act B.E. 2547. The primary financial statements are prepared in the full format as required by the Notification of the Bank of Thailand (“BoT”), no. Sor Nor Sor 21/2561 Re: The preparation and announcement of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group dated 31 October 2018.

The Branch’s financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Branch’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The Branch is a part of Oversea-Chinese Banking Corporation Limited and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

2.2 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2023, the Branch has already assessed that these amended financial reporting standards have no significant impact to the Branch.

2.3 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2024 and have impacts to the Branch

The following amended TFRSs were not mandatory for the current reporting period and the Branch has not early adopted them.

- a) **Amendment to TAS 1 - Presentation of financial statements** revised the disclosure from 'significant accounting policies' to 'material accounting policies'. The amendment also provides guidelines on identifying when the accounting policy information is material. Consequently, immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
- b) **Amendment to TAS 8 - Accounting policies, changes in accounting estimates and errors** revised to the definition of 'accounting estimates' to clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively to transactions, other events and conditions from the date of that change. Whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period as if the new accounting policy had always been applied.
- c) **Amendments to TAS 12 - Income taxes** require companies to recognise deferred tax related to assets and liabilities arising from a single transaction that, on initial recognition, gives rise to equal amounts of taxable and deductible temporary differences. Example transactions are leases and decommissioning obligations.

The amendment should be applied to transactions on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that they can probably be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised at the beginning of retained earnings or another component of equity, as appropriate.

2.4 Foreign currency translation

- (a) Functional and presentation currency

Items included in the financial statements of the Branch are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") as Thai Baht.

- (b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions or the date of remeasurement. Gains and losses on settlement of foreign currency or translation of monetary assets and liabilities are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash

Cash consists of cash on hand and cash on collection according to the BoT's Notification.

2.6 Financial instruments

(a) Recognition and derecognition

The Branch initially recognises loans to customers, deposits and debts issued on the date of origination. Investments in debt securities are recognised on the settlement date. All other financial instruments are recognised on the trade date.

Financial assets are de-recognised when the Branch's contractual rights to the cash flows from the financial assets expire or when the Branch transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset. Financial liabilities are derecognised when the Branch's obligations specified in the contract expire or are discharged or cancelled.

(b) Classification and measurement

Financial assets

The Branch classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Branch has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Branch reclassifies debt investments only when its business model for managing those assets changes.

Financial liabilities and equity instruments

Financial instruments issued by the Branch must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Branch has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Branch's own equity instruments.
- Where the Branch has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

The Branch subsequently measured all financial liabilities at amortised cost, except for:

- Financial liabilities measured at fair value through profit or loss including derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gain or losses on financial liabilities designated at fair value through profit or loss are presented 'Net gains (losses) on financial instruments measured at fair value through profit or loss'.
- Financial guarantee contracts and loan commitments.

(c) Financial instruments measured at amortised cost

A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the asset until maturity to collect contractual cash flows; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

The Branch accounts for amortised cost financial instruments using trade date accounting. Such financial assets include most loans to customers, interbank and money market items and some investments in debt securities. In addition, most financial liabilities are measured at amortised cost.

Financial assets classified as amortised cost are subject to the expected credit loss requirements in accordance with TFRS 9.

Interest earned whilst holding the financial assets or financial liabilities is included in interest income and expense.

(d) Debt instruments measured at fair value through other comprehensive income

A financial assets is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets measured at FVOCI comprise primarily investment in debt securities. They are recognised on the settlement date when the Branch enters into contractual arrangements to purchase and are normally derecognised when they are either sold or matured. They are subsequently remeasured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold or matured. Upon disposal, the cumulative gains or losses in other comprehensive income are recognised in the income statement as 'Net gains (losses) on investments'.

Financial assets classified as FVOCI are subject to the expected credit loss requirements in accordance with TFRS 9.

Interest earned whilst holding the financial assets is included in interest income.

(e) Financial instruments measured at fair value through profit or loss

Financial instruments that do not meet the requirements to be measured at amortised cost or at FVOCI are measured at FVTPL. At the balance sheet date, the Branch recognises realised and unrealised gains and losses as 'Net gains (losses) on financial instruments measured at fair value through profit or loss' in the statement of comprehensive income. Interest earned while holding the assets are included in interest income.

Financial assets measured at FVTPL comprise primarily investment in debt securities, which are recognised on the settlement date.

(f) Derivatives

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value by using the market price. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The Branch enters into derivative transactions for trading purposes, for which the realised and unrealised gain or loss is recognised in profit or loss. The Branch also enters into hedging derivative transactions to manage exposures to foreign exchange and interest rate arising from its core banking activities of the Branch. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is based on their market price at the reporting date, being the present value of the quoted forward price.

The fair value of interest rate swaps is calculated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of credit default swaps is based on their market price at the reporting date, being the present value of the credit default swaps.

(g) Hedge accounting

Fair value hedges

Where a derivative hedge the changes in fair value of a recognised asset, any gain or loss on remeasuring the fair value of the hedging instrument is recognised in profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying amount of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in accounts with head office and other branches of the same juristic person. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in accounts with head office and other branches of the same juristic person and is reclassified from accounts with head office and other branches of the same juristic person to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

(h) Modification

Where the terms of contractual cash flows of a financial asset are renegotiated or modified, the Branch assesses whether the new terms are substantially different from the original terms. For instance, the change in cash flows and the change in interest rate.

If the terms are not substantially different, the Branch recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

If the terms are substantially different, the Branch derecognises the original financial asset and recognises a new financial asset at fair value and recalculates a new effective interest rate for the asset. At the date of renegotiation, the difference between the carrying amount allocated to the part derecognised and the consideration received for the part derecognised is recognised in profit or loss.

(i) Impairment of financial assets

Impairment allowances for financial assets are assessed using a forward-looking expected credit loss ("ECL") model in accordance with the requirements of TFRS 9.

Scope

Under TFRS 9, the ECL model is applied to debt financial assets measured at amortised cost or FVOCI and most off-balance sheet loan commitments and financial guarantees.

Expected Credit Loss Impairment Model

Under TFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 - On initial recognition, expected credit loss will be that resulting from default events that are possible over the next 12 months.
- Stage 2 - Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that resulting from default events that are possible over the expected life of the asset.
- Stage 3 - When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, the credit loss allowance will be the full lifetime expected credit loss.

Measurement

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- (a) Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Branch expects to receive;
- (b) Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- (c) Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Branch if the commitment is drawn down and the cash flows that the Branch expects to receive; and
- (d) Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Branch expects to recover.

The key inputs used in the measurement of ECL are:

- Probability of default ("PD") - This is an estimate of the likelihood of default over a given time horizon.
- Exposure at default ("EAD") - This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities.
- Loss given default ("LGD") - This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying lifetime PD by LGD and EAD.

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on three macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

The three macroeconomic scenarios represent a most likely "Base" outcome, and two other less likely "Upside" and "Downside" scenarios. These scenarios are probability-weighted and underlying key macroeconomic assumptions are based on independent external and in-house views. The assumptions are subject to regular management reviews to reflect current economic situations.

Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables used in the models for the lifetime period, reverting to long-run averages generally after 3 to 5 years periods. Depending on their usage in the models, macroeconomic variables are projected at a country or more granular level which differ by portfolio. The primary macroeconomic variables adopted are Gross Domestic Product, Unemployment rate, Property Price Index and Interest rate.

The definition of default used in the measurement of expected credit losses is consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout Branch's expected credit loss calculations.

The Branch considers a financial asset to be in default by assessing both quantitative and qualitative criteria such as days past due and the terms of financial covenants. A default occurs when the borrower or bond issuer is unlikely to pay its credit obligations to the Branch in full, without recourse by the Branch to actions such as realising security (if any is held) or when the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Branch is exposed to credit risk.

Financial assets are written off against their related impairment allowances when all feasible recovery actions have been exhausted or when the recovery prospects are considered remote.

Movement Between Stages

Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk as at the reporting date has increased significantly since its initial recognition.

In accordance with TFRS 9, financial assets are classified in Stage 2 where there is a significant increase in credit risk since initial recognition, where the credit loss allowance will be measured using lifetime ECL.

The Branch considers both qualitative and quantitative parameters in the assessment of whether this is a significant increase in credit risk. These include the following:

- (a) The Branch has established thresholds for significant increases in credit risk based on both a relative and absolute change in lifetime PD relative to initial recognition.
- (b) The Branch conducts qualitative assessment to ascertain if there has been significant increase in credit risk.
- (c) The Branch uses days past due as a further indication of significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit-impaired as at the reporting date. The determination of whether a financial asset is credit-impaired under TFRS 9 will be based on objective evidence of impairment.

The assessments for a significant increase in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1. A modification of the terms of a financial asset that does not result in derecognition will result in the financial asset being transferred out of Stage 3 if the indicators of it being identified as credit-impaired is no longer met and that the evidence for its transfer out of Stage 3 solely relates to events such as up-to-date and timely payment occurring in the subsequent periods.

If a modified financial asset results in derecognition, the new financial asset will be recognised under Stage 1, unless it is assessed to be credit-impaired at time of the modification.

Surplus reserve

The Branch measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Branch had on 31 December 2019. In which, the Branch will amortised the surplus reverse using straight-line method by 5 years consecutively in accordance with notification to utilise surplus reserve from Bank of Thailand dated on 6 November 2019.

(j) **Financial guarantee contract and loan commitment**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised.

