



Krungthai
กรุงไทย

Market Disclosure: Basel III - Pillar III

31 December 2023

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Basel III Pillar III Disclosures

1.Introduction

Krung Thai Bank has managed risks under the principle to maintain balance between the risks and the business growth with the target to achieve long-run sustainable growth in aspects of revenue, profit, asset quality, liquidity status and the capital adequacy in both banking level and Financial Business Group level.

The Bank has been effectively managing capital fund in compliance with Basel III requirements as prescribed by the Bank of Thailand (BOT) in both banking level and Financial Business Group level since January 1, 2013.

The "Three Pillars" Concept of Basel III Capital Framework

- Pillar I: Minimum Capital Requirement

The Bank is required to set out capital requirement covering Credit Risk, Market Risk and Operational Risk.

Furthermore, the Bank is also required to build-up Common Equity Tier 1 adding on to the minimum capital requirement ratio.

- Pillar II: Supervisory Review Process

The Bank is required to hold higher level of capital than the minimum requirements in Pillar I in order to accommodate for all risks that the Bank shall face in both normal situation and stress event.

The Bank shall set out the key principles of supervisory review for the its risk management process, especially the implementation of Internal Capital Adequacy Process (ICAAP) , with highly concerns against all its risks as well as the appropriated stress testing exercise.

- Pillar III: Market Discipline

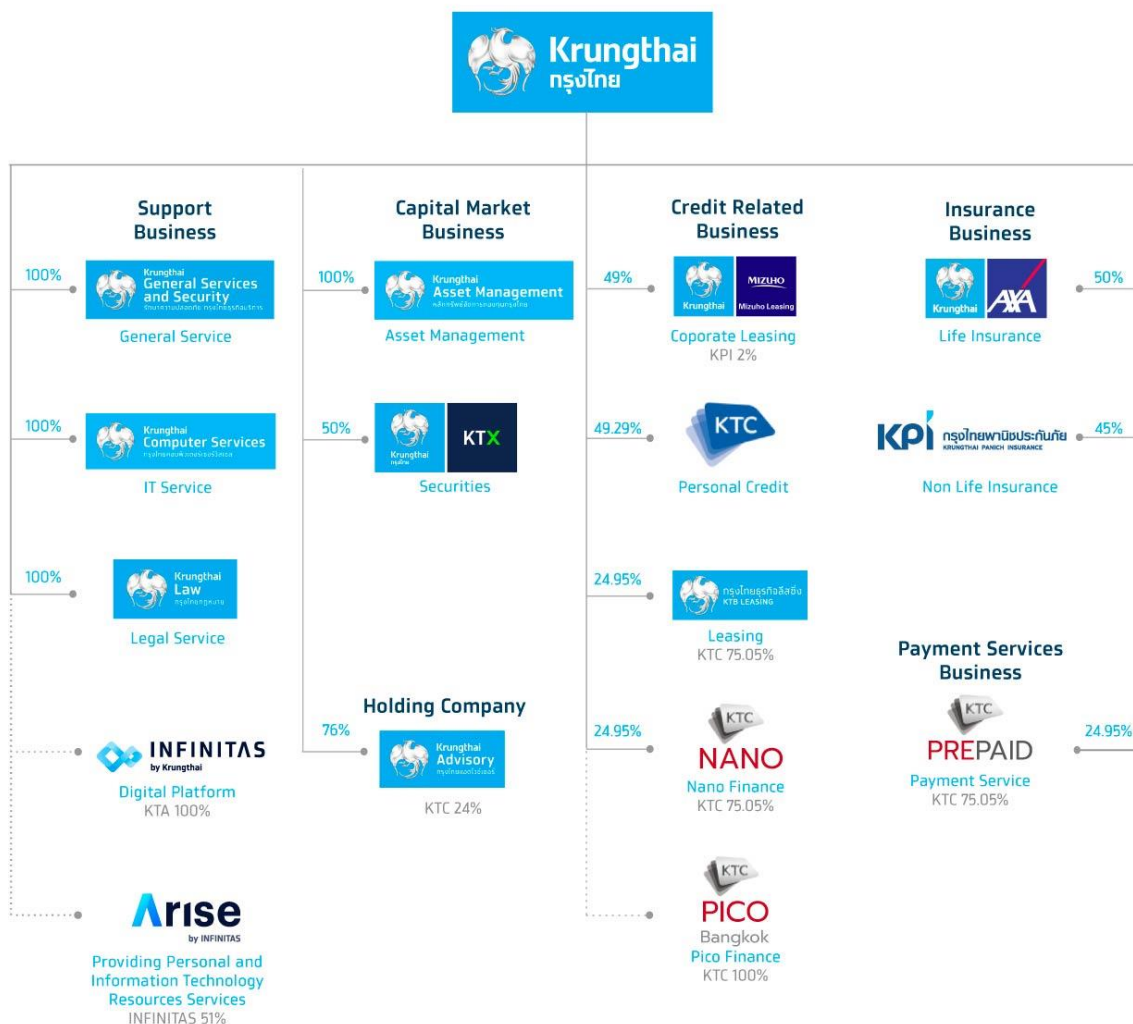
The Bank is required to set out the public disclosure upon its capital requirements, level of risks and risk management system in order to facilitate and enhance greater insight information for the outsiders and market participants to assess and analyze all risks and capital adequacy of the Bank. This disclosure shall be deemed as the essential market mechanism in escorting the Bank to achieve effective risks management system beyond simply the internal control of the Bank and the supervision of BOT.

2.Scope of Disclosure

The disclosed information in this report comprises information on capital adequacy and assessment of various risk types on a Solo Basis (Bank only) and a Full Consolidation Basis (Financial Business Group) as announced by the BOT's notifications. Details of the Financial Business Group are shown in Picture 1.

Moreover, the Bank discloses other relevant information aiming to benefit the public in accordance with the principles of good disclosure.

Picture1 Company List and Business Type of Companies in Financial Business Group



Name and Business Type of Financial Business Group			
No.	Company Name		Type of Business
1.	Krungthai Mizuho Leasing Co., Ltd.	KTMIZUHO	Hire Purchase
2.	KTBL Leasing Co., Ltd.	KTBL	Hire Purchase
3.	Krungthai Card Pcl.	KTC	Credit Card
4.	KTBA Advisory Co., Ltd.	KTBA	Financial Consultant
5.	Krung Thai Asset Management Pcl.	KTAM	Asset Management
6.	Krungthai Xspring Securities Co.,Ltd.	KTX	Securities
7.	Krungthai-AXA Life Insurance Pcl.	KTAXA	Life Insurance
8.	Krungthai Panich Insurance Pcl.	KPI	Non-Life Insurance
9.	KTBL Law Co., Ltd.	KTLAW	Legal Services
10.	KTBL Computer Services Co., Ltd.	KTCS	IT Services
11.	KTBL General Services and Security Co., Ltd.	KTGS	General Services
12.	KTC Nano Co., Ltd.	KTC NANO	Retail Lending
13.	KTC Pico (Bangkok) Co., Ltd.	KTC PICO BKK	Retail Lending
14.	KTC Prepaid Co., Ltd.	KTC PP	Payment Service
15.	Infinitas by Krungthai Co., Ltd.	INF	Digital Platform Service
16.	Arise by Infinitas Co., Ltd.	ARISE	Personnel and IT Resources Services

In developing Full Consolidation financial statement, Krung Thai Bank compiles the financial statement of the Bank and its subsidiary companies in financial business group which the Bank directly and/or indirectly controls and holds equal or greater than 50 percent of paid-up shares capital. However, the full consolidation excludes non-life and life insurance companies, and companies where the Bank controls and holds less than 50 percent of paid-up shares capital.

The list of Krung Thai Bank subsidiary companies including in the full consolidation financial statement is comprised of 13 companies, namely Krungthai Mizuho Leasing Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., Krung Thai Asset Management Pcl, Krungthai Xspring Securities Co.,Ltd., KTB Law Co., Ltd., KTB Computer Services Co., Ltd., KTB General Services and Security Co.,Ltd., KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd., and Arise by Infinitas Co., Ltd., respectively.

Thus, the list of associate companies excluding from the full consideration financial statement is Krungthai Card Pcl., Krungthai-AXA Life Insurance Pcl. and Krungthai Panich Insurance Pcl., respectively.

3. Key Prudential Metrics

Table 1 Key Prudential Metrics

Unit : Million Baht

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
1. Capital				
1.1 Common Equity Tier1 (CET1) Capital	355,261	335,601	336,907	319,896
1.2 Fully loaded ECL CET1 Capital	355,261	335,601	336,907	319,896
1.3 Tier1 Capital	375,419	355,870	355,554	338,543
1.4 Fully loaded ECL Tier1 Capital	375,419	355,870	355,554	338,543
1.5 Total Capital	441,420	422,094	420,514	403,860
1.6 Fully loaded ECL Total Capital	441,420	422,094	420,514	403,860
2. Risk Weighted Asset^{1/}				
2.1 Total Risk Weighted Asset	2,131,200	2,132,096	2,037,273	2,051,798
3. Capital Ratio^{2/}				
3.1 CET1 ratio	16.67%	15.74%	16.54%	15.59%
3.2 Fully loaded ECL CET1 ratio	16.67%	15.74%	16.54%	15.59%
3.3 Tier1 ratio	17.62%	16.69%	17.45%	16.50%
3.4 Fully loaded ECL Tier1 ratio	17.62%	16.69%	17.45%	16.50%
3.5 Total capital ratio	20.71%	19.80%	20.64%	19.68%
3.6 Fully loaded ECL Total capital ratio	20.71%	19.80%	20.64%	19.68%
4. Capital Buffer				
4.1 Conservation buffer	2.50%	2.50%	2.50%	2.50%
4.2 Countercyclical buffer	-	-	-	-
4.3 Higher loss absorbency	1.00%	1.00%	1.00%	1.00%
4.4 Total buffer requirements	3.50%	3.50%	3.50%	3.50%
4.5 CET1 available after meeting the banks minimum capital requirement ^{3/}	12.17%	11.24%	12.04%	11.09%
5. Liquidity Coverage Ratio (LCR)^{4/}				
5.1 Total HQLA			865,968	893,366
5.2 Total net cash outflow			429,221	444,641
5.3 LCR ^{5/}			202%	201%

^{1/}Risk assets of Krung Thai Bank and its subsidiaries in Financial Business Group decreased by 0.7% and 0.04%, respectively from December 31, 2022, mainly came from decrease in credit risk weighted assets from Corporate and decreased in other assets.

^{2/} The Total capital ratio of Krung Thai Bank and its subsidiaries in Financial Business Group increased by 0.96% and 0.91%, respectively from December 31, 2022, mainly came from increased in Common Equity Tier1 (CET1) Capital from the recognition of profits.

^{3/} Tier 1 capital ratio at the owner's equity, remaining after maintaining the capital up to a low Calculated from the tier 1 capital ratio as the owner's equity minus Tier 1 capital ratio at the owner's equity that must be held low according to the Bank of Thailand criteria.

^{4/} Based on the disclosure of information according to the LCR criteria disclosed on the <https://krungthai.com/th/investor-relations/financial-information/lcr-disclosures>

^{5/} LCR is computed as an average ratio of month end LCR in the quarter which may not be equal to Total High Quality Liquid Assets, item 5.1 divided by Total Net Cash Outflows in 30 days, item 5.2.

4.Capital

4.1 Capital structure

Regulatory capital under Basel III is based on a more stringent definition of capital and also a higher requirement for minimum capital ratios. The components of Basel III regulatory capital are as follows:

Common Equity Tier 1 Capital (CET1) represents the highest-quality, which includes:

- Paid-up share capital
- Net Premium (discount)
- Statutory reserves
- Reserve appropriated from the net profit
- Other comprehensive income (OCI), i.e., revaluation surplus on land and premises, and revaluation surplus on AFS investment

Addition Tier 1 Capital consists of high-quality capital, which includes:

- Funds received from debt instruments subordinated to depositors, general creditors, Subordinated creditors and holders of Tier 2 capital instruments
- Transaction under subsidiary and association only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions

Tier 2 Capital which includes:

- Funds received from debt instruments subordinated to depositors and general creditors
- General Provision (eligibility limited to 1.25% of credit risk-weighted assets)

As at December 31, 2023, Krung Thai Bank had total capital in accordance with Basel III requirements as prescribed by BOT amounting to THB 420,514 million, divided into Common Equity Tier 1 (CET1) THB 336,907 million, Tier 1 capital THB 355,554 million and Tier 2 capital THB 64,960 million. Whilst, the Financial Business Group of the Bank had total capital amounting to THB 441,420 million, divided into Common Equity Tier 1 (CET1) THB 355,261 million, Tier 1 capital THB 375,419 million and Tier 2 capital THB 66,001 million. Details are shown in Table 2.

