

Krung Thai Bank Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of Krung Thai Bank Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Krung Thai Bank Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowances for expected credit losses of loans to customers

As discussed in Note 8.8 to the consolidated financial statements, as at 31 December 2022, the Group had loans to customers of Baht 2,592,838 million (representing 72 percent of total assets) and allowances for expected credit losses amounting to Baht 174,378 million, which are material amounts to the financial statements. In addition, the basis to be used for calculation of the allowance for expected credit losses involves complex calculation modelling and requires management to use significant judgements and estimates in developing expected credit losses models in compliance with Thai Financial Reporting Standards and the rules set by the Bank of Thailand. The areas of significant management judgement include the identification of criteria for assessment of a significant increase in credit risk of loans to customers, the relevant variables with modelling, the selection of the future economic variables to be incorporated in the models and a management overlay used to adjust of the allowance for expected credit losses due to the limitations of the model.

Because of the materiality and the use of judgement and estimates mentioned above, I addressed the adequacy of allowances for expected credit losses of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of the Group's internal controls relating to the loan origination, the calculation of allowance for expected credit losses of loans to customers, taking into account the exposure balances, complexity and credit risk of each loan portfolio. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulator. I considered and assessed the process governing model development, reviewed model development documentation and model validation report as prepared by the specialist engaged by the management of the Group and independent department of the Group, and tested, on a sampling basis, the accuracy of the data used in model development. I also assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, including the method used to incorporate the management overlay to address the limitations of the model and the recording of allowance for expected credit losses. I tested, on a sampling basis, the controls over the information technology systems relevant to the calculation of allowance for expected credit losses.

I examined the allowances for expected credit losses by assessing, on a sampling basis, the classification of loans to customers based on the changes in credit risk since initial recognition, and recalculating, on a sampling basis, the allowance for expected credit losses as at the end of the accounting period, including testing, on a sampling basis, the completeness of the data used in the calculation of allowance for expected credit losses.

Moreover, I assessed the adequacy of disclosure in accordance with the relevant financial reporting standards, as well as notifications and guidelines announced by the Bank of Thailand.

Recognition of interest income on loans to customers

For the year ended 31 December 2022, the Group recognised interest income on loans to customers amounting to Baht 104,302 million (representing 83 percent of total income). The Group recognised interest income using the effective interest rate method, which involves the use of management judgement and estimates in estimating future cash flow receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period, taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Moreover, the interest income was generated from various type of loans provided to a large number of customers and each type of loan agreement had different terms and conditions. In addition, the recognition of interest income relies primarily on data processed by the information technology systems. I therefore focused my audit on whether interest income on loans to customers is recognised appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the effectiveness of the Group's internal controls relating to loan origination and interest income recognition, including relevant internal controls over information systems. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulatory agency. I also assessed the methods applied by the management to determine the future cash flow receipts and the expected life of the financial instruments used in calculating the effective interest rate, including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement and an adjustment was made to reflect effective interest rate. I also performed analytical procedures on interest income on loans to customers and examined, on a sampling basis, material adjustments made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Bank, but does not include the financial statements and my auditor's report thereon. The annual report of the Bank is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Bank, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 22 February 2023

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets					
Cash	8.1	61,590,792	63,543,939	61,565,118	63,515,240
Interbank and money market items - net	8.3	550,940,565	469,216,499	549,955,203	468,832,143
Financial assets measured at fair value through profit or loss	8.4	33,568,015	18,038,574	33,568,015	18,306,692
Derivatives assets	8.5	83,170,487	52,659,994	83,170,487	52,659,994
Investments - net	8.6	277,054,816	342,041,937	277,554,194	342,121,904
Investments in subsidiaries and associated companies - net	8.7	12,319,651	21,974,786	11,175,610	11,042,216
Loans to customers and accrued interest receivables - net	8.8	2,443,831,839	2,476,219,848	2,361,276,730	2,401,462,429
Properties for sale - net	8.10	40,829,441	39,226,941	40,790,389	39,183,154
Land, premises and equipment - net	8.11	31,199,913	31,518,477	28,659,834	28,639,090
Right-of-use assets - net	8.12.1	3,660,321	4,271,626	3,028,949	3,486,000
Intangible assets - net	8.13	15,163,697	10,846,341	14,631,644	9,264,125
Deferred tax assets	8.14.1	4,497,292	4,788,684	1,957,578	2,254,205
Accrued income		2,490,168	2,290,835	2,451,896	1,998,823
Other assets - net	8.15	32,101,866	20,105,960	32,543,392	20,156,182
Total assets		3,592,418,863	3,556,744,441	3,502,329,039	3,462,922,197
		-	-	-	-

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
Liabilities and equity					
Deposits	8.16	2,590,236,439	2,614,747,357	2,594,724,935	2,619,065,923
Interbank and money market items	8.17	277,098,585	296,344,379	272,492,597	292,398,188
Liabilities payable on demand		5,018,811	4,210,129	5,018,811	4,210,129
Financial liabilities measured at fair value through profit or loss	8.18	2,318,740	-	2,318,740	-
Derivatives liabilities	8.5	78,506,970	50,549,723	78,506,970	50,549,723
Debt issued and borrowings	8.19	151,171,799	133,817,209	106,902,043	91,391,660
Lease liabilities	8.12.2	3,687,832	4,276,620	3,002,514	3,448,570
Provisions	8.20	17,444,245	20,364,076	15,927,492	18,837,191
Other liabilities	8.21	74,363,410	58,323,508	67,425,344	51,286,436
Total liabilities		3,199,846,831	3,182,633,001	3,146,319,446	3,131,187,820
Equity					
Share capital	8.22	-	-	-	-
Authorised share capital					
5,500,000 preferred shares of Baht 5.15 each		28,325	28,325	28,325	28,325
13,976,061,250 ordinary shares of Baht 5.15 each		71,976,715	71,976,715	71,976,715	71,976,715
Issued and paid-up share capital					
5,500,000 preferred shares of Baht 5.15 each		28,325	28,325	28,325	28,325
13,976,061,250 ordinary shares of Baht 5.15 each		71,976,715	71,976,715	71,976,715	71,976,715
Premium on share capital					
Premium on ordinary share		20,833,734	20,833,734	20,833,734	20,833,734
Deficit from the change in the ownership interests in subsidiary		(659,694)	(659,694)	-	-
Other components of equity	8.23	17,906,648	30,526,362	21,771,581	24,230,287
Retained earnings					
Appropriated					
Legal reserve	8.24	7,200,504	7,200,504	7,200,504	7,200,504
Unappropriated		259,018,538	230,146,946	234,198,734	207,464,812
Equity attributable to equity holders of the Bank		376,304,770	360,052,892	356,009,593	331,734,377
Non-controlling interests		16,267,262	14,058,548	-	-
Total equity		392,572,032	374,111,440	356,009,593	331,734,377
Total liabilities and equity		3,592,418,863	3,556,744,441	3,502,329,039	3,462,922,197
		-	-	-	-

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2022	2021	2022	2021
Profit or loss					
Interest income	8.31	113,474,820	104,831,989	98,405,801	90,667,094
Interest expenses	8.32	23,070,169	21,460,180	21,759,677	20,103,427
Net interest income		90,404,651	83,371,809	76,646,124	70,563,667
Fees and service income		28,096,252	28,309,731	21,445,418	21,550,648
Fees and service expenses		7,780,630	8,288,103	5,563,825	5,799,231
Net fees and service income	8.33	20,315,622	20,021,628	15,881,593	15,751,417
Net gains on financial instruments measured at fair value					
through profit or loss	8.34	5,232,690	3,467,485	5,233,114	3,464,448
Net gains on investments	8.35	238,790	710,835	372,185	1,098,143
Share of profit from investments accounted for under equity method		1,094,766	1,046,430	-	-
Dividend income		351,737	379,054	3,336,631	2,941,351
Other operating income		7,752,630	6,788,500	4,382,496	3,528,494
Total operating income		125,390,886	115,785,741	105,852,143	97,347,520
Other operating expenses					
Employee's expenses		25,763,257	27,310,946	20,033,074	21,851,404
Directors' remuneration		377,219	323,702	116,092	46,725
Premises and equipment expenses		9,643,874	9,016,846	5,189,594	5,065,814
Taxes and duties		4,054,120	3,914,775	3,482,742	3,347,799
Impairment losses of properties for sale		1,312,867	2,084,358	1,289,099	2,066,281
Others		13,619,310	10,079,880	17,411,189	14,071,252
Total other operating expenses		54,770,647	52,730,507	47,521,790	46,449,275
Expected credit losses	8.36	24,337,556	32,523,779	19,697,098	27,066,079
Profit before income tax		46,282,683	30,531,455	38,633,255	23,832,166
Income tax	8.14.2	9,076,895	5,975,429	6,951,315	4,395,019
Net profit		37,205,788	24,556,026	31,681,940	19,437,147
		-	-	-	-

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2022

(Unit: Thousand Baht except earnings per share expressed in Baht)				
Note	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Other comprehensive income (loss)				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
	Gains (losses) on debt securities measured at fair value			
	through other comprehensive income			
	(1,988,321)	(2,258,487)	(1,979,437)	(2,259,644)
	Gains (losses) arising from translating the financial statements of			
	foreign operations			
	(54,734)	145,190	(54,734)	145,190
	Gains (losses) on cash flow hedges			
	328,791	(3,267)	328,791	(3,267)
	Gains (losses) from deferred cost of hedging			
	(35,945)	(134,961)	(35,945)	(134,961)
	Share of other comprehensive income (loss) of associate (equity method)			
	for items that will be reclassified subsequently to profit or loss			
	(9,184,597)	(9,138,508)	-	-
	Income tax relating to other comprehensive income (loss)			
	for items that will be reclassified subsequently to profit or loss			
8.14.2	339,095	479,343	337,319	479,574
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
	Changes in revaluation surplus on assets			
	-	7,295,301	-	7,295,301
	Gains (losses) on investments in equity designated to be measured			
	at fair value through other comprehensive income			
	(1,180,086)	3,123,831	(1,180,086)	3,123,831
	Actuarial gains (losses) on defined benefit plan			
	1,109,473	854,822	983,116	756,946
	Share of other comprehensive income (loss) of associate (equity method)			
	for items that will never be reclassified subsequently to profit or loss			
	(940,587)	1,232,537	-	-
	Income tax relating to other comprehensive income (loss)			
	for items that will never be reclassified subsequently to profit or loss			
8.14.2	14,123	(2,254,791)	39,394	(2,235,215)
Other comprehensive income (loss) - net				
	(11,592,788)	(658,990)	(1,561,582)	7,167,755
Total comprehensive income (loss)				
	25,613,000	23,897,036	30,120,358	26,604,902
Total profit attributable to:				
	Equity holders of the Bank			
	33,697,736	21,588,290	31,681,940	19,437,147
	Non-controlling interest			
	3,508,052	2,967,736		
	37,205,788	24,556,026		
Total comprehensive income attributable to:				
	Equity holders of the Bank			
	22,097,020	20,927,359	30,120,358	26,604,902
	Non-controlling interest			
	3,515,980	2,969,677		
	25,613,000	23,897,036		
Earnings per share of the Bank				
8.37	Basic earnings per share (Baht)			
	2.41	1.54	2.27	1.39

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated financial statements												
	Attributable to equity holder of the Bank												
	Issued and fully paid-up share capital	Premium on share capital	Deficit from the change in the ownership interest in subsidiary	Other components of equity					Total equity attributable to equity holders of the Bank			Non-controlling interests	Total
				Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Hedge reserve (Note 8.5.2)	Gains (losses) from translating the financial statements	Share of other comprehensive income (loss) of associates	Retained earnings	of the Bank	interests		
Balance as at 1 January 2021	72,005,040	20,833,734	(165,255)	8,579,504	9,386,416	178,064	(72,032)	14,107,084	218,613,197	343,465,752	11,597,842	355,063,594	
Dividends payment (Note 8.25)	-	-	-	-	-	-	-	-	(3,845,779)	(3,845,779)	(1,150,410)	(4,996,189)	
Change in the ownership interest in subsidiaries	-	-	(494,439)	-	-	-	-	-	-	(494,439)	494,439	-	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	147,000	147,000	
Surplus on revaluation of assets	-	-	-	5,836,241	-	-	-	-	-	5,836,241	-	5,836,241	
Transfer to retained earnings	-	-	-	(119,414)	(1,783)	-	-	(188,628)	309,825	-	-	-	
Total comprehensive income (loss)	-	-	-	-	692,273	(110,582)	145,190	(7,905,971)	22,270,207	15,091,117	2,969,677	18,060,794	
Balance as at 31 December 2021	<u>72,005,040</u>	<u>20,833,734</u>	<u>(659,694)</u>	<u>14,296,331</u>	<u>10,076,906</u>	<u>67,482</u>	<u>73,158</u>	<u>6,012,485</u>	<u>237,347,450</u>	<u>360,052,892</u>	<u>14,058,548</u>	<u>374,111,440</u>	
Balance as at 1 January 2022	72,005,040	20,833,734	(659,694)	14,296,331	10,076,906	67,482	73,158	6,012,485	237,347,450	360,052,892	14,058,548	374,111,440	
Dividends payment (Note 8.25)	-	-	-	-	-	-	-	-	(5,845,142)	(5,845,142)	(1,307,266)	(7,152,408)	
Transfer to retained earnings	-	-	-	(85,130)	(25,502)	-	-	(28,715)	139,347	-	-	-	
Total comprehensive income (loss)	-	-	-	-	(2,534,726)	234,277	(54,734)	(10,125,184)	34,577,387	22,097,020	3,515,980	25,613,000	
Balance as at 31 December 2022	<u>72,005,040</u>	<u>20,833,734</u>	<u>(659,694)</u>	<u>14,211,201</u>	<u>7,516,678</u>	<u>301,759</u>	<u>18,424</u>	<u>(4,141,414)</u>	<u>266,219,042</u>	<u>376,304,770</u>	<u>16,267,262</u>	<u>392,572,032</u>	
	-	-	-	-	-	-	-	-	-	-	-	-	

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Separate financial statements							Total
	Issued and fully paid-up share capital	Premium on share capital	Other components of equity				Retained earnings	
			Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Hedge reserve (Note 8.5.2)	Gains (losses) from translating the financial statements		
Balance as at 1 January 2021	72,005,040	20,833,734	8,288,586	9,394,669	178,064	(72,032)	198,347,194	308,975,255
Dividends payment (Note 8.25)	-	-	-	-	-	-	(3,845,779)	(3,845,779)
Surplus on revaluation of assets	-	-	5,836,241	-	-	-	-	5,836,241
Transfer to retained earnings	-	-	(119,414)	(1,783)	-	-	121,197	-
Total comprehensive income (loss)	-	-	-	691,348	(110,582)	145,190	20,042,704	20,768,660
Balance as at 31 December 2021	<u>72,005,040</u>	<u>20,833,734</u>	<u>14,005,413</u>	<u>10,084,234</u>	<u>67,482</u>	<u>73,158</u>	<u>214,665,316</u>	<u>331,734,377</u>
Balance as at 1 January 2022	72,005,040	20,833,734	14,005,413	10,084,234	67,482	73,158	214,665,316	331,734,377
Dividends payment (Note 8.25)	-	-	-	-	-	-	(5,845,142)	(5,845,142)
Transfer to retained earnings	-	-	(85,130)	(25,502)	-	-	110,632	-
Total comprehensive income (loss)	-	-	-	(2,527,617)	234,277	(54,734)	32,468,432	30,120,358
Balance as at 31 December 2022	<u>72,005,040</u>	<u>20,833,734</u>	<u>13,920,283</u>	<u>7,531,115</u>	<u>301,759</u>	<u>18,424</u>	<u>241,399,238</u>	<u>356,009,593</u>
	-	-	-	-	-	-	-	-

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax	46,282,683	30,531,455	38,633,255	23,832,166
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Depreciation and amortisation expenses	6,064,588	5,354,721	4,205,274	3,609,124
Expected credit losses	24,337,556	32,523,779	19,697,098	27,066,079
Share of profit from investments accounted for under equity method	(1,094,766)	(1,046,430)	-	-
(Gains) losses on disposal of assets	(3,495)	2,224	(7,216)	(187)
(Gains) losses on disposal of investments	(238,790)	(710,835)	(238,790)	(511,674)
Unrealised (gains) losses on financial instruments measured at fair value through profit or loss	(729,539)	3,695,955	(729,964)	3,698,991
(Reversal) losses on impairment of properties for sale	1,312,867	2,084,358	1,289,099	2,066,281
(Reversal) losses on impairment of investment	-	-	(133,394)	(586,469)
(Reversal) losses on impairment of premises and equipment	(1,127)	(17,828)	(1,127)	(17,828)
(Reversal) losses on impairment of other assets	48,836	224,354	23,900	215,704
Amortisation of premium (discount) on investments	2,854,404	455,086	347,404	452,404
(Gains) losses on foreign currency translation	1,303,504	657,745	1,303,504	657,745
Increase (decrease) in provisions	580,629	2,392,578	368,711	2,193,056
(Increase) decrease in other accrued income	(64,051)	25,086	(317,792)	(211,417)
Increase (decrease) in other accrued expenses	2,731,759	1,784,770	3,475,618	221,007
	83,385,058	77,957,018	67,915,580	62,684,982
Net interest income	(90,404,651)	(83,371,809)	(76,646,124)	(70,563,667)
Dividend income	(351,737)	(379,054)	(3,336,631)	(2,941,351)
Proceeds from interest income	108,439,079	100,753,313	93,467,210	86,633,845
Cash paid on interest expenses	(22,919,883)	(21,222,817)	(21,617,825)	(19,810,503)
Proceeds from dividend income	976,249	948,070	3,336,428	2,941,938
Cash refunded for income tax	47,239	149,134	32,609	6,382
Cash paid on income tax expenses	(7,929,260)	(5,042,300)	(5,835,611)	(3,443,439)
Income from operating activities before changes in operating assets and liabilities	71,242,094	69,791,555	57,315,636	55,508,187

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cash flows from operating activities (continued)				
(Increase) decrease in operating assets				
Interbank and money market items	(82,428,066)	48,009,107	(81,827,015)	47,922,301
Financial assets measured at fair value through profit or loss	(15,764,466)	(4,443,497)	(15,495,923)	(4,249,968)
Derivatives assets	3,538,475	18,364,637	3,538,475	18,364,637
Loans to customers	11,042,707	(313,942,764)	23,613,445	(307,092,737)
Properties for sale	2,766,554	3,413,169	2,561,507	3,280,448
Other assets	(13,322,798)	8,562,717	(13,732,197)	8,387,647
Increase (decrease) in operating liabilities				
Deposits	(25,408,998)	151,522,075	(25,239,068)	152,285,513
Interbank and money market items	(20,517,357)	21,858,948	(21,177,153)	24,054,316
Liabilities payable on demand	784,607	(521,824)	784,607	(521,824)
Financial liabilities measured at fair value through profit or loss	2,285,258	-	2,285,258	-
Derivatives liabilities	(4,374,630)	(15,059,908)	(4,374,630)	(15,059,908)
Other liabilities	7,021,887	(1,278,369)	6,301,323	1,002,580
Net cash provided by (used in) operating activities	(63,134,733)	(13,724,154)	(65,445,735)	(16,118,808)
Cash flows from investing activities				
Purchase of debt and equity securities measured at fair value through other comprehensive income	(121,333,137)	(161,396,728)	(121,441,137)	(161,730,728)
Proceeds from disposal of debt and equity securities measured at fair value through other comprehensive income	180,433,208	139,432,525	180,433,208	139,432,567
Purchase of debt securities measured at amortised cost	(2,483,922)	(2,264,851)	(280,948)	(746,654)
Proceeds from disposal of debt instruments measured at amortised cost	634,608	2,402,709	635,653	1,047,327
Purchase of investments in subsidiaries/associates	-	(2,571)	-	(2,571)
Proceeds from disposal of investments in subsidiaries/associates	-	-	-	551,338
Purchase of intangible assets	(3,500,918)	(4,974,184)	(4,029,942)	(4,958,044)
Purchase of land, premises and equipment	(1,352,618)	(1,273,952)	(579,418)	(625,943)
Proceeds from disposal of land, premises and equipment	10,475	643	9,353	467
Net cash provided by (used in) investing activities	52,407,696	(28,076,409)	54,746,769	(27,032,241)

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2022

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2022	2021	2022	2021
Cash flows from financing activities				
Proceeds from debt issued and borrowings	51,226,821	53,309,324	41,104,108	44,278,434
Repayments of debt issued and borrowings	(32,943,118)	(9,037,075)	(24,604,118)	(117,875)
Repayments of lease liabilities	(2,302,671)	(2,385,105)	(1,851,270)	(1,909,264)
Dividend paid for ordinary share	(5,841,993)	(3,843,417)	(5,841,993)	(3,843,417)
Dividend paid for preferred share	(3,149)	(2,362)	(3,149)	(2,362)
Dividend paid to non-controlling interests	(1,307,266)	(1,150,410)	-	-
Increase in non-controlling interests	-	147,000	-	-
Net cash provided by (used in) financing activities	8,828,624	37,037,955	8,803,578	38,405,516
Gains (losses) from translating the financial statements of foreign operations	(54,734)	145,190	(54,734)	145,190
Decrease in cash and cash equivalents	(1,953,147)	(4,617,418)	(1,950,122)	(4,600,343)
Beginning balance of cash and cash equivalents	63,543,939	68,161,357	63,515,240	68,115,583
Ending balance of cash and cash equivalents	61,590,792	63,543,939	61,565,118	63,515,240
	-	-	-	-

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries
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For the year ended 31 December 2022

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Krung Thai Bank Public Company Limited and its subsidiaries

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Krung Thai Bank Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

Krung Thai Bank Public Company Limited (“the Bank”) is a public company limited registered in Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok. The Bank engages in commercial banking business and conducts its business through a nationwide branch network and in certain major centers of the world.

2. Basis of preparation of the financial statements

These financial statements are presented in accordance with the Notification of the Bank of Thailand (“BOT”) No. SOR NOR SOR. 21/2561 dated 31 October 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BOT’s Notifications; and with the regulations of the Stock Exchange of Thailand (“SET”) dated 2 October 2017, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2560. Moreover, these financial statements are prepared in conformity with financial reporting standards, under the Accounting Act B.E. 2547.

The consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and those of its subsidiaries in which the Bank has a controlling interest, after eliminating significant intercompany transactions and balances. The list of 16 subsidiaries is shown in Note 8.7.1 to the consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In cases where there are different accounting policies, the Bank has adjusted the effect of these differences in the consolidated financial statements.

The percentages of shareholdings and investments in the Bank's subsidiaries and associated companies are shown in Note 8.7 to the consolidated financial statements.

Investments in associated companies are accounted in the consolidated financial statements using the equity method.

The separate financial statements

Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method.

The Bank's financial statements for the year ended 31 December 2022 and 2021 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English language financial statements

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the Thai language financial statements. In case of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Bank and its subsidiaries have adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

However, the Bank and its subsidiaries have adopted the temporary reliefs in accordance with TFRS 9 Financial Instruments, TFRS 7 Disclosure of Financial Instruments, TFRS 4 Insurance Contracts and TFRS 16 Leases, which apply to transactions directly affected by interest rate benchmark reform, including changes to contractual cash flows or hedging relationships arising from the replacement of the referenced interest rate benchmark with an alternative benchmark rate.

The adoption of these financial reporting standards and temporary reliefs do not have any significant impact on the Bank and its subsidiaries' financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards

The management of the Bank and its subsidiaries believe that adoption of these amendments will not have any significant impact on the Bank and its subsidiaries' financial statements.

3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the BOT. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes.