Loan commitments are measured at the amount of allowance for expected credit losses. The Branch has not provided any commitment at a below-market interest rate, or that can be settled net in cash or by delivering or issuing other financial instruments.

Expected credit losses on loan commitments and financial guarantee contract are recognised as provisions.

(k) Offsetting

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

The Branch has not entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.7 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Any gains or losses on disposal of item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

Furniture, fixtures and office equipment	5 years
Computer equipment	3 - 10 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.8 Intangible assets

Computer software

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives of 3 - 10 years. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of acquired computer software.

Cost associated with maintaining computer software are recognised as an expense as incurred.

Capitalised development costs are amortised when the asset is ready to use by applying a straight-line basis method over the period of its expected benefit, not exceeding 10 years.

2.9 Leases

At the inception of a contract, the Branch assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-Use Assets ("ROU")

The Branch recognises a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the ROU assets.

These ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Branch shall use its incremental borrowing rate.

Lease liability is subsequently measured at amortised cost using the effective interest method. Lease liability shall be remeasured when there is modification in the scope or the consideration of the lease that was not part of the original term.

Short Term Leases and Low-Value Assets

The Branch has elected to not recognise ROU assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.10 Impairment

The carrying amounts of the Branch's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to the accounts with head office and other branches of the same juristic person, in which case it is charged to the accounts with head office and other branches of the same juristic person.

Calculation of recoverable amount

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

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Branch's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Branch, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Branch determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Legal severance payment and Retirement gratuity

The severance payment plan covers on the requirements of Thai Labour Protection Act B.E. 2541 (1998).

The retirement gratuity plan covers certain employees who joined the Branch before 1 July 1987 and is based on the length of service. The employees are entitled to receive this benefit upon resignation, retirement or death.

Other long-term employee benefits

The Branch's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Long service award

The Branch provides other long-term benefits to the eligible employees in return for their long service to the Branch.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Branch has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Branch has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Liabilities under financial guarantee are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable.

2.13 Recognition of interest income and expense

Interest income or expense is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.14 Recognition of fees and commission income

Fees and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Branch expects to be entitled.

Fees and service income are recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

2.15 Income taxes

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in the accounts with head office and other branches of the same juristic person or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

In determining the amount of current and deferred tax, the Branch takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Branch believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Branch to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Financial risk management

The Branch adopts a comprehensive approach to risk management in order to manage its risk profile within pre-defined limits and to protect the Branch against severe losses from unlikely but plausible stress events. The Board Risk Committee is the principal committee that supports in the oversight of the credit, market, operational and any other category of risks as may be deemed necessary. It is responsible for ensuring effective risk oversight of the Branch. Various risk management committees have been set up to manage specific areas of risks.

3.1 Credit risk

Credit risk is the risk of losing principal and/or interest income due to the failure of an obligor or counterparty to meet its financial or contractual obligations as originally scheduled or a change in the credit profile of the obligor or counterparty. Credit risk arises from lending activities to corporate and institutional customers. It also includes counterparty and issuer credit risks arising from trading activities.

The Branch's credit risk management approaches for corporate and institutional customers are as follows:

- Credits extended are individually assessed, risk-rated and further evaluated by experienced credit officers.
- Credit extensions are guided by predefined target market and risk acceptance criteria.
- Credit decisions are made after comprehensive qualitative and quantitative risk assessment, including a thorough understanding of the customer and customer group's interdependencies.
- Credits are jointly approved by business and credit risk units to ensure objectivity and shared risk ownership.

Concentration of exposure

As at 31 December 2023 and 2022, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows:

	2023	2022
	Thousand Baht	Thousand Baht
Manufacturing and commerce	3,505,886	5,980,747
Property development and construction	1,801,617	1,327,911
Infrastructure and service	6,809,936	4,178,037
Other financial intermediaries	7,601,783	4,864,100
Total	19,719,222	16,350,795

Maximum Exposure to Credit Risk

The following table presents our maximum exposure before taking account of any collateral held or other credit enhancements unless such enhancements meet accounting offsetting requirements. The table excludes financial instruments whose carrying amount best represents the net exposure to credit risk. For the financial assets recognised in the statement of financial position, the maximum exposure to credit risk equals their carrying amount; for financial guarantees and other guarantees granted, it is the maximum amount that the Branch would have to pay if the guarantees were called upon. For loan commitments and other credit-related commitments, it is generally the full amount of the facilities.

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

	2023 Thousand Baht	2022 Thousand Baht
Financial assets measured at fair value through profit or loss	100,138	983,326
Investments	23,765,294	18,138,054
Total	23,865,432	19,121,380

Credit quality of financial instruments

Loans and advances

The following table sets out the credit analysis for loans and advances measured at amortised cost at 31 December 2023 and 2022.

	2023 Thousand Baht	2022 Thousand Baht
Neither past due nor impaired	19,763,902	16,387,177
Past due loans:		
- Non-impaired	-	-
- Impaired	-	-
Impaired but not past due	-	-
Gross loans	19,763,902	16,387,177
Allowance for expected credit losses		
Impaired loans	-	-
Non-impaired loans	(165,985)	(247,742)
Net loans	19,597,917	16,139,435

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Financial assets other than loans and advances

The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost, other than loans and advances measured at amortised cost.

	31 December 2023				
	Investment grade (BBB to AAA) Thousand Baht	Non-investment grade (C to BB) Thousand Baht	Not rated Thousand Baht	Not subject to credit risk Thousand Baht	Total carrying amount Thousand Baht
Cash	-	-	-	30	30
Interbank and money market items, net	7,717,931	-	500,536	-	8,218,467
Financial assets measured at fair value through profit or loss	105,487	-	-	-	105,487
Derivative assets	-	-	1,137,661	-	1,137,661
Investments, net	23,926,128	-	-	-	23,926,128
Other assets, net	-	-	61,792	-	61,792
Total	31,749,546	-	1,699,989	30	33,449,565
	31 December 2022				
	Investment grade (BBB to AAA) Thousand Baht	Non-investment grade (C to BB) Thousand Baht	Not rated Thousand Baht	Not subject to credit risk Thousand Baht	Total carrying amount Thousand Baht
Cash	-	-	-	30	30
Interbank and money market items, net	3,435,028	-	1,500,285	-	4,935,313
Financial assets measured at fair value through profit or loss	972,950	-	-	-	972,950
Derivative assets	-	-	1,739,235	-	1,739,235
Investments, net	19,265,412	-	-	-	19,265,412
Other assets, net	-	-	61,307	-	61,307
Total	23,673,390	-	3,300,827	30	26,974,247

Collateral and other credit enhancements obtained

Assets amounting to Baht 5,419.03 million (2022: Baht 5,219.67 million) were obtained by the Branch during the year by taking possession of collateral held as security, or by calling upon other credit enhancements and held at the reporting date.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Branch generally does not occupy the premises repossessed for its business use.

Expected credit losses

The Branch maintains sufficient impairment allowances to absorb credit losses inherent in the loan portfolios. Allowance for Expected Credit Losses ("ECL") is recognised for credit-impaired and non credit-impaired exposures in accordance with TFRS 9 through a forward-looking ECL model. ECL allowances are assessed based on the stages of asset quality.

For details of our impairment policies on financial assets, see Note 2.6 (i).

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Financial instruments to which the impairment requirements in TFRS 9 are applied are summarised as follows:

	2023		2022	
	Gross carrying / notional amount Thousand Baht	Allowance for ECL Thousand Baht	Gross carrying/ notional amount Thousand Baht	Allowance for ECL Thousand Baht
Cash	30	-	30	-
Interbank and money market items	8,219,887	(1,420)	4,939,008	(3,695)
Investments (Amortised cost)	10,970,757	(170)	10,246,353	(40)
Loans to customers and accrued interest receivables	19,763,902	(165,985)	16,387,177	(247,742)
Other assets	61,792	-	61,307	-
Total gross carrying amount on-balance sheet	39,016,368	(167,575)	31,633,875	(251,477)
Loan commitments	25,574,754	(50,493)	18,514,890	(96,031)
Financial guarantees and other commitments	1,862,006	(28,975)	6,874,135	(15,488)
Total nominal amount off-balance sheet	27,436,760	(79,468)	25,389,025	(111,519)
	2023		2022	
	Fair value Thousand Baht	Allowance for ECL Thousand Baht	Fair value Thousand Baht	Allowance for ECL Thousand Baht
Investments (FVOCI)	12,955,541	(222)	9,019,099	(406)

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The credit risk (excluding debt instruments measured at FVOCI) by stage distribution and ECL at 31 December 2023 and 2022 are summarised as follows:

	2023									
	Gross carrying/ notional amount			Allowance for ECL			ECL coverage %			
	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 %	Stage 2 %	Stage 3 %	
Cash	30	-	-	-	-	-	-	-	-	-
Interbank and money market items	6,218,929	2,000,958	-	(1,415)	(5)	-	0.0	0.0	-	-
Investments (Amortised cost)	10,970,757	-	-	(170)	-	-	0.0	-	-	-
Loans to customers and accrued interest receivables	17,745,857	2,018,045	-	(137,541)	(28,444)	-	0.8	1.4	-	-
Other assets	61,792	-	-	-	-	-	-	-	-	-
Loan commitments	24,314,897	1,259,857	-	(31,459)	(19,034)	-	0.1	1.5	-	-
Financial guarantees and other commitments	1,251,562	610,444	-	(1,243)	(27,732)	-	0.1	4.5	-	-
Total	60,563,824	5,889,304	-	(171,828)	(75,215)	-	0.3	1.3	-	-

	2022									
	Gross carrying/ notional amount			Allowance for ECL			ECL coverage %			
	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 Thousand Baht	Stage 2 Thousand Baht	Stage 3 Thousand Baht	Stage 1 %	Stage 2 %	Stage 3 %	
Cash	30	-	-	-	-	-	-	-	-	-
Interbank and money market items	4,939,008	-	-	(3,695)	-	-	0.1	-	-	-
Investments (Amortised cost)	10,246,353	-	-	(40)	-	-	0.0	-	-	-
Loans to customers and accrued interest receivables	10,834,026	5,553,151	-	(108,010)	(139,732)	-	1.0	2.5	-	-
Other assets	61,307	-	-	-	-	-	-	-	-	-
Loan commitments	15,018,072	3,496,818	-	(29,903)	(66,128)	-	0.2	1.9	-	-
Financial guarantees and other commitments	6,550,013	324,122	-	(6,092)	(9,396)	-	0.1	2.9	-	-
Total	47,648,809	9,374,091	-	(147,740)	(215,256)	-	0.3	2.3	-	-

3.2 Market risk

Market risk is the risk of loss of income or market value due to fluctuations in factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. The Branch is exposed to market risks from its trading and client servicing activities.