Table 2 Capital Structure

Unit : Million Baht

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Tier 1 Capital	375,419	355,870	355,554	338,543
Common Equity Tier 1	355,261	335,601	336,907	319,896
Paid-up share capital	71,977	71,977	71,977	71,977
Net premium (discount)	20,834	20,834	20,834	20,834
Non-cumulative preferred share	28	28	28	28
Statutory reserves	7,201	7,201	7,201	7,201
Reserve appropriated from the net profit	-	-	-	-
Net profit after appropriation	267,758	239,360	243,311	217,553
Other comprehensive income (OCI)	15,094	17,317	18,989	21,268
Accumulated other comprehensive income	15,094	17,317	18,989	21,268
Owner changes	-	-	-	-
Deductions from Common Equity Tier 1	(27,631)	(21,116)	(25,433)	(18,965)
Deductions from Common Equity Tier 1	(27,631)	(21,116)	(25,433)	(18,965)
Deductions from Tier 1 Capital for the remaining balances only when the Tier 1 Capital is insufficient to be fully deducted	-	-	-	-
Additional Tier 1	20,158	20,269	18,647	18,647
Funds received from debt instruments subordinated to depositors, general creditors, Subordinated creditors and holders of Tier 2 capital instruments	18,647	18,647	18,647	18,647
Transaction under subsidiary and association only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	1,511	1,622	-	-
Deductions from Additional Tier 1	-	-	-	-
Deductions from Additional Tier 1	-	-	-	-
Deductions from Tier 2 Capital for the remaining balances when the Tier 2 Capital is insufficient to be fully deducted	-	-	-	-
Tier 2 Capital	66,001	66,224	64,960	65,317
Funds received from debt instruments subordinated to depositors and general creditors	42,080	42,080	42,080	42,080
General Provision	23,921	24,144	22,880	23,237
Transaction under subsidiary and association only for non-controlling interest and outside the scope that countable as Tier 2 of consolidated financial institutions	-	-	-	-
Deductions from Tier 2 Capital	-	-	-	-
Total Regulatory Capital	441,420	422,094	420,514	403,860

Additional Tier 1

As at December 31, 2023, the Bank has an Additional Tier 1 subordinated note amounting to US Dollar 600 million which can be counted as Additional Tier 1 capital are amounting to Baht 18,647 million.

Tier 2 Subordinated Debt

As at December 31, 2023, the Bank has two unique identifiers of subordinated debt which can be counted as capital in Tier 2 are amounting to Baht 42,080 million.

Instruments	Original date	Amount (Million Baht)	Coupon rate (1 st - 5 th year)	Interest rate (6 th - 10 th year)	Original maturity date	Optional call date
KTB297A	12 Jul 19	24,000.00		3.70%	12 Jul 29	12 Jul 24
KTB324A	12 Apr 22	18,080.00		3.25%	12 Apr 32	12 Apr 27
Total Sub Subordinated Debt as of December 31, 2023		42,080.00				

4.2 Capital adequacy

As at December 31, 2023, Krung Thai Bank and its subsidiaries in Financial Business Group had Common Equity Tier 1 ratio amounting to 16.54% and 16.67% respectively, whilst Tier 1 ratio amounting to 17.45% and 17.62% respectively. The total capital ratio was at 20.71% and 20.64% respectively, Therefore, the Bank's and its Financial Conglomerate's capital ratios were considerably higher than the regulatory minimum requirements which are 4.5% of CET1 ratio, 6.0% of Tier 1 ratio and 8.5% of total capital ratio. The numbers were also much higher than the capital conservation buffer (regulatory requirements +2.50%) and D-SIBs (regulatory requirements +1.0%) which are 8.00% for CET1 ratio, 9.50% for Tier 1 ratio and 12.00% for Total capital ratio.

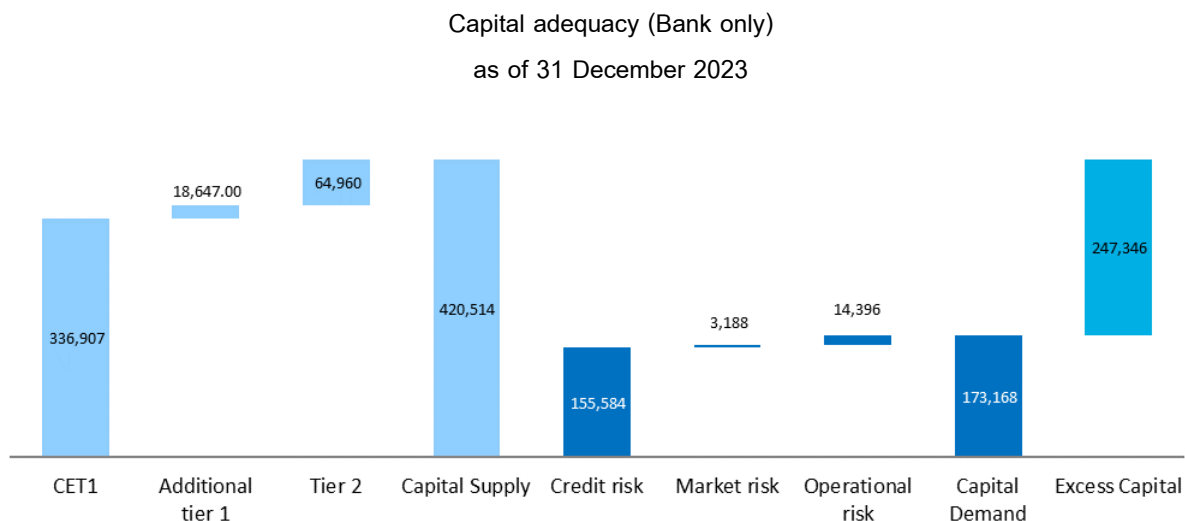
Table 3 Capital Adequacy Ratio

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Common Equity Tier 1 ratio (CET1 ratio)	16.67%	15.74%	16.54%	15.59%
Tier 1 ratio	17.62%	16.69%	17.45%	16.50%
Total capital ratio	20.71%	19.80%	20.64%	19.68%

Capital Adequacy Ratio According to BOT	Minimum capital	Conservation buffer	D-SIBs	Total
Common Equity Tier 1 ratio (CET1 ratio)	4.50%	2.50%	1.00%	8.00%
Tier 1 ratio	6.00%	2.50%	1.00%	9.50%
Total capital ratio	8.50%	2.50%	1.00%	12.00%

At the present, Krung Thai Bank has adopted the Standardized Approach (SA) for the assessment of the capital adequacy toward Credit Risk, Market Risk and Operational Risk.

As at December 31, 2023, Krung Thai Bank had total capital amounting to THB 420,514 million and held the capital requirement against Credit Risk, Market Risk and Operational Risk amounting to THB 173,168 million. Consequently, the Bank still had the excess capital as at THB 247,346 million.



The Financial Business Group had total capital amounting to THB 441,420 million and held the capital requirement against all risks amounting to THB 181,152 million. Therefore, the excess capital of the Financial Business Group was at THB 260,268 million.

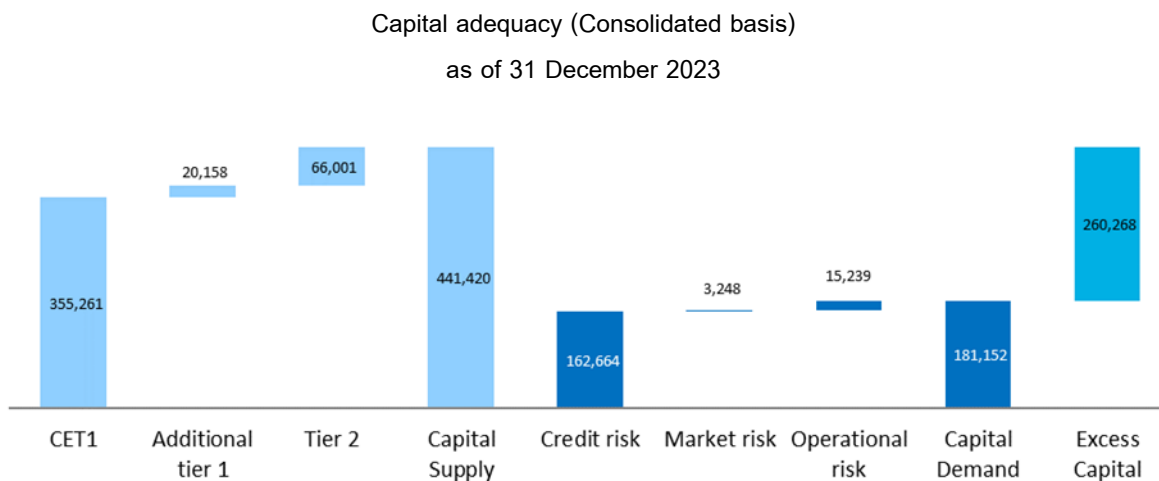


Table 4 Minimum Capital Requirements by Standardized Approach (SA)

Unit: Million Baht

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Credit Risk	162,664	164,182	155,584	158,009
Performing assets	160,676	161,999	153,598	155,828
Claims on sovereign entities and claims treated as claims on sovereign entities ^{1/}	620	518	620	518
Claims on financial institutions and claims treated as claims on financial institutions ^{2/}	5,837	7,852	5,751	7,629
Claims on corporate entities and claims treated as claims on corporate entities ^{3/}	76,554	77,760	76,063	77,031
Claims on retail portfolios	42,941	41,224	42,923	41,167
Residential mortgage exposures	17,179	16,579	17,179	16,579
Other assets	17,545	18,065	11,062	12,904
Non-Performing assets	1,988	2,183	1,986	2,182
Market Risk	3,248	3,222	3,188	3,184
Interest rate risk	2,634	2,737	2,631	2,733
Equity price risk	52	11	9	1
Foreign exchange rate risk	526	443	548	450
Commodity price risk	36	32	-	-
Operational Risk	15,239	13,824	14,396	13,210
Total minimum capital requirements	181,152	181,228	173,168	174,403
Total risk-weighted assets	2,131,200	2,132,096	2,037,273	2,051,798

^{1/}Claims on sovereign entities, central banks, multilateral development banks (MDB) and claims on non-central government public sector entities treated as claims on sovereign entities

^{2/}Claims on financial institutions and securities companies and claims on non-central government public sector entities treated as claims on financial Institutions

^{3/}Claims on corporate entities and claims on non-central government public sector entities treated as claims on corporate entities

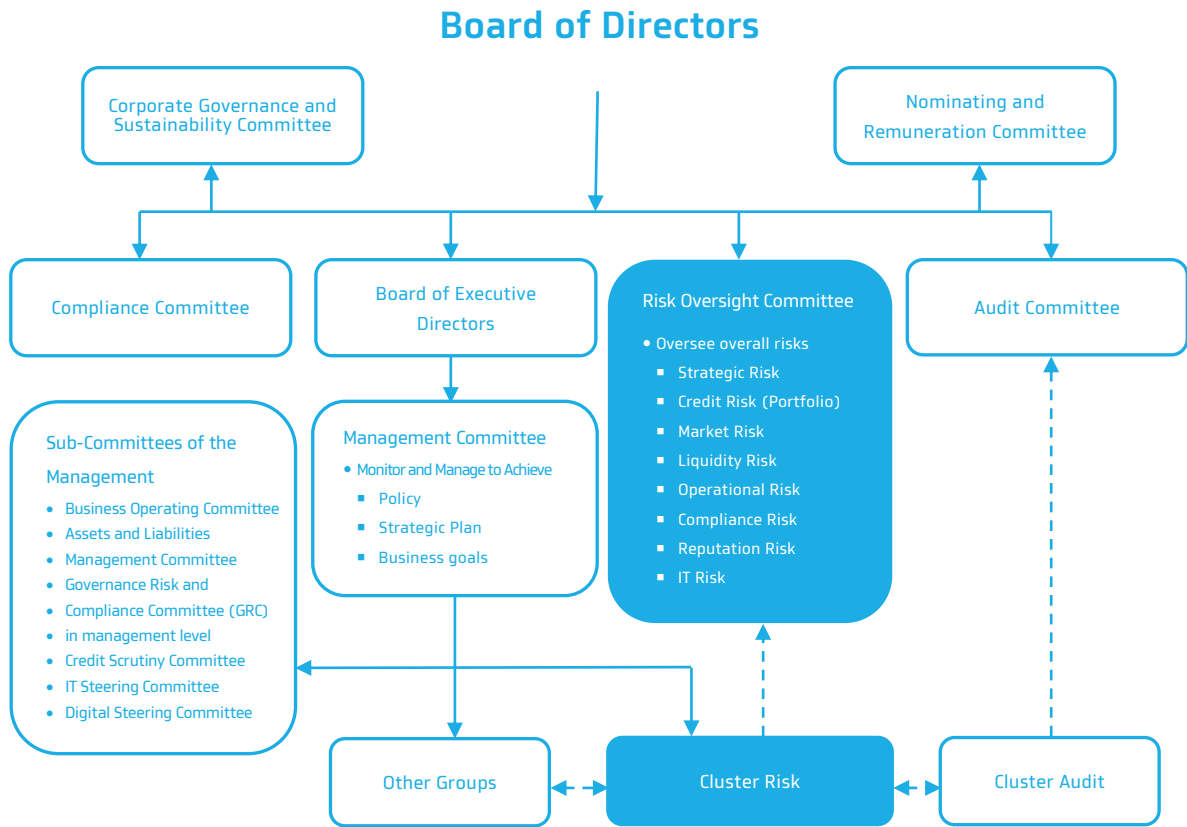
5. Risk Management

The Bank has managed risks on a consolidated basis in accordance with the BOT framework and the framework of COSO (Committee of Sponsoring Organizations of the Tread way Commission) which its core principle is the linkage of risk management process to business strategic planning and venture opportunities thus integrating administration and risk management across the enterprise (Enterprise Risk Management: ERM). The ERM framework has enabled the Bank to achieve its business goals, and has led to value creation for the Bank, shareholders and stakeholders.