Under this accounting guidance, the Bank and its subsidiaries may elect to adopt the accounting treatments consistent with the circular of the BOT No. BOT.RPD2.C.802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)”. The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

- For debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension, the Bank and its subsidiaries may elect to apply temporary relief measures relating to staging assessment and setting aside of provisions. (Assistance type 1)
- For debt restructuring involving only a payment timeline extension, the Bank and its subsidiaries is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. (Assistance type 2)

The Bank and its subsidiaries provide both types of assistance to debtors. For assistance type 1, the Bank and its subsidiaries has elected to apply all temporary relief measures under this accounting guidance relating to staging assessment and setting aside of provisions.

4. Significant accounting policies

4.1 Revenue recognition

Interest income

The Bank and its subsidiaries recognise interest income by using the Effective Interest Rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate.

The Bank and its subsidiaries calculate interest income by applying the effective interest rate to the gross carrying amount of financial assets. When a financial asset becomes credit-impaired, the Bank and its subsidiaries calculate interest income by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial asset. If the financial asset is no longer credit-impaired, the Bank and its subsidiaries revert to calculating interest income on a gross carrying amount.

For the effective interest rate of financial assets or liabilities referenced with new benchmark rates arising from the interest rate benchmark reform, it is calculated as same as a calculation of effective interest rate for floating rate contracts. The new effective interest rate will be calculated on the first date that the benchmark rate has been changed and effective. This is not considered term modification because it is an adjustment to be economically equivalent such as spread adjustment.

Fee and service income

Unless included in the effective interest rate calculation, the Bank and its subsidiaries recognise fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

Dividend income

Dividend income from investments is recognised when declared.

4.2 Expenses recognition

Interest expenses

Interest expenses on financial liabilities measured at amortised cost are calculated using the Effective Interest Rate method and recognised on an accrual basis.

Fee and service expenses, and other operating expenses

The Bank and its subsidiaries recognise fee and service expenses and other operating expenses on an accrual basis.

4.3 Net gains (losses) from financial instruments measured at fair value through profit or loss

Net gains (losses) from financial instruments measured at fair value through profit or loss consist of gains (losses) on trading and foreign exchange transactions, gains (losses) from changes in the fair value of derivatives and financial assets designated at fair value through profit or loss, gains (losses) from sales of financial assets measured at fair value through profit or loss, and derivatives, and net gains (losses) from hedge accounting. The Bank and its subsidiaries recognise them as income or expenses on the transaction date.

4.4 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection.

4.5 Derivatives and hedge accounting

Derivatives are initially recorded at fair value at the date on which a derivative contract is entered into (Trade Date) and are classified as trading, except for where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. Derivatives are subsequently measured at fair value. The changes in fair value are recognised as gains (losses) on financial instruments measured at fair value through profit or loss unless hedge accounting is applied. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge accounting

The Bank and its subsidiaries make use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net position or cash flow. Hedging accounting can be applied for hedged items and hedging instruments. Upon meeting specified criteria for hedge accounting, the Bank and its subsidiaries apply hedge accounting for the aforementioned derivatives. The Bank and its subsidiaries designate certain derivatives as follows:

- Fair value hedges
- Cash flow hedges
- Dynamic hedges

In hedging, the Bank and its subsidiaries take into consideration the relationship between hedging instruments and the hedged items, including the nature of the risk, the objective and strategy for undertaking the hedge as well as the effectiveness of the hedging relationship.

Although there is an interest rate benchmark reform, the Bank and its subsidiaries can continue applying current hedge accounting as there will be a pricing adjustment that will make old and new contract terms economically equivalent. However, the Bank and its subsidiaries amend hedge relationship to reflect new interest rate and amend description of hedged items and hedging instruments.

Fair value hedges

The Bank and its subsidiaries recognise the movement in fair value of the hedged item and of the hedging instrument in profit or loss, except for the hedging transaction of investments in equity securities designated at fair value through other comprehensive income which the movement in fair value will be recognised in the other comprehensive income that will be recognised at fair value movement of the hedged item and of the hedging instrument in other comprehensive income. The cumulative changes in the fair value attributable to the hedged risk of hedged item is made as an adjustment to the carrying value of the hedged assets or liabilities.

The Bank adopts interest rate swap contract and/or interest rate swap option contract to hedge the risk from changes in fair value from interest rate of debt issued and borrowings and/or interbank and money market items (liabilities) and/or loans to customers. The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arised from the differences in cash flow and the differences in duration between hedged duration and hedging instruments.

The Bank adopts foreign currency swap contract and foreign currency forward contract to hedge risk from changes in fair value of foreign exchange rate risk of investments in equity securities designated at fair value through other comprehensive income. The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arised from the differences in cash flow and the differences in duration between hedged items and hedging instruments.

When a hedging instrument expires, is sold, is terminated or is exercised, or when a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss in the statement of comprehensive income using effective interest rate. Where the hedged item is derecognised from the statement of financial position, the unamortised fair value adjustment is immediately recognised in profit or loss in the statement of comprehensive income.

Cash flow hedges

The Bank and its subsidiaries recognise an effective portion of the cumulative changes in the fair value of hedging instrument in the cash flow hedge reserve within equity. The gains or losses relating to the ineffective portion is immediately recognised in profit or loss in the statement of comprehensive income. The cash flow hedges reserve in equity are transferred to profit or loss in the statement of comprehensive income in the period(s) in which the hedged item affects the statement of comprehensive income.

The Bank adopts cross currency interest rate swap contracts to hedge the risk of cash flows from interest rate and foreign exchange rate of investments in debt securities that are not measured at fair value through profit or loss. The Bank performs effectiveness test by comparing changes in fair value between hedged items by creating hypothetical derivative and changes in fair value of hedging instrument by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the transaction date. Causes of ineffectiveness of hedging could be arised from the differences in cash flow and the differences in duration between hedged items and hedging instruments.

When a hedging instrument expires, is sold, is terminated or is exercised, or when a hedge no longer meets the criteria for hedge accounting, the cash flow hedges reserve in equity at that time remains in equity and is recognised in profit or loss in the statement of comprehensive income when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gains or losses existing in equity at that time is immediately transferred to profit or loss in the statement of comprehensive income.

Dynamic hedges

The Bank adopts interest rate swap contracts as hedging instruments for dynamic risk management, which is in accordance with the characteristics described in TFRS 9. Therefore, derivatives, which have the propose of dynamic risk management, are recorded as off-balance items and presented on an accrual method. Interest rate components are presented on an accrual basis, similar to hedged assets or liabilities, that are considered as part of interest income or interest expenses throughout the contract period. Receivables and payables under swap contracts are presented at the net amount in the statement of financial position.

Embedded derivatives

Embedded derivatives are component of hybrid or combined instruments that consist of non-derivative host contracts.

For derivatives embedded in financial assets host contracts, the entire hybrid contract, including all embedded features, are classified in accordance with the Bank's business model and the contractual cash flow characteristics of the financial assets.

For derivatives embedded in financial liabilities host contracts, embedded derivatives will be separated from the host contract and accounted for as derivatives if all of the following criteria are met:

- The economic characteristics and risks are not closely related to the host;
- A separated embedded derivative from the host would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

4.6 Financial instruments

Recognition of financial instruments

The Bank and its subsidiaries recognise financial assets or financial liabilities when the Bank and its subsidiaries become a party to the contractual provisions of the financial instruments.

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Bank and its subsidiaries classify its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Bank's and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- Financial assets measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).
- Financial assets measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and subsequently measured at fair value. The unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realised, after which such gains or losses on disposal of the instruments will be recognised in profit or loss in the statement of comprehensive income. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognised in profit or loss in the statement of comprehensive income.

- Financial assets measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Unrealised gains and losses from changes in fair value, and gains and losses on disposal of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Investment in equity instruments

The Bank and its subsidiaries have classified investment in equity securities that not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial assets measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently reclassified to profit or loss when disposal, instead, it is transferred to retained earnings. Dividend received on these investments is recognised in profit or loss in the statement of comprehensive income, except when the dividends clearly represent a recovery of part of the cost of the investments, in which case, it is recognised in other comprehensive income.

Financial liabilities

The Bank and its subsidiaries classify and measure financial liabilities, other than loan commitments and financial guarantee contracts, at amortised cost or fair value through profit or loss when they are held for trading.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

The Bank and its subsidiaries classify financial liabilities as held for trading when they have been issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held for trading financial liabilities are initially recognised at fair value, with transaction costs recognised in profit or loss in the statement of comprehensive income as incurred, and subsequently measured at fair value. Unrealised gains and losses from changes in fair value, and realised gains and losses are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Modifications of financial instrument not measured at fair value

Financial assets

If the terms of a financial asset are modified, the Bank and its subsidiaries evaluate whether the cash flows of the modified financial asset are different from the original financial assets significantly. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognised in profit or loss as a part of expected credit losses.

If the cash flows of the modified financial asset are not substantially different, the Bank and its subsidiaries recalculate the gross carrying amount of the financial asset and recognise the amount arising from adjusting the gross carrying amount as a modification gains or losses in profit or loss which is presented as expected credit losses.

Financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its terms are modified, and the cash flows of the modified financial liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability is recognised in profit or loss.

If the cash flows of the modified financial liability are not substantially different, the Bank and its subsidiaries adjust the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses.

Derecognition of financial instruments

The Bank and its subsidiaries derecognise a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Bank and its subsidiaries, are recognised separately as asset or liability.

A financial liability is derecognised from the statement of financial position when the Bank and its subsidiaries have discharged its obligation, or the contract is cancelled or expires.

Write-off

Debts that are determined to be irrecoverable are written off (either partially or in full) in the period in which the decision is taken. This is generally the case when the Bank and its subsidiaries determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Bank's and its subsidiaries' procedures for recovery of amount due.

4.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Losses on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the operations result of the associated companies, in proportion to the investment.

4.8 Allowance for expected credit losses on financial assets

The Bank and its subsidiaries recognise expected credit losses of financial assets - debt instruments which are interbank and money market items (assets), loans to customers and investments in debt securities, together with loan commitments and financial guarantee contracts, which are measured at amortised cost or fair value through other comprehensive income using the General Approach. The Bank and its subsidiaries classify their financial assets into three stages based on the changes in credit risk since initial recognition as follows:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Bank and its subsidiaries will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting date, the Bank and its subsidiaries assess whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default over the expected lifetime at the reporting date with the credit risk at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank and its subsidiaries use internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, forbearance status for debt restructuring agreements, loans on the Early warning sign, loans that are classified as High Risk group and that are closely monitored by management, a changes of internal credit rating of the borrower since initial recognition, and issuer credit rating as either 'non-investment grade' or 'no rating' for investments in debt securities, etc.

The Bank and its subsidiaries assess whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Bank and its subsidiaries classify financial assets on the basis of shared credit risk characteristics, taking into account type of instrument, internal credit ratings, overdue status, and other relevant factors.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Bank and its subsidiaries consider their historical loss experience, adjusts with the current observable data and add on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. The Bank and its subsidiaries determine both current and future economic scenario, and probability-weighted in each scenario (base scenario, upturn scenario and downturn scenario) for calculating expected credit losses. The use of macroeconomic factors which major are include, but is not limited to, unemployment rate and property price index, etc. The Bank and its subsidiaries have established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on a yearly basis.

In the case of investments in debt securities measured at fair value through other comprehensive income, the Bank and its subsidiaries recognise impairment charged in profit and loss as expected credit losses and the corresponding allowance for expected credit losses in other comprehensive income, whereas the carrying amount of the investments in debt securities in the statement of financial position still present at fair value.

The measurement of expected credit losses for loan commitments is the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expect to receive. The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

In addition, a subsidiary of the Bank recognises allowance for expected credit losses of finance lease receivables using Simplified Approach. The subsidiary recognises allowance for expected credit losses at an amount equal to lifetime expected credit losses.

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the year in profit or loss in the statement of comprehensive income.

4.9 Trouble debt restructuring

Debt restructuring of non-performing loans (Stage 3) is considered a troubled debt restructuring regardless of whether losses are incurred from the restructuring in accordance with the BOT's guideline of debt restructuring. The Bank and its subsidiaries determine the present value of the expected future cash flows to be received based on the terms of the new debt restructuring agreement, discounted by the loan's original effective interest rate. The difference between the outstanding loan balance and the present value of the expected future cash flows is recognised under gains (losses) on term modifications of contracts and treated as expected credit losses in profit or loss on the debt restructuring date.

Regarding troubled debt restructuring debtors impacted by the COVID-19 pandemic that the Bank provides assistance in accordance with guidelines of the BOT guidance (sustainable debt resolution) which is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes. The Bank and its subsidiaries may elect to apply temporary relief measures relating to staging assessment and setting aside of provisions. (Assistance type 1) as follows:

- Non-NPL modified loans (pre-emptive restructures) can be classified as loans where there has not been a significant increase in credit risk (Performing) immediately, provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement.
- NPL modified loans that are considered to be troubled debt restructuring can be classified as loans where there has not been a significant increase in credit risk (Performing) if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
- Used the new effective interest rate to calculate the present value of the restructured loan. If the debt restructuring results in the original effective interest rate not reflecting the expected cash flows from the loan.

In addition, the Bank continues to closely monitor the debtors payment ability and has considered additional expected credit losses (ECLs) through Management Overlay to cover the current expectation of the possible impact of the economic situation on the loans to customers.

4.10 Properties for sale

Properties for sale is stated at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets. The Bank recognises losses on impairment as other operating expenses in profit or loss in the statement of comprehensive income. Net gains or losses on disposals of those properties for sale after deducting selling expenses are recognised as other operating income in profit or loss in the statement of comprehensive income, except for sales that allow buyer to borrow money which gains or losses on disposals will be recognised in accordance with the BOT's guideline.

According to the BOT's policy No.SOR NOR SOR.5/2565, regarding Immovable properties for sale and no. SOR NOR SOR.4/2564, regarding the Measures to support the receiving of transferred collateral assets for debt repayment under Royal Decree for providing assistance and rehabilitation of business entrepreneurs affected by the coronavirus disease 2019 outbreak in Classification 2 No.4.5 Principle to Foreclosed Properties and No.THOR POR THOR. PHOR NOR SOR. (23) WOR.575/2562 dated 8 May 2019, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, all properties for sale are appraised by the external appraisers. Except for properties for sale in risk areas in the southern region (Pattani, Yala, Narathiwat and Sadao District of Songkhla) with a book value of less than Baht 50 million, appraised by an internal appraiser or an external appraiser on a case-by-case basis.

4.11 Land, premises and equipment and depreciation

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 5 year basis by independent appraisers in accordance with the BOT's regulations so that the book value at the end of the reporting period is not significantly different from fair value.

The Bank and its subsidiaries recognise the differences arising from the revaluation as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The Bank and its subsidiaries write-off assets with additional appraisal when disposal or expected no future economic benefits from the use or disposal assets. The surplus from the revaluation of assets outstanding at the write-off date is transferred directly to retained earnings.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since 1 April 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent appraisers. Before 1 April 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant effect to financial statements.

Depreciation method, useful lives, and residual value are annually reviewed.

No depreciation is provided on assets under installation.

4.12 Intangible assets

Intangible assets, comprising computer software, licenses and development costs are presented at cost net accumulated amortisation and allowance for impairment (if any).

For internally generated intangible assets, the Bank and its subsidiaries classify the generation of the asset into a research phase and a development phase. The Bank and its subsidiaries recognise expenditure on the research phase as an expense in profit or loss when it is incurred and recognise expenditure on the development phase as intangible assets when it meets all the recognition criteria.

The Bank and its subsidiaries amortise intangible assets with finite lives by the straight-line basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The Bank and its subsidiaries will review amortisation period and the amortisation method of such intangible assets at least at each financial year end. Amortisation is recognised as an expense in the statement of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

4.13 Leases

At inception of contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank and its subsidiaries as lessees

The Bank and its subsidiaries apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Bank and its subsidiaries recognise right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs, on the straight-line basis over the shorter of the lease term and the estimated useful lives as follows:

Premises	1 - 35	years
Equipment	2 - 5	years
Vehicles	1 - 5	years

If the ownership of the leased asset transfers to the Bank and its subsidiaries at the end of the lease term or the cost of such assets reflect the exercise of a purchase option, depreciation is calculated using the estimated useful lives of assets.

The Bank and its subsidiaries have to assess the impairment of right-of-use assets as mentioned in Note 4.15 to the consolidated financial statements regarding Impairment of non-financial assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Bank and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Bank and its subsidiaries exercising an option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Bank and its subsidiaries discounted the present value of the lease payments by the interest rate implicit in the lease or the Bank and its subsidiaries's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Bank and its subsidiaries as lessors

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. The Bank and its subsidiaries recognised lease receivables from operating leases as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.14 Securities purchased under resale agreements/securities sold under repurchase agreements

The Bank enters into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased under resale agreement are presented as assets under the caption of interbank and money market items or loans to customers, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of interbank and money market items in the statement of financial position and the underlying securities are treated as collateral.

4.15 Impairment of non-financial assets

For outstanding balances of assets at each reporting date, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realised as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in profit or loss. Except for the case that reversal of the revalued increased of the same assets that used to be recognised in equity, when impairment occurred latterly it will be recognised in equity.

4.16 Related party transactions

Related parties comprise persons or entities that control, or are controlled by, the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and persons or entities which directly or indirectly own a voting interest in the Bank and its subsidiaries that give them significant influence over the Bank and its subsidiaries, key management personnel, and directors or officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

4.17 Foreign currency translation

Presentation currency

The consolidated and the separate financial statements are presented in Baht.

Foreign currency translation

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Balances of monetary assets and liabilities dominated in foreign currencies as at the end of reporting date are translated by using the reference exchange rates of the BOT as at the end of reporting date. Balances of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured.

Gains or losses on foreign currency translation are presented in profit or loss in the statements of comprehensive income as gains (losses) on financial instruments measured at fair value through profit or loss.

Foreign currency translation of foreign branches' financial statements

Items on the foreign branches' statements of financial position are translated into Baht by using the reference exchange rates of the BOT as at the reporting date. The statements of comprehensive income are translated into Baht by using the exchange rate prevailing at the transaction dates or average exchange rates of that accounting period.

Gains or losses on translation of foreign branches' financial statements are presented in equity through other comprehensive income.

4.18 Structured notes

Structured notes are hybrid instruments, which consist of borrowing (Host Contract) transaction and an embedded derivative. The Bank recognised host contract as “Debt issued and borrowings” in the statement of financial position and measured at amortised cost. Embedded derivatives recognised as “Derivatives” in the statement of financial position and will be separated from the host contract and accounted for as derivatives if all of the following criteria are met:

1. The economic characteristics and risks are not closely related to the host;
2. A separated embedded derivative from the host would meet the definition of derivative; and
3. The hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are subsequently measured at fair value. The changes in fair value are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

In the case that a derivative embedded within a structured notes containing a financial liabilities host is not accounted for separately both at the transaction date or at the end of reporting date, the entire structured notes are measured at fair value through profit or loss.

4.19 Employees Benefits

Short-term employee benefits

The Bank and its subsidiaries recognise short-term employee benefits such as salary, wages, bonuses and contributions to the social security fund as expenses when received the services.

Post-employment benefits

Employees provident fund

The Bank establishes a provident fund under the Provident Fund Act B.E. 2530 and entered to the registered fund approved by the Ministry of Finance in 25 June 1992. The Provident Fund is managed by an external fund manager.

Permanent employees and employees under employment contracts of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6, 10, 12 or 15 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

Post-employment benefits under defined benefit plans

The Bank and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other long-term employee benefit plans. The Bank and its subsidiaries treat these severance payment obligations as defined benefit plans.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses for defined benefit plan are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.

4.20 Provisions

Provisions are recognised when the Bank and its subsidiaries have present legal or constructive obligations as a result of a past event, they are probable that an outflow of economic benefits will be required to settle the obligation, and the reliable estimate of the amounts can be made.

The Bank complies with the BOT's Notification No. SOR NOR SOR. 23/2561 dated 31 October 2018, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for commitment which is off-balance item.

4.21 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Bank and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

Deferred income tax assets and deferred income tax liabilities must offset the transaction when the Bank has legal rights to offset current tax assets against current tax liabilities and this income tax is assessed by the same tax authority for the same tax unit.

4.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Bank after dividends on preferred share (if any) by the weighted average number of ordinary shares issued during the period.

4.23 Customer loyalty programmes

Subsidiary has customer loyalty programmes by offering reward points to customers together with services entitling customers to redeem those reward points to gifts or discount in the future. The Bank's subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognised to deferred revenue under "other liabilities" in the statements of financial position and shall be recognised to fees and service income when customers redeem.

4.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments is quoted prices (unadjusted) for similar assets or liabilities in active markets that the Bank and its subsidiaries are able to access. In case of there is no quoted prices in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximising observable inputs and minimising unobservable inputs in commonly used models or the Bank's models. Those models are approved by the management and also regularly reviewed and updated.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices for such assets or liabilities in an active market

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs for such assets or liabilities

At the end of each reporting period, the Bank and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition and derecognition assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Consolidating the financial statements of subsidiaries in which the Bank has less than half of its shareholding

The Bank's management considers that the Bank has control over Krungthai Card Public Company Limited, although the Bank holds 49.29 percent of the shares and voting rights in such company, which is less than half. The Bank is the shareholder with a majority of votes and can dictate the important activities of the company and other shareholders are only minor shareholders. Therefore, Krungthai Card Public Company Limited is considered as a subsidiary of the Bank and must be included in the preparation of the consolidated financial statements from the date the Bank has control over such company.

5.3 Allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts

The management is required to use judgement in estimation in determining the allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts. The calculation of allowance for expected credit losses of the Bank and its subsidiaries are based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit losses model with a series of underlying assumptions, including the choice of inputs the forecasted macroeconomic variables in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

5.5 Allowance for impairment of properties for sale

The Bank and its subsidiaries assess allowance for impairment of properties for sale when net realisable value falls below the book value. The management uses the BOT's regulation and judgement to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

5.6 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Bank measures land at revalued amounts. Such amounts are determined by the independent appraisers, using the market approach. The valuation involves certain assumptions and estimates as described in Note 8.11 to the consolidated financial statements.

In addition, the Bank and its subsidiaries determine allowance for impairment of land, premises and equipment when the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses when the recoverable amounts are lower than the carrying amounts. This requires management judgements in terms of forecasting future revenues and expenses relating to the assets subject to the review.

5.7 Leases

The Bank and its subsidiaries as lessees

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Bank and its subsidiaries are reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Bank and its subsidiaries to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Bank and its subsidiaries cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank and its subsidiaries would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank and its subsidiaries as lessors

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.9 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate etc., based on their best knowledge of current situation.

5.10 Litigation and contingent liabilities

The Bank and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgement to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded at the end of reporting date.

6. Risk management

Credit risk

Credit risk is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement or has the deterioration in assets' quality resulting in non-repayment full amount of debt per the agreement which was affect over the Bank's income and capital. The allowance for expected credit losses net under the assets on the statements of financial position, represented the Bank's credit risk exposure.

The Bank concerns about the contingent credit risk at all time. The Bank also inputs economic and business from the research in loan portfolio management, including set the Industry Direction, Stress Testing and Industry Indicators in order to monitor and manage over all loan portfolio efficiently. The Bank continually evaluates and follows up both inside and outside country situation in order to assess the risk that may impact on solvency of the debtors and the Bank's loan portfolio.