The Branch market risk management strategy and market risk limits are established within the risk appetite and business strategies of the Branch, taking into account macroeconomic and market conditions. Market risk limits are subject to regular review.

(a) Interest rate risk

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk, yield curve risk, basis risk and optionality risk.

Limits and policies to manage interest rate exposures are established in line with the business strategy and risk appetite. Thresholds and policies are appropriately approved and reviewed regularly to ensure they remain relevant against the external environment. Control systems are in place to monitor the risk profile against the approved risk thresholds.

The Branch charges interest rates on loans to customers mainly based on the cost of borrowings plus a profit margin which depends on the credit risk of each individual customer.

Significant financial assets and liabilities classified by type of interest rate as at 31 December 2023 and 2022 were as follows:

	2023			Total Thousand Baht
	Floating interest rate Thousand Baht	Fixed interest rate Thousand Baht	Non - interest bearing Thousand Baht	
Financial assets				
Cash	-	-	30	30
Interbank and money market items *	848	7,700,000	514,943	8,215,791
Financial assets measured at fair value through profit or loss	-	105,487	-	105,487
Investments *	68,069	23,858,229	-	23,926,298
Loans to customers **	11,296,749	8,422,473	-	19,719,222
Total financial assets	11,365,666	40,086,189	514,973	51,966,828
Financial liabilities				
Deposits	3,527,146	10,061,491	258,843	13,847,480
Interbank and money market items	27,125	9,827,513	146,499	10,001,137
Liabilities payable on demand	-	-	6,627	6,627
Lease liabilities	-	10,452	-	10,452
Funds remitted into Thailand - borrowings from head office	6,844,660	-	-	6,844,660
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	16,073,779	76,212	16,149,991
Total financial liabilities	10,398,931	35,973,235	488,181	46,860,347
Effect of derivatives held for risk management ***	20,625,261	(20,750,730)	125,164	(305)

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 1.42 million and Baht 0.17 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 165.99 million

*** Risk management for investments and borrowings

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	2022			Total Thousand Baht
	Floating interest rate Thousand Baht	Fixed interest rate Thousand Baht	Non - interest bearing Thousand Baht	
Financial assets				
Cash	-	-	30	30
Interbank and money market items *	7,951	4,400,000	530,575	4,938,526
Financial assets measured at fair value through profit or loss	-	972,950	-	972,950
Investments *	67,487	19,197,965	-	19,265,452
Loans to customers **	9,680,679	6,670,116	-	16,350,795
Total financial assets	9,756,117	31,241,031	530,605	41,527,753
Financial liabilities				
Deposits	1,195,375	7,723,694	258,956	9,178,025
Interbank and money market items	19,501	7,263,056	522,720	7,805,277
Liabilities payable on demand	-	-	2,417	2,417
Lease liabilities	-	29,345	-	29,345
Funds remitted into Thailand - borrowings from head office	6,912,480	-	-	6,912,480
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	13,613,751	70,917	13,684,668
Total financial liabilities	8,127,356	28,629,846	855,010	37,612,212
Effect of derivatives held for risk management ***	11,371,355	(11,056,165)	701,694	1,016,884

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 3.70 million and Baht 0.04 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 247.74 million

*** Risk management for investments and borrowings

The Branch has the following interest-bearing financial assets and liabilities. The average balances of the financial assets and liabilities and the average interest rates per annum for each of the years ended 31 December 2023 and 2022 were as follows:

	2023			2022		
	Average balance Thousand Baht	Interest Thousand Baht	Average interest rate % per annum	Average balance Thousand Baht	Interest Thousand Baht	Average interest rate % per annum
Financial assets						
Interbank and money market items	5,119,987	116,772	2.3	3,680,647	52,923	1.4
Financial assets measured at fair value through profit or loss	955,988	49,550	5.2	1,040,743	57,694	5.5
Investments	23,498,352	404,905	1.7	21,009,393	188,495	0.9
Loans to customers	18,655,646	699,381	3.7	16,894,164	438,211	2.6
Total	48,229,973	1,270,608	2.6	42,624,947	737,323	1.7
Financial liabilities						
Deposits	10,040,166	205,628	2.0	8,173,729	47,350	0.6
Interbank and money market items	11,349,433	213,864	1.9	10,833,123	59,133	0.5
Lease liabilities	23,968	263	1.1	5,610	89	1.6
Balance of inter-office accounts with head office and other branches of the same juristic person, net	19,387,436	470,386	2.4	19,803,630	215,373	1.1
Total	40,801,003	890,141	2.2	38,816,092	321,945	0.8

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As at 31 December 2023 and 2022, the details of the Branch's interest rate risk based on the period to the earlier of the contractual repricing date or maturity were as follows:

	2023						Total Thousand Baht
	On demand Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	More than 5 years Thousand Baht	Non- interest bearing Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	848	7,700,000	-	-	-	514,943	8,215,791
Financial assets measured at fair value through profit or loss	-	-	-	-	105,487	-	105,487
Investments *	-	270,972	3,773,471	19,670,910	210,945	-	23,926,298
Loans to customers **	56,615	18,941,343	721,264	-	-	-	19,719,222
Total financial assets	57,463	26,912,315	4,494,735	19,670,910	316,432	514,973	51,966,828
Financial liabilities							
Deposits	-	12,027,920	1,560,393	-	-	259,167	13,847,480
Interbank and money market items	27,125	1,114,000	8,713,513	-	-	146,499	10,001,137
Liabilities payable on demand	-	-	-	-	-	6,627	6,627
Lease liabilities	-	2,541	7,560	351	-	-	10,452
Funds remitted into Thailand - borrowings from head office	-	6,844,660	-	-	-	-	6,844,660
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	16,073,779	-	-	-	76,212	16,149,991
Total financial liabilities	27,125	36,062,900	10,281,466	351	-	488,505	46,860,347
Effect of derivatives held for risk Management ***	-	21,293,925	(11,538,715)	(9,743,678)	(137,000)	125,163	(305)

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 1.42 million and Baht 0.17 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 165.99 million

*** Risk management for investments and borrowings

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	2022						Total Thousand Baht
	On demand Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	More than 5 years Thousand Baht	Non- interest bearing Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	7,951	4,400,000	-	-	-	530,575	4,938,526
Financial assets measured at fair value through profit or loss	-	-	688,156	-	284,794	-	972,950
Investments *	-	4,275,722	8,277,872	5,625,165	1,086,693	-	19,265,452
Loans to customer **	65,929	15,056,257	1,228,609	-	-	-	16,350,795
Total financial assets	73,880	23,731,979	10,194,637	5,625,165	1,371,487	530,605	41,527,753
Financial liabilities							
Deposits	-	8,129,936	788,810	-	-	259,279	9,178,025
Interbank and money market items	19,501	1,804,000	5,459,056	-	-	522,720	7,805,277
Liabilities payable on demand	-	-	-	-	-	2,417	2,417
Lease liabilities	-	2,660	7,993	18,692	-	-	29,345
Funds remitted into Thailand - borrowings from head office	-	6,912,480	-	-	-	-	6,912,480
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	13,006,896	606,855	-	-	70,917	13,684,668
Total financial liabilities	19,501	29,855,972	6,862,714	18,692	-	855,333	37,612,212
Effect of derivatives held for risk Management ***	-	9,789,735	(4,196,734)	(5,059,675)	(218,136)	701,694	1,016,884

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 3.70 million and Baht 0.04 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 247.74 million

*** Risk management for investments and borrowings

Sensitivity analysis

The impact on net interest income of the banking book is simulated under various interest rate scenarios and assumptions. Based on a 100 bp parallel rise in yield curves on the Branch's exposure to major currencies, the effect of changes in interest rates to net earnings is set out below:

	2023 Thousand Baht	2022 Thousand Baht
Currency		
Baht	89,656	36,383
US Dollar	48,144	55,915
Japanese Yen	(83)	-
Other currencies	11	(76)
Total effect of interest rate change	137,728	92,222
Percentage to net earnings in the next 1 year	56.00	38.25

The 1% rate shock impact on net interest income is based on the Branch's interest rate risk profile as at reporting date. It takes into account actions that would be taken by Global Markets or the business units to mitigate the impact of this interest rate risk. In reality, Global Markets seeks proactively to change the interest rate risk profile to minimise losses and maximise net revenues. The projections also assume a constant balance sheet position and that all positions run to maturity.