5.1 Risk Management Structure

The Bank has set up its organization structure to support risk management and risk reporting system in a systemic manner. The risk management structure includes policy-leveled committees and senior executives as follows;

Picture 2 KTB Organization Chart and Risk Management Process



The Board of Directors assumes full authorities in overseeing overall operations of the Bank, i.e. risk management, capital adequacy and compliance with the official rules and regulations. The Board of directors has delegated respective committees, namely the Board of Executive Directors, the Audit Committee, Corporate Governance and Social Responsibility Committee, Compliance Committee and Risk Oversight Committee, to be responsible for overseeing that all operations comply with the Bank’s risk management policies and framework.

Additional committees are also setup comprising senior executives to formulate the Bank’s policy, strategies and various types of risk management, namely the Management Committee, the Assets and Liabilities Management Committee, the Group Credit Committee and the Credit Scrutiny Committee, to manage various types of risks in each business type.

5.2 Risk Management

5.2.1 Overall Risk Management

The Bank has considered significant risks from the overall business profile and the significant activities which could be directly or indirectly impact the Bank’s capital and earnings. The Bank’s analysis has found its risks as described by the Pillar I and Pillar II risks, according to the BOT guidelines as follows:



The Bank of Thailand emphasizes five key risk factors as follow:



5.2.2 Credit Risk

Credit Risk refers to the risk arising from the counterparty's failure to comply with conditions and covenants as stated in the agreement resulting in non-payment of due debt which could incur losses to the Bank.

The key components of credit risk management policy include credit risk management guidelines, credit risk control policy, and credit risk management process (customer and bank levels).



Credit Risk Management Guidelines

The Bank continued to give significant attention to credit risk management through the improvement of credit risk management process, revision of credit risk management policy and manual, monitoring and reporting of risk results. All of these improvements were aimed at controlling the credit risk of the Bank and its Financial Business Group to comply with risk management guidelines of the BOT and the Bank.

The Bank also continuously enhanced the efficiency of its risk management tools used in the credit process to assist in analyzing, assessing, monitoring and reporting of credit risk. Such tools included credit rating, credit scoring, loan origination and early warning as well as delegating credit approval authority in accordance with credit line magnitude and the risk of credit type, so that risk falls within acceptable levels.

Credit Risk Control Policy

The Bank requires that all its business units must conduct its risk control policy and assess the efficiency and adequacy of the risk control measures with impact or expected impact on the achievement of the Bank's objectives so that risk will remain at appropriate and acceptable levels. In measuring the risk at an overall level of credit risk, the Bank has set the risk acceptable level to be associated with the Enterprise Risk Management, which is the Bank's overall risk management.

The Bank's key policies on credit risk control comprise, the large corporate credit risk management policy, major shareholders or related benefit business credit risk management policy, credit concentration risk management policy and counterparty credit risk management policy.

Credit Risk Management Process

The Bank's Credit Risk Management Process consists of risk identification, risk assessment, risk monitoring, risk reporting and risk control to enable the Bank to manage risks to remain at acceptable levels that are appropriate with the return yield received. The Bank has set credit risk management at 2 levels, customer level and bank level, with the following guidelines for the operation in accordance with the risk management process.

Identification and Assessment Risk

■ Customer/ Counterparty Level

The Bank has identified its risks by considering relevant factors concerning the customer, business of the customer/ counterparty external factors with negative impact on revenue or income and business operation of the customer/ counterparty under policy and/or related working procedure, for instance the Bank's credit and investment policies.

The Bank conducts risk assessment through the use of different credit risk tools according to the types of customer/ counterparty and the complexity of the business. For instance, Credit Risk Rating tool is used for assessing large corporate customer risk and the Credit Scoring tool is used for assessing retail customer risk. Apart from this, the Bank has gathered business data or information¹ comprising summary of economic conditions and trends of the industry rating index, industry standard ratio and top exporters to supplement credit analysis and credit policy.

■ Bank Level

The Bank has identified and assessed risk in accordance with the Key Risk Indicators (KRIs) such as assessments made by comparing risk limits²(Large Borrower Limit, and Sector Limit) and the assessment of the new loan default rate.

The Bank has also set its risk appetite and risk tolerance for each risk indicator. If having assessed risk and found that risk was higher than the risk appetite level, the Bank will consider mitigating risk and enhancing its risk management so that such risk will remain at appropriate levels.

¹ Business data/ information comprises data on agriculture business, industrial business, service business, property/ real estate business and financial business

² The Bank sets risk limit criteria for Large Borrower Limit as prescribed by the Bank of Thailand and the Bank sets Sector Limits by considering the use of Optimization concept in order to find Maximum mean return of the Bank's overview.

Monitoring and Reporting Risk

- Customer /Counterparty Level

The Bank monitors the customer on the usage of credit lines to remain within the specified conditions and monitors its business progress corresponding to the business plan and forecast.

- Bank Level

The Bank monitors its risks according to the key risk indicators and reports to the Risk Oversight Committee regularly and to the Board of Directors on a quarterly basis. In addition, the Bank monitors usage of credit lines through early warning system and credit concentration risk controlling system.

Structure and Responsibilities

The Bank manages its risk by dividing business units into three Lines of Defense comprising credit and investment unit, risk management unit and internal audit unit.



Credit and Investment Unit

- The Credit Unit is responsible for lending or extending credit within the risk management policy framework at acceptable risk levels through risk analysis, credit/loan quality monitoring and debt restructuring.
- The Investment Unit is responsible for analyzing investment portfolios, formulating investment strategy and setting risk limits.

Risk Management Unit

- The Credit Policy Department is responsible for defining the credit management process framework, proposing policies and strategies for credit management to support the bank's business strategy at appetite levels. The Model Analysis and Portfolio Management Department is responsible for analyzing the loan/credit portfolio to ensure that credit risk lies within the Bank's acceptable levels (Risk Appetite), assesses lending loss through its default risk model, develops application software and/or credit risk management models to be used by the credit units as tools in credit analysis and approval, and assesses customer risk as well as overall credit risk management of the Bank.

- The Credit Scrutiny Department is responsible for scrutinizing the application for credit/loans submitted by the credit unit to ensure conformity to Bank policy. The tasks include scrutiny of risk ratings to be in accordance with the Bank's requirements, analysis of business and financial feasibility and assumptions/hypotheses, as well as supporting factors used to supplement credit analysis ascertain whether they are appropriate and adequately logical to be used in assessing business feasibility. The work also includes assessment of lending risk, preparation and reviewing Review Reports, and giving opinions on the application for credit/ loans approval.

Internal Audit Unit

- The Internal Audit Unit is responsible for auditing or examining the risk management process, checking the performance of various business units to ensure compliance with the operating manual, policies and strategies, the Bank's operating procedures and rules, regulations and requirements prescribed by external agencies/regulators such as the Bank of Thailand, Office of the Auditor General, Office of the Securities and Exchange Commission and the Anti-Money Laundering Office as well as the applicable laws concerned. The unit also examines the reliability of financial reports, financial risk, process of preparing credit reports for submission to the BOT, retention of loan agreements and collateral information on the Bank's asset management and appropriateness of asset insurance as well as the assessment of internal control adequacy.
- The Credit Review and Audit Unit is responsible for reviewing credits and contingencies of customer/debtor, quality of lending process, and on-going customer/ debtor monitoring process.

Definition of "Default" and "Asset Impairment"

- Default

Default is when a debtor or a party of the Bank fails to make repayment principal or interest as required by a loan agreement or a debtor is classified as non-performing and a purchased or originated credit impaired (POCI) which is classified under the regulation of the Bank of Thailand. For investment, it is recognized as default when the counterparty fails to make repayment principal or interest on the payment due date.

- Asset Impairment

Asset impairment refers to significant decreases in market prices of an asset during a certain period of time, whereby such a decrease is higher than the amount expected to decline with the lapse of time or from regular or normal use.

Loans Classification and Loan Provision

Loans classification policy

- Loans classification guideline

The Bank has considered the classification guidelines classified into 3 levels or 3 Stages to comply with the specified accounting standards and in accordance with the Bank of Thailand's regulations on the criteria for the classification and reserve of financial institutions, effective from January 1, 2020 onwards, together with an internal audit body that is independently separate from the credit authority to provide a balance between them (Check & Balance) by reviewing loans in accordance with the Bank of Thailand's standards.

- Regulations on loan classification

The Bank requires that the credit classify be considered according to the nature of the credit risk. Quantitative factors are taken into account based on the duration of the loan and qualitative factors, based on factors affecting ability to pay, financial position and credit risk status according to indications by classifying assets into 3 levels or 3 stages as follows.

(1) Tier 1 (Stage 1 or S1) refers to a loan that does not have a significant increase in credit risk (Performing : "P").

(2) Tier 2 (Stage 2 or S2) refers to a loan with a significant increase in credit risk (Under-Performing : "UP").

(3) Stage 3 (S3) refers to non-performing loans (NP").

In accordance with the Bank of Thailand's regulations. In case the receivables have multiple credit accounts, if the cash flow received from each account is related to the same class.

For receivables at the Bank, the bank has adjusted its debt structure in line with the Bank of Thailand's policy on debt restructuring, either debt restructuring for debtors who do not have credit impairment", which is a pre-emptive debt restructuring (Pre-emptive DR) initiated at the first signs of an increase in credit risk for debtors or debt restructuring for debtors who have credit impairment", which is a Troubled Debt Restructuring (TDR) . To monitor compliance with the conditions and comply with the regulatory arrangements prescribed by the authorities by maintaining the same class during the follow-up of the compliance with the new debt restructuring conditions until the conditions specified in the relevant accounting standards can be met or in accordance with the conditions specified by the Bank of Thailand.

(1) Non-NPL debtors can classify receivables as having no significant increase in credit risk (performing or stage 1) immediately. Without waiting for the follow-up of the repayment according to the new debt restructuring conditions. If the financial position and business of the debtor can be analyzed, the debtor can comply with the conditions for debt restructuring.

- (2) Non-performing receivables (NPL) can classify receivables as having no significant increase in credit risk (performing or stage 1). When a debtor is able to repay the debt according to the terms of the debt restructuring. For 3 consecutive months or 3 consecutive payment periods, whichever is longer.

Policy of Allowance for Doubtful Account and Loan Provision

The Bank requires reserves to be set aside to support expected credit loss ("ECL" or expected Loss : "EL") to reflect debtor's credit risks. Based on historical data and forward-looking information that may affect the debtor's ability to repay debts in accordance with the class status specified by the Bank of Thailand.

Stating	Expected Credit Loss
Stage1: "S1"	100% of 12-month expected credit losses
Stage2: "S2"	100% of lifetime expected credit losses
Stage3: "S3"	100% of lifetime expected credit losses

In addition to setting aside reserves based on the bank's model development status above, the Bank may consider adjusting the provisions further when deemed appropriate by the Bank to accommodate any damages that may arise from future uncertainties or volatility, such as market conditions or economic conditions that may affect the status of debtors. For the stability of the Bank, the Bank of Thailand's regulations are stricter than the Bank of Thailand's requirements.