The Bank focuses on a credit expansion to both existing and new customers with high potentiality and high yield. The Bank highly concentrates on customer evaluation, business potential, ability to repay debt, and obvious objective of loan purpose. The Bank develops not only risk management tool to rank credit rating in order to be an element to estimate risk of large and middle size of loans, but also develops Credit Scoring tool in order to consider retail loan debtors including the Early Warning System that notices credit departments and set the loan policy guideline to prevent debtors becoming NPLs. Moreover, the Bank also has regularly improved credit risk management by reviewing/ revising credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BOT. The credit risk management policies and guidelines are reviewed/improved at least once a year in order to match with current situation.

The Bank focuses on providing loans to borrowers who value business operations with social responsibility, environment and good governance, including various risk management to lead to sustainable development.

The Bank manages credit risk management of the companies in financial business group under the supervision of BOT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved on a yearly basis and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results of the Bank and its financial business group with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BOT's supervision policy in credit risk and other regulators' rules. The risk management results reports are normally submitted to the Risk Oversight Committee on a monthly basis and reports to the Audit Committee and the Board of Directors on a quarterly basis.

To follow up and manage the quality of credit, the Bank closely monitors the customers whose credits are approved in order to ensure that they are in comply with the terms and conditions of loan agreements by carrying out NPLs reduction project. The watch list debtors with weak performance will be monitored and controlled to prevent such loans becomes NPLs. However, in case those debtors become NPLs, the measure for debt restructuring shall be set up together with legal process. With this regard, the NPLs reduction project shall help stipulating the implementation plan to become clearer and more effective for the NPLs problem solving. Thus, the regular progress shall be reported regularly in order to expedite debt repayment with minimum loss.

In assessing the adequacy of provision as prescribed by the BOT, the Bank is required to examine the accuracy and completeness of loan classification, debt-restructuring and collateral data such as type and value of collateral. Such associated data potentially has significant impacts on the allowance for expected credit losses of the Bank.

According to assets written-off, the Bank has policy to write-off any assets with 100 percent allowance for expected credit losses; however, the Bank still closely follow up uncollectible amounts or taken legal proceedings to the final action.

The credit review is established to ensure the compliance with standard operation procedures in relation to credit approval and debt restructuring. In addition, the qualitative assessment for loan and other related assets are conducted for loan classification as prescribed by the BOT.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown gross carrying amounts prior to both collateral consideration and any actions to increase assurance as:

- For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts before deducting allowance for expected credit losses.
- For financial guarantees contracts, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay when the guarantees are called upon.
- For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2022 and 2021, the maximum exposure to credit risk are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Interbank and money market items (assets)	553,848	471,500	552,862	471,116
Investments in debt securities measured at amortised cost	988	1,645	287	641
Investments in debt securities measured at fair value through other comprehensive income	258,350	322,190	259,553	323,276
Loans to customers and accrued interest receivables	2,618,210	2,649,542	2,527,111	2,565,113
Accrued interest receivables of non-loans to customers	891	756	891	756
Total financial assets	3,432,287	3,445,633	3,340,704	3,360,902
Loan commitments	1,227,622	1,289,413	1,227,622	1,289,413
Financial guarantee contracts	78,282	97,612	78,282	97,612
Total	1,305,904	1,387,025	1,305,904	1,387,025
Total maximum exposure to credit risk	4,738,191	4,832,658	4,646,608	4,747,927

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will not be able to comply its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit losses). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses - credit impaired are included in Note 4.8 to the consolidated financial statements.

(Unit: Million Baht)

Consolidated financial statements					
31 December 2022					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Investment grade	40,914	232	-	-	41,146
Non-investment grade	-	2,222	-	-	2,222
Not yet due	510,476	-	-	-	510,476
Overdue 31 - 60 days	-	4	-	-	4
Total	551,390	2,458	-	-	553,848
<u>Less</u> Allowance for expected credit losses	(2,853)	(54)	-	-	(2,907)
Net book value	548,537	2,404	-	-	550,941
Investments in debt securities measured at amortised cost					
Investment grade	856	-	-	-	856
Non-investment grade	-	96	36	-	132
Total	856	96	36	-	988
<u>Less</u> Allowance for expected credit losses	-	(2)	(36)	-	(38)
Net book value	856	94	-	-	950

Consolidated financial statements

31 December 2022

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	258,350	-	-	-	258,350
Total	258,350	-	-	-	258,350
Allowance for expected credit losses	(19)	-	(926)	-	(945)
Loans to customers and accrued interest receivables - net					
Not yet due	1,841,461	177,032	13,952	1,598	2,034,043
Overdue 1 - 30 days	446,957	25,715	3,325	412	476,409
Overdue 31 - 60 days	-	9,548	2,411	171	12,130
Overdue 61 - 90 days	-	3,877	1,816	49	5,742
More than 90 days	1,089	1,350	87,228	219	89,886
Total	2,289,507	217,522	108,732	2,449	2,618,210
<u>Less</u> Allowance for expected credit losses	(44,720)	(52,526)	(76,508)	(624)	(174,378)
Net book value	2,244,787	164,996	32,224	1,825	2,443,832
Loan commitments					
Loan commitments	1,102,812	116,071	8,739	-	1,227,622
<u>Less</u> Allowance for expected credit losses	(1,375)	(1,962)	(698)	-	(4,035)
Net book value	1,101,437	114,109	8,041	-	1,223,587
Financial guarantee contracts					
Financial guarantee contracts	74,839	3,135	308	-	78,282
<u>Less</u> Allowance for expected credit losses	(143)	(127)	(47)	-	(317)
Net book value	74,696	3,008	261	-	77,965

Consolidated financial statements

31 December 2021

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Investment grade	42,765	485	-	-	43,250
Non-investment grade	-	5,286	-	-	5,286
Not yet due	422,255	454	-	-	422,709
Overdue 1 - 30 days	255	-	-	-	255
Total	465,275	6,225	-	-	471,500
<u>Less</u> Allowance for expected credit losses	(2,198)	(86)	-	-	(2,284)
Net book value	463,077	6,139	-	-	469,216
Investments in debt securities measured at amortised cost					
Investment grade	1,167	-	-	-	1,167
Non-investment grade	-	442	36	-	478
Total	1,167	442	36	-	1,645
<u>Less</u> Allowance for expected credit losses	-	(10)	(36)	-	(46)
Net book value	1,167	432	-	-	1,599
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	322,190	-	-	-	322,190
Total	322,190	-	-	-	322,190
Allowance for expected credit losses	(34)	-	(926)	-	(960)
Loans to customers and accrued interest receivables - net					
Not yet due	1,920,982	189,409	12,589	878	2,123,858
Overdue 1 - 30 days	384,696	26,057	2,433	450	413,636
Overdue 31 - 60 days	-	9,139	941	76	10,156
Overdue 61 - 90 days	-	2,795	828	59	3,682
More than 90 days	800	1,043	94,631	1,736	98,210
Total	2,306,478	228,443	111,422	3,199	2,649,542
<u>Less</u> Allowance for expected credit losses	(44,722)	(48,923)	(77,334)	(2,343)	(173,322)
Net book value	2,261,756	179,520	34,088	856	2,476,220

(Unit: Million Baht)

Consolidated financial statements

31 December 2021

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Loan commitments					
Loan commitments	1,168,564	114,630	6,219	-	1,289,413
<u>Less</u> Allowance for expected credit losses	(1,792)	(1,897)	(503)	-	(4,192)
Net book value	<u>1,166,772</u>	<u>112,733</u>	<u>5,716</u>	<u>-</u>	<u>1,285,221</u>
Financial guarantee contracts					
Financial guarantee contracts	91,564	5,897	151	-	97,612
<u>Less</u> Allowance for expected credit losses	(153)	(347)	(13)	-	(513)
Net book value	<u>91,411</u>	<u>5,550</u>	<u>138</u>	<u>-</u>	<u>97,099</u>

(Unit: Million Baht)

Separate financial statements

31 December 2022

	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items (assets)				
Investment grade	39,928	232	-	40,160
Non-investment grade	-	2,222	-	2,222
Not yet due	510,476	-	-	510,476
Overdue 31 - 60 days	-	4	-	4
Total	<u>550,404</u>	<u>2,458</u>	<u>-</u>	<u>552,862</u>
<u>Less</u> Allowance for expected credit losses	(2,853)	(54)	-	(2,907)
Net book value	<u>547,551</u>	<u>2,404</u>	<u>-</u>	<u>549,955</u>

Separate financial statements				
31 December 2022				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Investments in debt securities measured at amortised cost				
Investment grade	155	-	-	155
Non-investment grade	-	96	36	132
Total	155	96	36	287
<u>Less</u> Allowance for expected credit losses	-	(2)	(36)	(38)
Net book value	155	94	-	249
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	259,553	-	-	259,553
Total	259,553	-	-	259,553
Allowance for expected credit losses	(19)	-	(926)	(945)
Loans to customers and accrued interest receivables - net				
Not yet due	1,768,339	169,059	13,952	1,951,350
Overdue 1 - 30 days	445,975	24,331	3,326	473,632
Overdue 31 - 60 days	-	8,745	2,411	11,156
Overdue 61 - 90 days	-	3,593	1,816	5,409
More than 90 days	-	-	85,564	85,564
Total	2,214,314	205,728	107,069	2,527,111
<u>Less</u> Allowance for expected credit losses	(40,720)	(49,744)	(75,370)	(165,834)
Net book value	2,173,594	155,984	31,699	2,361,277
Loan commitments				
Loan commitments	1,102,812	116,071	8,739	1,227,622
<u>Less</u> Allowance for expected credit losses	(1,375)	(1,962)	(698)	(4,035)
Net book value	1,101,437	114,109	8,041	1,223,587
Financial guarantee contracts				
Financial guarantee contracts	74,839	3,135	308	78,282
<u>Less</u> Allowance for expected credit losses	(143)	(127)	(47)	(317)
Net book value	74,696	3,008	261	77,965

Separate financial statements				
31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items (assets)				
Investment grade	42,381	485	-	42,866
Non-investment grade	-	5,286	-	5,286
Not yet due	422,255	454	-	422,709
Overdue 1 - 30 days	255	-	-	255
Total	464,891	6,225	-	471,116
<u>Less</u> Allowance for expected credit losses	(2,198)	(86)	-	(2,284)
Net book value	462,693	6,139	-	468,832
Investments in debt securities measured at amortised cost				
Investment grade	163	-	-	163
Non-investment grade	-	442	36	478
Total	163	442	36	641
<u>Less</u> Allowance for expected credit losses	-	(10)	(36)	(46)
Net book value	163	432	-	595
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	323,276	-	-	323,276
Total	323,276	-	-	323,276
Allowance for expected credit losses	(34)	-	(926)	(960)
Loans to customers and accrued interest receivables - net				
Not yet due	1,853,438	182,124	12,589	2,048,151
Overdue 1 - 30 days	383,834	24,880	2,433	411,147
Overdue 31 - 60 days	-	8,449	941	9,390
Overdue 61 - 90 days	-	2,568	828	3,396
More than 90 days	-	-	93,029	93,029
Total	2,237,272	218,021	109,820	2,565,113
<u>Less</u> Allowance for expected credit losses	(40,824)	(46,558)	(76,268)	(163,650)
Net book value	2,196,448	171,463	33,552	2,401,463

(Unit: Million Baht)

Separate financial statements				
31 December 2021				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Loan commitments				
Loan commitments	1,168,564	114,630	6,219	1,289,413
<u>Less</u> Allowance for expected credit losses	(1,792)	(1,897)	(503)	(4,192)
Net book value	<u>1,166,772</u>	<u>112,733</u>	<u>5,716</u>	<u>1,285,221</u>
Financial guarantee contracts				
Financial guarantee contracts	91,564	5,897	151	97,612
<u>Less</u> Allowance for expected credit losses	(153)	(347)	(13)	(513)
Net book value	<u>91,411</u>	<u>5,550</u>	<u>138</u>	<u>97,099</u>

Collateral and any operations to increase creditability

The Bank held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets are as follows:

(Unit: Million Baht)			
Consolidated and separate financial statements			
	Exposure to credit risk with collateral		Type of major collateral
	31 December 2022	31 December 2021	
Interbank and money market items (assets)	467,192	383,413	Bonds
Loans to customers and accrued interest receivables	1,712,095	1,671,685	Land and buildings

Market risk

Market risk is the risk that the Bank may be affected by changes in value of position on the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank monitors and controls the market risk in the trading book and banking book portfolios by comparing the existing risks with the approved risk limits/indicators, setting proper guideline when there is the breach of the limits/indicators and reporting to the executives and the Risk Oversight Committee regularly.

- **Interest rate risk**

Interest rate risk is the risk that income or capital fund is adversely affected by changes in interest rates which affect the assets, liabilities and financial position that are rate sensitive items which may affect net interest income, economic value, market value of trading accounts and other income and expenses that relate to the interest rate.

The Bank had monitored and controlled interest rate risk within acceptable risk appetite by formulating risk limit, performing stress testing on monthly basis, requiring presenting risk management report to the executives and to the Risk Oversight Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

As at 31 December 2022 and 2021, significant financial assets and liabilities of the Bank and its subsidiaries classified by periods of interest rate change or periods of maturity, whichever is earlier, are as follows:

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2022						
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	61,591	-	61,591
Interbank and money market items	499,272	9,268	5,897	1	39,222	-	553,660
Investments	4,874	60,203	36,331	157,894	17,755	36	277,093
Loans to customers	1,726,396	323,763	339,478	76,860	25,495	100,846	2,592,838
Total financial assets	<u>2,230,542</u>	<u>393,234</u>	<u>381,706</u>	<u>234,755</u>	<u>144,063</u>	<u>100,882</u>	<u>3,485,182</u>
Financial liabilities							
Deposits	2,096,950	110,660	201,968	49,433	131,225	-	2,590,236
Interbank and money market items	204,897	11,021	14,720	39,986	6,475	-	277,099
Liabilities payable on demand	-	-	-	-	5,019	-	5,019
Debt issued and borrowings	-	18,136	7,740	119,208	6,088	-	151,172
Total financial liabilities	<u>2,301,847</u>	<u>139,817</u>	<u>224,428</u>	<u>208,627</u>	<u>148,807</u>	<u>-</u>	<u>3,023,526</u>

(Unit: Million Baht)

Consolidated financial statements

31 December 2021

	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	63,544	-	63,544
Interbank and money market items	392,239	20,056	14,424	131	44,568	-	471,418
Investments	20,433	101,848	72,529	128,989	18,253	36	342,088
Loans to customers	1,619,072	394,944	397,356	87,682	23,143	106,766	2,628,963
Total financial assets	2,031,744	516,848	484,309	216,802	149,508	106,802	3,506,013
Financial liabilities							
Deposits	2,149,972	124,080	184,170	32,402	124,123	-	2,614,747
Interbank and money market items	185,719	24,901	34,673	44,854	6,197	-	296,344
Liabilities payable on demand	-	-	-	-	4,210	-	4,210
Debt issued and borrowings	-	4,604	7,717	118,930	2,566	-	133,817
Total financial liabilities	2,335,691	153,585	226,560	196,186	137,096	-	3,049,118

(Unit: Million Baht)

Separate financial statements

31 December 2022

	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	61,565	-	61,565
Interbank and money market items	498,664	9,268	5,897	1	38,844	-	552,674
Investments	4,675	59,815	36,331	158,983	17,752	36	277,592
Loans to customers	1,732,600	248,776	337,083	79,050	5,693	99,219	2,502,421
Total financial assets	2,235,939	317,859	379,311	238,034	123,854	99,255	3,394,252
Financial liabilities							
Deposits	2,100,461	110,660	202,507	49,469	131,628	-	2,594,725
Interbank and money market items	200,589	10,721	14,720	39,986	6,477	-	272,493
Liabilities payable on demand	-	-	-	-	5,019	-	5,019
Debt issued and borrowings	-	16,048	5,300	79,466	6,088	-	106,902
Total financial liabilities	2,301,050	137,429	222,527	168,921	149,212	-	2,979,139

Separate financial statements							
31 December 2021							
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	63,515	-	63,515
Interbank and money market items	392,231	20,056	14,424	131	44,192	-	471,034
Investments	20,218	101,228	73,258	129,177	18,251	36	342,168
Loans to customers	1,625,121	329,265	395,573	86,203	5,534	103,425	2,545,121
Total financial assets	<u>2,037,570</u>	<u>450,549</u>	<u>483,255</u>	<u>215,511</u>	<u>131,492</u>	<u>103,461</u>	<u>3,421,838</u>
Financial liabilities							
Deposits	2,153,515	124,080	184,899	32,437	124,135	-	2,619,066
Interbank and money market items	181,773	24,901	34,673	44,854	6,197	-	292,398
Liabilities payable on demand	-	-	-	-	4,210	-	4,210
Debt issued and borrowings	-	3,982	-	84,844	2,566	-	91,392
Total financial liabilities	<u>2,335,288</u>	<u>152,963</u>	<u>219,572</u>	<u>162,135</u>	<u>137,108</u>	<u>-</u>	<u>3,007,066</u>

- Interest rate sensitivity analysis

Sensitivity analysis on interest rate change is to show the potential impact in the changes in interest rates on the statement of comprehensive income and the equity of the Bank by setting other variables constant.

The sensitivity of the statement of comprehensive income is the effect of changing interest rates on profit or loss for the year. For financial assets and financial liabilities at the end of reporting period, the Bank evaluates sensitivity analysis from net interest income change for the next 12 months under the assumption of changing interest rates of 1.00 percent for all types of financial assets and financial liabilities per each period of interest rate adjustment.

The impact of interest rates changes on profit or loss and equity as at 31 December 2022 and 2021 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Effect on		Effect on	
	Profit or loss	Equity	Profit or loss	Equity
Interest rate increase 1%	1,371	1,371	173	173
Interest rate decrease 1%	(15,005)	(15,005)	(11,628)	(11,628)

(Unit: Million Baht)

	Separate financial statements			
	31 December 2022		31 December 2021	
	Effect on		Effect on	
	Profit or loss	Equity	Profit or loss	Equity
Interest rate increase 1%	1,678	1,678	(282)	(282)
Interest rate decrease 1%	(15,312)	(15,312)	(11,173)	(11,173)

- Foreign exchange rate risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility gives the adverse impact on income or capital fund due to conducting transactions in foreign currency or having assets or liabilities in foreign currency, when converting foreign currency items on the Bank's financial statements to Baht currency, resulting in a decrease in book values including a decline in income or losses incurred from foreign currency trading.

The Bank had monitored and controlled foreign exchange rate risk within acceptable risk appetite by formulating risk limit, performing stress testing on monthly basis, requiring presenting risk management report to the executive on daily basis and to the Risk Oversight Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

Financial position of the Bank and its subsidiaries' foreign currency balances as at 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2022			
	US Dollar	Euro	Yen	Others
<u>Foreign currency in the statement</u>				
<u>of financial position</u>				
Cash	3,898	1,180	318	761
Interbank and money market items	22,590	428	2,496	3,955
Financial assets measured at fair value				
through profit or loss	-	-	23,488	-
Derivatives assets	850,758	58,019	69,501	9,750
Investments	20,963	11,164	30,876	8,534
Loans to customers	64,850	203	189	688
Total assets	963,059	70,994	126,868	23,688
Deposits	36,019	1,146	381	1,118
Interbank and money market items	24,518	134	-	577
Derivatives liabilities	853,695	69,319	129,539	18,110
Debt issued and borrowings	42,727	-	5	-
Total liabilities	956,959	70,599	129,925	19,805
Net	6,100	395	(3,057)	3,883
<u>Foreign currency of commitments</u>				
Loan commitments	16,649	-	-	21
Liabilities under unmatured import bills	1,693	175	5	55
Letter of credit	18,369	1,618	1,074	1,314
Other commitments	14,504	1,679	11	201

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2021			
	US Dollar	Euro	Yen	Others
<u>Foreign currency in the statement of financial position</u>				
Cash	1,301	391	132	561
Interbank and money market items	19,500	633	502	3,224
Derivatives assets	905,975	132,036	44,362	22,638
Investments	21,430	5,779	27,974	4,275
Loans to customers	69,331	346	260	560
Total assets	1,017,537	139,185	73,230	31,258
Deposits	26,073	1,631	66	1,236
Interbank and money market items	32,365	488	-	1
Derivatives liabilities	927,650	137,491	72,512	26,799
Debt issued and borrowings	44,705	-	-	-
Total liabilities	1,030,793	139,610	72,578	28,036
Net	(13,256)	(425)	652	3,222
<u>Foreign currency of commitments</u>				
Loan commitments	15,190	-	-	53
Liabilities under unmatured import bills	4,311	189	19	1
Letter of credit	28,425	2,384	806	1,298
Other commitments	15,862	3,127	13	114

Foreign exchange rate sensitivity analysis

Sensitivity analysis will quantify the impact from the potential changes in exchange rates on the statement of comprehensive income and the equity of the Bank by setting constant to other variables. Risks and methods used in sensitivity analysis does not change from the previous year.

The impact from changes in exchange rate on profit or loss and equity as of 31 December 2022 and 2021 can be summarised as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2022		31 December 2021	
	Effect of		Effect of	
	Profit or loss	Equity	Profit or loss	Equity
10% increase	1,407	732	(639)	(981)
10% decrease	(1,407)	(732)	639	981

- Equity price risk

It is a risk that income or capital funds is adversely affected by changes in equity prices/stock market indexes, resulting in a decrease in the value of the bank's trading investment portfolio.

The Bank had monitored and controlled equity price risk within acceptable risk appetite by formulating risk limit, performing stress testing on monthly basis, requiring presenting risk management report to the executive on daily basis and to the Risk Oversight Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

- Commodity price risk

This is the risk that income or capital fund is adversely affected by changes in commodity price. The Bank has no policy of holding position in those items; hence, the Bank manage such risk exposures by doing back-to-back transactions.

- Interest rate benchmark reform

In order to smoothly transition from existing reference rates to new interest benchmark rates, the Bank has established Sub-Working Group for responding to interest rate benchmark reform and for managing, supervising and monitoring interest rate transition processes within the Bank. The main risks to which the Bank are exposed as a result of interest rate benchmark reform are operational risks such as communication with customers and counterparties, amendments of contracts, improvements of operating systems and related working processes and financial risk managements, which do not have significant impact to the Bank.

As of 31 December 2022, the Bank and its subsidiaries have financial instruments which are subject to interest rate benchmark reform. The majority of these financial instruments have reference rates of USD LIBOR and Thai Baht Interest Rate Fixing (THBFIX) which will continue to be published until June 2023.

Liquidity risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or inability to finance sufficient funds or acquiring funds at a higher than acceptable level cost thus affecting income and capital fund at present and in the future.

Structure of sources and uses of funds

The Bank's primary sources of funds are from deposits, mostly short-term deposit less than 1 year and deposits that can be withdrawn without restricted timing, i.e. saving accounts and current accounts. The Bank's primary uses of funds are loans, which have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from the inability to turn asset into cash or the ability to turn asset into cash at cost higher than acceptable level, which could affect to the Bank's income and capital fund at present and in the future.

Thus, the Bank has liquidity risk management process. The Bank sets the indicator to control liquidity risk such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) etc. In addition, the Bank also monitors the sources and uses of funds and funding source concentration, especially on important sources of funds; then regularly report such risk to the Asset and Liability Management Committee (ALCO), the Risk Oversight Committee (ROC) and other related parties.

Liquidity risk management tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity and reported to top-level executives and relevant departments in order to efficiently manage liquidity risk. The Bank prepares liquidity risk report to evaluate liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators in order to manage and control the risk level within the limit. Such reports are as follows:

- Net liquidity position report of the 14 days duration presents daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, which is based on historical cash flow pattern together with forecasted future trend under realistic and conservative principles. This report is done on a daily basis.
- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior in the past under normal situation.
- Daily financial position report presents the Bank's liquid assets in terms of daily average deposits with the BOT. The BOT's regulation requires the Bank to maintain the amount of the biweekly-average daily deposit balance at BOT and the biweekly-average daily cash balance at the cash inventory management center altogether of not less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates each type of high-quality liquid assets to support the liquidity need for the Bank's normal operations. This report is done on a daily basis.