(b) Foreign exchange risk

Foreign exchange risk is the risk that occurs from the change in exchange rates which may affect the value of the Branch's financial instruments or may cause volatility in the Branch's earnings or fluctuations in the value of the Branch's assets and liabilities. The Branch engages in foreign currency denominated transactions, which may create foreign exchange risk.

As at 31 December 2023 and 2022, the Branch has net open position assets (liabilities) denominated in the various currencies as follows:

	2023	2022
	Thousand Baht	Thousand Baht
Net foreign currency exposure *		
US Dollar	270,287	235,379
Singapore Dollar	21,816	24,951
Japanese Yen	(838)	(7,520)
Other currencies	1,350	3,095

* Including long-term borrowing from head office to maintain assets under Act amounting to Baht 6,845 million (2022: Baht 6,912 million) and excluding non-performing loans.

Sensitivity analysis

Foreign exchange risk information by Internal Model Approach at 31 December 2023 and 2022 is as follows:

	2023	2022
	Thousand Baht	Thousand Baht
Banking book		
Maximum VaR during the year	539	639
Average VaR during the year	375	328
Minimum VaR during the year	142	26
VaR at the end of the year	142	485
	2023	2022
	Thousand Baht	Thousand Baht
Trading book		
Maximum VaR during the year	7,150	3,148
Average VaR during the year	1,613	1,576
Minimum VaR during the year	162	658
VaR at the end of the year	2,900	1,111

Remark: All figures are based on one-day VaR as used for market risk capital charge calculation.

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3.3 Liquidity risk

Liquidity risk is the risk that the Branch may not be able to meet its obligations as they fall due, because of inability to realise its assets or to cover funding requirements at an appropriate price which results in a loss to the Branch.

The Liquidity risk Management of the Branch is under the control of head office ("Group ALCO"), to ensure compliance with the risk management policy of head office which is also in line with the BoT's Notification related to liquidity risk. The Branch ALCO is responsible to Group ALCO for the overall management and oversight of the risk of the financial position of the Branch. The Global Markets continues to play the key role in managing the Branch's funding requirements.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 December 2023 in the Bank's website, "<http://www.ocbc.com/business-banking/large-corporates/international-presence-thailand.html>", under Financial Report section, within 4 months from the end of period.

A maturity analysis of financial assets and liabilities as at 31 December 2023 and 2022 was as follows:

	2023						Total Thousand Baht
	At call Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	Over 5 years Thousand Baht	No maturity Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	515,790	7,704,097	-	-	-	-	8,219,887
Financial assets measured at fair value through profit or loss	-	-	-	-	105,487	-	105,487
Derivative assets	-	843,166	30,784	217,042	46,669	-	1,137,661
Investments *	-	202,903	3,773,471	19,738,979	210,945	-	23,926,298
Loans to customers and accrued interest receivables **	56,625	8,590,061	1,709,991	8,853,275	553,950	-	19,763,902
Other assets	-	34,395	27,397	-	-	-	61,792
Total financial assets	572,415	17,374,622	5,541,643	28,809,296	917,051	30	53,215,057
Financial liabilities							
Deposits	3,784,872	8,501,086	1,560,405	1,117	-	-	13,847,480
Interbank and money market items	173,624	1,114,000	8,713,513	-	-	-	10,001,137
Liabilities payable on demand	6,627	-	-	-	-	-	6,627
Derivative liabilities	-	480,217	361,767	292,137	24,154	-	1,158,275
Lease liabilities	-	2,541	7,560	351	-	-	10,452
Other liabilities	918	32,179	55,397	-	-	-	88,494
Funds remitted into Thailand - borrowings from head office	-	-	-	6,844,660	-	-	6,844,660
Balance of inter-office accounts with head office and other branches of the same juristic person, net	136,678	16,084,470	-	-	-	-	16,221,148
Total financial liabilities	4,102,719	26,214,493	10,698,642	7,138,265	24,154	-	48,178,273
Liquidity gap, net	(3,530,304)	(8,839,871)	(5,156,999)	21,671,031	892,897	30	5,036,784

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 1.42 million and Baht 0.17 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 165.99 million

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	2022						Total Thousand Baht
	At call Thousand Baht	Within 3 months Thousand Baht	Over 3 months to 1 year Thousand Baht	Over 1 year to 5 years Thousand Baht	Over 5 years Thousand Baht	No maturity Thousand Baht	
Financial assets							
Cash	-	-	-	-	-	30	30
Interbank and money market items *	538,526	4,400,482	-	-	-	-	4,939,008
Financial assets measured at fair value through profit or loss	-	-	688,156	-	284,794	-	972,950
Derivative assets	-	1,140,847	411,983	164,648	21,757	-	1,739,235
Investments *	-	4,208,235	8,277,872	5,692,652	1,086,693	-	19,265,452
Loans to customers and accrued interest receivables **	65,933	3,818,422	2,158,697	9,700,233	643,892	-	16,387,177
Other assets	-	47,815	13,492	-	-	-	61,307
Total financial assets	604,459	13,615,801	11,550,200	15,557,533	2,037,136	30	43,365,159
Financial liabilities							
Deposits	1,453,214	6,934,872	788,822	1,117	-	-	9,178,025
Interbank and money market items	542,221	1,804,000	5,459,056	-	-	-	7,805,277
Liabilities payable on demand	2,417	-	-	-	-	-	2,417
Derivative liabilities	-	122,563	322,083	189,923	7,880	-	642,449
Lease liabilities	-	2,660	7,993	18,692	-	-	29,345
Other liabilities	90	14,321	14,289	-	-	-	28,700
Funds remitted into Thailand - borrowings from head office	-	-	6,912,480	-	-	-	6,912,480
Balance of inter-office accounts with head office and other branches of the same juristic person, net	109,434	13,001,899	628,613	-	-	-	13,739,946
Total financial liabilities	2,107,376	21,880,315	14,133,336	209,732	7,880	-	38,338,639
Liquidity gap, net	(1,502,917)	(8,264,514)	(2,583,136)	15,347,801	2,029,256	30	5,026,520

* Excluding allowance for expected credit losses on interbank and money market items and investments amounting to Baht 3.70 million and Baht 0.04 million, respectively

** Including non-performing loans and excluding allowance for expected credit losses amounting to Baht 247.74 million

4 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Branch's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 6	Fair value of assets and liabilities
Note 10	Derivatives
Note 13	Allowance for expected credit losses

Measurement of fair values

A number of the Branch's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Branch has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly of the chief financial officer.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in Note 6 Fair value of financial instruments.

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5 Classification of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by category as at 31 December 2023 and 2022.

	2023			
	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial assets				
Cash	-	-	30	30
Interbank and money market items, net	-	-	8,218,467	8,218,467
Financial assets measured at fair value through profit or loss	105,487	-	-	105,487
Derivatives assets	1,137,661	-	-	1,137,661
Investments, net	-	12,955,541	10,970,587	23,926,128
Loans to customers and accrued interest receivables, net	-	-	19,597,917	19,597,917
Other assets	-	-	61,792	61,792
Total financial assets	1,243,148	12,955,541	38,848,793	53,047,482
Financial liabilities				
Deposits	-	-	13,847,480	13,847,480
Interbank and money market items	-	-	10,001,137	10,001,137
Liabilities payable on demand	-	-	6,627	6,627
Derivative liabilities	1,158,275	-	-	1,158,275
Lease liabilities	-	-	10,452	10,452
Other liabilities	-	-	88,494	88,494
Funds remitted into Thailand - borrowings from head office	-	-	6,844,660	6,844,660
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	-	16,221,148	16,221,148
Total financial liabilities	1,158,275	-	47,019,998	48,178,273
	2022			
	Fair value through profit or loss Thousand Baht	Fair value through other comprehensive income Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial assets				
Cash	-	-	30	30
Interbank and money market items, net	-	-	4,935,313	4,935,313
Financial assets measured at fair value through profit or loss	972,950	-	-	972,950
Derivatives assets	1,739,235	-	-	1,739,235
Investments, net	-	9,019,099	10,246,313	19,265,412
Loans to customers and accrued interest receivables, net	-	-	16,139,435	16,139,435
Other assets	-	-	61,307	61,307
Total financial assets	2,712,185	9,019,099	31,382,398	43,113,682
Financial liabilities				
Deposits	-	-	9,178,025	9,178,025
Interbank and money market items	-	-	7,805,277	7,805,277
Liabilities payable on demand	-	-	2,417	2,417
Derivative liabilities	642,449	-	-	642,449
Lease liabilities	-	-	29,345	29,345
Other liabilities	-	-	28,700	28,700
Funds remitted into Thailand - borrowings from head office	-	-	6,912,480	6,912,480
Balance of inter-office accounts with head office and other branches of the same juristic person, net	-	-	13,739,946	13,739,946
Total financial liabilities	642,449	-	37,696,190	38,338,639

6 Fair value of financial instruments

Fair values hierarchy

When measuring the fair value of an asset or a liability, the Branch uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6.1 Financial assets and liabilities measured at fair value

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	2023			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Derivatives				
- Forward exchange contracts	-	837,189	-	837,189
- Currency swap contracts	-	20,114	-	20,114
- Interest rate swap contracts	-	280,358	-	280,358
Financial assets measured at fair value through profit or loss				
- Debt securities measured at FVTPL	-	105,487	-	105,487
Investments				
- Debt securities measured at FVOCI	811,044	12,144,497	-	12,955,541
Financial liabilities				
Derivatives				
- Forward exchange contracts	-	761,392	-	761,392
- Currency swap contracts	-	155,709	-	155,709
- Interest rate swap contracts	-	241,174	-	241,174

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	2022			Total Thousand Baht
	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Financial assets				
Derivatives				
- Forward exchange contracts	-	832,646	-	832,646
- Currency swap contracts	-	605,603	-	605,603
- Interest rate swap contracts	-	300,986	-	300,986
Financial assets measured at fair value through profit or loss				
- Debt securities measured at FVTPL	-	972,950	-	972,950
Investments				
- Debt securities measured at FVOCI	969,171	8,049,928	-	9,019,099
Financial liabilities				
Derivatives				
- Forward exchange contracts	-	98,248	-	98,248
- Currency swap contracts	-	237,086	-	237,086
- Interest rate swap contracts	-	277,868	-	277,868
- Credit default swap contracts	-	-	29,247	29,247

The Branch determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Branch and counterparty when appropriate.