External Credit Assessment Institutions (ECAIs)

The Bank compares the ratings assigned by external credit assessment institutions (ECAIs) with the Rating Grade of the customer / debtor. The five external credit assessment institutions selected by the Bank are:

External Credit Assessment Institution	
Customer/ Counterparty Type	Name of Institution
Sovereign and Central Banks	Standard and Poor's
Financial Institutions and Securities companies	Moody's Investment Service Fitch Ratings TRIS Rating

External Credit Assessment Institutions (ECAIs) (Cont.)

External Credit Assessment Institution	
Customer/ Counterparty Type	Name of Institution
Retails	Fitch Ratings (Thailand) TRIS Rating Other external credit assessment institutions approved by Foreign Regulators

For sovereign/ government and central bank customers, there are no ratings assigned by the external credit assessment institutions. In this regard, the Bank would compare the rating grades with the country risk classification of the Organization for Economic Co-operation and development (OECD).

Risk-Weighted Asset Process

The Bank has compared ratings that the customer/ debtor was assigned by external credit assessment institutions with rating grades of the customer/ debtor assigned by the BOT and in the BOT's notification on criteria for calculation of credit risk assets for commercial banks using the Standardized Approach (SA), in order to compare them with the risk weights according to the customer/debtor type prescribed by the BOT. The used ratings are ratings of long-term debt instruments or ratings of the organization and ratings of short-term debt instruments.

Credit Risk Mitigation with Standardized Approach (SA)

■ Collateral Management and Appraisal Policy and Process

The Bank has formulated its policy on collateral inspection and appraisal to be of a uniform standard, so as to be able to control its collateral appraisal prices to be accurate and up-to-date. In conducting collateral inspection and appraisal, all cases including the estimation of construction cost as per blue print, the criteria for using collateral appraisers both Internal & External (Outsource) shall be observed as follows:

Criteria for Using Collateral Appraisers	
Credit Limit/ Book Value Outstanding	Appraiser
Lower than THB 50 million	Internal/ External
From THB 50 million and over	External
Customer/ Counterparty/ Organization related to the Bank	External
Collateral Value	Appraiser
Lower than THB10 million and not the divided lands locating next to each other integrating into big land	Internal/ External

The Bank has adopted the international collateral appraisal method and Thailand Professional Standards and Ethics for Asset Valuation (The Securities and Exchange Commission, Thailand), which is, market approach, cost approach, income approach and residual method as the case may be. In case of the debt restructuring including the asset transfer for debt repayment, Forced Sale price must be determined. The review of collateral value shall be required at least every three years, NPA every one year, together with preparation of collateral inspection and appraisal report in the designated format. Apart from this, in case of any changes in collateral conditions or environment which impact collateral value, such as increased or decreased buildings/ structures or roads/ streets have been constructed, Forest reserved inspection, photographs of such collateral shall be taken as evidence along with preparation of map showing collateral sites, and reports on collateral value review stored in the Bank's database in the format specified by the Bank. At the same time, collateral inspection and collateral value appraisal reports must be prepared as well as collateral property grading reports for the specific part of changes.

■ Collateral Type and Guarantor Type

Real Estate Collateral	Financial Collateral	Guarantor
Land, Land with building Building and machinery	Fixed deposit account, Saving deposit account, government bonds, ordinary shares, unit trust and debentures	Government sector, Thai Credit Guarantee Corporation (TCG) commercial bank, juristic entity, and ordinary person

■ Type of Collateral used in Credit Risk Mitigation

Two types of collateral are used for credit risk mitigation which are:

1. Financial collateral, most of which are in the form of deposit accounts and government bonds determined to have collateral assessment every 6 month (mark to market).
2. Guarantee, most of which are generated by government, juristic entity state enterprise), Thai Credit Guarantee Corporation (TCG) and commercial bank.

Table 5 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by residual maturity

Unit: Million Baht

Period Ending	Consolidated basis					
	31 Dec 23			31 Dec 22		
	Total	Maturity ≤ 1 year	Maturity > 1 year	Total	Maturity ≤ 1 year	Maturity > 1 year
On-balance sheet assets	3,411,995	1,438,533	1,973,462	3,315,806	1,243,919	2,071,887
Net loans ¹	3,044,570	1,308,900	1,735,670	2,926,542	1,130,587	1,795,955
Net investments in debt securities ²	249,299	97,418	151,881	261,198	81,689	179,508
Deposits (including accrued interests)	48,665	3,160	45,505	44,896	3,721	41,175
Derivatives Assets	69,461	29,054	40,407	83,170	27,922	55,249
Off-balance sheet items ³	4,337,715	1,208,169	3,129,546	4,515,859	1,355,175	3,160,685
Aval of bills, guarantee, and letter of credits	244,209	222,934	21,275	267,377	245,411	21,966
OTC derivatives ⁴	3,955,654	934,717	3,020,938	4,122,557	1,061,240	3,061,317
Undrawn committed lines	137,852	50,518	87,333	125,925	48,523	77,401

Table 5 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by residual maturity (Cont.)

Unit: Million Baht

Period Ending	Bank Only					
	31 Dec 23			31 Dec 22		
	Total	Maturity ≤ 1 year	Maturity > 1 year	Total	Maturity ≤ 1 year	Maturity > 1 year
On-balance sheet assets	3,378,685	1,429,285	1,949,400	3,281,925	1,238,190	2,043,735
Net loans ¹	3,013,640	1,300,810	1,712,830	2,895,238	1,125,776	1,769,462
Net investments in debt securities ²	249,299	97,418	151,881	261,198	81,689	179,508
Deposits (including accrued interests)	46,285	2,003	44,282	42,319	2,803	39,516
Derivatives Assets	69,461	29,054	40,407	83,170	27,922	55,249
Off-balance sheet items ³	4,366,215	2,394,507	1,971,708	4,632,517	2,428,046	2,204,471
Aval of bills, guarantee, and letter of credits	244,214	222,939	21,275	267,382	245,416	21,966
OTC derivatives ⁴	3,984,775	2,121,088	1,863,687	4,239,758	2,134,110	2,105,649
Undrawn committed lines	137,227	50,480	86,747	125,376	48,521	76,856

¹ Including accrued interests and net-of-deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring

Including loans and accrued interests of inter-bank and money market item.

² Excluding accrued interests and net of revaluation allowances for equities and impairment allowances for equities.

³ Before multiplying CCF

⁴ Including OTC derivatives off balance sheet items.

Table 6 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by country of debtors

Unit: Million Baht

Period Ending	Consolidated basis					
	31 Dec 23			31 Dec 22		
	Total	Thailand	Others	Total	Thailand	Others
On-balance sheet assets	3,411,995	3,208,575	203,419	3,315,806	3,115,424	200,381
Net loans ¹	3,044,570	2,951,976	92,594	2,926,542	2,838,720	87,822
Net investments in debt securities ²	249,299	184,215	65,084	261,198	190,903	70,295
Deposits (including accrued interests)	48,665	2,923	45,742	44,896	2,631	42,265
Derivatives Assets ³	69,461	69,461	-	83,170	83,170	-
Off-balance sheet items ⁴	4,337,715	1,762,220	2,575,495	4,512,578	1,891,826	2,620,752
Aval of bills, guarantee, and letter of credits	244,209	232,904	11,305	267,377	256,454	10,923
OTC derivatives ⁵	3,955,654	1,414,870	2,540,784	4,119,276	1,519,069	2,600,207
Undrawn committed lines	137,852	114,446	23,406	125,925	116,303	9,622

Period Ending	Bank Only					
	31 Dec 23			31 Dec 22		
	Total	Thailand	Others	Total	Thailand	Others
On-balance sheet assets	3,378,685	3,202,549	176,135	3,281,925	3,137,264	144,661
Net loans ¹	3,013,640	2,948,321	65,318	2,895,238	2,838,502	56,735
Net investments in debt securities ²	249,299	184,215	65,084	261,198	215,147	46,051
Deposits (including accrued interests)	46,285	552	45,733	42,319	444	41,874
Derivatives Assets ³	69,461	69,461	-	83,170	83,170	-
Off-balance sheet items ⁴	4,366,215	1,760,398	2,605,817	4,632,517	1,934,847	2,697,670
Aval of bills, guarantee, and letter of credits	244,214	202,560	41,653	267,382	246,862	20,520
OTC derivatives ⁵	3,984,775	1,426,963	2,557,812	4,239,758	1,567,730	2,672,028
Undrawn committed lines	137,227	130,874	6,352	125,376	120,254	5,122

¹ Including accrued interests and net-of-deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring

Including loans and accrued interests of inter-bank and money market item.

² Excluding accrued interests and net of revaluation allowances for equities and impairment allowances for equities.

³ Derivatives Assets are assumed in Thailand.

⁴ Before multiplying CCF

⁵ Including OTC derivatives off balance sheet items.

Table 7 Changes in provisions for loans including accrued interests²

Unit: Million Baht

Period Ending	Consolidated basis					
	31 Dec 23			31 Dec 22		
	Total	General	Specific	Total	General	Specific
Beginning of the period ¹	169,479	43,740	125,739	168,470	43,122	125,348
Charge-offs during the period	29,303	-	29,303	22,827	-	22,827
Increases / decreases	27,545	2,339	25,206	23,836	618	23,218
At the end of the period	167,721	46,079	121,642	169,479	43,740	125,739

Period Ending	Bank Only					
	31 Dec 23			31 Dec 22		
	Total	General	Specific	Total	General	Specific
Beginning of the period ¹	168,677	43,562	125,114	165,846	43,018	122,827
Charge-offs during the period	24,379	-	24,379	17,057	-	17,057
Increases / decreases	22,378	2,316	20,061	19,888	544	19,345
At the end of the period	166,675	45,878	120,797	168,677	43,562	125,114

¹ Provisions (general provision, specific provision and charge-offs between period).

² Loans and accrued interest of inter-bank and money market items.

Table 8 Outstanding of financial instruments before credit risk mitigation and provisions classified by asset classification (General provision and Specific Provision)

Unit: Million Baht

Period Ending	Consolidated basis						
	31 Dec 23						
	Total	Exposures		Provisions ^{2/}			Net Exposures ^{3/}
Defaulted exposures ^{1/}		Non-defaulted exposures	Total	General	Specific		
Net loans ^{4/}	3,176,002	97,714	3,078,288	167,721	46,079	121,642	3,008,281
Net investments in debt securities ^{5/}	251,521	973	250,547	983	19	964	250,538
Deposits (including accrued interests) ^{6/}	46,334	0	46,334	49	13	36	46,285
Loan commitments and financial guarantee contracts ^{7/}	1,140,429	4,554	1,135,875	3,896	1,212	2,683	1,136,533
Total	4,614,285	103,241	4,511,044	172,648	47,322	125,326	4,441,637

Period Ending	Consolidated basis						
	31 Dec 22						
	Total	Exposures		Provisions ^{2/}			Net Exposures ^{3/}
Defaulted exposures ^{1/}		Non-defaulted exposures	Total	General	Specific		
Net loans ^{4/}	3,056,958	107,465	2,949,493	169,479	43,740	125,739	2,887,479
Net investments in debt securities ^{5/}	264,834	973	263,861	982	18	964	263,852
Deposits (including accrued interests) ^{6/}	42,382	-	42,382	64	10	54	42,319
Loan commitments and financial guarantee contracts ^{7/}	1,305,904	9,047	1,296,857	4,352	1,518	2,835	1,301,552
Total	4,670,078	117,485	4,552,593	174,877	45,285	129,591	4,495,201

Unit: Million Baht

Period Ending	Bank Only 31 Dec 23						
	Exposures			Provisions ^{2/}			Net Exposures ^{3/}
	Total	Defaulted exposures ^{1/}	Non-defaulted exposures	Total	General	Specific	
Net loans ^{4/}	3,156,194	96,970	3,059,224	166,675	45,878	120,797	2,989,519
Net investments in debt securities ^{5/}	251,521	973	250,547	983	19	964	250,538
Deposits (including accrued interests) ^{6/}	46,334	-	46,334	49	13	36	46,285
Loan commitments and financial guarantee contracts ^{7/}	1,140,429	4,554	1,135,875	3,896	1,212	2,683	1,136,533
Total	4,594,477	102,497	4,491,980	171,603	47,122	124,481	4,422,875

Period Ending	Bank Only 31 Dec 22						
	Exposures			Provisions ^{2/}			Net Exposures ^{3/}
	Total	Defaulted exposures ^{1/}	Non-defaulted exposures	Total	General	Specific	
Net loans ^{4/}	3,037,165	107,096	2,930,069	168,677	43,562	125,114	2,868,489
Net investments in debt securities ^{5/}	264,834	973	263,861	982	18	964	263,852
Deposits (including accrued interests) ^{6/}	42,382	-	42,382	64	10	54	42,319
Loan commitments and financial guarantee contracts ^{7/}	1,305,904	9,047	1,296,857	4,352	1,518	2,835	1,301,552
Total	4,650,285	117,116	4,533,169	174,074	45,107	128,967	4,476,211

^{1/} SA Method: defaulted exposures and non-defaulted exposures based on the same approach as financial assets with credit impairment Non-performing according to the Bank of Thailand's announcement on the criteria for classifying and blocking financial institutions' reserves.