- Liquidity Coverage Ratio (LCR) report is reported to the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis in accordance with BOT's regulations. LCR aims to ensure that a bank has the sufficient liquidity to withstand the serve short term liquidity situation. The Bank must have the unencumbered high-quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or significant devaluation to meet its liquidity needs for a 30-calendar day under severe liquidity stress scenario.
- Net Stable Funding Ratio (NSFR) report is reported to BOT on a quarterly basis and the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis. NSFR is the liquidity risk measurement standard that aims to have stable funding source in line with the noncallable asset or the non-marketable with significant devaluation.
- Simulation liquidity risk stress testing report will be submitted to the Risk Oversight Committee on a quarterly basis.

Liquidity risk stress testing

The Bank sets quarterly 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 based on assumptions such as withdrawing customers' deposit type different proportion, declining in the market liquidity of assets, decreasing in ability to reach large-sized sources of funds. The Bank also prepares contingency plan to support crisis by considering to stress test result of each model situation. The contingency plan is set warning triggers of liquidity crisis in order that the Bank can reduce negative impact from liquidity problems that may occur with reasonable expenses/costs.

The Bank also discloses information about Liquidity Coverage Ratio (LCR) in order to ensure that the Bank has sufficient manage liquidity to support liquidity stress situation under the BOT's notifications regarding the Disclosure of Liquidity Coverage Ratio Disclosure Standards.

Channel of disclosure www.krungthai.com > Investor Relations > Financial Information > LCR Disclosures

Date of disclosure Within 4 months after the end of reporting period.

Information as at 31 December 2022

Liquidity ratio

The BOT specifies that the Bank has to maintain the average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BOT's regulation. As at 31 December 2022 and 2021, the Bank has deposits at the BOT and cash at the cash center of Baht 13,924 million and Baht 24,701 million, respectively.

	<u>31 December 2022</u>	<u>31 December 2021</u>
	(%)	(%)
Sources of Funds		
Deposits	72.10	73.52
Interbank and money market items (liabilities)	7.71	8.33
Debt issued and borrowings	4.21	3.76
Equity	10.93	10.52
Uses of Funds		
Loans to customers (net deferred revenue)	72.18	73.91
Interbank and money market items - net (assets)	15.41	13.25
Investments - net and investments in subsidiaries and associated companies - net	8.06	10.23

Loans to deposits ratio

	<u>31 December 2022</u>	<u>31 December 2021</u>
	(%)	(%)
Loans to deposits ratio (Consolidated financial statements)	100.10	100.54
Loans to deposits ratio (Separate financial statements)	96.44	97.18

On the consolidated financial statements as at 31 December 2022, the Bank has loans to deposits ratio of 100.10 percent which has increased from 100.54 percent as at 31 December 2021.

Loans to deposits ratio on the separate financial statements as at 31 December 2022 is 96.44 percent which has decreased from 97.18 percent as at 31 December 2021. As a result, loans decreased 1.68 percent and deposits decreased 0.93 percent from the end of the year 2021.

These above ratios have no significant impact to the liquidities of the Bank and its subsidiaries.

As at 31 December 2022 and 2021, the Bank's significant financial assets and liabilities are classified by remaining maturity as follows:

(Unit: Million Baht)

Consolidated financial statements						
31 December 2022						
	At call	Up to 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	61,591	61,591
Interbank and money market items	40,539	512,774	347	-	-	553,660
Financial assets measured at fair value through profit or loss	-	23,836	4,260	4,744	728	33,568
Derivatives assets	-	27,922	37,806	17,442	-	83,170
Investments	36	81,877	139,380	38,045	17,755	277,093
Loans to customers	192,081	537,481	655,461	1,207,815	-	2,592,838
Total financial assets	232,656	1,183,890	837,254	1,268,046	80,074	3,601,920
Financial liabilities						
Deposits	2,154,767	384,370	41,048	10,051	-	2,590,236
Interbank and money market items	52,072	185,042	37,271	2,714	-	277,099
Financial liabilities measured at fair value through profit or loss	-	2,319	-	-	-	2,319
Derivatives liabilities	-	27,943	35,771	14,793	-	78,507
Liabilities payable on demand	5,019	-	-	-	-	5,019
Debt issued and borrowings	-	13,149	68,137	51,259	18,627	151,172
Total financial liabilities	2,211,858	612,823	182,227	78,817	18,627	3,104,352

(Unit: Million Baht)

Consolidated financial statements						
31 December 2021						
	At call	Up to 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	63,544	63,544
Interbank and money market items	45,876	414,468	11,074	-	-	471,418
Financial assets measured at fair value through profit or loss	-	4,897	3,771	8,156	1,215	18,039
Derivatives assets	-	20,594	20,270	11,796	-	52,660
Investments	36	160,708	136,247	26,844	18,253	342,088
Loans to customers	203,020	621,880	648,638	1,155,425	-	2,628,963
Total financial assets	248,932	1,222,547	820,000	1,202,221	83,012	3,576,712
Financial liabilities						
Deposits	2,203,101	380,225	21,187	10,234	-	2,614,747
Interbank and money market items	67,481	184,009	40,313	4,541	-	296,344
Derivatives liabilities	-	20,956	20,332	9,262	-	50,550
Liabilities payable on demand	4,210	-	-	-	-	4,210
Debt issued and borrowings	-	12,321	39,139	62,659	19,698	133,817
Total financial liabilities	2,274,792	597,511	120,971	86,696	19,698	3,099,668

(Unit: Million Baht)

Separate financial statements						
31 December 2022						
	At call	Up to 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	61,565	61,565
Interbank and money market items	39,553	512,774	347	-	-	552,674
Financial assets measured at fair value through profit or loss	-	23,836	4,260	4,744	728	33,568
Derivatives assets	-	27,922	37,806	17,442	-	83,170
Investments	36	81,289	140,394	38,121	17,752	277,592
Loans to customers	198,072	469,094	627,562	1,207,693	-	2,502,421
Total financial assets	237,661	1,114,915	810,369	1,268,000	80,045	3,510,990
Financial liabilities						
Deposits	2,158,681	384,910	41,083	10,051	-	2,594,725
Interbank and money market items	51,415	181,093	37,271	2,714	-	272,493
Financial liabilities measured at fair value through profit or loss	-	2,319	-	-	-	2,319
Derivatives liabilities	-	27,943	35,771	14,793	-	78,507
Liabilities payable on demand	5,019	-	-	-	-	5,019
Debt issued and borrowings	-	8,621	36,335	43,319	18,627	106,902
Total financial liabilities	2,215,115	604,886	150,460	70,877	18,627	3,059,965

(Unit: Million Baht)

Separate financial statements						
31 December 2021						
	At call	Up to 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	63,515	63,515
Interbank and money market items	45,492	414,468	11,074	-	-	471,034
Financial assets measured at fair value through profit or loss	-	5,165	3,771	8,156	1,215	18,307
Derivatives assets	-	20,594	20,270	11,796	-	52,660
Investments	36	160,602	136,361	26,918	18,251	342,168
Loans to customers	206,623	563,147	619,980	1,155,371	-	2,545,121
Total financial assets	252,151	1,163,976	791,456	1,202,241	82,981	3,492,805
Financial liabilities						
Deposits	2,206,656	380,954	21,222	10,234	-	2,619,066
Interbank and money market items	64,735	182,809	40,313	4,541	-	292,398
Derivatives liabilities	-	20,956	20,332	9,262	-	50,550
Liabilities payable on demand	4,210	-	-	-	-	4,210
Debt issued and borrowings	-	3,982	18,493	49,219	19,698	91,392
Total financial liabilities	2,275,601	588,701	100,360	73,256	19,698	3,057,616

7. Capital funds

The capital fund and capital adequacy ratio information as at 31 December 2022, is preliminary information prepared using the criteria and methods prescribed by the BOT, which requires the Bank to prepare and submit such information to the BOT within 3 months from the end of the quarter, and to disclose such information as at 31 December of each year via the Bank's website. Comparative information as at 31 December 2021, already submitted to the BOT, is as follows:

(Unit: Million Baht)

	Financial business group	
	31 December 2022	31 December 2021
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	239,360	219,611
Other components of equity	17,317	29,670
Capital deduction items on common equity Tier 1	(21,116)	(21,141)
Total common equity Tier1	335,601	328,180
Tier 1 capital funds - financial instruments	20,269	20,072
Total Tier 1 capital funds	355,870	348,252
Tier 2 capital funds		
Long-term subordinated debt	42,080	44,000
Allowance for assets classified as normal	24,144	23,296
Total Tier 2 capital funds	66,224	67,296
Total capital funds	422,094	415,548

(Unit: Million Baht)

	Separate financial statements	
	31 December 2022	31 December 2021
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	217,553	199,942
Other components of equity	21,268	23,461
Capital deduction items on common equity Tier 1	(18,965)	(14,405)
Total common equity Tier1	319,896	309,038
Tier 1 capital funds - financial instruments	18,647	18,647
Total tier 1 capital funds	338,543	327,685
Tier 2 capital funds		
Long-term subordinated debt	42,080	44,000
Allowance for assets classified as normal	23,237	22,310
Total Tier 2 capital funds	65,317	66,310
Total capital funds	403,860	393,995

	Capital adequacy ratio ⁽¹⁾				
	Minimum rate of BOT's requirement	Financial business group		Separate financial statements	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(%)	(%)	(%)	(%)	(%)
	Common equity Tier 1 ratio	8.00	15.74	15.89	15.59
Tier 1 capital fund ratio	9.50	16.69	16.86	16.50	16.54
Capital adequacy ratio	12.00	19.80	20.12	19.68	19.88

⁽¹⁾ Capital and capital adequacy ratio are calculated by adjusting deferred tax assets less allowance for impairment of deferred tax assets.

The Bank discloses information about the capital fund requirements of the Bank and the financial business group in accordance with the BOT's Notification regarding the Disclosure of Capital Requirements of Commercial Banks and Notification regarding the Disclosure of Capital Requirement of Financial Business Groups.

Channel of disclosure	www.krungthai.com > Investor Relations > Financial Information > Pillar III disclosures
Date of disclosure	Within 4 months after the end of reporting period.
Information as at	31 December 2022

8. Supplementary information

8.1 Supplementary information of cash flows

8.1.1 Cash

Cash as at 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)			
	Consolidated statements	financial statements	Separate statements	financial statements
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash	50,202	56,618	50,176	56,589
Cash received in advance from electronic money transactions and electronic money transfer services	11,389	6,926	11,389	6,926
Total	61,591	63,544	61,565	63,515

8.1.2 Significant non-cash items for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Increase in revaluation surplus on investments measured at fair value through other comprehensive income tax expenses	2,535	692	2,528	691
Increase in right-of-use assets	1,655	2,302	1,365	2,033
Increase in properties for sale from loans repayment	2,114	4,493	1,885	4,388
Increase in properties for sale from asset warehousing	3,810	7,892	3,810	7,892
Increase in surplus on revaluation of assets	-	7,295	-	7,295

8.1.3 Disclosures of related changes in liabilities from financing activities

(Unit: Million Baht)

Item	Consolidated financial statements			
	1 January 2022	Cash flows from financing activities		31 December 2022
		activities	Non-cash items	
Debt issued and borrowings	133,817	18,284	(929)	151,172
Total	133,817	18,284	(929)	151,172

(Unit: Million Baht)

Item	Consolidated financial statements			
	1 January 2021	Cash flows from financing activities		31 December 2021
		activities	Non-cash items	
Debt issued and borrowings	86,564	44,272	2,981	133,817
Total	86,564	44,272	2,981	133,817

(Unit: Million Baht)

Item	Separate financial statements			
	1 January 2022	Cash flows from financing activities		31 December 2022
		activities	Non-cash items	
Debt issued and borrowings	91,392	16,500	(990)	106,902
Total	91,392	16,500	(990)	106,902

(Unit: Million Baht)

Item	Separate financial statements			
	1 January 2021	Cash flows from financing activities		31 December 2021
		activities	Non-cash items	
Debt issued and borrowings	44,293	44,161	2,938	91,392
Total	44,293	44,161	2,938	91,392

8.2 Classification of financial assets and financial liabilities

(Unit: Million Baht)

Consolidated financial statements					
31 December 2022					
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets					
Cash	-	-	-	61,591	61,591
Interbank and money market items - net	-	-	-	550,941	550,941
Financial assets measured at fair value through profit and loss	33,568	-	-	-	33,568
Derivatives assets	83,170	-	-	-	83,170
Investments - net	-	258,350	17,755	950	277,055
Loans to customers and accrued interest receivables - net	-	-	-	2,443,832	2,443,832
Total financial assets	116,738	258,350	17,755	3,057,314	3,450,157
Financial liabilities					
Deposits	-	-	-	2,590,236	2,590,236
Interbank and money market items	-	-	-	277,099	277,099
Liabilities payable on demand	-	-	-	5,019	5,019
Financial liabilities measured at fair value through profit and loss	2,319	-	-	-	2,319
Derivatives liabilities	78,507	-	-	-	78,507
Debt issued and borrowings	-	-	-	151,172	151,172
Lease liabilities	-	-	-	3,688	3,688
Provisions	-	-	-	17,444	17,444
Total financial liabilities	80,826	-	-	3,044,658	3,125,484

Consolidated financial statements

31 December 2021

	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	63,544	63,544
Interbank and money market items - net	-	-	-	469,216	469,216
Financial assets measured at fair value through profit and loss	18,039	-	-	-	18,039
Derivatives assets	52,660	-	-	-	52,660
Investments - net	-	322,190	18,253	1,599	342,042
Loans to customers and accrued interest receivables - net	-	-	-	2,476,220	2,476,220
Total financial assets	70,699	322,190	18,253	3,010,579	3,421,721
<u>Financial liabilities</u>					
Deposits	-	-	-	2,614,747	2,614,747
Interbank and money market item	-	-	-	296,344	296,344
Liabilities payable on demand	-	-	-	4,210	4,210
Derivatives liabilities	50,550	-	-	-	50,550
Debt issued and borrowings	-	-	-	133,817	133,817
Lease liabilities	-	-	-	4,277	4,277
Provisions	-	-	-	20,364	20,364
Total financial liabilities	50,550	-	-	3,073,759	3,124,309

Separate financial statement

	31 December 2022				
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	61,565	61,565
Interbank and money market items - net	-	-	-	549,955	549,955
Financial assets measured at fair value through profit and loss	33,568	-	-	-	33,568
Derivatives assets	83,170	-	-	-	83,170
Investments - net	-	259,553	17,752	249	277,554
Loans to customers and accrued interest receivables - net	-	-	-	2,361,277	2,361,277
Total financial assets	116,738	259,553	17,752	2,973,046	3,367,089
<u>Financial liabilities</u>					
Deposits	-	-	-	2,594,725	2,594,725
Interbank and money market items	-	-	-	272,493	272,493
Liabilities payable on demand	-	-	-	5,019	5,019
Financial liabilities measured at fair value through profit and loss	2,319	-	-	-	2,319
Derivatives liabilities	78,507	-	-	-	78,507
Debt issued and borrowings	-	-	-	106,902	106,902
Lease liabilities	-	-	-	3,003	3,003
Provisions	-	-	-	15,927	15,927
Total financial liabilities	80,826	-	-	2,998,069	3,078,895

(Unit: Million Baht)

Separate financial statement

31 December 2021

	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	63,515	63,515
Interbank and money market items - net	-	-	-	468,832	468,832
Financial assets measured at fair value through profit and loss	18,307	-	-	-	18,307
Derivatives assets	52,660	-	-	-	52,660
Investments - net	-	323,276	18,251	595	342,122
Loans to customers and accrued interest receivables - net	-	-	-	2,401,463	2,401,463
Total financial assets	70,967	323,276	18,251	2,934,405	3,346,899
<u>Financial liabilities</u>					
Deposits	-	-	-	2,619,066	2,619,066
Interbank and money market items	-	-	-	292,398	292,398
Liabilities payable on demand	-	-	-	4,210	4,210
Derivatives liabilities	50,550	-	-	-	50,550
Debt issued and borrowings	-	-	-	91,392	91,392
Lease liabilities	-	-	-	3,449	3,449
Provisions	-	-	-	18,837	18,837
Total financial liabilities	50,550	-	-	3,029,352	3,079,902

8.3 Interbank and money market items (assets)

(Unit: Million Baht)

Consolidated financial statements						
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	13,961	416,760	430,721	24,312	358,025	382,337
Commercial banks	975	45,706	46,681	372	32,895	33,267
Specialised financial institutions	11	4,035	4,046	12	11,101	11,113
Other financial institutions	13	42,943	42,956	18	20,893	20,911
Total	14,960	509,444	524,404	24,714	422,914	447,628
Add. Accrued interest receivables	-	162	162	-	69	69
Less: Deferred revenue	-	(21)	(21)	-	(16)	(16)
Less: Allowance for expected credit losses	(1)	(2,836)	(2,837)	(1)	(2,173)	(2,174)
Total domestic items	14,959	506,749	521,708	24,713	420,794	445,507
Foreign						
US Dollar	20,516	2,074	22,590	17,594	1,906	19,500
Yen	2,496	-	2,496	502	-	502
Euro	428	-	428	633	-	633
Others	2,139	1,624	3,763	2,178	993	3,171
Total	25,579	3,698	29,277	20,907	2,899	23,806
Add. Accrued interest receivables	-	26	26	-	13	13
Less: Allowance for expected credit losses	(26)	(44)	(70)	(63)	(47)	(110)
Total foreign items	25,553	3,680	29,233	20,844	2,865	23,709
Total	40,512	510,429	550,941	45,557	423,659	469,216

(Unit: Million Baht)

Separate financial statements

	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	13,961	416,760	430,721	24,312	358,025	382,337
Commercial banks	-	45,706	45,706	-	32,895	32,895
Specialised financial institutions	-	4,035	4,035	-	11,101	11,101
Other financial institutions	13	42,943	42,956	18	20,893	20,911
Total	13,974	509,444	523,418	24,330	422,914	447,244
Add: Accrued interest receivables	-	162	162	-	69	69
Less: Deferred revenue	-	(21)	(21)	-	(16)	(16)
Less: Allowance for expected credit losses	(1)	(2,836)	(2,837)	(1)	(2,173)	(2,174)
Total domestic items	13,973	506,749	520,722	24,329	420,794	445,123
Foreign						
US Dollar	20,516	2,074	22,590	17,594	1,906	19,500
Yen	2,496	-	2,496	502	-	502
Euro	428	-	428	633	-	633
Others	2,139	1,624	3,763	2,178	993	3,171
Total	25,579	3,698	29,277	20,907	2,899	23,806
Add: Accrued interest receivables	-	26	26	-	13	13
Less: Allowance for expected credit losses	(26)	(44)	(70)	(63)	(47)	(110)
Total foreign items	25,553	3,680	29,233	20,844	2,865	23,709
Total	39,526	510,429	549,955	45,173	423,659	468,832

As at 31 December 2022 and 2021, the Bank has no loans to a subsidiary company, which was a financial institution.

8.4 Financial assets measured at fair value through profit or loss

(Unit: Million Baht)

Investments	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Financial assets held for trading			
Government and state enterprises securities	6,964	11,057	6,964	11,057
Private enterprises debt securities	1,010	1,930	1,010	2,198
Investments in foreign debt securities	23,488	-	23,488	-
Marketable equity securities	4	-	4	-
Total	31,466	12,987	31,466	13,255
Others				
Private enterprises debt securities	1,378	3,837	1,378	3,837
Unit trust	385	411	385	411
Marketable equity securities	339	804	339	804
Total	2,102	5,052	2,102	5,052
Total financial assets measured at fair value through profit or loss	33,568	18,039	33,568	18,307

8.5 Derivatives

8.5.1 Derivatives held for trading

Fair value and notional amount classified by type of risk are as follows:

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements					
	31 December 2022			31 December 2021		
	Fair value		Notional amounts	Fair value		Notional amounts
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	48,762	44,497	1,864,533	30,486	30,000	1,964,974
Interest rate	30,155	29,662	2,129,757	18,587	15,730	1,791,917
Others	419	344	19,216	3,004	2,903	139,305
Total	79,336	74,503	4,013,506	52,077	48,633	3,896,196

8.5.2 Derivative for hedging

As at 31 December 2022 and 2021, hedging instrument classified by type of hedging and risk are detailed as follows:

Dynamic hedges

Fair value and notional amount classified by type of risk are as follows:

(Unit: Million Baht)			
Consolidated and separate financial statements			
31 December 2022			
Type of risk	Notional amounts	Fair value	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	100,425	-	-
Total	100,425	-	-

(Unit: Million Baht)			
Consolidated and separate financial statements			
31 December 2021			
Type of risk	Notional amounts	Fair value	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	4,315	-	-
Total	4,315	-	-

Fair value hedges

The amounts relating to items designated as hedged items under fair value hedges are as follows:

(Unit: Million Baht)

		Consolidated and separate financial statements			
		31 December 2022			
Type of risk		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities	Assets	Liabilities
<u>Interest rate risk</u>					
THB fixed-rate borrowings	A	-	2,970	-	(29)
USD fixed-rate borrowings	A	-	6,049	-	(172)
THB fixed-rate debt issued	B	-	18,615	-	(8)
USD fixed-rate debt issued	B	-	18,755	-	(2,064)
THB fixed-rate loans to customers	D	2,693	-	16	-
Total interest rate risk		2,693	46,389	16	(2,273)
<u>Foreign exchange rate risk</u>					
USD investments in equity securities, designated at fair value through other comprehensive income	C	3,275	-	(246)	-
EUR investments in equity securities, designated at fair value through other comprehensive income	C	8	-	-	-
Total foreign exchange rate risk		3,283	-	(246)	-
Total		5,976	46,389	(230)	(2,273)

(Unit: Million Baht)

		Consolidated and separate financial statements			
		31 December 2021			
Type of risk		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities	Assets	Liabilities
<u>Interest rate risk</u>					
THB fixed-rate borrowings	A	-	835	-	35
USD fixed-rate borrowings	A	-	1,991	-	(14)
THB fixed-rate debt issued	B	-	10,139	-	139
USD fixed-rate debt issued	B	-	19,698	-	(285)
THB fixed-rate loans to customers	D	2,262	-	(27)	-
Total interest rate risk		2,262	32,663	(27)	(125)
<u>Foreign exchange rate risk</u>					
USD investments in equity securities, designated at fair value through other comprehensive income	C	3,318	-	27	-
EUR investments in equity securities, designated at fair value through other comprehensive income	C	7	-	-	-
Total foreign exchange rate risk		3,325	-	27	-
Total		5,587	32,663	-	(125)

The items in the statement of financial position, where the hedged items and the cumulative fair value changes are recorded, include:

- A. Interbank and money market items (Liabilities)
- B. Debt issued and borrowings
- C. Investments - net
- D. Loans to customers and accrued interest receivables - net

The amounts relating to items designated as hedging instruments under fair value hedges are as follows:

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2022		
	Notional amounts	Fair value of hedging instruments	
Assets		Liabilities	
<u>Interest rate risk</u>			
Interest rate swap	71,021	190	2,365
Interest rate swap option	34,403	98	210
Total interest rate risk	105,424	288	2,575
<u>Foreign exchange rate risk</u>			
Foreign currency swap contract	3,292	246	-
Total foreign exchange rate risk	3,292	246	-
Total	108,716	534	2,575

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2021		
	Notional amounts	Fair value of hedging instruments	
Assets		Liabilities	
<u>Interest rate risk</u>			
Interest rate swap	35,147	222	119
Interest rate swap option	390	5	-
Total interest rate risk	35,537	227	119
<u>Foreign exchange rate risk</u>			
Foreign currency forward contract	202	-	2
Foreign currency swap contract	3,516	2	27
Total foreign exchange rate risk	3,718	2	29
Total	39,255	229	148

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, to changes in the fair value of the hedged items and hedging instruments during the year, used as the basis for recognising ineffectiveness:

(Unit: Million Baht)

Type of risk		Consolidated and separate financial statements		
		For the year ended 31 December 2022		
Gains (losses) attributable to		the hedged risk		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
<u>Interest rate risk</u>				
THB fixed-rate borrowings	Interest rate swap	64	(64)	-
USD fixed-rate borrowings	Interest rate swap	158	(158)	-
THB fixed-rate debt issued	Interest rate swap and interest rate swap option	147	(79)	68
USD fixed-rate debt issued	Interest rate swap	1,779	(1,783)	(4)
THB fixed-rate loans to customers	Interest rate swap and interest rate swap option	43	57	100
Total interest rate risk		2,191	(2,027)	164
<u>Foreign exchange rate risk</u>				
USD investments in equity securities, designated at fair value through other comprehensive income	Foreign currency swap contract	(263)	263	-
Total foreign exchange rate risk		(263)	263	-
Total		1,928	(1,764)	164

(Unit: Million Baht)

		Consolidated and separate financial statements		
		For the year ended 31 December 2021		
Type of risk		Gains (losses) attributable to		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	the hedged risk		
		Hedged items	Hedging instruments	
<u>Interest rate risk</u>				
THB fixed-rate borrowings	Interest rate swap	66	(66)	-
USD fixed-rate borrowings	Interest rate swap	14	(14)	-
THB fixed-rate debt issued	Interest rate swap	154	(154)	-
USD fixed-rate debt issued	Interest rate swap	285	(285)	-
THB fixed-rate loans to customers	Interest rate swap and interest rate swap option	(27)	21	(6)
Total interest rate risk		492	(498)	(6)
<u>Foreign exchange rate risk</u>				
USD investments in equity securities, designated at fair value through other comprehensive income	Foreign currency forward contract / Foreign currency swap contract	27	(27)	-
Total foreign exchange rate risk		27	(27)	-
Total		519	(525)	(6)

Cash flow hedges

The amounts relating to items designated as hedged items under cash flow hedges are as follows:

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2022		
	Change in fair value measuring used for ineffectiveness	Cash flow hedge reserve	
	Continuing hedges	Discontinued hedges	
<u>Interest rate and foreign exchange rate risk</u>			
Investment in debt securities, measured at fair value through other comprehensive income			
USD fixed-rate	(258)	178	-
USD floating rate	150	(32)	-
YEN fixed-rate	(2,605)	15	-
EUR fixed-rate	(522)	358	-
EUR floating rate	(15)	(58)	-
MYR fixed-rate	(71)	46	-
Total	(3,321)	507	-

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2021		
	Change in fair value measuring used for ineffectiveness	Cash flow hedge reserve	
	Continuing hedges	Discontinued hedges	
<u>Interest rate and foreign exchange rate risk</u>			
Investment in debt securities, measured at fair value through other comprehensive income			
USD fixed-rate	530	26	-
USD floating rate	924	4	-
YEN fixed-rate	(93)	119	-
EUR fixed-rate	19	14	-
EUR floating rate	(2)	(17)	-
AUD floating rate	(32)	-	-
MYR fixed-rate	116	32	-
Total	1,462	178	-

The corresponding items in the statement of financial position, where the hedged items are recorded is “Investments - net”.