The Branch recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 December 2023 and 2022.

The Branch has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Credit Default Swap contracts	Credit Default Swap model	Credit Spread

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Credit Default Swap (Note 10.1) Thousand Baht
Balance at 1 January 2023	(29,247)
Purchase	-
Maturity	33,210
Transfer out	-
Losses recognised in profit or loss	(3,963)
Balance at 31 December 2023	-
	Credit Default Swap (Note 10.1) Thousand Baht
Balance at 1 January 2022	(38,459)
Purchase	3,102
Maturity	40,850
Transfer out	-
Losses recognised in profit or loss	(34,740)
Balance at 31 December 2022	(29,247)

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6.2 Financial assets and liabilities not measured at fair value

The following table presents the Branch's financial assets and liabilities not carried at fair value by fair value hierarchy at 31 December 2023 and 2022.

	2023				
	Carrying amount Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets					
Cash	30	30	-	-	30
Interbank and money market items	8,218,467	-	8,218,467	-	8,218,467
Investments (Amortised cost)	10,970,587	-	10,920,538	-	10,920,538
Loans to customers and accrued interest receivables	19,597,917	-	-	19,597,917	19,597,917
Other assets	61,792	-	-	61,792	61,792
Total financial assets	38,848,793	30	19,139,005	19,659,709	38,798,744
Financial liabilities					
Deposits	13,847,480	-	13,847,480	-	13,847,480
Interbank and money market items	10,001,137	-	10,001,137	-	10,001,137
Liabilities payable on demand	6,627	-	-	6,627	6,627
Lease liabilities	10,452	-	-	10,452	10,452
Other liabilities	88,494	-	-	88,494	88,494
Funds remitted into Thailand - borrowings from head office	6,844,660	-	6,844,660	-	6,844,660
Balance of inter-office accounts with head office and other branches of the same juristic person, net	16,221,148	-	16,221,148	-	16,221,148
Total financial liabilities	47,019,998	-	46,914,425	105,573	47,019,998
	2022				
	Carrying amount Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	Total Thousand Baht
Financial assets					
Cash	30	30	-	-	30
Interbank and money market items	4,935,313	-	4,935,313	-	4,935,313
Investments (Amortised cost)	10,246,313	-	10,243,843	-	10,243,843
Loans to customers and accrued interest receivables	16,139,435	-	-	16,139,435	16,139,435
Other assets	61,307	-	-	61,307	61,307
Total financial assets	31,382,398	30	15,179,156	16,200,742	31,379,928
Financial liabilities					
Deposits	9,178,025	-	9,178,025	-	9,178,025
Interbank and money market items	7,805,277	-	7,805,277	-	7,805,277
Liabilities payable on demand	2,417	-	-	2,417	2,417
Lease liabilities	29,345	-	-	29,345	29,345
Other liabilities	28,700	-	-	28,700	28,700
Funds remitted into Thailand - borrowings from head office	6,912,480	-	6,912,480	-	6,912,480
Balance of inter-office accounts with head office and other branches of the same juristic person, net	13,739,946	-	13,739,946	-	13,739,946
Total financial liabilities	37,696,190	-	37,635,728	60,462	37,696,190

The following methods and assumptions were used by the Branch in estimating the fair value of financial assets and liabilities as disclosed herein.

Interbank and money market items (assets, liabilities, and accounts with head office and other branches of the same juristic person)

The fair value of interbank and money market items (assets, liabilities, and accounts with head office and other branches of the same juristic person) which bear floating rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

Investments (Amortised cost)

Investments in debt securities measured at amortised cost are calculated based on yield curve of the Thai Bond Market Association under discounted cash flow model.

Loans to customers

For floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value approximates carrying value at the reporting date. The fair value of fixed rate loans to customers that reprice within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value of other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar credit quality.

Deposits

The fair value of deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of floating-rate, and fixed rate deposits repricing within 1 year of the reporting date approximates the carrying value at the reporting date. The fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on deposits to a schedule of aggregate expected monthly maturities on time deposits.

Other financial instruments

The fair value of other financial assets and liabilities approximate the carrying value at which they are stated on the statement of financial position.

7 Maintenance of capital fund

The Branch maintains its capital funds in accordance with Section 32 of the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk-weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand as at 31 December 2023 and 2022, could be summarised as follows:

	2023 Thousand Baht	2022 Thousand Baht
Thai Government bonds and the Bank of Thailand's bonds	10,094,890	9,164,987
Bonds guaranteed by Government	875,867	1,081,366
Total	10,970,757	10,246,353

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As at 31 December 2023 and 2022, the Branch's capital fund could be summarised as follows:

	2023 Thousand Baht	2022 Thousand Baht
Assets maintained under Section 32	10,970,757	10,246,353
Sum of net capital fund for maintenance of assets under Section 32 and net balance of inter-office accounts		
Net fund brought into maintenance assets under Section 32 *	10,016,689	10,084,509
Net balance of inter-office accounts which the Branch is the debtor to the head office and other branches of the same juristic person, the parent company and subsidiaries of the head office	16,228,539	13,753,175
Total	26,245,228	23,837,684
Capital Fund (in thousand Baht)	10,016,689	10,084,509
Capital Adequacy Ratio (%)	31.30	39.34

* As at 31 December 2023, net of funds remitted from head office for losses compensation of Baht 2,024 million (2022: Baht 2,024 million).

According to the Bank of Thailand Notification No. For Nor Sor. (23) Wor 263/2556 dated 22 February 2013 the Branch is required to disclose capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015.

As at 31 December 2023 and 2022, the Branch has no add-on arising from Single Lending Limit.

As at 31 December 2023 and 2022, the Branch has applied the calculation for credit risk capital, market risk capital and operational risk capital under the Standardised Approach ('SA') as approved by the Bank of Thailand and in accordance with the Bank of Thailand notification.

As at 31 December 2023 and 2022, the Branch met the minimum Capital Adequacy Ratio requirements established by the Bank of Thailand, which is in compliance with the requirements of Basel III, for total Capital Adequacy Ratio at minimum of 11% and 11%, respectively.

In accordance with the Bank of Thailand Notification No. Sor Nor Sor. 4/2556 dated 2 May 2013, Re: "The Public Disclosure of Capital Maintenance for Commercial Banks" and Sor Nor Sor 2/2561 dated 25 January 2018, Re: "Liquidity Coverage Ratio Disclosure Standards", the Branch intends to disclose Capital maintenance information as of 31 December 2023 within 4 months after the year end as indicated in the notification through the Branch's website "<http://www.ocbc.com/business-banking/large-corporates/international-presence-thailand.html>".

Capital management

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

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8 Interbank and money market items, net (assets)

	2023 Thousand Baht	2022 Thousand Baht
Domestic		
The Bank of Thailand	408,654	514,712
Commercial banks	7,200,848	2,907,951
Other financial institutions	500,000	1,500,000
Total	8,109,502	4,922,663
<u>Add</u> Accrued interest receivable and undue interest receivable	4,096	482
<u>Less</u> Allowance for expected credit losses	(1,417)	(3,694)
Total domestic, net	8,112,181	4,919,451
Foreign		
US Dollar	96,975	11,631
Japanese Yen	8,409	1,695
Euro	460	1,802
Other currencies	445	735
<u>Less</u> Allowance for expected credit losses	(3)	(1)
Total foreign	106,286	15,862
Total domestic and foreign	8,218,467	4,935,313

9 Financial assets measured at fair value through profit or loss

	2023 Fair value Thousand Baht	2022 Fair value Thousand Baht
Trading assets		
Government and state enterprise securities	105,487	284,794
Private debt instruments	-	688,156
Total	105,487	972,950

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10 Derivatives

10.1 Derivatives held for trading

As at 31 December 2023 and 2022, the fair value and notional amount of derivatives classified by type of risks are as follows:

Type of risk	2023				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Forward exchange contracts	837,189	761,392	50,146,964	-	50,146,964
Currency swap contracts	20,114	155,709	239,563	6,605,097	6,844,660
Interest rate swap contracts	260,201	204,022	28,006,336	27,420,265	55,426,601
Total	1,117,504	1,121,123	78,392,863	34,025,362	112,418,225

Type of risk	2022				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Forward exchange contracts	832,646	98,248	26,976,254	-	26,976,254
Currency swap contracts	605,603	237,086	9,466,680	586,851	10,053,531
Interest rate swap contracts	279,808	276,678	38,097,374	32,770,960	70,868,334
Credit default swap contracts	-	29,247	700,000	-	700,000
Total	1,718,057	641,259	75,240,308	33,357,811	108,598,119

The "notional amount" is a measure of volume, which may be used for examining changes in derivative activities over time. The notional amount is the face value of the contract. Unlike on-financial reporting financial instruments, the notional amount of a derivative does not necessarily reflect the amount at risk, which is generally only a small fraction of this value.