^{2/} Reserve value refers to the allowance for expected credit losses as defined in TFRS 9. For financial instruments measured at fair value through other comprehensive income. The outstanding value of such financial instruments is represented by the net amount of the reserve value.

^{3/} Net Exposure = Exposures - Provisions

^{4/} Includes unpaid interest income, net of accrued income and new conditional changes in profits or losses, and includes loans and accrued interest on interbank and money markets.

^{5/} Excluding accrued interest and net of allowance for adjustment of securities, but excluding investments in receivables

^{6/} Including undue interest receivables

^{7/} Before x credit conversion factor

Table 9 Loans and accrued interests before credit risk mitigation and provisions classified by asset classification and by business type

Unit: Million Baht

Period Ending	Consolidated basis						
	31 Dec 23						
	Total	Agriculture and Mining	Manufacturing and Commerce	Property and Construction	Public utilities and Services	Housing	Others
Loans and accrued interests ¹							
Asset classification	3,149,846	31,274	591,297	144,027	291,643	476,993	1,614,611
Stage 1	2,866,054	20,406	447,029	104,239	256,025	451,462	1,586,893
Stage 2	186,721	7,313	98,338	29,403	20,620	13,111	17,937
Stage 3	97,070	3,554	45,930	10,385	14,998	12,420	9,782
Provisions ²							
General provision	46,079						
Specific provision	121,642	3,955	61,864	14,961	9,791	11,771	19,299
Charge-off between period	29,303	397	17,044	3,184	1,349	1,817	5,513

Period Ending	Consolidated basis						
	31 Dec 22						
	Total	Agriculture and Mining	Manufacturing and Commerce	Property and Construction	Public utilities and Services	Housing	Others
Loans and accrued interests ¹							
Asset classification	3,032,354	40,279	604,802	142,117	306,037	469,347	1,469,772
Stage 1	2,729,420	30,047	442,557	106,359	265,988	445,342	1,439,126
Stage 2	203,510	7,506	108,508	26,931	25,997	10,020	24,549
Stage 3	99,424	2,726	53,737	8,828	14,052	13,985	6,096
Provisions ²							
General provision	43,740						
Specific provision	125,917	3,622	68,176	12,363	12,744	10,626	18,386
Charge-off between period	22,827	245	12,833	2,643	1,106	1,324	4,677

¹ Loans and accrued interests of inter-bank and money market items.

² Include provisions and charge-offs for loans and accrued interest receivables of inter-bank and money market items.

Table 9 Loans and accrued interests before credit risk mitigation and provisions classified by asset classification and by business type (Cont.)

Unit: Million Baht

Period Ending	Bank Only 31 Dec 23						
	Total	Agriculture and Mining	Manufacturing and Commerce	Property and Construction	Public utilities and Services	Housing	Others
Loans and accrued interests ¹							
Asset classification	3,143,311	30,450	584,633	142,510	288,465	476,993	1,620,259
Stage 1	2,859,498	20,057	440,499	103,138	250,672	451,462	1,593,669
Stage 2	186,769	6,876	98,048	28,967	22,825	13,111	16,943
Stage 3	97,044	3,517	46,086	10,405	14,968	12,420	9,647
Provisions ²							
General provision	45,878						
Specific provision	120,797	3,867	61,284	14,727	16,840	11,670	12,408
Charge-off between period	24,379	1,549	14,180	2,649	1,754	1,817	2,431

Period Ending	Bank Only 31 Dec 22						
	Total	Agriculture and Mining	Manufacturing and Commerce	Property and Construction	Public utilities and Services	Housing	Others
Loans and accrued interests ¹							
Asset classification	3,018,936	31,177	598,722	140,465	303,380	467,058	1,478,133
Stage 1	2,715,420	21,023	436,598	104,915	263,442	445,342	1,444,100
Stage 2	204,236	7,435	108,429	26,750	25,954	8,922	26,746
Stage 3	99,280	2,720	53,696	8,800	13,984	12,794	7,287
Provisions ²							
General provision	43,562						
Specific provision	125,114	3,706	67,649	12,240	19,526	10,554	11,440
Charge-off between period	17,057	1,128	9,589	1,975	1,318	1,324	1,722

Table 10 Loans and investments in debt securities before credit risk mitigation and provisions classified by country and by asset classification

Unit: Million Baht

Period Ending	31 Dec 23					
	Consolidated basis			Bank Only		
	Total	Thailand	Others	Total	Thailand	Others
Loans and accrued interests ¹						
Asset classification	3,149,846	3,077,539	72,307	3,143,311	3,073,159	70,152
Stage 1	2,866,054	2,799,637	66,417	2,859,498	2,795,236	64,262
Stage 2	186,721	183,965	2,756	186,769	184,013	2,756
Stage 3	97,070	93,936	3,134	97,044	93,910	3,134
Provisions ²						
General provision	46,079	46,079	-	45,878	45,878	-
Specific provision	121,642	116,559	5,083	120,797	115,758	5,039
Charge-off between period	29,303	27,840	1,463	24,379	23,162	1,217
Investment in debt securities ³						
Stage 1	250,477	185,107	65,370	250,477	185,107	65,370
Stage 2	70	-	70	70	-	70
Stage 3	973	973	0	973	973	0
Provisions ²						
General provision	19	12	7	19	12	7
Specific provision	964	962	2	964	962	2

Period Ending	31 Dec 22					
	Consolidated basis			Bank Only		
	Total	Thailand	Others	Total	Thailand	Others
Loans and accrued interests ¹						
Asset classification	3,032,354	2,958,226	74,128	3,018,936	2,944,808	74,128
Stage 1	2,729,420	2,662,536	66,884	2,715,420	2,648,537	66,884
Stage 2	203,510	199,578	3,932	204,236	200,303	3,932
Stage 3	99,424	96,111	3,312	99,280	95,968	3,312
Provisions ²						
General provision	43,740	43,740	-	43,562	43,562	-
Specific provision	125,917	119,780	6,137	125,114	119,019	6,095
Charge-off between period	22,827	21,538	1,289	17,057	16,094	963
Investment in debt securities ³						
Stage 1	263,759	192,395	71,364	263,759	192,395	71,364
Stage 2	101	-	101	101	-	101
Stage 3	973	973	-	973	973	-
Provisions ²						
General provision	18	10	8	18	10	8
Specific provision	964	962	2	964	962	2

¹ Loans and accrued interests of inter-bank and money market items

² Include provisions and charge-offs for loans and accrued interest receivables of inter-bank and money market items

³ Include provisions and charge-offs for loans and accrued interest receivables of inter-bank and money market items.

Table 11 Outstanding of on-balance sheet assets and off-balance sheet items¹ and part of outstanding that is secured by collateral² classified by type of assets and collateral for credit risk

Unit : Million Baht

Period Ending	Consolidated basis				
	31 Dec 23				
	Outstanding			Collateral	
	Total	On balance sheet assets	Off balance sheet items ³	Eligible financial collateral ⁴	Guarantee & Credit derivative
Performing assets	4,032,145	3,607,709	424,436	287,073	62,199
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	1,047,617	1,031,333	16,284	-	-
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)	424,843	238,342	186,500	42,981	15,558
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)	1,113,212	905,332	207,881	239,227	46,635
Claims on retail portfolios	678,122	664,358	13,764	4,861	6
Residential mortgage exposures	473,363	473,357	6	4	-
Other assets	294,987	294,987	-	-	-
Non-performing assets	31,092	30,958	134	174	29
Total	4,063,237	3,638,667	424,570	287,247	62,228

Period Ending	Consolidated basis				
	31 Dec 22				
	Outstanding			Collateral	
	Total	On balance sheet assets	Off balance sheet items ³	Eligible financial collateral ⁴	Guarantee & Credit derivative
Performing assets	3,928,109	3,520,571	407,538	227,713	69,606
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	992,574	978,864	13,709	-	-
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)	376,630	211,182	165,448	67,631	17,953
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)	1,122,897	909,410	213,487	154,925	51,649
Claims on retail portfolios	651,501	636,615	14,886	5,153	4
Residential mortgage exposures	461,099	461,091	8	4	-
Other assets	323,409	323,409	-	-	-
Non-performing assets	32,495	32,322	173	174	57
Total	3,960,604	3,552,893	407,711	227,888	69,663

¹ After multiple by CCF and specific provision

² Values after netting of on-balance sheets and off-balance sheets

³ Repo-style transaction including reverse repo

⁴ Eligible financial collateral that BOT allows to use for credit risk mitigation with comprehensive method and value after haircut.

Table 11 Outstanding of on-balance sheet assets and off-balance sheet items¹ and part of outstanding that is secured by collateral² classified by type of assets and collateral for credit risk (Cont.)

Unit : Million Baht

Period Ending	Bank Only 31 Dec 23				
	Outstanding			Collateral	
	Total	On balance sheet assets	Off balance sheet items ³	Eligible financial collateral ⁴	Guarantee & Credit derivative
Performing assets	4,000,826	3,757,538	243,288	287,073	62,199
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	1,047,617	1,031,333	16,284	-	-
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)	422,379	381,926	40,453	42,981	15,558
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)	1,107,744	934,963	172,781	239,227	46,635
Claims on retail portfolios	677,847	664,083	13,764	4,861	6
Residential mortgage exposures	473,363	473,357	6	4	-
Other assets	271,876	271,876	-	-	-
Non-performing assets	31,062	30,928	134	174	29
Total	4,031,888	3,788,465	243,422	287,247	62,228

Period Ending	Bank Only 31 Dec 22				
	Outstanding			Collateral	
	Total	On balance sheet assets	Off balance sheet items ³	Eligible financial collateral ⁴	Guarantee & Credit derivative
Performing assets	3,903,985	3,643,536	260,449	227,713	69,606
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	992,573	978,864	13,709	-	-
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)	373,816	329,803	44,013	67,631	17,953
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)	1,115,022	927,190	187,832	154,925	51,649
Claims on retail portfolios	650,606	635,720	14,886	5,153	4
Residential mortgage exposures	461,099	461,091	8	4	-
Other assets	310,868	310,868	0	-	-
Non-performing assets	32,469	32,296	173	174	57
Total	3,936,454	3,675,832	260,622	227,888	69,663

¹ After multiple by CCF and specific provision

² Values after netting of on-balance sheets and off-balance sheets

³ Repo-style transaction including reverse repo

⁴ Eligible financial collateral that BOT allows to use for credit risk mitigation with comprehensive method and value after haircut.

Table 12 Outstanding of on-balance sheet assets and off-balance sheet items¹ after credit risk mitigation for each type of assets classified by risk weighted (Consolidated, Rated Outstanding)

Unit: Million Baht

Period Ending	Consolidated basis									
	31 Dec 23					31 Dec 22				
	Rated Outstanding					Rated Outstanding				
Type of Asset/ Risk-Weighted (%)	0	20	50	100	150	0	20	50	100	150
Performing assets										
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	1,054,177		2,006		2	1,004,938		3,285		1
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)		61,245	14,327	36,771	141		60,689	18,878	56,979	94
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)		101,454	157,956	97,645	3,710		102,169	109,525	89,056	4,397
Claims on retail portfolios										
Residential mortgage exposures										
Other assets										
Non-performing assets ²										

¹ After multiplying by CCF.

² For the part with no credit risk mitigation whose risk weights depend on the ratio of provisions to total exposures.

Table 13 Outstanding of on-balance sheet assets and off-balance sheet items¹ after credit risk mitigation for each type of assets classified by risk - weighted (Consolidated, Unrated Outstanding)

Unit: Million Baht

Period Ending	Consolidated basis																					
	31 Dec 23											31 Dec 22										
	Unrated Outstanding											Unrated Outstanding										
Type of Asset/ Risk-Weighted (%)	0	20	35	50	75	100	150	250	625	938	1176	0	20	35	50	75	100	150	250	625	938	1176
Performing assets																						
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE																						
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)																						
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)				6,093		675,175	188								5,623		722,700	362				
Claims on retail portfolios					670,290	1,008											644,095	928				
Residential mortgage exposures			383,072		89,020	1,267									377,626		82,375	1,095				
Other assets	130,243					136,963	27,782					147,992						150,674	24,742			
Non-performing assets²				15,167	1	15,660	77								13,341		18,820	103				

¹ After multiplying by CCF.