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, the notional and the carrying amounts of the derivatives the Bank uses as cash flow hedging instruments and the changes in fair value used for measuring ineffectiveness of the cash flow hedges as follows:

(Unit: Million Baht)

Consolidated and separate financial statements							
31 December 2022							
Type of risk	Notional amounts	Carrying amount of hedging instruments		Changes in fair value used for measuring ineffectiveness			Amount reclassified from the cash flow hedge reserve to profit or loss
		Assets	Liabilities	Total	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
<u>Interest rate risk</u>							
Interest rate swap option - hedge the risk of EUR floating-rate investments in debt securities	1,271	-	-	2	-	2	-
<u>Interest rate and foreign exchange rate risk</u>							
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities	7,742	117	333	258	258	-	(106)
Cross currency swap (THB:USD) - hedge the risk of USD floating-rate investments in debt securities	7,949	-	897	(150)	(150)	-	114
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities	30,788	2,668	16	2,605	2,605	-	(2,709)
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities	9,400	445	-	522	522	-	(178)
Cross currency swap (THB:EUR) - hedge the risk of EUR floating-rate investments in debt securities	2,191	36	76	15	15	-	(56)
Cross currency swap (THB:MYR) - hedge the risk of MYR fixed-rate investments in debt securities	7,987	34	107	71	71	-	(57)
Total	67,328	3,300	1,429	3,323	3,321	2	(2,992)

Consolidated and separate financial statements							
31 December 2021							
Type of risk	Notional amounts	Carrying amount of hedging instruments		Changes in fair value used for measuring ineffectiveness			Amount reclassified from the cash flow hedge reserve to profit or loss
		Assets	Liabilities	Total	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
<u>Interest rate risk</u>							
Interest rate swap option - hedge the risk of EUR floating-rate investments in debt securities	1,307	-	2	(2)	-	(2)	-
<u>Interest rate and foreign exchange rate risk</u>							
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities	6,147	2	527	(530)	(530)	-	571
Cross currency swap (THB:USD) - hedge the risk of USD floating-rate investments in debt securities	9,792	-	756	(924)	(924)	-	878
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities	26,303	307	159	93	93	-	(97)
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities	3,528	8	90	(19)	(19)	-	23
Cross currency swap (THB:EUR) - hedge the risk of EUR floating-rate investments in debt securities	2,255	36	93	2	2	-	(33)
Cross currency swap (THB:AUD) - hedge the risk of AUD floating-rate investments in debt securities	-	-	-	32	32	-	(32)
Cross currency swap (THB:MYR) - hedge the risk of MYR fixed-rate investments in debt securities	3,206	1	142	(116)	(116)	-	148
Total	52,538	354	1,769	(1,464)	(1,462)	(2)	1,458

The corresponding line item in the statement of comprehensive income that includes hedge ineffectiveness is "Net gains on financial instruments measured at fair value through profit or loss".

The corresponding line items in the statement of comprehensive income that affected by the reclassification of the cash flow hedge reserve are “Net gains on financial instruments measured at fair value through profit or loss” and “Interest income”.

As at 31 December 2022 and 2021, the Bank has hedging instruments used to hedge interest rate risk and foreign exchange rate risk, classified by the maturity as follows:

Type of risk	Consolidated and separate financial statements					
	31 December 2022					
	Remaining time to maturity					
	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
<u>Fair value hedges - interest rate risk</u>						
Interest rate swap - hedge THB fixed-rate borrowings						
Notional amount (Unit: Million Baht)	-	1,200	7,539	32,082	430	41,251
Average fixed rate (%)	-	0.85	0.56	1.52	1.79	1.33
Average floating rate (%)	-	0.64	1.10	1.25	1.31	1.21
Interest rate swap - hedge USD fixed-rate borrowings						
Notional amount (Unit: Million Baht)	-	-	2,074	25,019	-	27,093
Average fixed rate (%)	-	-	0.59	4.17	-	3.89
Average floating rate (%)	-	-	4.03	6.50	-	6.31
Interest rate swap - hedge THB fixed-rate loans to customers						
Notional amount (Unit: Million Baht)	-	-	-	-	2,677	2,677
Average fixed rate (%)	-	-	-	-	3.58	3.58
Average floating rate (%)	-	-	-	-	3.63	3.63
Interest rate swap option - hedge THB fixed-rate loans to customers						
Notional amount (Unit: Million Baht)	-	75	-	-	-	75
Average fixed rate (%)	-	4.65	-	-	-	4.65
Average floating rate (%)	-	3.63	-	-	-	3.63
Interest rate swap option - hedge THB fixed-rate borrowings						
Notional amount (Unit: Million Baht)	-	-	11,623	22,705	-	34,328
Average fixed rate (%)	-	-	2.26	2.21	-	2.23
Average floating rate (%)	-	-	1.24	1.24	-	1.24

Fair value hedges - foreign exchange rate risk

Consolidated and separate financial statements						
31 December 2022						
Remaining time to maturity						
Type of risk	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
Foreign currency swap contract - hedge EUR						
investments in equity securities						
Notional amount (Unit: Million Baht)	-	9	-	-	-	9
Average foreign exchange rate (THB:EUR)	-	37.33	-	-	-	37.33
Foreign currency swap contract - hedge USD						
investments in equity securities						
Notional amount (Unit: Million Baht)	-	3,283	-	-	-	3,283
Average foreign exchange rate (THB:USD)	-	37.01	-	-	-	37.01
Cash flow hedges - interest rate risk						
Interest rate swap option - hedge EUR floating-rate						
investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	1,271	-	1,271
Cash flow hedges - interest rate and foreign exchange rate risk						
Cross currency swap (THB:USD) - hedge USD fixed-rate						
investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	691	7,051	-	7,742
Average foreign exchange rate (THB:USD)	-	-	30.22	32.91	-	32.67
Average fixed rate (%)	-	-	3.57	1.86	-	2.00
Cross currency swap (THB:USD) - hedge USD floating-rate						
investments in debt securities						
Notional amount (Unit: Million Baht)	2,004	3,975	242	1,728	-	7,949
Average foreign exchange rate (THB:USD)	30.97	31.24	31.43	30.01	-	30.91
Average fixed rate (%)	1.41	1.27	1.35	1.31	-	1.32
Cross currency swap (THB:YEN) - hedge YEN fixed-rate						
investments in debt securities						
Notional amount (Unit: Million Baht)	-	2,609	3,914	24,265	-	30,788
Average foreign exchange rate (THB:YEN)	-	0.30	0.29	0.28	-	0.28
Average fixed rate (%)	-	1.02	1.27	1.81	-	1.67
Cross currency swap (THB:EUR) - hedge EUR fixed-rate						
investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	9,400	-	9,400
Average foreign exchange rate (THB:EUR)	-	-	-	37.04	-	37.04
Average fixed rate (%)	-	-	-	1.66	-	1.66

Cash flow hedges - interest rate and foreign exchange rate risk (continued)

Consolidated and separate financial statements						
31 December 2022						
Remaining time to maturity						
Type of risk	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
Cross currency swap (THB:EUR) - hedge EUR floating-rate investments in debt securities						
Notional amount (Unit: Million Baht)	921	-	-	1,270	-	2,191
Average foreign exchange rate (THB:EUR)	33.69	-	-	39.41	-	37.01
Average fixed rate (%)	1.73	-	-	1.18	-	1.39
Cross currency swap (THB:MYR) - hedge MYR fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	1,566	-	6,421	-	7,987
Average foreign exchange rate (THB:MYR)	-	7.40	-	7.85	-	7.76
Average fixed rate (%)	-	2.61	-	2.21	-	2.29

Consolidated and separate financial statements						
31 December 2021						
Remaining time to maturity						
Type of risk	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
<u>Fair value hedges - interest rate risk</u>						
Interest rate swap - hedge THB fixed-rate borrowings						
Notional amount (Unit: Million Baht)	-	-	10,000	-	800	10,800
Average fixed rate (%)	-	-	3.40	-	3.41	3.40
Average floating rate (%)	-	-	1.84	-	0.95	1.78
Interest rate swap - hedge USD fixed-rate borrowings						
Notional amount (Unit: Million Baht)	-	-	-	22,057	-	22,057
Average fixed rate (%)	-	-	-	4.05	-	4.05
Average floating rate (%)	-	-	-	3.32	-	3.32
Interest rate swap - hedge THB fixed-rate loans to customers						
Notional amount (Unit: Million Baht)	-	283	-	-	2,007	2,290
Average fixed rate (%)	-	3.50	-	-	3.50	3.50
Average floating rate (%)	-	2.40	-	-	2.40	2.40
Interest rate swap option - hedge THB fixed-rate loans to customers						
Notional amount (Unit: Million Baht)	-	390	-	-	-	390
Average fixed rate (%)	-	3.50	-	-	-	3.50
Average floating rate (%)	-	2.40	-	-	-	2.40

Fair value hedges - foreign exchange rate risk

Foreign currency forward contract - hedge USD investments in equity securities

Consolidated and separate financial statements						
31 December 2021						
Remaining time to maturity						
Type of risk	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
Notional amount (Unit: Million Baht)	-	202	-	-	-	202
Average foreign exchange rate (THB:USD)	-	33.73	-	-	-	33.73
Foreign currency swap contract - hedge EUR investments in equity securities						
Notional amount (Unit: Million Baht)	-	3,509	-	-	-	3,509
Average foreign exchange rate (THB:EUR)	-	33.18	-	-	-	33.18
Foreign currency swap contract - hedge USD investments in equity securities						
Notional amount (Unit: Million Baht)	-	7	-	-	-	7
Average foreign exchange rate (THB:USD)	-	38.33	-	-	-	38.33
Cash flow hedges - interest rate risk						
Interest rate swap option - hedge EUR floating-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	1,307	-	1,307
Cash flow hedges - interest rate and foreign exchange rate risk						
Cross currency swap (THB:USD) - hedge USD fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	2,005	332	3,810	-	6,147
Average foreign exchange rate (THB:USD)	-	30.21	30.51	30.57	-	30.45
Average fixed rate (%)	-	0.31	1.61	1.41	-	1.06
Cross currency swap (THB:USD) - hedge USD floating-rate investments in debt securities						
Notional amount (Unit: Million Baht)	434	-	1,671	7,687	-	9,792
Average foreign exchange rate (THB:USD)	30.27	-	30.26	30.91	-	30.77
Average fixed rate (%)	1.59	-	1.62	1.32	-	1.38
Cross currency swap (THB:YEN) - hedge YEN fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	8,865	17,438	-	26,303
Average foreign exchange rate (THB:YEN)	-	-	0.29	0.29	-	0.29
Average fixed rate (%)	-	-	1.16	1.44	-	1.34
Cross currency swap (THB:EUR) - hedge EUR fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	819	2,709	-	3,528
Average foreign exchange rate (THB:EUR)	-	-	33.43	37.85	-	36.83
Average fixed rate (%)	-	-	1.76	1.19	-	1.31

Cash flow hedges - interest rate and foreign exchange rate risk (continued)

Cross currency swap (THB:EUR) - hedge EUR floating-rate investments in debt securities						
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Consolidated and separate financial statements						
31 December 2021						
Remaining time to maturity						
Type of risk	Less		Over 3	Over		Total
	than	1 to 3	months to	1 to 5	Over	
	1 month	months	1 year	years	5 years	
Notional amount (Unit: Million Baht)	-	-	-	2,255	-	2,255
Average foreign exchange rate (THB:EUR)	-	-	-	37.01	-	37.01
Average fixed rate (%)	-	-	-	1.39	-	1.39
Cross currency swap (THB:MYR) - hedge MYR fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	3,206	-	3,206
Average foreign exchange rate (THB:MYR)	-	-	-	7.65	-	7.65
Average fixed rate (%)	-	-	-	2.40	-	2.40

During the year ended 31 December 2022, there was no forecast transactions that is expected to be discontinued hedge as it was not expected to occur in the current year.

The following table provides a reconciliation by risk categories of other components of equity, resulting from hedge accounting.

(Unit: Million Baht)			
Consolidated and separate financial statements			
31 December 2022			
Cash flow	Gains (losses) from		Total
	hedge reserve	deferred cost of hedging	
Balance as at 1 January 2022 - net income tax	142	(75)	67
Effective portion of changes in fair value:			
Interest rate and foreign exchange rate risk	3,321	-	3,321
Net amount reclassified to profit or loss:			
Interest rate and foreign exchange rate risk	(2,992)	-	(2,992)
Changes in deferred cost of hedging	-	(36)	(36)
Related income tax	(65)	7	(58)
Balance as at 31 December 2022 - net income tax	406	(104)	302

(Unit: Million Baht)

	Consolidated and separate financial statements		
	31 December 2021		
	Cash flow hedge reserve	Gains (losses) from deferred cost of hedging	Total
Balance as at 1 January 2021 - net income tax	145	33	178
Effective portion of changes in fair value:			
Interest rate and foreign exchange rate risk	(1,462)	-	(1,462)
Net amount reclassified to profit or loss:			
Interest rate and foreign exchange rate risk	1,458	-	1,458
Changes in deferred cost of hedging	-	(135)	(135)
Related income tax	1	27	28
Balance as at 31 December 2021 - net income tax	142	(75)	67

8.6 Investments - net

The detail of investments of the Bank and its subsidiaries as of 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Investments in debt securities measured at amortised cost	950	1,599	249	595
Investments in debt securities measured at fair value through other comprehensive income	258,350	322,190	259,553	323,276
Investments in equity securities designated at fair value through other comprehensive income	17,755	18,253	17,752	18,251
	<u>277,055</u>	<u>342,042</u>	<u>277,554</u>	<u>342,122</u>

8.6.1 Investments in debt securities measured at amortised cost

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Amortised cost		Amortised cost	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Government and state enterprise securities	701	1,004	-	-
Private enterprise debt securities	36	145	36	145
Foreign debt securities	251	496	251	496
Total	988	1,645	287	641
<u>Less</u> Allowance for expected credit losses	(38)	(46)	(38)	(46)
Total	950	1,599	249	595

8.6.2 Investments in debt securities measured at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Fair value		Fair value	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Government and state enterprise securities	182,895	256,496	182,895	256,496
Private enterprise debt securities	8,255	10,908	9,458	11,994
Foreign debt securities	67,200	54,786	67,200	54,786
Total	258,350	322,190	259,553	323,276
Allowance for expected credit losses	(945)	(960)	(945)	(960)

8.6.3 Investments in equity securities designated at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Fair value	Dividend income	Fair value	Dividend income
Domestic marketable equity securities	12,549	282	13,366	291
Foreign marketable equity securities	3,392	20	3,499	18
Domestic non-marketable equity securities	1,805	19	1,381	11
Foreign non-marketable equity securities	9	1	7	1
Total	17,755	322	18,253	321

(Unit: Million Baht)

	Separate financial statements			
	31 December 2022		31 December 2021	
	Fair value	Dividend income	Fair value	Dividend income
Domestic marketable equity securities	12,549	282	13,366	291
Foreign marketable equity securities	3,392	20	3,499	18
Domestic non-marketable equity securities	1,802	19	1,379	11
Foreign non-marketable equity securities	9	1	7	1
Total	17,752	322	18,251	321

During the year ended 31 December 2022, the Bank sold its investments in equity securities designated at fair value through other comprehensive income to maintain the shareholding proportion in accordance with the BOT's regulations. The fair value on the disposal date of Baht 33 million and the accumulated gains previously recognised in other comprehensive income of Baht 32 million were transferred to retained earnings. The Bank received dividends of Baht 0.7 million from such investments.

8.6.4 The Bank and its subsidiaries have investments in securities which the Bank hold not less than 10 percent of the equity of the investee, classified by industrial sector and represented at their fair value as follows:

	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
	Public utilities and services	136
Mutual funds and REIT	1,538	1,131

8.6.5 As at 31 December 2022 and 2021, investments of the Bank and its subsidiaries in the consolidated and separate financial statements include investments in companies which have problems with their financial position and operating performance, as follows:

	Consolidated and separate financial statements							
	Number		Cost		Fair value		Allowance for expected credit losses/ allowance for impairment provided in the accounts	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2022	2021	2022	2021	2022	2021	2022	2021
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies that are possible to delisting from the SET	2	2	832	832	36	33	847	847
2. Companies which have debt settlement problems or default on debt repayment	2	2	115	115	-	-	115	115

8.7 Investments in subsidiaries and associated companies - net

8.7.1 Separate financial statements

(Unit: Million Baht)

Name of company	Type of business	Type of shares	Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended	
			31 December	31 December	31 December	31 December	31 December	31 December
			2022	2021	2022	2021	2022	2021
Subsidiaries								
Directly held								
KTB Law Co., Ltd.	Legal services	Ordinary	100.00	100.00	30	30	-	-
KTB General Services and Security Co., Ltd.	General services	Ordinary	100.00	100.00	140	140	183	172
Krung Thai Asset Management Plc.	Fund management	Ordinary	100.00	100.00	211	211	750	550
KTB Computer Services Co., Ltd.	IT services	Ordinary	100.00	100.00	1,300	1,300	156	153
KTB Leasing Co., Ltd. ⁽¹⁾	Hire purchase	Ordinary	24.95	24.95	249	249	-	-
KTB Advisory Co., Ltd.	Holding company	Ordinary	76.00	76.00	228	228	-	-
Krungthai Card Plc.	Credit card business	Ordinary	49.29	49.29	2,150	2,150	1,271	1,118
KTC Nano Co., Ltd. ⁽¹⁾	Nano finance	Ordinary	24.95	24.95	13	13	-	-
KTC Pico (Bangkok) Co., Ltd. ⁽¹⁾	Personal loan	Ordinary	24.95	24.95	15	15	-	-
KTC Prepaid Co., Ltd. ⁽¹⁾	Electronic money services	Ordinary	24.95	24.95	25	25	-	-
Indirect held								
KTC Pico (Chonburi) Co., Ltd. ⁽²⁾	Personal loan				-	-	-	-
KTC Pico (Pathum Thani) Co., Ltd. ⁽²⁾	Personal loan				-	-	-	-
KTC Pico (Samut Prakan) Co., Ltd. ⁽²⁾	Personal loan				-	-	-	-
KTC Pico (Samut Sakhon) Co., Ltd. ⁽²⁾	Personal loan				-	-	-	-
Infinitas by Krungthai Co., Ltd. ⁽³⁾	Digital platform services				-	-	-	-
Arise by Infinitas Co., Ltd. ⁽⁴⁾	Human resource technology services				-	-	-	-
Total					4,361	4,361	2,360	1,993
Less Allowance for impairment					(53)	(199)	-	-
Total					4,308	4,162	2,360	1,993

		(Unit: Million Baht)							
		Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended			
		31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021		
Name of company	Type of business	Type of shares	December 2022	December 2021	December 2022	December 2021	December 2022	December 2021	
Associated companies									
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	50.00	4,072	4,072	-	150	
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	45.00	1,519	1,519	238	223	
Krungthai Mizuho Leasing Co., Ltd. ⁽⁵⁾	Hire purchase	Ordinary	49.00	49.00	87	87	65	59	
Krungthai XSpring Securities Co., Ltd. ⁽⁶⁾	Securities business	Ordinary	50.00	50.00	1,069	1,069	193	62	
National ITMX Co., Ltd.	Services	Ordinary	19.97	19.97	39	39	129	75	
BCI (Thailand) Co., Ltd.	Services	Ordinary	22.17	22.17	117	117	-	-	
Total					6,903	6,903	625	569	
Less Allowance for impairment					(35)	(23)	-	-	
Total					6,868	6,880	625	569	
Investments in subsidiaries and associates - net					11,176	11,042	2,985	2,562	

- (1) The Bank has 24.95 percent shareholding in KTB Leasing Co., Ltd., KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC Prepaid Co., Ltd. and has indirect holdings of 49.29 percent through Krungthai Card Plc., and which Krungthai Card Plc. held 75.05 percent in KTB Leasing Co., Ltd., KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC Prepaid Co., Ltd.
- (2) The Bank, indirectly invested by KTC Pico (Bangkok) Co., Ltd., which invested in the 100% shareholdings of KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd.
- (3) The Bank, indirectly invested by KTB Advisory Co., Ltd., which invested in the 100% shareholdings of Infnitas by Krungthai Co., Ltd.
- (4) The Bank, indirectly invested by Infnitas by Krungthai Co., Ltd. which invested in the 51% shareholdings of Arise by Infnitas Co., Ltd.
- (5) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.
- (6) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