As at 31 December 2023 and 2022, proportions of the notional amount of derivative transactions classified by counterparties, consisted of:

	2023 %	2022 %
Counterparty		
Financial institutions	86.9	60.6
Related parties	13.1	39.4
Total	100.0	100.0

10.2 Derivatives designated as fair value hedges

The Branch enters into certain interest rate swaps to hedge the Branch's exposure to interest rate risk arising on investments. The derivatives which the Branch enters into are interest rate swaps.

As at 31 December 2023 and 2022, the fair value and notional amount of derivatives designated as fair value hedges were as follows:

Type of risk	2023				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Interest rate	20,157	37,152	253,715	7,316,414	7,570,129
Total	20,157	37,152	253,715	7,316,414	7,570,129
Type of risk	2022				
	Fair value		Notional amount		
	Assets Thousand Baht	Liabilities Thousand Baht	Less than 1 year Thousand Baht	Over 1 year Thousand Baht	Total Thousand Baht
Interest rate	21,178	1,190	5,750,980	586,851	6,337,831
Total	21,178	1,190	5,750,980	586,851	6,337,831

For the fair value hedges, the carrying amount at 31 December 2023 relating to the assets designated as hedged items were Baht 7,779 million (2022: Baht 6,407 million). The hedged items were mainly fixed rate debt securities (financial assets).

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging instrument differ from changes in the fair value of a benchmark hedging instrument that is a perfect match. The amount of ineffectiveness is recognised immediately in profit or loss. The sources of ineffectiveness for fair value hedges include imperfect relationship or matching between the hedging instrument and the risk being hedged as well as the effect of credit risk existing in the hedging instrument.

11 Investments, net

11.1 Classification of investment in securities

As at 31 December 2023 and 2022, investments classified by investment types, consisted of:

	2023	2022
	Amortised cost Thousand Baht	Amortised cost Thousand Baht
Investments in debt instruments measured at amortised cost		
Government and state enterprise securities	10,970,757	10,246,353
Total	10,970,757	10,246,353
<u>Less</u> Allowance for expected credit losses	(170)	(40)
Total	10,970,587	10,246,313
	2023	2022
	Fair value Thousand Baht	Fair value Thousand Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	12,144,497	8,049,928
Corporate debt securities	811,044	969,171
Total	12,955,541	9,019,099
Total investments, net	23,926,128	19,265,412
Allowance for expected credit losses	222	406

Investments in government and state enterprise securities are for liquid assets and capital fund in accordance with Section 32 of the Thai Financial Institution Businesses Act, B.E. 2551 as mentioned in Note 7 and Note 24.

11.2 Unrealised (losses) gains on remeasurement of investments in debt instruments measured at fair value through other comprehensive income, consisted of:

	2023	2022
	Fair value Thousand Baht	Fair value Thousand Baht
Unrealised (losses) gains from changes in value of investments in debt instruments measured at FVOCI	(163,653)	(80,882)
<u>Less</u> Fair value changes in fair value hedged investments	(8,825)	-
Deferred tax	34,496	16,176
Net	(137,982)	(64,706)

12 Loans to customers and accrued interest receivable, net

12.1 Classified by type of loans

	2023 Thousand Baht	2022 Thousand Baht
Overdrafts	26,615	25,929
Loans	19,543,550	16,160,096
Bills	149,057	164,770
Total loans to customers	19,719,222	16,350,795
<u>Add</u> Accrued interest receivable and undue interest receivable	44,680	36,382
Total loans to customers and accrued interest receivable	19,763,902	16,387,177
<u>Less</u> Allowance for expected credit losses	(162,792)	(241,356)
<u>Less</u> BoT's minimum requirement - Individual approach - Surplus reserve	(3,193)	(6,386)
Total loans to customers and accrued interest receivable, net	19,597,917	16,139,435

12.2 Classified by currencies and residencies of borrowers

	2023 Thousand Baht	2022 Thousand Baht
Domestic		
Baht	18,863,639	13,758,615
US Dollar	855,583	2,592,180
Total	19,719,222	16,350,795

12.3 Classified by loan classification

	2023 Loans to customers and accrued interest receivables Thousand Baht	2022 Loans to customers and accrued interest receivables Thousand Baht
Loan classification		
Financial assets with an insignificant increase in credit risk ("Performing")	17,745,857	10,834,026
Financial assets with a significant increase in credit risk ("Under-performing")	2,018,045	5,553,151
Credit-impaired financial assets ("Non-performing")	-	-
Total	19,763,902	16,387,177

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13 Allowance for expected credit losses

The following tables show reconciliations from the opening to the closing balance of expected credit loss (“ECL”) during the year ended 31 December 2023 analysed by class of financial instruments.

	Allowance for expected credit losses				Total Thousand Baht
	Financial assets with an insignificant increase in credit risk (12-month ECL) Thousand Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Thousand Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Thousand Baht	Surplus reserve Thousand Baht	
Financial assets held at amortised cost *					
As at 1 January 2023	141,354	215,256	-	6,386	362,996
Transfers of financial instruments:					
- Transfer to stage 1	123,934	(123,934)	-	-	-
- Transfer to stage 2	(550)	550	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	123,384	(123,384)	-	-	-
Remeasurement	(113,275)	(28,615)	-	-	(141,890)
Newly acquired or purchased financial assets	33,237	44,457	-	-	77,694
Assets derecognised (including final repayments)	(16,065)	(32,499)	-	-	(48,564)
Amortisation of surplus reserve	-	-	-	(3,193)	(3,193)
As at 31 December 2023	168,635	75,215	-	3,193	247,043
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2023	406	-	-	-	406
Transfers of financial instruments:					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	-	-	-	-	-
Remeasurement	(170)	-	-	-	(170)
Newly acquired or purchased financial assets	-	-	-	-	-
Assets derecognised (including final repayments)	(14)	-	-	-	(14)
As at 31 December 2023	222	-	-	-	222

* Includes ECL on financial guarantees and loan commitments

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The following tables show reconciliations from the opening to the closing balance of expected credit loss ("ECL") during the year ended 31 December 2022 analysed by class of financial instruments.

	Allowance for expected credit losses				
	Financial assets with an insignificant increase in credit risk (12-month ECL) Thousand Baht	Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) Thousand Baht	Credit-impaired financial assets (Lifetime ECL-credit impaired) Thousand Baht	Surplus reserve Thousand Baht	Total Thousand Baht
Financial assets held at amortised cost *					
As at 1 January 2022	147,743	217,411	-	9,580	374,734
Transfers of financial instruments:					
- Transfer to stage 1	5,970	(5,970)	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	5,970	(5,970)	-	-	-
Remeasurement	(19,908)	(22,768)	-	-	(42,676)
Newly acquired or purchased financial assets	36,034	94,796	-	-	130,830
Assets derecognised (including final repayments)	(28,485)	(68,211)	-	-	(96,696)
Amortisation of surplus reserve	-	-	-	(3,194)	(3,194)
As at 31 December 2022	141,354	215,256	-	6,386	362,996
Financial assets measured at fair value through other comprehensive income					
As at 1 January 2022	564	-	-	-	564
Transfers of financial instruments:					
- Transfer to stage 1	-	-	-	-	-
- Transfer to stage 2	-	-	-	-	-
- Transfer to stage 3	-	-	-	-	-
Transfer between stages	-	-	-	-	-
Remeasurement	83	-	-	-	83
Newly acquired or purchased financial assets	132	-	-	-	132
Assets derecognised (including final repayments)	(373)	-	-	-	(373)
As at 31 December 2022	406	-	-	-	406

* Includes ECL on financial guarantees and loan commitments

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14 Premises and equipment, net

Changes in premises and equipment during the years ended 31 December 2023 and 2022 were as follows:

	Net book value at 1 January 2023		Cost		Accumulated depreciation				Net book value at 31 December 2023	
	Thousand Baht	Thousand Baht	Beginning balance	Additions/ Transfers in	Disposals/ Transfers out	Ending balance	Beginning balance	Depreciation Transfers out	Disposals/ Transfers out	Ending 31 December balance
Furniture, fixtures and office equipment	32	21,523	968	(135)	22,356	21,491	40	(135)	21,396	960
Computer equipment	9,432	23,264	9,122	(1,598)	30,788	13,832	3,158	(1,598)	15,392	15,396
Total	9,464	44,787	10,090	(1,733)	53,144	35,323	3,198	(1,733)	36,788	16,356
	Net book value at 1 January 2022		Cost		Accumulated depreciation				Net book value at 31 December 2022	
	Thousand Baht	Thousand Baht	Beginning balance	Additions/ Transfers in	Disposals/ Transfers out	Ending balance	Beginning balance	Depreciation Transfers out	Disposals/ Transfers out	Ending 31 December balance
Furniture, fixtures and office equipment	814	21,523	-	-	21,523	20,709	782	-	21,491	32
Computer equipment	4,002	16,700	7,032	(468)	23,264	12,698	1,602	(468)	13,832	9,432
Total	4,816	38,223	7,032	(468)	44,787	33,407	2,384	(468)	35,323	9,464