² For the part with no credit risk mitigation whose risk weights depend on the ratio of provisions to total exposures.

Table 14 Outstanding of on-balance sheet assets and off-balance sheet items¹ after credit risk mitigation for each type of assets (Bank only, Rated Outstanding)

Unit: Million Baht

Period Ending	Bank Only									
	31 Dec 23					31 Dec 22				
	Rated Outstanding					Rated Outstanding				
Type of Asset/ Risk-Weighted (%)	0	20	50	100	150	0	20	50	100	150
Performing assets										
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE	1,042,364		5,202	50		985,923		6,650	1	
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)		43,627	14,334	47,436	141		44,339	18,878	72,332	94
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)		106,189	170,473	80,346	3,710		106,646	120,814	73,223	4,398
Claims on retail portfolios										
Residential mortgage exposures										
Other assets										
Non-performing assets²										

¹ After multiplying by CCF.

² For the part with no credit risk mitigation whose risk weights depend on the ratio of provisions to total exposures.

Table 15 Outstanding of on-balance sheet assets and off-balance sheet items¹ after credit risk mitigation for each type of assets classified by risk weight (Bank only, Unrated Outstanding)

Unit: Million Baht

Period Ending	Bank Only																					
	31 Dec 23											31 Dec 22										
	Unrated Outstanding											Unrated Outstanding										
Type of Asset/ Risk-Weighted (%)	0	20	35	50	75	100	150	250	625	938	1176	0	20	35	50	75	100	150	250	625	938	1176
Performing assets																						
Claims on sovereigns, central banks, multilateral development banks (MDBs), provincial organizations, government entities, and PSE																						
Claims on financial institutions, provincial organizations, government entities and state enterprises (PSE)																						
Claims on corporate, provincial organizations, government entities and state enterprises (PSE)				5,983		665,495	188								5,518		701,914	362				
Claims on retail portfolios					671,968	1,008										644,521	928					
Residential mortgage exposures			383,072		89,020	1,267								377,626		82,375	1,095					
Other assets	153,341					110,848		7,741				170,672					132,456		7,741			
Non-performing assets²				12,607	1	7,872	77								11,455		12,921	40				

¹ After multiplying by CCF.

² For the part with no credit risk mitigation whose risk weights depend on the ratio of provisions to total exposures.

5.2.3 MarketRisk

Market risk refers to the risk that stems from changes in positions on balance sheet and off balance sheet, caused by fluctuations of interest rate, exchange rate, prices of equity instruments and commodities resulting in negative impacts on the Bank's income and capital funds.

Market Risk Management Policy

The Bank has pursued market risk management policy approved by the Board of Directors in order to set the framework of market risk management within Bank's acceptable levels and at appropriate levels of capital needs. In line with the supervisory guidelines of the BOT including Trading Book and Banking Book as well as Bank's business strategies. The policy also determines the roles and responsibilities of related business units, market risk management process, and internal control reviews of such policies by Market Risk Management Department which are conducted annually or when deems appropriate.

Structure and Responsibilities

The Market Risk Management Department is an independent business unit separated from the front office or business units. The Department performs its duty of monitoring and controlling, assessing, analyzing quantitative data by running models, and reporting of market risk both in the Trading Book and in the Banking Book within risk management framework and risk limits specified by the Bank, namely Value at Risk Limit, Stop Loss Limit, Position Limit, Sensitivity Limit (PV01) and Greeks Limit. Regarding guidelines for setting risk control limits, the Board of Directors sets the threshold risk to control risk exposures and delegates appropriate authority to respective committees or business units. Moreover, the Department also cooperates with other related business units in order to consider market risk arising from newly developed financial products, to participate financial transaction approval process, determine related systems, and set up reporting structure to control and monitor risks and limits.

Capital Calculation Method

The standardized approach has been used in calculating the capital requirements to cope with market risk which consists of interest rate risk, equity price risk, foreign exchange rate risk and commodity price risk. As at December 31, 2023, the total value of minimum capital requirements for market risk of the Bank and the Financial Business Group stood at THB 3,248 million and THB 3,188 million, respectively.

Trading Book Position

The Bank has assessed risk of Trading Book Position including positions of foreign currency, bond, equity instruments, and derivatives by Value at Risk (VaR). Value at Risk (VaR) Model is adopted to evaluate the Maximum Expected Loss of trading portfolio arising from movements of market factors at a specified confidence level and holding period. The Bank calculates VaR by Historical Simulation Approach based on statistical analysis on market factor changes in one-year or 250 working days at 99 percent confidence level and holding period of one day. In addition, Sensitivity in the Greeks type is adopted to evaluate risk of Option transactions whilst the PV01 is adopted for risk evaluation of debt instruments and interest derivatives.

The Bank conducts back testing on a daily basis to verify accuracy of the VaR model by comparing daily VaR with the value of Hypothetical Profit/Loss and counting number of days that Hypothetical Profit/Loss exceeds VaR estimated by the model whether it lies within the specified confidence level or not

The Bank conducts market risk stress testing which is an assessment of risk that may arise in a crisis situation or in a stress event. The Bank set a suitable scenario based on historical and forward-looking data as well as the Bank's structure and type of transactions. The results from stress testing effects are submitted to the Risk Oversight Committee on a monthly basis.

Interest Rate Risk in the Banking Book (IRRBB)

Interest Rate Risk in the Banking Book (IRRBB) is assessed by Interest Rate Sensitivity Method. The risk assessment is based on the banking book position that is sensitive to interest rate changes since most of the interest rate risk arises from mismatches during the period of time when the interest rates of assets and liabilities sensitive to interest rates are adjusted. As for assets and liabilities based on floating interest rates, they are able to instantly adjust interest rates but if they are based on fixed interest rates, interest rates can be adjusted upon reaching maturities only.

In assessing risk, the banking book position at month-end is used to gauge the effects of interest rate changes on bank's revenue and economic value with consideration of an impact assessment on

- (1) The effect of interest rate fluctuations of 100 bps (basis points) on net interest revenue.
- (2) The effect of interest rate fluctuations of 200 bps (basis points) on economic value.

The Bank conducts interest rate stress testing in the banking book as an assessment of risk that may arise in stress events through the Bank's scenarios and reports the results to the Risk Oversight Committee quarterly.

Table 16 The effect of changes in interest rates* to earnings (net)

Unit: Million Baht

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Baht	2,828	1,543	2,857	1,548
USD	(256)	57	(256)	57
Other currency	12	73	12	73
Total Effected	2,584	1,673	2,612	1,678
% of Estimated Net Interest Income in next year	2.13%	1.79%	2.15%	1.80%

* 100 bps The percentage changes in interest rates increase of 100 bps.

The effect of changes in interest rate to net revenue, in case of an interest rate increase of 100 bps, on Thai Baht net interest revenue was an increase of THB 2,857 million US Dollar decreased by THB 256 million and in other currency increased by THB 12 million. The total effect of change in interest rate to earning was an increase THB 2,612 million and for the Financial Business Group was THB an increase 2,584 million.

Equity position

- Equities in Trading Book

Equities in Trading Book are the investment in equity instruments for the benefits from the pricing spread (Trading Portfolio). The benefit is from price changes or price differences in other markets.

Risk Assessment and Control

Prior to the investment, the potential risk shall be analyzed by considering market sentiment and sensitivity of the equities instruments to be invested. The Bank shall invest in listed equity instruments with good fundamental factors and liquidity within the framework of the Bank's investment policy. Moreover, the Bank will control risk by formulating risk limit on investment both in respect of equity instrument position and the magnitude of the risk exposure.

Equity instruments Risk Management Policy

The Bank mainly considers impacts on equities' price. To hedge amount of loss, the Bank has formulated acceptable risk limit for the investment in this type of investment both in respect of position and the magnitude of risk exposure to control risk in compliance with the Bank's risk management policy.

- Equities in Banking Book

Equities in Banking Book are the investment with the purpose of gaining long-term benefit from the investment as well as supporting the Bank's business strategy and accommodating Bank's business operation.

Risk Assessment and Control

The Bank shall analyze risk that might arise from each investment in equity by means of considering the related factors before submitting to respective committees for approval in compliance with the investment policy and related regulations under the requirement and condition prescribed by the BOT and related regulators. Additionally, the risk shall be controlled by conducting Stress Test and its results shall be reported to the Risk Oversight Committee.

Equity instruments Risk Management Policy

The Bank shall consider risk factors which are related to the foundation of the businesses the Bank invests in. The Bank also takes into account the distribution of investment portfolio to avoid concentration in any industry.

Table 17 Equity Exposure Position in Banking Book

Unit: Million Baht

Period Ending	Consolidated basis		Bank Only	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Equity Exposure Position				
Equities listed and publicly traded in the Stock Exchange	8,292	13,110	8,292	13,110
Other equity	3,316	3,282	2,358	2,148
Gains (losses) of sale of equities in the reporting period	-12	19	-12	19
Net revaluation surplus/ deficit from valuation of equity deducted from total capital	6,063	8,569	6,062	8,567
Minimum Requirement of Equity Exposure Position	7,296	6,839	3,316	3,507

Monitoring and Reporting Risk

The bank has regular monitoring and analyzing market conditions; assessing the value of investments and returns from investments on a regular basis; reporting investments in equity securities to various respective committees of the Bank for acknowledgement as in accordance with the investment policy and related regulations.

Assessment of Fair Value According to Accounting Standards

- Investments in Equity instruments on Market Demand

Regarding investments in equity instruments with secondary market such as investments in equity instruments of listed companies, the Bank will measure the value of investments in equity instruments being held by the present offered price – last at the end of the business day.

- Investment in Equity instruments without Secondary Market

The Bank has applied the fair value of the investment in equity instruments without secondary market by uses the last net book value.

5.2.4 Operational Risk

Operational risks are risks of damages due to inadequacies or deficiencies in internal control, people, systems, or external events, as well as legal risks, but excluding strategic risks and reputational risks

Operational Risk Principles

The Bank places importance on operational risk management of the Bank and subsidiary business operations. Operation Risk Management Department is responsible for managing operational risk of the Bank to comply with the guideline specified by the Bank. Operational risk principles are divided into 3 Lines of Defense approach as follows:

First Line of Defense: Business units and business supporting units have a good understanding of risk arising in the work process and risk in their own unit. As risk owners, business units and business supporting units have a duty to identify, assess, control and monitor risks as well as reporting to their respective managers. Each department has an Operational Risk Officer (ORO) who coordinates with the Operation Risk Management Department who oversees operational risks both regarding tool usage and risk management in accordance with the guideline as specified by the Bank.

Second Line of Defense: Business units which are responsible for overseeing risk and monitoring other aspects, providing tools and methods, guidelines and procedures to the First Line of Defense to use in risk management and work with the First Line of Defense and the Third Line of Defense as a partner in order to achieve risk management according to the specified strategy.

Third Line of Defense: Audit departments are in charge of auditing and testing business processes and risk management processes to assure the Committees that the Bank's risk management and internal control system are effective.

The Bank has standardized risk management guidelines, which focus on improving the process to prevent and manage risk in a timely manner before it causes damage to the Bank and customers. Business units in the Bank engage in operational risk management, which consists of assessing, controlling, monitoring and systematically reporting by using tools such as Operational Loss Incident collection, Risk Self Control Assessment (RCSA) and Operational Key Risk Indicator (OR-KRI).

Hence, the Bank has set Risk Appetite and Risk Tolerance in monitoring the Operational Loss Data, which shall be reviewed annually or during the year in case there is a significant change in the risk profile, in order to be in line with the Bank's strategic plan and appropriately manage operational risks. Regarding the monitor and escalation, the process is clearly defined. Weekly and monthly monitoring will be conducted. In addition, a Risk Dashboard will be presented, which contains risk analysis of significant incidents, concerning cause, failed control and additional control/possible area for improvement (if any) so as to close the gap of incidents. Report the monitoring on the effectiveness of the implemented control measures to the Management Committee (MC) and the Risk Oversight Committee (ROC) on a monthly basis. In conclusion, this process has been carried out continuously.