Details of investments in subsidiaries companies that have non-controlling interests

		(Unit: Million Baht)											
		Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years ended		Profit allocated to non-controlling interests during the years ended		Other comprehensive income allocated to non-controlling interests during the years ended		Share of surplus from the changes in the ownership interests in subsidiaries during the years ended	
Company's name		31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December		31 December		31 December		31 December	
		(%)	(%)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Krungthai Card Plc.		50.71	50.71	16,162	13,883	1,307	1,150	3,581	2,976	5	2	-	494
KTB Advisory Co., Ltd.		12.17	12.17	37	37	-	-	-	-	-	-	-	-
Infnitas by Krungthai Co., Ltd.		12.17	12.17	28	7	-	-	19	7	2	-	-	-
Arise by Infnitas Co., Ltd.		55.21	55.21	40	132	-	-	(92)	(15)	-	-	-	-
				16,267	14,059	1,307	1,150	3,508	2,968	7	2	-	494

Summarised financial information, before eliminating intercompany transactions, of subsidiaries companies that have significant non-controlling interests are as follows:

	(Unit: Million Baht)	
	Krungthai Card Plc.	
	31 December 2022	31 December 2021
<u>Summarised information about financial position</u>		
Total assets	101,796	89,471
Total liabilities	70,220	62,387

	(Unit: Million Baht)	
	Krungthai Card Plc.	
	For the years ended 31 December	
	2022	2021
<u>Summarised information about comprehensive income</u>		
Net operating income	10,246	8,661
Profit for the period	7,054	5,789
Other comprehensive income	16	3
Total comprehensive income	7,070	5,792
<u>Summarised information about cash flow</u>		
Cash flow from (used in) operating activities	(4,277)	8,334
Cash flow from (used in) investing activities	(226)	(779)
Cash flow from (used in) financing activities	4,322	(7,390)

8.7.2 Consolidated financial statements

As at 31 December 2022 and 2021, investment in the associated companies, which presented under the equity method, in the consolidated financial statements consists of investment in ordinary shares of the following companies which operate in Thailand:

	(Unit: Million Baht)					
	31 December 2022			31 December 2021		
Name of company	Percentages of shareholdings	Investments (cost method)	Investment (equity method)	Percentages of shareholdings	Investments (cost method)	Investment (equity method)
Associated companies						
Krungthai-AXA Life Insurance Plc.	50.00	594	5,728	50.00	594	14,909
Krungthai Panich Insurance Plc.	45.00	971	3,562	45.00	971	4,180
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	49.00	87	944	49.00	87	866
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	50.00	1,069	1,203	50.00	1,069	1,330
National ITMX Co., Ltd.	19.97	39	813	19.97	39	608
BCI (Thailand) Co., Ltd.	22.17	117	70	22.17	117	82
Total investments in associated companies - net		<u>2,877</u>	<u>12,320</u>		<u>2,877</u>	<u>21,975</u>

(1) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(2) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

(Unit: Million Baht)

Name of company	For the years ended 31 December					
	2022			2021		
	Dividend income	Share of profit (loss)	Share of other comprehensive income	Dividend income	Share of profit (loss)	Share of other comprehensive income
Associated companies						
Krungthai-AXA Life Insurance Plc. ⁽¹⁾	-	231	(9,412)	150	219	(8,976)
Krungthai Panich Insurance Plc. ⁽¹⁾	238	314	(694)	223	303	1,073
Krungthai Mizuho Leasing Co., Ltd. ⁽²⁾	65	143	-	59	135	-
Krungthai XSpring Securities Co., Ltd. ⁽³⁾	193	85	(19)	62	186	(2)
National ITMX Co., Ltd.	129	334	-	75	216	-
BCI (Thailand) Co., Ltd.	-	(12)	-	-	(13)	-
Total investments in associated companies - net	625	1,095	(10,125)	569	1,046	(7,905)

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

(2) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(3) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

Investments in associated companies are accounted in the consolidated financial statements by using the equity method based on financial information from unaudited/unreviewed financial statements of the associated companies.

8.7.3 Significant financial information of the associated companies

Summarised information about financial position

	(Unit: Million Baht)					
	Krungthai-AXA Life Insurance Plc.		Krungthai Panich Insurance Plc.		Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Total assets	308,274	328,281	14,767	16,276	16,963	14,489
Total liabilities	296,818	298,462	6,851	6,988	15,037	12,722
Net assets	11,456	29,819	7,916	9,288	1,926	1,767
Shareholding percentage (%)	50.00	50.00	45.00	45.00	49.00	49.00
Carrying amounts of the associate based on equity method						
	5,728	14,909	3,562	4,180	944	866

	(Unit: Million Baht)					
	Krungthai XSpring Securities Co., Ltd. ⁽²⁾		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Total assets	10,230	9,099	4,596	3,719	333	407
Total liabilities	7,825	6,438	527	674	16	39
Net assets	2,405	2,661	4,069	3,045	317	368
Shareholding percentage (%)	50.00	50.00	19.97	19.97	22.17	22.17
Carrying amounts of the associate based on equity method						
	1,203	1,330	813	608	70	82

(1) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(2) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai-AXA Life Insurance Plc. ⁽¹⁾		Krungthai Panich Insurance Plc. ⁽¹⁾		Krungthai Mizuho Leasing Co., Ltd. ⁽²⁾	
	2022	2021	2022	2021	2022	2021
Revenue	53,635	59,450	3,517	3,235	1,256	1,148
Profit (loss)	462	439	698	674	291	274
Other comprehensive income	(18,825)	(17,953)	(1,542)	2,383	-	-
Total comprehensive income	(18,363)	(17,514)	(844)	3,057	291	274

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai XSpring Securities Co., Ltd. ⁽³⁾		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	2022	2021	2022	2021	2022	2021
Revenue	1,552	1,916	2,882	2,107	32	27
Profit (loss)	169	373	1,673	1,086	(51)	(62)
Other comprehensive income	(38)	(3)	-	-	-	-
Total comprehensive income	131	370	1,673	1,086	(51)	(62)

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

(2) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(3) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

8.8 Loans to customers and accrued interest receivables - net

8.8.1 Classified by type of loans

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Overdrafts	148,371	149,347	148,371	149,347
Loans	1,778,011	1,748,643	1,684,813	1,663,269
Bills	661,794	725,838	667,024	730,568
Hire-purchase receivables	2,504	1,006	-	1
Finance lease receivables	402	683	-	-
Others	2,288	3,742	2,288	1,983
<u>Less</u> Deferred revenue	(532)	(296)	(75)	(47)
Total loans to customers net of deferred revenue	2,592,838	2,628,963	2,502,421	2,545,121
<u>Add</u> Accrued interest receivables	25,372	20,579	24,690	19,992
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,618,210	2,649,542	2,527,111	2,565,113
<u>Less</u> Allowance for expected credit losses	(174,378)	(173,322)	(165,834)	(163,650)
Total loans to customers and accrued interest receivables - net	<u>2,443,832</u>	<u>2,476,220</u>	<u>2,361,277</u>	<u>2,401,463</u>

As at 31 December 2022, the Bank has loans to customers including loans with modification of contracts, that the Bank has elected to adopt Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 in the preparation of the financial statements, representing 7 percent of total loans (2021: 13 percent of total loans that the Bank has elected to adopt Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy in the preparation of the financial statements).

As at 31 December 2022, the Bank has loans to customers, includes interbank and money market items, made under programs rolled out in accordance with government policy. These consist of a soft loans program to provide working capital for SMEs, a soft loans program for replacement and improvement of machinery and increased productivity for SMEs, a program to provide financial support for entrepreneurs in the three Southern border provinces, a phase 6 of a program for financial institutions to provide revolving funds for energy conservation, a project to provide loans for the environment, COVID-19 soft loans for personal loan and SMEs and rehabilitation loan, together totalled Baht 19,693 million.

8.8.2 Classified by loans currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,504,506	22,402	2,526,908	2,533,075	25,391	2,558,466
US Dollar	16,025	48,825	64,850	33,390	35,941	69,331
Other currencies	490	590	1,080	638	528	1,166
Total*	<u>2,521,021</u>	<u>71,817</u>	<u>2,592,838</u>	<u>2,567,103</u>	<u>61,860</u>	<u>2,628,963</u>

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	31 December 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,414,089	22,402	2,436,491	2,449,233	25,391	2,474,624
US Dollar	16,025	48,825	64,850	33,390	35,941	69,331
Other currencies	490	590	1,080	638	528	1,166
Total*	<u>2,430,604</u>	<u>71,817</u>	<u>2,502,421</u>	<u>2,483,261</u>	<u>61,860</u>	<u>2,545,121</u>

* Total loans net of deferred revenues

8.8.3 Classified by business type of customers

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Agriculture and mining	31,045	29,325	30,888	29,190
Manufacturing and trading	572,762	538,612	572,636	537,398
Real estate and construction	140,377	136,595	140,143	136,055
Public utilities and services	656,881	776,907	658,317	777,740
Housing loans	472,640	445,011	472,640	445,011
Others	719,133	702,513	627,797	619,727
Total *	2,592,838	2,628,963	2,502,421	2,545,121

* Total loans net of deferred revenues

8.8.4 Classified by loans classification

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2022		31 December 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	2,289,507	44,720	2,306,478	44,722
Financial assets where there has been a significant increase in credit risk (Under-Performing)	217,522	52,526	228,443	48,923
Financial assets that are credit-impaired (Non-Performing)	108,732	76,508	111,422	77,334
Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	2,449	624	3,199	2,343
Total	2,618,210	174,378	2,649,542	173,322

(Unit: Million Baht)

	Separate financial statements			
	31 December 2022		31 December 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	2,214,314	40,720	2,237,272	40,824
Financial assets where there has been a significant increase in credit risk (Under-Performing)	205,728	49,744	218,021	46,558
Financial assets that are credit-impaired (Non-Performing)	107,069	75,370	109,820	76,268
Total	2,527,111	165,834	2,565,113	163,650

8.8.5 As at 31 December 2022 and 2021, loans to customers of the Bank and its subsidiaries in the consolidated and separate financial statements include major loans to customers, which have problems with their financial position and operating performance, as follows:

	Consolidated and separate financial statements					
	Number		Loans to customers and accrued interest receivables		Allowance for expected credit losses provided in the accounts	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
			Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies that are possible to delisting from the SET	1	1	5,705	5,705	5,705	5,705
2. Listed companies that have been delisted from the SET	1	1	8,714	8,255	3,228	4,659

8.8.6 Finance lease receivables (including hire-purchase receivables and finance lease receivables)

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2022				31 December 2021			
	Amount due per the contract				Amount due per the contract			
	Not over 1 year	1 -5 years	Over 5 years	Total	Not over 1 year	1 -5 years	Over 5 years	Total
Gross investment of leases	1,001	1,778	127	2,906	673	960	56	1,689
<u>Less</u> Unearned financial income				(457)				(249)
Present value of minimum lease payments				2,449				1,440
<u>Less</u> Allowance for expected credit losses				(624)				(716)
Finance lease receivables - net				<u>1,825</u>				<u>724</u>

(Unit: Million Baht)

	Separate financial statements							
	31 December 2022				31 December 2021			
	Amount due per the contract				Amount due per the contract			
	Not over 1 year	1 -5 years	Over 5 years	Total	Not over 1 year	1 -5 years	Over 5 years	Total
Gross investment of leases	-	-	-	-	1	-	-	1
<u>Less</u> Unearned financial income				-				-
Present value of minimum leases payments				-				1
<u>Less</u> Allowance for expected credit losses				-				(1)
Finance lease receivables - net				<u>-</u>				<u>-</u>

8.9 Allowance for expected credit losses

(Unit: Million Baht)

Consolidated financial statements					
31 December 2022					
	Financial assets where there has not been a significant increase in credit risk (12- mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Beginning balance	2,198	86	-	-	2,284
Changes due to staging of financial assets	3	(3)	-	-	-
Changes due to remeasurement of loss allowance	788	(29)	-	-	759
New financial assets purchased or acquired	127	19	-	-	146
Derecognition of financial assets	(263)	(19)	-	-	(282)
Ending balance	<u>2,853</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>2,907</u>
Investments in debt securities measured at amortised cost					
Beginning balance	-	10	36	-	46
New financial assets purchased or acquired	-	2	-	-	2
Derecognition of financial assets	-	(10)	-	-	(10)
Ending balance	<u>-</u>	<u>2</u>	<u>36</u>	<u>-</u>	<u>38</u>
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	34	-	926	-	960
Changes due to remeasurement of loss allowance	(9)	-	-	-	(9)
New financial assets purchased or acquired	9	-	-	-	9
Derecognition of financial assets	(15)	-	-	-	(15)
Ending balance	<u>19</u>	<u>-</u>	<u>926</u>	<u>-</u>	<u>945</u>
Loans to customers and accrued interest receivables					
Beginning balance	44,722	48,923	77,334	2,343	173,322
Changes due to staging of financial assets	2,070	(3,575)	1,505	-	-
Changes due to remeasurement of loss allowance	(2,738)	8,080	20,588	258	26,188
New financial assets purchased or acquired	4,062	6,408	950	39	11,459
Derecognition of financial assets	(3,396)	(7,310)	(2,885)	(174)	(13,765)
Bad debt written-off	-	-	(20,984)	(1,842)	(22,826)
Ending balance	<u>44,720</u>	<u>52,526</u>	<u>76,508</u>	<u>624</u>	<u>174,378</u>

Consolidated financial statements

31 December 2021

	Financial assets where there has not been a significant increase in credit risk (12- mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Beginning balance	2,568	169	-	-	2,737
Changes due to remeasurement of loss allowance	(579)	1	-	-	(578)
New financial assets purchased or acquired	315	24	-	-	339
Derecognition of financial assets	(106)	(108)	-	-	(214)
Ending balance	<u>2,198</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>2,284</u>
Investments in debt securities measured at amortised cost					
Beginning balance	1	10	36	-	47
Changes due to remeasurement of loss allowance	(1)	-	-	-	(1)
New financial assets purchased or acquired	-	10	-	-	10
Derecognition of financial assets	-	(10)	-	-	(10)
Ending balance	<u>-</u>	<u>10</u>	<u>36</u>	<u>-</u>	<u>46</u>
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	42	-	926	-	968
Changes due to remeasurement of loss allowance	(16)	-	-	-	(16)
New financial assets purchased or acquired	9	-	-	-	9
Derecognition of financial assets	(1)	-	-	-	(1)
Ending balance	<u>34</u>	<u>-</u>	<u>926</u>	<u>-</u>	<u>960</u>
Loans to customers and accrued interest receivables					
Beginning balance	32,093	41,627	74,204	2,604	150,528
Changes due to staging of financial assets	5,614	(3,851)	(1,763)	-	-
Changes due to remeasurement of loss allowance	3,852	11,176	16,205	593	31,826
New financial assets purchased or acquired	4,931	2,197	1,402	-	8,530
Derecognition of financial assets	(1,768)	(2,226)	(2,813)	-	(6,807)
Bad debt written-off	-	-	(9,901)	(854)	(10,755)
Ending balance	<u>44,722</u>	<u>48,923</u>	<u>77,334</u>	<u>2,343</u>	<u>173,322</u>

Separate financial statements				
31 December 2022				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items (assets)				
Beginning balance	2,198	86	-	2,284
Changes due to staging of financial assets	3	(3)	-	-
Changes due to remeasurement of loss allowance	788	(29)	-	759
New financial assets purchased or acquired	127	19	-	146
Derecognition of financial assets	(263)	(19)	-	(282)
Ending balance	<u>2,853</u>	<u>54</u>	<u>-</u>	<u>2,907</u>
Investments in debt securities measured at amortised cost				
Beginning balance	-	10	36	46
New financial assets purchased or acquired	-	2	-	2
Derecognition of financial assets	-	(10)	-	(10)
Ending balance	<u>-</u>	<u>2</u>	<u>36</u>	<u>38</u>
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	34	-	926	960
Changes due to remeasurement of loss allowance	(9)	-	-	(9)
New financial assets purchased or acquired	9	-	-	9
Derecognition of financial assets	(15)	-	-	(15)
Ending balance	<u>19</u>	<u>-</u>	<u>926</u>	<u>945</u>
Loans to customers and accrued interest receivables				
Beginning balance	40,824	46,558	76,268	163,650
Changes due to staging of financial assets	1,719	(3,197)	1,478	-
Changes due to remeasurement of loss allowance	(2,147)	6,643	15,869	20,365
New financial assets purchased or acquired	3,440	6,408	950	10,798
Derecognition of financial assets	(3,116)	(6,668)	(2,138)	(11,922)
Bad debt written-off	-	-	(17,057)	(17,057)
Ending balance	<u>40,720</u>	<u>49,744</u>	<u>75,370</u>	<u>165,834</u>

(Unit: Million Baht)

Separate financial statements				
31 December 2021				
	Financial assets			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items (assets)				
Beginning balance	2,568	169	-	2,737
Changes due to remeasurement of loss allowance	(579)	1	-	(578)
New financial assets purchased or acquired	315	24	-	339
Derecognition of financial assets	(106)	(108)	-	(214)
Ending balance	2,198	86	-	2,284
Investments in debt securities measured at amortised cost				
Beginning balance	1	10	36	47
Changes due to remeasurement of loss allowance	(1)	-	-	(1)
New financial assets purchased or acquired	-	10	-	10
Derecognition of financial assets	-	(10)	-	(10)
Ending balance	-	10	36	46
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	42	-	926	968
Changes due to remeasurement of loss allowance	(16)	-	-	(16)
New financial assets purchased or acquired	9	-	-	9
Derecognition of financial assets	(1)	-	-	(1)
Ending balance	34	-	926	960
Loans to customers and accrued interest receivables				
Beginning balance	28,249	39,183	73,158	140,590
Changes due to staging of financial assets	5,279	(3,437)	(1,842)	-
Changes due to remeasurement of loss allowance	4,237	9,987	10,541	24,765
New financial assets purchased or acquired	4,413	2,197	1,402	8,012
Derecognition of financial assets	(1,354)	(1,372)	(1,960)	(4,686)
Bad debt written-off	-	-	(5,031)	(5,031)
Ending balance	40,824	46,558	76,268	163,650

8.10 Properties for sale - net

Properties for sale as of 31 December 2022 and 2021 are summarised as follows:

(Unit: Million Baht)

Type of properties for sale	Consolidated financial statements							
	31 December 2022				31 December 2021			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	47,088	5,695	(2,929)	49,854	39,588	12,280	(4,780)	47,088
Movable assets	145	229	(210)	164	171	105	(131)	145
Total	47,233	5,924	(3,139)	50,018	39,759	12,385	(4,911)	47,233
Others (closed branches)	470	103	(238)	335	677	6	(213)	470
Properties for sale in transit	340	567	(907)	-	650	2,138	(2,448)	340
Total	48,043	6,594	(4,284)	50,353	41,086	14,529	(7,572)	48,043
<u>Less</u> Allowance for impairment	(8,816)	(1,493)	785	(9,524)	(8,427)	(2,190)	1,801	(8,816)
Properties for sale - net	39,227	5,101	(3,499)	40,829	32,659	12,339	(5,771)	39,227

(Unit: Million Baht)

Type of properties for sale	Separate financial statements							
	31 December 2022				31 December 2021			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	47,088	5,695	(2,929)	49,854	39,588	12,280	(4,780)	47,088
Movable assets	11	-	-	11	11	-	-	11
Total	47,099	5,695	(2,929)	49,865	39,599	12,280	(4,780)	47,099
Others (closed branches)	470	103	(238)	335	675	6	(211)	470
Properties for sale in transit	340	567	(907)	-	650	2,138	(2,448)	340
Total	47,909	6,365	(4,074)	50,200	40,924	14,424	(7,439)	47,909
<u>Less</u> Allowance for impairment	(8,726)	(1,290)	606	(9,410)	(8,355)	(2,077)	1,706	(8,726)
Properties for sale - net	39,183	5,075	(3,468)	40,790	32,569	12,347	(5,733)	39,183

During the years ended 31 December 2022 and 2021, the Bank had gains on disposal of properties for sale totaling Baht 360 million and Baht 432 million, respectively (excluding revenue from ownership transfer fees paid by customers totaling Baht 43 million and Baht 71 million, respectively, and selling expenses of Baht 236 million and Baht 292 million, respectively).

Immovable properties for sale classified by external and internal appraisers as at 31 December 2022 and 2021 consist of the following:

	(Unit: Million Baht)	
	Consolidated and separate statements	financial
	31 December 2022	31 December 2021
Immovable properties for sale - assets from debt repayment		
Appraised by external appraisers	48,933	45,755
Appraised by internal appraisers	921	1,333
Total	<u>49,854</u>	<u>47,088</u>

As at 31 December 2022, the Bank has properties for sale which participated in the BOT's financial restructuring program for providing assistance and rehabilitation of business entrepreneurs affected by the coronavirus disease 2019 outbreak, whereby it entered into a contract to accept the transfer of legal ownership rights in settlement of loans amounting to Baht 11,686 million. Debtor who is participating in the program has entered into the contract to lease back its assets from the Bank for use in its operations and has been granted rights to purchase its assets back within 3-5 years at the purchase price plus the cost of maintenance of the assets and other expenses related to the maintenance of the assets, less rental fee (2021: Baht 7,892 million).

8.11 Land, premises and equipment - net

Movement of land, premises and equipment for the years ended 31 December 2022 and 2021 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2022					
	Land		Premises	Equipment	Others	Total
Cost	Revaluation*					
<u>Cost</u>						
1 January 2022	5,779	17,694	12,555	23,911	992	60,931
Additions/transfers-in	-	-	123	1,959	537	2,619
Disposals/transfers-out	(31)	(59)	(444)	(2,619)	(93)	(3,246)
Others	-	4	1	(5)	(7)	(7)
31 December 2022	5,748	17,639	12,235	23,246	1,429	60,297
<u>Accumulated depreciation</u>						
1 January 2022	-	-	9,013	19,529	824	29,366
Depreciation	-	-	214	1,669	72	1,955
Disposals	-	-	(71)	(2,185)	(5)	(2,261)
Others	-	-	-	(5)	(4)	(9)
31 December 2022	-	-	9,156	19,008	887	29,051
<u>Allowance for impairment</u>						
1 January 2022	31	-	16	-	-	47
Disposals	(1)	-	-	-	-	(1)
31 December 2022	30	-	16	-	-	46
<u>Net book value</u>						
31 December 2022	5,718	17,639	3,063	4,238	542	31,200
Depreciation for the years ended 31 December						
2021						1,849
2022						1,955

*The Bank has revaluation in 2021.

(Unit: Million Baht)

Consolidated financial statements

31 December 2021

	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2021	5,778	10,399	12,616	23,780	976	53,549
Additions/transfers-in	-	7,293	242	1,608	280	9,423
Disposals/transfers-out	-	-	(309)	(1,483)	(262)	(2,054)
Others	1	2	6	6	(2)	13
31 December 2021	5,779	17,694	12,555	23,911	992	60,931
<u>Accumulated depreciation</u>						
1 January 2021	-	-	8,850	19,106	766	28,722
Depreciation	-	-	220	1,566	63	1,849
Disposals	-	-	(60)	(1,148)	(5)	(1,213)
Others	-	-	3	5	-	8
31 December 2021	-	-	9,013	19,529	824	29,366
<u>Allowance for impairment</u>						
1 January 2021	49	-	16	-	-	65
Disposals/transfers-out	(18)	-	-	-	-	(18)
31 December 2021	31	-	16	-	-	47
<u>Net book value</u>						
31 December 2021	5,748	17,694	3,526	4,382	168	31,518
Depreciation for the years ended 31 December						
2020						1,799
2021						1,849

*The Bank has revaluation in 2021.