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15 Intangible assets, net

	Expenditures in connection with development and improvement of process and computer systems - under development Thousand Baht	Process, computer systems and computer software Thousand Baht	Total Thousand Baht
At 1 January 2022			
Cost	-	1,887	1,887
<u>Less</u> Accumulated amortisation	-	(1,834)	(1,834)
<u>Less</u> Accumulated impairment	-	-	-
Net book amount	-	53	53
For the year ended 31 December 2022			
Opening net book amount	-	53	53
Additions	4,046	-	4,046
Transfer (out)/ in	-	-	-
Write off	-	-	-
Amortisation charge	-	(33)	(33)
Closing net book amount	4,046	20	4,066
At 31 December 2022			
Cost	4,046	337	4,383
<u>Less</u> Accumulated amortisation	-	(317)	(317)
<u>Less</u> Accumulated impairment	-	-	-
Net book amount	4,046	20	4,066
For the year ended 31 December 2023			
Opening net book amount	4,046	20	4,066
Additions	2,658	707	3,365
Transfer (out)/ in	(6,704)	6,704	-
Write off	-	-	-
Amortisation charge	-	(198)	(198)
Closing net book amount	-	7,233	7,233
At 31 December 2023			
Cost	-	7,748	7,748
<u>Less</u> Accumulated amortisation	-	(515)	(515)
<u>Less</u> Accumulated impairment	-	-	-
Net book amount	-	7,233	7,233

16 Leases

The statement of financial position shows the following amounts relating to leases.

	2023 Thousand Baht	2022 Thousand Baht
Right-of-use assets, net		
Building	9,566	28,197
Vehicles	785	1,111
Total right-of-use assets, net	10,351	29,308
Lease liabilities		
Lease liabilities - Current portion	10,101	10,653
Lease liabilities - Non-current portion	351	18,692
Total lease liabilities	10,452	29,345

During the year ended 31 December 2023 additions to the right-of-use assets of the Branch was Baht 0.8 million (2022: Baht 29.0 million).

For the year ended 31 December 2023, amounts charged to profit or loss and cash flows relating to leases are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Depreciation charge of right-of-use assets		
Building	9,667	4,303
Vehicles	1,080	1,082
Total	10,747	5,385
Finance cost relating to leases	263	89
Expenses relating to short-term leases (included in premises and equipment expenses)	-	-
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in premises and equipment expenses)	458	347

The total cash outflow for leases of the Branch during the year ended 31 December 2023 was Baht 10.9 million (2022: Baht 5.6 million).

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17 Deferred tax assets, net

Deferred tax assets and liabilities determined after appropriately offsetting were included in the statement of financial position as follows:

	2023 Thousand Baht	2022 Thousand Baht
Deferred tax asset to be recovered within 12 months	16,823	15,460
Deferred tax asset to be recovered after more than 12 months	76,797	66,139
Deferred tax liability to be settled within 12 months	(1,999)	(1,077)
Deferred tax liability to be settled after more than 12 months	(71)	(4,785)
Net	91,550	75,737

Movements in total deferred tax assets and liabilities during the year ended 31 December 2023 and 2022 were as follows:

	(Charged)/ credited to:			At 31 December 2023 Thousand Baht
	At 1 January 2023 Thousand Baht	Profit or loss (Note 35) Thousand Baht	Other comprehensive income (Note 35) Thousand Baht	
Deferred tax assets				
Amortisation of premium on investments	999	(373)	-	626
Allowance for expected credit losses	41,409	(4,515)	-	36,894
Depreciation of premises and equipment	8	20	-	28
Lease liabilities	5,868	(3,779)	-	2,089
Provisions for employee benefits	8,740	755	(216)	9,279
Unrealised losses on remeasurement of debt instruments classified at FVOCI	16,177	-	18,319	34,496
Others	8,398	1,810	-	10,208
Total	81,599	(6,082)	18,103	93,620
Deferred tax liabilities				
Right-of-use assets	(5,862)	3,792	-	(2,070)
Total	(5,862)	3,792	-	(2,070)
Net	75,737	(2,290)	18,103	91,550
	(Charged)/ credited to:			At 31 December 2022 Thousand Baht
	At 1 January 2022 Thousand Baht	Profit or loss (Note 35) Thousand Baht	Other comprehensive income (Note 35) Thousand Baht	
Deferred tax assets				
Amortisation of premium on investments	2,491	(1,492)	-	999
Allowance for expected credit losses	38,859	2,550	-	41,409
Depreciation of premises and equipment	13	(5)	-	8
Lease liabilities	1,160	4,708	-	5,868
Provisions for employee benefits	10,276	(1,227)	(309)	8,740
Loss carried forward	8,527	(8,527)	-	-
Unrealised losses on remeasurement of debt instruments classified at FVOCI	-	-	16,177	16,177
Others	9,276	(678)	-	8,398
Total	70,602	(4,871)	15,868	81,599
Deferred tax liabilities				
Right-of-use assets	(1,138)	(4,724)	-	(5,862)
Unrealised gains on remeasurement of debt instruments classified at FVOCI	(4,986)	-	4,986	-
Total	(6,124)	(4,724)	4,986	(5,862)
Net	64,478	(9,595)	20,854	75,737

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18 Other assets, net

	2023 Thousand Baht	2022 Thousand Baht
Accrued interest receivables	61,792	61,307
Others	17,080	17,330
Total	78,872	78,637

19 Deposits

19.1 Classified by type of deposits

	2023 Thousand Baht	2022 Thousand Baht
Current	258,843	258,956
Saving	3,527,146	1,195,375
Term		
- Less than 6 months	9,538,780	7,377,077
- More than 6 months but less than 1 year	522,711	346,617
Total	13,847,480	9,178,025

19.2 Classified by currencies and residencies of depositors

	2023			2022		
	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht	Domestic Thousand Baht	Foreign Thousand Baht	Total Thousand Baht
Baht	10,722,204	25,840	10,748,044	7,327,898	32,427	7,360,325
US Dollar	2,581,990	387,514	2,969,504	1,395,976	293,121	1,689,097
Other currencies	65	129,867	129,932	-	128,603	128,603
Total	13,304,259	543,221	13,847,480	8,723,874	454,151	9,178,025

20 Interbank and money market items (liabilities)

	2023 Thousand Baht	2022 Thousand Baht
Domestic		
Commercial banks	-	-
Other financial institutions	9,857,058	7,285,375
Total domestic	9,857,058	7,285,375
Foreign		
Baht	144,079	519,902
Total foreign	144,079	519,902
Total domestic and foreign	10,001,137	7,805,277

21 Provisions for employee benefits

Provision for employee benefits comprises of retirement benefits provided to retired employees in accordance with the rules and conditions stipulated under the labour laws applicable in Thailand.

The amounts recognised in the statement of financial positions are determined as follows:

	2023 Thousand Baht	2022 Thousand Baht
Long term employment benefits		
- Long service award plan	518	514
Post employment benefits		
- Legal severance payment plan	45,877	43,188
Total	46,395	43,702

The movement in the defined benefit obligation during the year is as follows:

	2023 Thousand Baht	2022 Thousand Baht
Long service award plan		
Beginning balance	514	574
Current service cost	66	66
Past service cost	3	7
Interest costs	10	6
<u>Less</u> Benefit paid during the year	(75)	(139)
Ending balance	518	514
Legal severance payment plan		
Beginning balance	43,188	50,804
Current service cost	4,865	4,700
Past service cost	-	-
Interest costs	849	538
Remeasurements from actuarial loss:		
- Demographic assumptions	-	-
- Financial assumptions	(1,082)	(1,543)
- Experience assumptions	-	-
<u>Less</u> Benefit paid during the year	(1,943)	(11,311)
Ending balance	45,877	43,188

The amounts recognised in the statements of comprehensive income are as follows:

	2023 Thousand Baht	2022 Thousand Baht
Current service cost	4,932	4,766
Past service cost	3	7
Interest costs	859	544
Remeasurements from actuarial (gains) losses	(1082)	(1,543)
Total	4,712	3,774

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Significant assumptions used in the actuarial calculation are summarised as follows:

	2023	2022
Discount rate	2.5%	2.0%
Salary increase rate		
- Less than 29 years	8.0%	8.0%
- 30 - 39 years	7.0%	7.0%
- 40 - 49 years	6.0%	6.0%
- More than 50 years	5.0%	5.0%

Sensitivity analysis on key assumptions changes are as follows:

	Increase (decrease) in defined employee benefit obligations	
	2023	2022
	Thousand Baht	Thousand Baht
Discount rate		
Increase 1%	(2,052)	(1,933)
Decrease 1%	2,231	2,102
Salary rate		
Increase 1%	2,066	1,945
Decrease 1%	(1,943)	(1,829)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the employment benefits recognised within the statement of financial position.

Maturity profile of post-employment benefits is as follows:

	2023	2022
Duration of the post-employment benefits (Years)	5	5
Maturity analysis of benefits expected to be paid (Thousand Baht)		
Benefits expected to be paid within 12 months	7,754	842
Benefits expected to be paid between 1 and 2 years	1,727	7,654
Benefits expected to be paid between 2 and 5 years	37,756	19,205
Benefits expected to be paid in more than 5 years	17,654	35,201

22 Provisions

	2023	2022
	Thousand Baht	Thousand Baht
Contractual commitments *		
At 1 January	111,519	96,438
Net change in expected credit loss provision and other movements	(32,051)	15,081
Total	79,468	111,519

* Contractual commitments include the provision for contingent liabilities in respect of financial guarantees and the expected credit loss provision on off-balance sheet guarantees and loan commitments.