In regard to the Risk Control Self Assessment (RCSA), it refers to a risk assessment process and existing control measures used in the operation of each transaction/service of the business unit designed for the improvement to have proper and adequate controls. This is to assure the supervisors at all levels that the works under their responsibilities will achieve the defined objectives. There is the stipulation regarding the guidelines or risk control measures, if necessary, to increase efficiency and effectiveness in works under responsibility. Each business unit must continuously review the risks arising from its duties and responsibilities related to operational risk management.

Efficient risk monitoring helps the Bank to prevent potential risks and control potential losses in a timely manner. Therefore, the Bank has determined that the business units must have operational key risk indicators (OR-KRI) for risk monitoring and reporting. Each business unit's KRI must be determined/ reviewed and the KRI report must be submitted to the Operational Risk Management Department through designated channels on a regular basis. The type of KRI required and the frequency of monitoring depend on the complexity and potential risks of each business unit. In addition, the aforementioned KRI reporting shall be summarized and prepared as an OR-KRI Dashboard to present to the executives of the relevant Groups for the risk status of the business unit as well as planning management and formulating effective operational risk management strategies in accordance with the operational risk management guidelines set out in the Bank's operational risk management policy and handbook.

In addition, the Bank has established enterprise-level Key Risk Indicators (KRIs) to monitor Operational Risk as a whole. These KRIs are presented through the Risk Dashboard to provide a clear picture for monitoring the Bank's risks.

The Bank has delegated the policies and regulations for the business unit that wish to use outsourcing services, which covers the guidelines for selecting service providers, assessment and determination of guidelines for controlling risks that may occur from using outsourcing services. A process for monitoring and evaluating the service rendered by the external service providers must be defined within the specified period.

Nevertheless, the Bank has stipulated a Business Continuity Management process that requires the Bank to develop a Business Continuity Plan that covers emergencies or crises that may affect business operations and outsourcing services. The plan is divided into organizational level and main transaction level for instance, during a pandemic, fire emergency, flood. It is required that the plan be tested and reviewed annually to ensure that external service providers are able to deliver services to the Bank as specified.

The Bank has continued to build awareness related to operational risk management by communicating knowledge on operational risk management by producing articles to communicate knowledge on operational risk management, such as general knowledge on operational risk management, risk management processes and tools, Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), reporting on Operational Loss Incident, and knowledge of business continuity management. This ensures that employees are prepared to perform their duties when any crisis occurs. Additionally, a Chatbot has been created on One Krungthai to provide a communication channel for employees to easily inquire about operational risk management, and provide employees with knowledge. The Bank evaluates satisfaction and gathers feedback to further improve communication guidelines for the following year.

Calculation of Capital Requirement for Operational Risk

For commercial banks and financial business group, the Bank uses Standardised Approach (SA-OR). The Bank's products and services linked to income and expense from operations are categorized into 8 business lines for calculation of operational risk, according to the BOT guidelines.

5.2.5 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to pay for the liabilities or obligations on the due date due to the Bank is unable to turn assets into cash or unable to raise sufficient capital or able to raise capital with higher cost above acceptable level which may affect the Bank's income and capital fund at present and in the future.

The Bank's Liquidity Risk Supervision and Management Structure

The Bank assigns several boards, namely the Board of Directors, the Risk Oversight Committee, the Assets and Liabilities Management Committee to prescribe policy, strategy, and manage the Bank's liquidity risk as follows:

- Board of Directors
Responsible for the approval of liquidity risk management policy, liquidity emergency plan, and to approve the Bank's acceptable ceiling or trigger of liquidity risk.
- Risk Oversight Committee - ROC
Responsible for offering entirely liquidity risk management policy to the Board of Directors, controlling, following, assessing the result of risk management, and monitoring the Bank to proceed the policy and risk management plan which appointed by the Bank and Supervision. Submit the monthly operational report of the Risk Oversight Committee to the Audit Committee for acknowledgement and/or for consideration and submit quarterly report to the Board of Directors for acknowledgement and/or for consideration.
- Assets and Liabilities Management Committee - ALCO
Responsible for specifying strategy to manage the Bank's assets, liabilities, and capital at and level appropriate. Monitor external factors which effect the Bank's liquidity and profitability. Specify strategy to manage liquidity and interest rate risk. Submit ALCO report to Executive Committee for acknowledgement and/or decision.

The Financial Group's Liquidity Risk Supervision and Management Structure

The Bank has supervision for risk management of the Financial Business Group and prescribes policy of risk management of the Financial Business group. The policy was approved by the Board of Directors which prescribe the subsidiaries of the Financial Business Group to have complete risk management, organization chart with the efficiency of risk management, including the prescribe the clear authorization scope.

The process is as per Operation Monitoring System and Internal Control System with the completion and efficiency. The identification, measurement, monitoring, and Risk Control are as per Risk Management Policy of the Financial Business Group including preparing and submitting Liquidity Position Report and relevant information to the Bank for its Liquidity Position and Risk Level Monitoring and also the assessment of the affect of Bank's Liquidity.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider supporting their liquidity as appropriate.

Risk Management System

The Bank has significant risk management process as follows:

1. Risk Identification

The liquidity risk management has to analyze sources of risk from the balance sheet to identify the Bank's liquidity risk by considering the characteristic of sources and uses of liquidity, including the ability to turn other assets into cash.

2. Risk Measurement

The liquidity risk is able to measure the estimate of cash inflow and outflow, including off-balance sheet contingencies in order to view the liquidity position in each liquidity gap or analyze financial ratio for realize liquidity risk trend. In addition, the Bank sets survival period that the Bank can sufficiently manage liquidity under stress situation defined by the Bank.

3. Risk Ceiling or Trigger and Risk Control

The Bank controls liquidity risk by assigning related departments to monitor liquidity position and constantly report it to the board of directors. The Bank also specifies ceiling or trigger of liquidity risk approved by the board of directors for controlling the liquidity risk to be in acceptable level.

4. Risk Monitoring and Risk Report

The Bank has constantly monitored and reported liquidity position to the Boards of Executive Directors, and related parties who are responsible for manage liquidity risk to acknowledge the existing risk position and level. As a result, they can appropriately prepare sources of fund or reduce deficient liquidity risk.

Liquidity Risk Stress Testing

The Bank quarterly sets liquidity risk stress testing in conformity with the Bank's stress testing policy by using the 3 situations which are (1) Institution-specific crisis (2) Market-wide crisis and (3) Combination of both. Each situation is assumed to withdraw customers' deposit in different proportion, decrease in liquidity of liquidity assets market, decrease in ability to reach large-sized sources of funds, et cetera. Besides, the Bank adjusts information in accordance with real behavior both in normal situation and in crisis. The Bank also prepares contingency plan to support crisis by considering stress test result of each model situation. The emergency plan is set triggers for in time warn of liquidity crisis in order that the Bank can reduce negative effect from liquidity problems that may occur with reasonable expenses/costs.

5.2.6 Strategic Risk

Strategic risk is the risk stemming from inappropriate strategic planning, operation and implementation or not in consonance with internal factors and external environment producing undesirable impacts on income, capital funds and endurance of the Financial Business Group.

The Bank has formulated strategic risk management with the purpose to set up procedure and guideline to designate and review the business strategic plan of the Bank to be linked with the business strategic plans of each subsidiary in the Financial Business Group and risk management. Moreover, the existing resources must be managed efficiently under the changing environment while the operation must be closely monitored, and reported. Regarding to this, the Bank shall review the plan and the policy on annually basis. In case significant changing, which impacts on the Bank's operation, is occurred, the Bank shall review the plan in order to be in line with the change of both internal and external environment.

The Bank's Senior Executives and Board of Director have brainstormed to generate the strategic plan of the Bank, including the financial projection and budget, and subsequently propose to the Board of Directors for considering approval. The business strategic plans of each subsidiary in the Financial Business Group have to be considered and approved by the Bank.

The Bank has assessed and determined strategic KRIs by considering external environment factors, i. e. , economic factors, competitions, changes in targeted customer behaviors and changes in technology, and internal factors, i. e. , organization structure, work process, quantity and quality of personnel, data and technology adequacy, etc. The Bank has put in place the monitoring process to monitor and report performance against goals, KRIs, predetermined risk appetite or risk tolerance. If strategic risk is beyond trigger points, the Bank will invite related parties to brainstorm in order to find causes, and set up corrective measures as well as monitor results closely.

Table 18 Main features of regulatory capital instruments for the Bank and the Financial Business Group

Features		Non-cumulative preferred share
1	Issuer	Krung Thai Bank Public Company Limited
2	Unique identifier	TH0150020Z01, TH0150020Z19, TH0150020R19
	<i>Regulatory treatment</i>	
3	Elements of capital (Common equity tier 1, Additional tier 1, tier 2 capital)	Common equity tier 1
4	Are criteria of the capital complying with Basel III?	Yes
5	If not comply with Basel III, please specify	n/a
6	Phased out or Full amount	Full amount
7	Eligible at solo basis / Full consolidation / solo basis and Full consolidation	Solo basis and Full consolidation
8	Amount recognised in regulatory capital (Unit : Million Baht)	28
9	Par value of instrument (Unit : Baht)	Changed Par value from 10 Baht to 5.15 Baht
10	Accounting classification	Shareholder's equity
11	Original date of issuance	n/a
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call subject to prior supervisory approval	No
15	Optional call date , contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	อัตราคงที่
18	coupon rate and any related in index	Receive dividend and a fixed 3 percent per annual
19	Existence of dividend stopper	No
20	Fully discretionary , partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, specify instrument type convertible into	n/a
28	If convertible, specify issuer of instrument it converts into	n/a
29	Write - down feature	Yes
30	If write - down, write-down trigger (s)	From 10 Baht to 5.15 Baht
31	If write - down, full or partial Full or Partial	n/a
32	If write - down, permanent or temporary	n/a
33	If temporary write-down, description of write-up mechanism	n/a
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid-up share capital

Table 18 Main features of regulatory capital instruments for the Bank and the Financial Business Group (Cont.)

Features		Additional Tier 1
1	Issuer	Krung Thai Bank Public Company Limited
2	Unique identifier	XS2313655677
	<i>Regulatory treatment</i>	
3	Elements of capital (Common equity tier 1, Additional tier 1, tier 2 capital)	Additional Tier 1 Subordinated Notes
4	Are criteria of the capital complying with Basel III?	Yes
5	If not comply with Basel III, please specify	n/a
6	Phased out or Full amount	Full amount without amortised
7	Eligible at solo basis / Full consolidation / solo basis and Full consolidation	Solo basis and Full consolidation
8	Amount recognised in regulatory capital (Unit : Million Baht)	18,647
9	Par value of instrument (Unit : Baht)	1,000 USD
10	Accounting classification	Liability - Amortised cost
11	Original date of issuance	25 March 2021
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity date
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date , contingent call dates and redemption amount	25 March 2026
16	Subsequent call dates, if applicable	Any interest payment date after the fifth anniversary of the issue date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	coupon rate and any related in index	4.40% until the First Call Date and thereafter reset to Reset Distribution Rate according to the Terms and Condition of the Additional Tier 1 Subordinated Notes
19	Existence of dividend stopper	Yes
20	Fully discretionary , partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, specify instrument type convertible into	n/a
28	If convertible, specify issuer of instrument it converts into	n/a
29	Write - down feature	Yes
30	If write - down, write-down trigger (s)	The Trigger Event is where the Common Equity Tier 1 Ratio of the Issuer on either a solo or full consolidation basis is less than 5.15%. and/or The occurrence of the Bank of Thailand and/or any other empowered government agency deciding to grant financial assistance to the Issuer such as in the form of a capital injection, without which the Issuer would become unable to continue its business in any manner
31	If write - down, full or partial Full or Partial	Full or Partial
32	If write - down, permanent or temporary	Permanent
33	If temporary write-down, description of write-up mechanism	n/a
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid-up share capital, Non-cumulative preferred share

Table 18 Main features of regulatory capital instruments for the Bank and the Financial Business Group (Cont.)