(Unit: Million Baht)

Separate financial statements

31 December 2022

	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2022	5,992	17,330	11,484	13,782	963	49,551
Additions/transfers-in	-	-	36	964	492	1,492
Disposals/transfers-out	(31)	(59)	(415)	(1,023)	(27)	(1,555)
Others	-	4	1	(5)	(7)	(7)
31 December 2022	5,961	17,275	11,106	13,718	1,421	49,481
<u>Accumulated depreciation</u>						
1 January 2022	-	-	8,313	11,728	824	20,865
Depreciation	-	-	148	771	72	991
Disposals	-	-	(44)	(1,023)	(5)	(1,072)
Others	-	-	-	(5)	(4)	(9)
31 December 2022	-	-	8,417	11,471	887	20,775
<u>Allowance for impairment</u>						
1 January 2022	31	-	16	-	-	47
Disposals	(1)	-	-	-	-	(1)
31 December 2022	30	-	16	-	-	46
<u>Net book value</u>						
31 December 2022	5,931	17,275	2,673	2,247	534	28,660
Depreciation for the years ended 31 December						
2021						1,025
2022						991

* The Bank has revaluation in 2021.

(Unit: Million Baht)

	Separate financial statements					
	31 December 2021					
	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2021	5,991	10,035	11,421	13,512	976	41,935
Additions/transfers-in	-	7,293	60	396	227	7,976
Disposals/transfers-out	-	-	(3)	(132)	(238)	(373)
Others	1	2	6	6	(2)	13
31 December 2021	5,992	17,330	11,484	13,782	963	49,551
<u>Accumulated depreciation</u>						
1 January 2021	-	-	8,148	11,057	766	19,971
Depreciation	-	-	165	797	63	1,025
Disposals	-	-	(3)	(131)	(5)	(139)
Others	-	-	3	5	-	8
31 December 2021	-	-	8,313	11,728	824	20,865
<u>Allowance for impairment</u>						
1 January 2021	49	-	16	-	-	65
Disposals/transfers-out	(18)	-	-	-	-	(18)
31 December 2021	31	-	16	-	-	47
<u>Net book value</u>						
31 December 2021	5,961	17,330	3,155	2,054	139	28,639
Depreciation for the years ended 31 December						
2020						1,150
2021						1,025

* The Bank has revaluation in 2021.

As at 31 December 2022 and 2021, the Bank and its subsidiaries have buildings and equipment which have been fully depreciated but are still in use, with gross carrying amounts before deducting accumulated depreciation and allowance for impairment approximately Baht 18,173 million and Baht 19,473 million, respectively (separate financial statements: Baht 12,592 million and Baht 13,174 million, respectively).

The Bank arranged for an independent appraiser to appraise the value of land in 2021. The basis of the revaluation was market approach.

Assumptions used in the valuation are summarised as follows:

	Consolidated and separate financial statements	Result to fair value whereas an increase in assumption value
Price per square wah (Baht)	3,000 - 2,000,000	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land of the Bank and its subsidiaries for the years ended 31 December 2022 and 2021 are summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Balance - beginning of the year	14,296	8,580	14,005	8,289
Increased during the year ⁽¹⁾	-	5,836	-	5,836
Transfer out during the year	(85)	(120)	(85)	(120)
Balance - end of the year	<u>14,211</u>	<u>14,296</u>	<u>13,920</u>	<u>14,005</u>

(1) Include the adjustment for the transfer of land of closed branches to properties for sale.

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

8.12 Leases

The Bank and its subsidiaries have lease contracts for various items of premises, equipment, and vehicles used in its operations. Leases generally have lease terms between 1 - 50 years.

8.12.1 Right-of-use assets - net

Movement of right-of-use assets for the year ended 31 December 2022 and 2021 are summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
31 December 2022					
	Premises	Equipment	Vehicles	Software license	Total
<u>Cost</u>					
1 January 2022	4,839	506	1,791	10	7,146
Additions/transfers-in	1,367	37	251	-	1,655
Disposals/transfers-out	(1,428)	(14)	(192)	-	(1,634)
Others	(6)	-	-	-	(6)
31 December 2022	4,772	529	1,850	10	7,161
<u>Accumulated depreciation</u>					
1 January 2022	2,046	133	693	2	2,874
Depreciation	1,644	157	419	3	2,223
Disposals	(1,401)	(14)	(181)	-	(1,596)
31 December 2022	2,289	276	931	5	3,501
<u>Net book value</u>					
31 December 2022	2,483	253	919	5	3,660
Depreciation for the years ended 31 December					
2021					2,213
2022					2,223

(Unit: Million Baht)

Consolidated financial statements					
31 December 2021					
	Premises	Equipment	Vehicles	Software license	Total
<u>Cost</u>					
1 January 2021	4,336	445	1,501	-	6,282
Additions/transfers-in	1,693	180	420	9	2,302
Disposals/transfers-out	(1,194)	(119)	(130)	-	(1,443)
Others	4	-	-	1	5
31 December 2021	4,839	506	1,791	10	7,146
<u>Accumulated depreciation</u>					
1 January 2021	1,305	100	403	-	1,808
Depreciation	1,658	134	419	2	2,213
Disposals	(919)	(101)	(128)	-	(1,148)
Others	2	-	(1)	-	1
31 December 2021	2,046	133	693	2	2,874
<u>Net book value</u>					
31 December 2021	2,793	373	1,098	8	4,272
Depreciation for the years ended 31 December					
2020					2,234
2021					2,213

(Unit: Million Baht)

Separate financial statements				
31 December 2022				
	Premises	Vehicles	Software license	Total
<u>Cost</u>				
1 January 2022	4,150	1,620	10	5,780
Additions/transfers-in	1,129	236	-	1,365
Disposals/transfers-out	(1,257)	(130)	-	(1,387)
Others	(6)	-	-	(6)
31 December 2022	4,016	1,726	10	5,752
<u>Accumulated depreciation</u>				
1 January 2022	1,687	605	2	2,294
Depreciation	1,413	388	3	1,804
Disposals	(1,245)	(130)	-	(1,375)
31 December 2022	1,855	863	5	2,723
<u>Net book value</u>				
31 December 2022	2,161	863	5	3,029
Depreciation for the years ended 31 December				
2021				1,863
2022				1,804

(Unit: Million Baht)

Separate financial statements				
31 December 2021				
	Premises	Vehicles	Software license	Total
<u>Cost</u>				
1 January 2021	3,705	1,337	-	5,042
Additions/transfers-in	1,617	407	9	2,033
Disposals/transfers-out	(1,176)	(124)	-	(1,300)
Others	4	-	1	5
31 December 2021	4,150	1,620	10	5,780
<u>Accumulated depreciation</u>				
1 January 2021	1,125	346	-	1,471
Depreciation	1,478	383	2	1,863
Disposals	(918)	(123)	-	(1,041)
Others	2	(1)	-	1
31 December 2021	1,687	605	2	2,294
<u>Net book value</u>				
31 December 2021	2,463	1,015	8	3,486
Depreciation for the years ended 31 December				
2020				1,865
2021				1,863

8.12.2 Lease liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Lease payments				
Up to 1 years	1,763	1,958	1,384	1,513
Over 1 -5 years	1,923	2,318	1,584	1,892
Over 5 years	159	190	159	190
Total	3,845	4,466	3,127	3,595
Less: Deferred interest expenses	(157)	(189)	(124)	(146)
Total	3,688	4,277	3,003	3,449

8.12.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets	2,223	2,213	1,804	1,863
Interest expense on lease liabilities	84	84	52	52
Expense relating to short-term leases	473	430	332	276
Expense relating to leases of low-value assets	64	91	30	58
Total	2,844	2,818	2,218	2,249

8.12.4 Others

The Bank and its subsidiaries had total cash outflows for leases for the years ended 31 December 2022 and 2021 of Baht 2,881 million and Baht 2,934 million, respectively (separate financial statements: Baht 2,265 million and Baht 2,300 million, respectively), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

8.13 Intangible assets - net

Movement of intangible assets for the years ended 31 December 2022 and 2021 are summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
31 December 2022					
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2022	16,127	14	4,322	728	21,191
Additions/transfers-in	4,781	-	30	7,467	12,278
Disposals/transfers-out	(452)	-	(89)	(5,988)	(6,529)
Others	(1)	-	-	-	(1)
31 December 2022	20,455	14	4,263	2,207	26,939
<u>Accumulated amortisation</u>					
1 January 2022	6,571	12	3,761	-	10,344
Amortisation	1,704	1	172	-	1,877
Disposals	(419)	-	(48)	-	(467)
31 December 2022	7,856	13	3,885	-	11,754
<u>Allowance for impairment</u>					
1 January 2022	1	-	-	-	1
Additions/transfers-in	2	-	18	-	20
31 December 2022	3	-	18	-	21
<u>Net book value</u>					
31 December 2022	12,596	1	360	2,207	15,164
Amortisation for the years ended 31 December					
2021					1,278
2022					1,877

Consolidated financial statements

31 December 2021

	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2021	10,041	14	4,324	694	15,073
Additions/transfers-in	6,113	-	-	3,894	10,007
Disposals/transfers-out	(28)	-	(2)	(3,861)	(3,891)
Others	1	-	-	1	2
31 December 2021	16,127	14	4,322	728	21,191
<u>Accumulated amortisation</u>					
1 January 2021	5,492	12	3,564	-	9,068
Amortisation	1,079	-	199	-	1,278
Disposals	-	-	(2)	-	(2)
31 December 2021	6,571	12	3,761	-	10,344
<u>Allowance for impairment</u>					
1 January 2021	-	-	-	-	-
Additions	1	-	-	-	1
31 December 2021	1	-	-	-	1
<u>Net book value</u>					
31 December 2021	9,555	2	561	728	10,846
Amortisation for the years ended 31 December					
2020					993
2021					1,278

Separate financial statements

31 December 2022

	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2022	10,127	7	755	639	11,528
Additions/transfers-in	5,207	-	10	7,450	12,667
Disposals/transfers-out	-	-	(2)	(5,895)	(5,897)
Others	(1)	-	-	-	(1)
31 December 2022	15,333	7	763	2,194	18,297
<u>Accumulated amortisation</u>					
1 January 2022	1,703	5	555	-	2,263
Amortisation	1,344	-	57	-	1,401
31 December 2022	3,047	5	612	-	3,664
<u>Allowance for impairment</u>					
1 January 2022	1	-	-	-	1
31 December 2022	1	-	-	-	1
<u>Net book value</u>					
31 December 2022	12,285	2	151	2,194	14,632
Amortisation for the years ended 31 December					
2021					707
2022					1,401

Separate financial statements

	31 December 2021				
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2021	4,093	7	757	595	5,452
Additions/transfers-in	6,061	-	-	3,852	9,913
Disposals/transfers-out	(28)	-	(2)	(3,809)	(3,839)
Others	1	-	-	1	2
31 December 2021	10,127	7	755	639	11,528
<u>Accumulated amortisation</u>					
1 January 2021	1,050	5	503	-	1,558
Amortisation	653	-	54	-	707
Disposals	-	-	(2)	-	(2)
31 December 2021	1,703	5	555	-	2,263
<u>Allowance for impairment</u>					
1 January 2021	-	-	-	-	-
Additions	1	-	-	-	1
31 December 2021	1	-	-	-	1
<u>Net book value</u>					
31 December 2021	8,423	2	200	639	9,264
Amortisation for the years ended 31 December					
2020					343
2021					707

As at 31 December 2022 and 2021, the Bank and its subsidiaries have intangible assets which have been fully amortised but are still in use, with gross carrying amounts before deducting accumulated amortisation of approximately Baht 6,309 million and Baht 6,067 million, respectively (separate financial statements: Baht 901 million and Baht 898 million, respectively).

8.14 Deferred tax assets/liabilities and income tax

8.14.1 Deferred tax assets/liabilities

As at 31 December 2022 and 2021, deferred tax assets and liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Deferred tax assets	10,842	11,591	8,060	8,767
Deferred tax liabilities	(6,345)	(6,802)	(6,102)	(6,513)
Net	4,497	4,789	1,958	2,254

The components of deferred tax assets and liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31	31	Changes of deferred tax	
			for the years ended	
	December	December	31 December	
2022	2021	2022	2021	
Deferred tax assets:				
Investments	1,083	686	397	101
Investment in subsidiaries and associated companies	(27)	-	(27)	-
Loans to customers and accrued interest receivable	1,794	2,148	(354)	(161)
Properties for sale	2,063	1,919	144	248
Land, premises and equipment	11	11	-	(5)
Provisions	4,047	4,070	(23)	13
Unused tax losses	31	17	14	11
Leases	71	91	(20)	3
Others	1,769	2,649	(880)	(186)
Total	10,842	11,591	(749)	24
Deferred tax liabilities:				
Investments	(2,611)	(2,803)	192	(329)
Land, premises and equipment	(3,893)	(3,904)	11	(1,460)
Leases	(60)	(83)	23	(4)
Others	219	(12)	231	677
Total	(6,345)	(6,802)	457	(1,116)
Net	4,497	4,789	(292)	(1,092)
Changes of deferred tax:				
Recognised in profit or loss			(645)	683
Recognised in other comprehensive income			353	(1,775)
Total			(292)	(1,092)

(Unit: Million Baht)

	Separate financial statements			
	31 December	31 December	Changes of deferred tax for the years ended	
			31 December	
	2022	2021	2022	2021
Deferred tax assets:				
Investments	1,079	684	395	101
Investment in subsidiaries and associated companies	(27)	-	(27)	(162)
Loans to customers and accrued interest receivables	22	323	(301)	(95)
Properties for sale	2,063	1,919	144	248
Land, premises and equipment	9	9	-	(4)
Provisions	3,186	3,768	(582)	20
Others	1,728	2,064	(336)	(272)
Total	8,060	8,767	(707)	(164)
Deferred tax liabilities:				
Investments	(2,611)	(2,803)	192	(329)
Land, premises and equipment	(3,855)	(3,858)	3	(1,470)
Others	364	148	216	656
Total	(6,102)	(6,513)	411	(1,143)
Net	1,958	2,254	(296)	(1,307)
Changes of deferred tax:				
Recognised in profit or loss			(673)	449
Recognised in other comprehensive income			377	(1,756)
Total			(296)	(1,307)

8.14.2 Income tax

The Bank has complied with its tax management policy to correctly operate tax payment, tax filing and tax benefit utilisation according to the legal regulations.

The Bank has considered tax effects both current and future of benefit from carrying amount of assets or settlement of carrying amount of liabilities. If there is probable that the Bank will get benefits from carrying amount of assets or settlement of carrying amount of liabilities, the Bank will pay higher future income tax (or lower) on the basis of amounts expected to be paid. Such the consideration is based on estimations, assumptions, regulation changes that may occur, legal interpretation and historical experience. In the future, if events change, which resulted the Bank to change its decision on the sufficiency of accrued income tax, any changes in accrued income tax will affect to income tax in the period that the changes occur.

Income tax expenses for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Current income tax:				
Corporate income tax	8,635	6,729	6,488	4,877
Adjustment in respect of income tax	(203)	(71)	(210)	(33)
Deferred tax:				
Relating to temporary differences and reversal of temporary differences	645	(683)	673	(449)
Income tax expenses reported in profit or loss	9,077	5,975	6,951	4,395

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Deferred tax on revaluation surplus on assets	-	1,459	-	1,459
Deferred tax on gains (losses) from hedge accounting	58	(28)	58	(28)
Deferred tax on gains (losses) from the changes in value of investments in debt instruments measured at fair value through other comprehensive income	(397)	(452)	(396)	(452)
Deferred tax on gains (losses) from the changes in value of investments in equity instruments designated at fair value through other comprehensive income	(236)	625	(236)	625
Deferred tax on actuarial gains and losses	222	171	197	152
	(353)	1,775	(377)	1,756

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting profit before tax	46,283	30,531	38,633	23,832
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	9,257	6,106	7,727	4,766
Adjustment in respect of income tax	(203)	(71)	(210)	(33)
Allowance for deterred tax assets	275	-	275	-
Effects of non-taxable revenue and non-deductible expenses - net	(252)	(60)	(841)	(338)
Income tax expenses reported in profit or loss	9,077	5,975	6,951	4,395

8.15 Other assets - net

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Prepaid expenses	438	1,729	56	1,161
Suspense debtors	4,501	4,361	4,636	4,497
Collateral under Credit Support Annex				
Contract and Cash Margin Debtors	7,059	6,404	7,059	6,404
Settlement account between the Bank and other financial institutions	131	104	35	38
Receivables from sale of securities	10,620	2,068	10,620	2,068
Others	13,165	9,233	13,945	9,772
Total	35,914	23,899	36,351	23,940
Less: Allowance for impairment	(3,812)	(3,793)	(3,808)	(3,784)
Other assets - net	32,102	20,106	32,543	20,156

As at 31 December 2022, other assets included defaulted debtors from convertible preferred shares contracts of Baht 998 million, which the Bank has set up an allowance for impairment at the same amount (Note 8.41.1 to the consolidated financial statements) (2021: Baht 998 million).

8.16 Deposits

8.16.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Demand deposits	131,583	124,124	131,628	124,135
Saving deposits	2,023,063	2,078,745	2,026,933	2,082,289
Time of deposits	435,590	411,878	436,164	412,642
Total	<u>2,590,236</u>	<u>2,614,747</u>	<u>2,594,725</u>	<u>2,619,066</u>

8.16.2 Classified by customers currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,527,372	24,200	2,551,572	2,563,846	21,895	2,585,741
US Dollar	26,699	9,320	36,019	19,152	6,921	26,073
Others	2,006	639	2,645	2,469	464	2,933
Total	<u>2,556,077</u>	<u>34,159</u>	<u>2,590,236</u>	<u>2,585,467</u>	<u>29,280</u>	<u>2,614,747</u>

(Unit: Million Baht)

	Separate financial statements					
	31 December 2022			31 December 2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,531,861	24,200	2,556,061	2,568,165	21,895	2,590,060
US Dollar	26,699	9,320	36,019	19,152	6,921	26,073
Others	2,006	639	2,645	2,469	464	2,933
Total	<u>2,560,566</u>	<u>34,159</u>	<u>2,594,725</u>	<u>2,589,786</u>	<u>29,280</u>	<u>2,619,066</u>

8.17 Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	144	25,608	25,752	146	31,061	31,207
Commercial banks	953	129,048	130,001	3,340	107,468	110,808
Specialised financial institutions	736	40,501	41,237	779	53,242	54,021
Other financial institutions	49,091	13,733	62,824	62,390	13,213	75,603
Total domestic items	50,924	208,890	259,814	66,655	204,984	271,639
Foreign						
US Dollar	785	15,561	16,346	246	23,879	24,125
Euro	16	-	16	393	-	393
Other	347	576	923	187	-	187
Total foreign items	1,148	16,137	17,285	826	23,879	24,705
Total	52,072	225,027	277,099	67,481	228,863	296,344

(Unit: Million Baht)

	Separate financial statements					
	31 December 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	144	25,608	25,752	146	31,061	31,207
Commercial banks	296	126,849	127,145	594	107,469	108,063
Specialised financial institutions	736	39,501	40,237	779	52,241	53,020
Other financial institutions	49,091	12,983	62,074	62,390	13,013	75,403
Total domestic items	50,267	204,941	255,208	63,909	203,784	267,693
Foreign						
US Dollar	785	15,561	16,346	246	23,879	24,125
Euro	16	-	16	393	-	393
Other	347	576	923	187	-	187
Total foreign items	1,148	16,137	17,285	826	23,879	24,705
Total	51,415	221,078	272,493	64,735	227,663	292,398

8.18 Financial liabilities measured at fair value through profit or loss

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Financial liabilities held for trading		
Provision for returning securities	2,319	-
Total	2,319	-

8.19 Debt issued and borrowings

As at 31 December 2022 and 2021, debt issued and borrowings are classified as follows:

(Unit: Million Baht)

	Currency	Interest rate	Maturity date	Consolidated financial statements					
				31 December 2022			31 December 2021		
				Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
Long term bonds									
2015	Baht	3.90 - 4.00	2025	2,000	-	2,000	2,695	-	2,695
2016	Baht	3.00 - 4.00	2023 - 2026	8,070	-	8,070	8,070	-	8,070
2017	Baht	3.50 - 3.80	2027	5,500	-	5,500	10,808	-	10,808
2018	Baht	2.35 - 3.83	2023 - 2028	4,128	-	4,128	4,128	-	4,128
2019	Baht	2.60 - 3.20	2024 - 2029	3,615	-	3,615	4,237	-	4,237
2020	Baht	2.23 - 2.65	2023 - 2030	1,700	-	1,700	3,414	-	3,414
2021	Baht	1.17 - 2.90	2023 - 2031	9,130	-	9,130	9,073	-	9,073
2022	Baht	1.59 - 3.38	2024 - 2027	10,127	-	10,127	-	-	-
KTB subordinated debentures									
No.1/2017	Baht	3.40	2027	-	-	-	20,139	-	20,139
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
No.1/2022	Baht	3.25	2032	18,073	-	18,073	-	-	-
Additional Tier 1									
subordinated notes	US Dollar	4.40	No maturity	-	18,627	18,627	-	19,698	19,698
Structured notes	US Dollar	0.65 - 1.10	2023 - 2028	24,086	-	24,086	24,989	-	24,989
Structured notes	Baht	0.00 - 4.40 ⁽¹⁾	2023 - 2032	22,111	-	22,111	2,566	-	2,566
Structured notes	Yen	4.00	2023	5	-	5	-	-	-
Total				132,545	18,627	151,172	114,119	19,698	133,817

⁽¹⁾ Thai Baht structured notes include a Callable note, which disclose at base interest rate only.

(Unit: Million Baht)

	Currency	Interest rate	Maturity date	Separate financial statements					
				31 December 2022			31 December 2021		
				Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
KTB subordinated debentures									
No.1/2017	Baht	3.40	2027	-	-	-	20,139	-	20,139
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
No.1/2022	Baht	3.25	2032	18,073	-	18,073	-	-	-
Additional Tier 1									
subordinated notes	US Dollar	4.40	No maturity	-	18,627	18,627	-	19,698	19,698
Structured notes	US Dollar	0.65 - 1.10	2023 - 2028	24,086	-	24,086	24,989	-	24,989
Structured notes	Baht	0.00 - 4.40 ⁽¹⁾	2023 - 2032	22,111	-	22,111	2,566	-	2,566
Structured notes	Yen	4.00	2023	5	-	5	-	-	-
Total				88,275	18,627	106,902	71,694	19,698	91,392

⁽¹⁾ Thai Baht structured notes include a Callable note, which disclose at base interest rate only.

Structured notes

On 8 March 2021, the Bank issued and offered 7 structured notes totaling US Dollar 748 million. The notes have step fixed interest rate with payment of interest to be made quarterly until maturity and the payment of principle is linked with the USDT/THB FX rate. The notes mature in the year 2022 to 2028 and have tenors of 1 - 7 years. There is an option to early redeem the notes that subject to the conditions of the Bank, without the holder's consent. During the year, there is one structured note that reached its maturity.

On 16 June and 9 July 2021, the Bank issued and offered Baht 741 million of structured notes, comprising 741,000 units of Baht 1,000 each. The notes mature in the year 2026 and have tenors of 5 years. The payout is linked with the Solactive Luxury Dynamic Factors 10% Daily Risk Control Index. There is an option to early redeem the notes by both the holders and the Bank, according to the conditions of the Bank.