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23 Other liabilities

	2023	2022
	Thousand Baht	Thousand Baht
Accrued expenses	100,104	64,928
Accrued interest payable	88,494	28,700
Withholding tax payable	44,683	31,611
Clearing suspense account	137,570	20,810
Others	1,866	1,807
Total	372,717	147,856

24 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2023 consist of government and state enterprise securities amounting to Baht 10,971 million (2022: Baht 10,246 million).

These assets were used as collateral for liquidity management with the BoT and for repurchase transactions.

25 Commitments and contingent liabilities

Commitments and contingent liabilities as at 31 December 2023 and 2022 were classified as follows:

	2023			2022		
	Baht Thousand Baht	Foreign currency Thousand Baht	Total Thousand Baht	Baht Thousand Baht	Foreign currency Thousand Baht	Total Thousand Baht
Guarantees of loans	-	513,350	513,350	-	527,422	527,422
Liability under unmatured import bills	-	-	-	5,357,869	977	5,358,846
Letters of credit	-	11,111	11,111	-	12,084	12,084
Other contingencies	945,816	391,730	1,337,546	674,040	337,992	1,012,032
Unused credit line of overdrafts	5,285	-	5,285	6,280	-	6,280
Committed line	3,663,553	-	3,663,553	707,895	-	707,895
Total	4,614,654	916,191	5,530,845	6,746,084	878,475	7,624,559

26 Related parties

For the purposes of these financial statements, parties are considered to be related to the Branch if the Branch has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with significant key management personnel and related parties were as follows:

Name of entities/Personnel	Country of Incorporation/ Country of location/ Nationality	Nature of relationships
Key management personnel	Singapore	Persons having authority and responsibility for planning, directing and controlling the activities of the Branch directly or indirectly. The Branch's key management personnel consisted of: - General Manager - Operations Manager
Oversea-Chinese Banking Corporation Limited	Singapore	Head office
Other branches of the Head office	Others	Other branches
Other subsidiary companies of the Head office	Others	Subsidiary companies of the Head office

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Derivatives	Market rate
Interest income	Market rate
Interest expense	Market rate
Fee and service income	Contractually agreed price
Other operating income	Contractually agreed price
Fee and service expenses	Contractually agreed price
Other operating expenses	Contractually agreed price

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

	2023	2022
	Thousand Baht	Thousand Baht
Interest income		
Head office and other branches of the same juristic person	4,188	9,313
Subsidiary companies of the Head office	1	1
Total	4,189	9,314
Fee and service income		
Head office and other branches of the same juristic person	94,316	79,489
Subsidiary companies of the Head office	565	466
Total	94,881	79,955
Net (losses) gains on financial instruments measured at fair value through profit or loss		
Head office and other branches of the same juristic person	(2,230,133)	256,406
Subsidiary companies of the Head office	2,932	975
Total	(2,227,201)	257,381
Other operating income		
Subsidiary companies of the Head office	-	329
Interest expense		
Head office and other branches of the same juristic person	470,386	215,373
Fee and service expenses		
Head office and other branches of the same juristic person	269	207
Subsidiary companies of the Head office	7,088	7,268
Total	7,357	7,475
Other operating expenses		
Head office and other branches of the same juristic person	147,943	107,449
Subsidiary companies of the Head office	-	678
Total	147,943	108,127
Key management personnel compensation		
Short term employee benefits	38,942	37,671

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Significant balances with related parties as at 31 December 2023 and 2022 were as follows:

	2023 Thousand Baht	2022 Thousand Baht
Interbank and money market items (assets)		
Subsidiary companies of the Head office	4,852	143
Derivative assets (fair value)		
Head office and other branches of the same juristic person	273,503	919,921
Interbank and money market items (liabilities)		
Subsidiary companies of the Head office	12,018	17,809
Derivative liabilities (fair value)		
Head office and other branches of the same juristic person	61,651	144,561
Funds brought in to maintain assets under the Act		
Head office	11,869,950	11,937,770
Balance of inter-office accounts with head office and other branches of the same juristic person, net		
Lending	(855,583)	-
Placements	(4,308)	(61,328)
Borrowings	16,929,362	13,613,751
Deposits	80,520	132,245
Accrued interest payables	11,197	16,761
Accrued interest receivable	(506)	-
Accrued expenses	60,466	38,517
Total	16,221,148	13,739,946

	2023 Thousand Baht	2022 Thousand Baht
Derivatives - Forward exchange contracts (notional amount)		
Head office and other branches of the same juristic person	5,524,110	12,431,535
Derivatives - Interest rate swap contracts (notional amount)		
Head office and other branches of the same juristic person	9,001,117	29,432,374
Derivatives - Credit default swap contracts (notional amount)		
Head office and other branches of the same juristic person	-	700,000

As at 31 December 2023, the Branch has lending to Head office USD 25 million maturing on 03 January 2024 and carried interest at 5.32% per annum (2022: The Branch has no lending to Head office).

As at 31 December 2023, borrowings from head office and other branches were USD 200 million and JPY 69,870 million (2022: USD 218 million and JPY 49,745 million) due to mature from 19 January 2024 to 18 December 2028 (2022: 3 January 2023 to 18 December 2023) and carried interest between - 0.28% to 5.82% per annum (2022: - 0.38% - 5.38% per annum).

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27 The financial position and results of operations classified by domestic and foreign business

The Branch does not present the financial position and results of operations classified by domestic and foreign business in the financial statements since the Branch is engaged in only domestic business in Thailand.

28 Interest income

	2023	2022
	Thousand Baht	Thousand Baht
Interbank and money market items	116,772	52,923
Investments and trading transactions	49,550	57,694
Investments in debt securities	404,904	188,494
Loans to customers	699,382	438,211
Total interest income	1,270,608	737,322

29 Interest expenses

	2023	2022
	Thousand Baht	Thousand Baht
Deposits	205,628	47,350
Interbank and money market items	213,864	59,133
Contribution to the Financial Institutions Development Fund and Deposit Protection Agency	80,352	38,862
Loans from Head Office and other Branches of the same juristic person	470,386	215,373
Lease liabilities	263	89
Total interest expense	970,493	360,807

30 Net fees and service income

	2023 Thousand Baht	2022 Thousand Baht
Fees and service income		
- Acceptance, avals and guarantees	5,070	7,456
- Loans related fees	400	-
- Commission on bills	434	83
- Service fees from related company	94,260	79,402
- Others	29,773	32,544
Total fees and service income	129,937	119,485
Fees and service expenses		
- Others	13,520	12,820
Total fees and service expenses	13,520	12,820
Net	116,417	106,665

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

	2023 Thousand Baht	2022 Thousand Baht
Gain (losses) on trading and foreign exchange transactions		
- Foreign currencies and foreign currency related derivatives	2,538	88,922
- Interest rate related derivatives	65,489	37,047
- Credit default swap	(4,007)	(34,973)
- Debt securities	(74,505)	(24,850)
Total (losses) gains on trading and foreign exchange transactions	(10,485)	66,146
Losses on hedging transactions	(3,306)	(5,350)
Total net (losses) gains on financial instruments measured at fair value through profit or loss	(13,791)	60,796

32 Employee benefit expenses

	2023 Thousand Baht	2022 Thousand Baht
Management		
Salaries and bonus	19,486	18,254
Others	19,456	19,417
Total (Note 26)	38,942	37,671
Other employees		
Salaries and bonus	157,856	134,566
Post-employee benefits	11,022	6,004
Others	30,056	23,703
	198,934	164,273
Total	237,876	201,944

The Branch has established a contributory provident fund for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at a rate of 3% - 10% of their basic salaries and by the Branch at a rate of 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

33 Other expenses

	2023 Thousand Baht	2022 Thousand Baht
Expenses allocated from Head Office	151,046	110,401
Others	14,907	15,859
Total	165,953	126,260

34 Expected credit losses

	2023 Thousand Baht	2022 Thousand Baht
Interbank and money market items	(2,275)	1,241
Investments	(54)	(376)
Loans to customers and accrued interest receivables	(81,757)	(27,842)
Loan commitments	(45,538)	16,809
Financial guarantees	13,487	(1,728)
Total	(116,137)	(11,896)

35 Income tax

Income tax recognised in profit or loss

	2023 Thousand Baht	2022 Thousand Baht
Current tax expense		
Current year	7,325	11,534
Deferred tax expense		
Movements in temporary differences (Note 17)	2,290	9,595
Total	9,615	21,129

Income tax expense recognised in other comprehensive income

	2023			2022		
	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht
Investments measured at FVOCI	(91,595)	18,319	(73,276)	(105,813)	21,163	(84,650)
Defined benefit plan actuarial gains (losses)	1,082	(216)	866	1,543	(309)	1,234
Total	(90,513)	18,103	(72,410)	(104,270)	20,854	(83,416)

Reconciliation of effective tax rate

	2023		2022	
	Rate (%)	Thousand Baht	Rate (%)	Thousand Baht
Profit before income tax expense		47,147		105,223
Income tax using the Thai corporation tax rate	20.00	9,429	20.00	21,045
Expenses not deductible for tax purposes	0.39	186	0.08	84
Total	20.39	9,615	20.08	21,129