Features		KTB297A
1	Issuer	Krung Thai Bank Public Company Limited
2	Unique identifier	TH0150039707
	<i>Regulatory treatment</i>	
3	Elements of capital (Common equity tier 1, Additional tier 1, tier 2 capital)	Tier 2 Capital
4	Are criteria of the capital complying with Basel III?	Yes
5	If not comply with Basel III, please specify	n/a
6	Phased out or Full amount	Full amount
7	Eligible at solo basis / Full consolidation / solo basis and Full consolidation	Solo basis and Full consolidation
8	Amount recognised in regulatory capital (Unit : Million Baht)	24,000
9	Par value of instrument (Unit : Baht)	Baht 1,000
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	12 July 2019
12	Perpetual or dated	Dated
13	Original maturity date	12 July 2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date , contingent call dates and redemption amount	12 July 2024
16	Subsequent call dates, if applicable	Any interest payment date after the fifth anniversary of the issue date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	coupon rate and any related in index	3.70%
19	Existence of dividend stopper	No
20	Fully discretionary , partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, specify instrument type convertible into	n/a
28	If convertible, specify issuer of instrument it converts into	n/a
29	Write - down feature	Yes
30	If write - down, write-down trigger (s)	The occurrence of the Bank of Thailand and/or any other empowered government agency deciding to grant financial assistance to the Issuer such as in the form of a capital injection, without which the Issuer would become unable to continue its business in any manner
31	If write - down, full or partial Full or Partial	Full or Partial
32	If write - down, permanent or temporary	Permanent
33	If temporary write-down, description of write-up mechanism	n/a
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid-up share capital, Non-cumulative preferred share, Hybrid Bond

Table 18 Main features of regulatory capital instruments for the Bank and the Financial Business Group (Cont.)

Features		KT324A
1	Issuer	Krung Thai Bank Public Company Limited
2	Unique identifier	TH015003C401
	<i>Regulatory treatment</i>	
3	Elements of capital (Common equity tier 1, Additional tier 1, tier 2 capital)	Tier 2 Capital
4	Are criteria of the capital complying with Basel III?	Yes
5	If not comply with Basel III, please specify	n/a
6	Phased out or Full amount	Full amount
7	Eligible at solo basis / Full consolidation / solo basis and Full consolidation	Solo basis and Full consolidation
8	Amount recognised in regulatory capital (Unit : Million Baht)	18,080
9	Par value of instrument (Unit : Baht)	Baht 1,000
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	12 April 2022
12	Perpetual or dated	Dated
13	Original maturity date	12 April 2032
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date , contingent call dates and redemption amount	12 April 2027
16	Subsequent call dates, if applicable	Any interest payment date after the fifth anniversary of the issue date
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Fixed
18	coupon rate and any related in index	3.25%
19	Existence of dividend stopper	No
20	Fully discretionary , partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, specify instrument type convertible into	n/a
28	If convertible, specify issuer of instrument it converts into	n/a
29	Write - down feature	Yes
30	If write - down, write-down trigger (s)	The occurrence of the Bank of Thailand and/or any other empowered government agency deciding to grant financial assistance to the Issuer such as in the form of a capital injection, without which the Issuer would become unable to continue its business in any manner
31	If write - down, full or partial Full or Partial	Full or Partial
32	If write - down, permanent or temporary	Permanent
33	If temporary write-down, description of write-up mechanism	n/a
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Paid-up share capital, Non-cumulative preferred share, Hybrid Bond

Table 19 Reconciliation of Capital from Consolidated Supervision Financial Statement

Unit : Million Baht

Capital related items as of December 2023	Balance sheet as in published financial statements ^{a/}	Balance sheet as under regulatory scope of consolidation ^{b/}	Reference
Assets			
Cash	55,626	55,591	
Interbank and money market items, net	701,161	701,226	
Financial assets measured at fair value through profit or loss	25,946	27,098	
Derivative assets	69,461	69,475	
Investments, net	263,708	264,613	
Investments in subsidiaries and associates, net	13,533	27,829	
Loans to customers and accrued interest receivables			
Loans to customers	2,577,131	2,494,245	
Accrued interest receivables	22,902	22,229	
Total Loans to customers and accrued interest receivables	2,600,033	2,516,474	
Less Deferred revenue	(615)	(1,745)	
Less Expected credit loss	(173,323)	(165,111)	Q
Expected credit loss qualified as capital	-	(23,921)	
Expected credit loss non-qualified as capital	-	(141,190)	
Fair value adjustments on the hedged items	-	(73)	
Total Loans to customers and accrued interest receivables, net	2,426,095	2,349,545	
Properties for sale, net	34,860	34,907	
Premises and equipment, net	31,064	33,875	
Goodwill and other intangible assets, net	19,429	21,354	
Goodwill, net	-	300	L
Other intangible assets, net	19,429	21,054	M
Deferred tax assets	6,363	4,726	N
Other assets, net	30,439	32,094	
Total assets	3,677,685	3,622,333	
Liabilities			
Deposits	2,646,872	2,653,419	
Interbank and money market items, net	282,696	285,290	
Liabilities payable on demand	4,423	4,423	
Financial liabilities measured at fair value through profit or loss	-	-	
Derivative liabilities	63,937	64,011	
Debt issued and borrowings	160,839	116,675	
Subordinated debentures	42,080	42,080	
Qualified as capital	42,080	42,080	P
Non-qualified as capital	-	-	
Subordinated notes	18,647	18,647	
Qualified as capital	18,647	18,647	
Non-qualified as capital	-	-	
Other - Non-qualified as capital	100,112	55,948	
Provisions	17,004	16,750	
Deferred tax liabilities	-	-	
Other liabilities	81,067	75,752	
Total liabilities	3,256,838	3,216,320	

Table 19 Reconciliation of Capital from Consolidated Supervision Financial Statement (Cont.)

Unit : Million Baht

Capital related items as of December 2023	Balance sheet as in published financial statements ^{a/}	Balance sheet as under regulatory scope of consolidation ^{b/}	Reference
Equity			
Issued and paid-up share capital	72,005	72,005	
Preferred shares	28	28	A
Common shares	71,977	71,977	B
Premium on share capital	20,834	20,834	
Premium on preferred shares	-	-	
Premium on common shares	20,834	20,834	C
Deficit from the change in the ownership interests in subsidiary	(660)	-	
Other components of equity	17,907	17,820	
Appraisal surplus on assets	14,211	13,920	
Qualified as capital	13,723	13,723	F
Non-qualified as capital	488	197	
Revaluation surplus on investments	7,517	3,318	
Revaluation surplus on Equity investments	8,830	9,600	G
Revaluation surplus on Debt securities	(1,313)	(6,282)	H
Gains (losses) from translating the financial statements	18	(31)	I
Gains (losses) from the fair value of hedging instrument for cash flow hedge reserve	302	307	J
Other	(4,141)	306	
Retained earning	266,219	265,847	
Appropriated	7,201	250,910	
Legal reserve	7,201	7,201	D
Other reserve	-	4,349	
Net profit after appropriation	-	239,360	E
Unappropriated	259,018	14,937	
Unappropriated Net profit	259,018	16,833	
Others	-	(1,896)	K
Total equity attributable to equity holders of the bank	376,305	376,506	
Non-controlling interest	16,267	2,646	
Total equity	392,572	379,152	
Total liabilities and equity	3,592,419	3,542,446	

^{a/} Balance sheet as in published financial statements means financial statement for consolidated basis reported to SET

^{b/} Balance sheet as under regulatory scope of consolidation means financial statement for consolidated basis under BOT's regulation which does not include non-life and life insurance companies, and companies where the Bank controls and holds less than 50 percent of paid-up shares capital.

Table 19 Reconciliation of Capital from Consolidated Supervision Financial Statement (Cont.)

Unit: Million Baht

Items	Component of regulatory capital reported by financial group	References base on balance sheet under the consolidated supervision
Common Equity Tier 1 (CET1)		
Paid-up share capital	72,005	A + B
Net premium (discount)	20,834	C
Statutory reserves	7,201	D
Reserve appropriated from the net profit	-	
Net profit after appropriation	267,758	E
Other comprehensive income (OCI)	15,094	
Change in revaluation surplus on land and premises	13,678	F
Gains (losses) on remeasuring available for sale investment	1,843	
Gains (losses) on remeasuring available for sale investment of equity securities	6,830	G
Gains (losses) on remeasuring available for sale investment of debt securities	(4,987)	H
Gains (losses) arising from translation the financial statements of foreign operations	(66)	I
Gains (losses) from the fair value of hedging instrument for cash flow hedge reserve	(361)	J
Owner changes	-	
Total Common Equity Tier 1 (CET1) before adjustment and deduction items	382,892	
Deductions items from Common Equity Tier 1		
Net Losses	(1,353)	K
Goodwill	(240)	L ^{1/}
Intangible Assets	(21,054)	M
Deferred tax assets	(4,786)	N ^{2/}
Investment in equity including warrants to purchase shares that counted as CET 1 of other financial institutions and other Financial Business Group	(198)	
Investment in equity including warrants to purchase shares of companies in which the financial conglomerate hold more than 10% of total sold shares of each respective company	-	
Total deduction items for Common Equity Tier 1 (CET1)	(27,631)	
Total Common Equity Tier 1 (CET1)	355,261	
Additional Tier 1 : instruments		
Funds received from debt instruments subordinated to depositors, general creditors, Subordinated creditors and holders of Tier 2 capital instruments	18,647	O
Transaction under subsidiary and association only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	1,511	
Total Additional Tier 1 : instruments before deduction items	20,158	
Deductions items from Additional Tier 1		
Investment in Additional Tier 1 of other financial institutions or other Financial Business Group	-	
Total deduction items for Additional Tier 1	-	
Total Additional Tier 1 : instruments	20,158	
Total Tier 1 Capital	375,419	
Tier 2 Capital		
Funds received from debt instruments subordinated to depositors and general creditors	42,080	P
General provision	23,921	Q ^{3/}
Total Tier 2 Capital before deduction items	66,001	
Total deduction items for Additional Tier 2	-	
Total Tier 2 Capital	66,001	
Total Regulatory Capital	441,420	

^{1/} Goodwill after the deduction of deferred tax liability

^{2/} Net deferred tax asset related to performance

^{3/} 1.25 percent of credit risk weighted assets

Table 20 Capital fund during Basel III transitional Period for the Bank

Unit: Million Baht

Amount as of December 31, 2023		Remaining amount subject to transitional adjustment under Basel III
Tier 1 Capital		
Common Equity Tier 1 : instruments and reserves		
Common Equity Tier 1 : instruments and reserves	362,340	-
Less Deductions from Common Equity Tier 1	(25,433)	-
Total Common Equity Tier 1	336,907	
Additional Tier 1		
Additional Tier 1 : instruments	18,647	-
Less Deductions from Additional Tier 1	-	
Total Additional Tier 1	18,647	
Tier 1 Capital	355,554	
Tier 2 Capital		
Tier 2 Capital : instruments and general provisions	64,960	(42,080)
Less Deductions from Tier 2 Capital	-	
Tier 2 Capital	64,960	
Total Regulatory Capital	420,514	

Table 20 Capital fund during Basel III transitional Period for the Financial Business Group (Cont.)

Unit: Million Baht

Amount as of December 31, 2023		Remaining amount subject to transitional adjustment under Basel III
Tier 1 Capital	375,419	
Common Equity Tier 1 (CET1) : instruments and reserves	355,261	
Paid-up share capital	71,977	
Net premium (discount)	20,834	
Non-cumulative preferred share	28	
Statutory reserves	7,201	
Reserve appropriated from net profit	-	
Net profit after appropriation	267,758	
Other comprehensive income (OCI)	15,094	
Change in revaluation surplus on land and premises	13,678	
Gains (losses) on remeasuring available for sale investment	1,843	
Gains (losses) on remeasuring available for sale investment of equity securities	6,830	
Gains (losses) on remeasuring available for sale investment of debt securities	(4,987)	-
Gains (losses) arising from translation the financial statements of foreign operations	(66)	-
Gains (losses) from the fair value of hedging instrument for cash flow hedge reserve	(361)	
Gain (Losses) from Hedge of Net Investment in Foreign Operation	-	
Owner changes	-	
Non-controlling interest given recognition in common equity tier 1	-	
Deductions from Common Equity Tier 1	(27,631)	
Net losses	(1,353)	
Goodwill	(240)	
Intangible Assets	(21,054)	-
Deferred tax assets	(4,786)	
Investment in equity including warrants to purchase shares that counted as CET 1 of other financial institutions and other Financial Business Group	(198)	
Investment in equity including warrants to purchase shares of companies in which the financial conglomerate hold more than 10% of total sold shares of each respective company	-	
Additional Tier 1 : instruments	20,158	
Funds received from debt instruments subordinated to depositors, general creditors, Subordinated creditors and holders of Tier 2 capital instruments	18,647	-
Transaction under subsidiary and association only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	1,511	
Total Additional Tier 1 : instruments before deduction items	-	
Investment in Additional Tier 1 of other financial institutions or other Financial Business Group	-	
Tier 2 Capital	66,001	
Funds received from debt instruments subordinated to depositors and general creditors	42,080	(42,080)
General provision	23,921	
Non-controlling interest given recognition in Tier 2 capital	-	
Deduction from Tier 2 capital	-	
Total Regulatory Capital	441,420	



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