On 14 September 2021, the Bank issued and offered Baht 1,825 million of structured notes, comprising 1,825,000 units of Baht 1,000 each. The notes mature in the year 2026 and have tenors of 5 years. The payout is linked with the iSTOXX® Global Transformation IxGTRSND Index. There is an option to early redeem the notes by both the holders and the Bank, according to the conditions of the Bank.

On 27 January 2022, the Bank issued and offered Baht 1,340 million of structured notes, comprising 1,340,000 units of Baht 1,000 each. The notes mature in the year 2027 and have tenors of 5 years. The payout is linked with the Solactive Global Artificial Intelligence ESG 5% AR (SOAIESG5) index. There is an option to early redeem the notes by both the holders and the Bank, according to the conditions of the Bank.

During May to December 2022, the Bank issued and offered structured notes in US Dollars and in Thai Baht, totaling of US Dollar 4 million and Baht 3,646 million, respectively. The notes mature in the year 2024 to 2032 and have tenors of 1.5 - 10 years. The payout is linked with J.P. Morgan Mozaic XRP Index (MOZAIC XRP). There is an option to early redeem the notes by both holders and the Bank, according to the conditions of the Bank.

During June to November 2022, the Bank issued and offered 1,403 structured notes of “Krungthai Inverse Floater” totaling Baht 11,737 million, comprising 11,736,700 units of Baht 1,000 each. The notes have inverse floating interest rate by linking with THOR interest rate with payment of interest to be made quarterly until maturity. The notes mature in the year 2023 to 2025 and have tenors of 1 - 3 years. There is an option to early redeem the notes by both holders and the Bank, according to the conditions of the Bank.

On November 2022, the Bank issued and offered 232 structured notes of “Krung Thai Step-up Callable Bonus Notes” totaling Baht 3,240 million, comprising 3,239,900 units of Baht 1,000 each. The notes mature in the year 2027 and have tenors of 5 years. The notes have fixed distribution rate by starting at 1.65 percent per annum and highest at 4.40 percent per annum. The notes have bonus interest in the first year which the Bank pays an additional interest by referring to 3M THB THOR. There is an option to early redeem the notes after 1 year, or after that which is subject to the conditions of the Bank.

Subordinated notes

On 25 March 2021, the Bank issued and offered US Dollar 600 million of subordinated notes qualified to be included in Additional Tier 1 capital of the Bank, containing the write-down/write-off provision, in accordance with the terms thereof for sales to foreign investors according to the resolution of the Annual General Meeting of shareholders held on 11 April 2012. The notes have no maturity and no fixed redemption date. The Bank has a right to early redeem after 5 years from the issue date, by getting the approval from the BOT.

The notes have fixed distribution rate of 4.40 percent per annum until the first call date. Then, the distribution rate is subject to change to reference rate every 5 years. The Bank received net proceeds from the issued and offered of the subordinated notes amounting to US Dollar 600 million, which the BOT had approved to include in Additional Tier 1 capital from 25 March 2021. The Bank presented such subordinated notes as financial liabilities by taking into consideration both contractual obligation and legal rights as stated in the Offering Circular of the notes.

Subordinated debentures

The Bank issued Baht 20,000 million of subordinated debenture No.1/2017, comprising 20 million units of Baht 1,000 each. The debenture has a fixed interest rate of 3.40 percent per annum, with payment of interest to be made quarterly until maturity, and a tenor of 10 years, maturing in 2027. There is an option to early redeem the debentures after 5 years or after that which is subject to the conditions of the Bank, without the holder's consent. On 23 November 2022, the Bank has already redeemed such subordinated debentures.

The Bank issued Baht 24,000 million of subordinated debenture No.1/2019, comprising 24 million units of Baht 1,000 each. The debenture has a fixed interest rate of 3.70 percent per annum, with payment of interest to be made quarterly until maturity, and a tenor of 10 years, maturing in 2029. There is an option to early redeem the debentures after 5 years, or after that which is subject to the conditions of the Bank, without the holder's consent.

The Bank issued Baht 18,080 million of subordinated debenture No.1/2022, comprising 18.08 million units of Baht 1,000 each. The debenture has a fixed interest rate of 3.25 percent per annum, with payment of interest to be made every three months until maturity, and a tenor of 10 years, maturing in 2032. There is an option to early redeem the debentures after 5 years, or after that which is subject to the conditions of the Bank, without the holder's consent.

8.20 Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Allowance for expected credit losses on loan commitments and financial guarantee contracts	4,352	4,705	4,352	4,705
Provisions for employee benefits - post employment	11,656	13,761	10,101	12,240
Provisions for contingent losses from legal case	530	436	530	436
Other provisions	906	1,462	944	1,456
Total provisions	<u>17,444</u>	<u>20,364</u>	<u>15,927</u>	<u>18,837</u>

8.20.1 Allowance for expected credit losses on loan commitments and financial guarantee contracts

As at 31 December 2022 and 2021, allowance for expected credit losses on loan commitments and financial guarantee contracts classified by classification are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2022	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,177,651	1,518
Financial assets where there has been a significant increase in credit risk (Under-Performing)	119,206	2,089
Financial assets that are credit-impaired (Non-Performing)	9,047	745
Total	1,305,904	4,352

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2021	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,260,128	1,945
Financial assets where there has been a significant increase in credit risk (Under-Performing)	120,527	2,244
Financial assets that are credit-impaired (Non-Performing)	6,370	516
Total	1,387,025	4,705

The changes in the allowance for expected credit losses on loan commitments and financial guarantees are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2022			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Beginning balance	1,945	2,244	516	4,705
Changes due to staging of financial assets	545	(557)	12	-
Changes due to remeasurement of loss allowance	(925)	516	114	(295)
New issued obligations to grant credit guarantees	159	187	161	507
Derecognition of financial assets	(206)	(301)	(58)	(565)
Ending balance	1,518	2,089	745	4,352

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2021			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Beginning balance	1,027	2,691	870	4,588
Changes due to staging of financial assets	964	(939)	(25)	-
Changes due to remeasurement of loss allowance	(109)	504	(92)	303
New issued obligations to grant credit guarantees	140	150	5	295
Derecognition of financial assets	(77)	(162)	(242)	(481)
Ending balance	1,945	2,244	516	4,705

8.20.2 Provisions for employee benefits - post employment

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Defined benefit obligation at the beginning of the year	13,761	15,123	12,240	13,582
Included in profit or loss:				
Current service cost	822	999	687	835
Interest cost	323	257	290	233
Curtailment	(1,151)	(863)	(1,151)	(863)
Included in other comprehensive income:				
Actuarial (gains) losses arising from:				
- Demographic assumptions changes	-	78	-	82
- Financial assumptions changes	(894)	(888)	(779)	(773)
- Experience adjustments	(215)	(45)	(205)	(66)
(Transferred out) / Transferred in	-	-	(86)	(11)
Benefits paid during the year	(990)	(900)	(895)	(779)
Defined benefit obligation at the end of the year	11,656	13,761	10,101	12,240

As at 31 December 2022 and 2021, the Bank and its subsidiaries expect to pay Baht 710 million and Baht 816 million, respectively, in long-term employee benefits during the next one year (separate financial statements: Baht 587 million and Baht 705 million, respectively).

The principal actuarial assumptions

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate (Percent per annum)	1.98 - 3.65	1.31 - 3.19	2.75	2.14
Future salary increase rate (Percent per annum)	3.00 - 6.00	3.00 - 6.00	6.00	6.00
Age of retirement (Year)	55 - 60 years	55 - 60 years	60 years	60 years

Sensitivity analysis of principal actuarial assumptions

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in assumptions used for calculation. The actuarial assumptions may change based on changes in market conditions, changed in inflation condition, including demographic changes in the defined benefit plan. The following table shows the effect of changes in key assumptions. The changes in assumptions occur separately.

(Unit: Million Baht)

	Increase (decrease) in the provisions			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Discount rate				
Increase 1%	(1,131)	(1,210)	(996)	(1,076)
Decrease 1%	1,346	1,439	1,189	1,284
Future salary increase rate				
Increase 1%	959	1,124	823	991
Decrease 1%	(829)	(970)	(708)	(852)

As at 31 December 2022 and 2021, the weighted average durations of the liabilities for long-term employee benefits obligation of the Bank and its subsidiaries are 5 - 21 years and 5 - 22 years, respectively (separate financial statements: 10 years and 11 years, respectively).

8.20.3 Provisions for contingent losses from legal case

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2022	31 December 2021
Balance at the beginning of the year	436	570
Increase during the year	252	159
Utilised	(155)	(270)
Reversal of provisions	(3)	(23)
Balance at the end of the year	530	436

8.21 Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Accrued interest expenses	3,644	3,571	3,366	3,301
Accrued expenses	15,115	12,306	14,029	10,476
Interbranch account	1,619	15	1,619	15
Suspense account creditors	4,165	4,783	3,622	4,241
Tax payables	4,067	3,523	3,357	2,616
Deferred revenue for reward points	2,587	2,481	-	-
Settle account between the Bank and other financial institutions	1,547	759	1,350	368
Advanced account	11,403	6,926	11,403	6,926
Cheque in transit	1,369	5,264	1,369	5,264
Payables from trading securities	3,862	1,995	3,862	1,995
Other liabilities	24,985	16,701	23,448	16,084
Total	<u>74,363</u>	<u>58,324</u>	<u>67,425</u>	<u>51,286</u>

8.22 Share capital

8.22.1 Ordinary shares

As at 31 December 2022 and 2021, the Bank's authorised share capital and issued and paid-up share capital - ordinary shares was 13,976,061,250 shares.

8.22.2 Preferred shares

The 5.5 million of preferred shares are fully paid-up. Preferred share has more preference over the ordinary share. Apart from entitling to the same voting rights and claims on dividends as ordinary shares, it may enjoy preferential rights to a special dividend at a 3 percent fixed rate per annum prior to the ordinary shares when paid.

8.22.3 As at 31 December 2022 and 2021, the Financial Institutions Development Fund holds 7,696,248,833 ordinary shares of the Bank or 55.05 percent of paid-up ordinary and preferred shares.

8.23 Other components of equity

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Surplus on revaluation of assets	17,764	17,870	17,400	17,507
Less: The effect of deferred tax liabilities	(3,553)	(3,574)	(3,480)	(3,502)
Net surplus on revaluation of assets	14,211	14,296	13,920	14,005
Revaluation surplus (deficit) on investments				
Debt securities	(2,585)	(612)	(2,566)	(603)
Equity securities	11,037	12,249	11,037	12,249
Expected credit losses	944	960	944	960
Total revaluation surplus (deficit) on investments	9,396	12,597	9,415	12,606
Add (less): The effect of deferred tax liabilities	(1,879)	(2,519)	(1,883)	(2,521)
Net revaluation surplus (deficit) on investments	7,517	10,078	7,532	10,085
Hedge reserves	377	84	377	84
Less: The effect of deferred tax liabilities	(75)	(17)	(75)	(17)
Net hedge reserves	302	67	302	67
Gains (losses) from translating the financial statements	18	73	18	73
Share of other comprehensive income of associated companies	(4,141)	6,012	-	-
Total	17,907	30,526	21,772	24,230

8.24 Legal reserve

In accordance with the Public Limited Company Act, the Bank is required to appropriate to its legal reserve not less than 5 percent of its net profit after deducting accumulated losses brought forward (if any), until the legal reserve reaches an amount not less than 10 percent of authorised share capital. The Bank has already set aside the full amount of its legal reserve.

8.25 Dividends

During the years ended 31 December 2022 and 2021, the Bank has dividends payments as follow:

(Unit: Million Baht)

Dividends	Approved by	Total dividends		Dividend per share		Payment date
		Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	
Dividends for the year 2021	Annual General Meeting of the Shareholders on 8 April 2022	3	5,842	0.5725	0.418	6 May 2022
Dividends for the year 2020	Annual General Meeting of the Shareholders on 9 April 2021	2	3,844	0.4295	0.275	7 May 2021

8.26 Commitment and contingent liabilities

8.26.1 Leases and service commitment

As at 31 December 2022, the Bank and its subsidiaries have future rental and service charges under non-cancellable leases which have not yet effective, long-term lease value and long term service contracts as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Within 1 year	Over 1 -5 years	Within 1 year	Over 1 -5 years
Non-cancellable leases which have not yet effective	20	1	20	-
Long term leases	192	81	74	66
Long term service contracts	1,944	1,283	1,174	789
Total	2,156	1,365	1,268	855

8.26.2 Contingent liabilities

	(Unit: Million Baht)			
	Consolidated	financial	Separate	financial
	statements	statements	statements	statements
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Avals to bills	6,373	7,185	6,373	7,185
Guarantees of loans	32,494	36,834	32,494	36,834
Liabilities under unmatured import bills	6,880	8,956	6,880	8,956
Letters of credit	23,819	36,799	23,819	36,799
Banks' liability under acceptances	18	16	18	16
Other contingencies				
Unused overdraft credit lines	146,452	154,677	146,452	154,677
Other guarantees	192,528	193,277	192,528	193,277
Others	181,513	172,925	5,133	5,090
Total	590,077	610,669	413,697	442,834

As at 31 December 2022 and 2021, the Bank has contingent liabilities relating to significant lawsuits brought against the Bank of Baht 18,873 million and Baht 18,313 million, respectively. These included lawsuits in which the Court of First Instance has already ruled and that are being appealed in the Appeal Court and the Supreme Court.

As at 31 December 2022 and 2021, the Bank has guarantees for transactions of the Bank of Baht 2,729 million and Baht 3,708 million, respectively.

8.27 Assets with obligations and restrictions

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	31 December 2022	31 December 2021
Government and state enterprise bonds pledged as collateral		
Court collateral	493	456
Repurchase agreements	81,729	56,601
Collateral for Student Loan Fund	53	55
Foreign debt securities as collateral		
Repurchase agreements	14,724	24,507
Properties for sale (subject to purchase or sell agreements)	786	1,655
Properties for sale (debtor is granted the right to buy back or first right for this portion)	17,329	14,165
Total	115,114	97,439

8.28 Related party transactions

8.28.1 The Bank has the following related parties transactions with the Bank's executives (First Vice President and above) including related persons who together with these employees as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	31 December 2022	31 December 2021
Loans	112	131
Deposits	420	351

	(Unit: Million Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2022	2021
Interest income	4	4
Interest expense	2	2

8.28.2 During the year, the Bank and its subsidiaries had significant business transactions with their related parties. These transactions are in the ordinary course of businesses. Below is a summary of those significant transactions.

	For the years ended 31 December				Transfer pricing policy (For the year 2022)
	Consolidated		Separate		
	financial statements		financial statements		
	2022	2021	2022	2021	
Transactions occurred during the periods					
Subsidiary companies					
Purchase of debt securities	-	-	2,451	2,810	At market price
Sales of debt securities	-	-	17,304	15,110	At market price
Purchase of equity securities	-	-	491	244	At market price
Sales of equity securities	-	-	17	664	At market price
Associated company					
Purchase of debt securities	11,309	25,363	11,309	25,363	At market price
Sales of debt securities	25,070	37,652	25,070	37,652	At market price
Purchase of equity securities	46	108	46	108	At market price
Sales of equity securities	634	104	634	104	At market price
Entities with parent company or common directors or key management personnel					
Purchase of debt securities	750	100	750	100	At market price

8.28.3 Interbank and money market items (assets), loans, obligations, derivatives, and other assets

The balances of interbank and money market items (assets), loans, obligations, derivatives, and other assets with related parties, which are under normal bank pricing policies, as at 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	financial
	financial statements		statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Interbank and money market items (assets)				
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	4,481	1,287	4,481	1,287
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	550	551	550	551
<u>Less</u> Allowance for expected credit losses	(46)	(260)	(46)	(260)
Total	<u>4,985</u>	<u>1,578</u>	<u>4,985</u>	<u>1,578</u>
Loans				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	9	8
KTB Computer Services Co., Ltd.	-	-	1,852	1,967
KTB Leasing Co., Ltd.	-	-	1,100	1,100
Krungthai Card Plc.	-	-	10,130	5,130
<u>Less</u> Allowance for expected credit losses	-	-	(247)	(19)
Total	<u>-</u>	<u>-</u>	<u>12,844</u>	<u>8,186</u>
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	5,370	5,373	5,370	5,373
Krungthai Panich Insurance Plc.	1	1	1	1
<u>Less</u> Allowance for expected credit losses	(25)	(26)	(25)	(26)
Total	<u>5,346</u>	<u>5,348</u>	<u>5,346</u>	<u>5,348</u>
Entities with parent company or common directors or key management personnel	23,056	21,955	23,056	21,955
<u>Less</u> Allowance for expected credit losses	(105)	(116)	(105)	(116)
Total	<u>22,951</u>	<u>21,839</u>	<u>22,951</u>	<u>21,839</u>
Entities in which the Bank held shares from TDR from 10 percent or more	8,718	8,256	8,718	8,256
<u>Less</u> Allowance for expected credit losses	(3,228)	(4,659)	(3,228)	(4,659)
Total	<u>5,490</u>	<u>3,597</u>	<u>5,490</u>	<u>3,597</u>

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Commitments				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	33	46
KTB Computer Services Co., Ltd.	-	-	5	5
Krungthai Card Plc.	-	-	1	1
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	5	5	5	5
Entities with common directors or key management personnel	59	142	59	142
Entities in which the Bank held shares from TDR from 10 percent or more	1	1	1	1
Derivatives (Notional amount)				
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	328	530	328	530
Krungthai-AXA Life Insurance Plc.	10,475	15,822	10,475	15,822
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	-	1	-	1
Krungthai Panich Insurance Plc.	41	22	41	22
Other assets				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	9	13
KTB Leasing Co., Ltd.	-	-	-	1
Krungthai Card Plc.	-	-	644	592
Krung Thai Asset Management Plc.	-	-	105	80
Infinitas by Krungthai Co., Ltd.	-	-	973	636
KTB General Services and Securities Co., Ltd.	-	-	1	1
Arise by Infinitas Co., Ltd.	-	-	79	27
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	8	-	7	-
Krungthai-AXA Life Insurance Plc.	207	176	205	174
Krungthai Panich Insurance Plc.	63	45	56	37
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	1	1	-	-
Entities with parent company or common directors or key management personnel	1,278	2,452	1,278	2,452

(1) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(2) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

8.28.4 Deposits, interbank and money market items (liabilities) and other liabilities

The balances of deposits, interbank and money market items (liabilities) and other liabilities to related parties, which are under normal bank pricing policies, as at 31 December 2022 and 2021 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Deposits				
<u>Parent company</u>				
Financial Institutions Development Fund	-	20	-	20
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	269	364
KTB General Services and Security Co., Ltd.	-	-	698	941
KTB Computer Services Co., Ltd.	-	-	442	53
KTB Leasing Co., Ltd.	-	-	5	343
KTB Advisory Co., Ltd.	-	-	3	3
Krungthai Card Plc.	-	-	1,779	1,632
Infinitas by Krungthai Co., Ltd.	-	-	1,238	700
Arise by Infinitas Co., Ltd.	-	-	76	300
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	-	165	-	165
Krungthai Panich Insurance Plc.	146	144	146	144
Entities with parent company or common directors or key management personnel	10,563	17,268	10,563	17,268
Entities in which the Bank held shares in aggregate from 10 to 20 percent	70	2	70	2
Entities in which the Bank held shares from TDR from 10 percent or more	364	353	364	353
Interbank and money market items (liabilities)				
<u>Subsidiary</u>				
Krung Thai Asset Management Plc.	-	-	343	458
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	2,877	3,209	2,877	3,209
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	102	24	102	24
Debt issued and borrowing				
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	50	20	50	20

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Other liabilities				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	338	295
KTB Computer Services Co., Ltd.	-	-	997	905
Krungthai Card Plc.	-	-	5	1
KTB Law Co., Ltd.	-	-	107	92
Infinitas by Krungthai Co., Ltd.	-	-	926	168
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	5	11	5	11
Krungthai-AXA Life Insurance Plc.	11	11	4	4
National ITMX Co., Ltd.	61	46	61	46

(1) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd changed its name to Krungthai Mizuho Leasing Co., Ltd.

(2) On 4 April 2022, Krungthai Zmico Securities Co., Ltd changed its name to Krungthai XSpring Securities Co., Ltd.

8.28.5 Income and expenses

The Bank has significant income and expenses with related parties as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Interest income				
<u>Subsidiaries</u>				
KTB Computer Services Co., Ltd.	-	-	41	39
KTB Leasing Co., Ltd.	-	-	12	10
Krungthai Card Plc.	-	-	54	29
<u>Associated companies</u>				
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	5	5	5	5
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	79	58	79	58
Krungthai-AXA Life Insurance Plc.	22	6	22	6
Entities with parent company or common directors or key management personnel	657	396	657	396
Entities in which the Bank held shares from TDR 10 percent or more	41	29	41	29
Interest expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	1	1
KTB General Services and Security Co., Ltd.	-	-	2	3
Krungthai Card Plc.	-	-	2	1
Krung Thai Asset Management Plc.	-	-	1	1
Infinitas by Krungthai Co., Ltd.	-	-	1	-

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated	financial	Separate	financial
	statements		statements	
	2022	2021	2022	2021
Interest expenses (continued)				
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	40	63	40	63
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	-	1	-	-
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	1	-	1	-
Entities with parent company or common directors or key management personnel	87	50	87	50
Entities in which the Bank held shares from TDR 10 percent or more	1	1	1	1
Other income				
<u>Subsidiaries</u>				
KTB Law Co., Ltd	-	-	3	-
KTB General Services and Security Co., Ltd.	-	-	12	10
KTB Leasing Co., Ltd.	-	-	5	14
Krung Thai Asset Management Plc.	-	-	582	1,089
Krungthai Card Plc.	-	-	144	131
Infinitas by Krungthai Co., Ltd.	-	-	107	39
Arise by Infinitas Co., Ltd.	-	-	29	9
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	2	6	2	6
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	6	10	2	7
Krungthai Panich Insurance Plc.	457	422	435	400
Krungthai-AXA Life Insurance Plc.	2,203	2,112	2,153	2,042
Other expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	216	199
KTB General Services and Security Co., Ltd.	-	-	1,997	2,265
KTB Computer Services Co., Ltd.	-	-	4,246	3,859
Krungthai Card Plc.	-	-	101	6
Infinitas by Krungthai Co., Ltd.	-	-	41	37
<u>Associated companies</u>				
Krungthai Mizuho Leasing Co., Ltd. ⁽¹⁾	16	17	-	-
Krungthai XSpring Securities Co., Ltd. ⁽²⁾	9	4	7	3
National ITMX Co., Ltd.	576	407	576	407
Krungthai-AXA Life Insurance Plc.	75	78	-	-
Krungthai Panich Insurance Plc.	15	15	-	-

(1) On 6 January 2022, Krung Thai IBJ Leasing Co., Ltd. changed its name to Krungthai Mizuho Leasing Co., Ltd.

(2) On 4 April 2022, Krungthai Zmico Securities Co., Ltd. changed its name to Krungthai XSpring Securities Co., Ltd.

8.28.6 The Bank and its subsidiaries have no compensation or other benefits, either monetary or non-monetary, to directors and executives, except the benefits normally paid as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Short-term employee benefits	1,235	1,160	877	793
Post-employment benefits	92	86	79	77
Total	1,327	1,246	956	870

8.28.7 Intercompany trading transactions

Subsidiaries

- 1) KTB Computer Services Co, Ltd. (“KTBCS”) is assigned by the Bank to provide information technology (IT) services to the Bank in relation to the implementation of various projects and systems according to the Bank’s business plan. The services providing to the Bank consist of system control and maintenance, system software development, and providing preliminary consultancy services and training in various areas. The Bank incurred service charges on a cost-plus method of Baht 4,125 million and Baht 3,728 million for the years ended 31 December 2022 and 2021, respectively.

Since 2003, the GFMS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMS attached to the Secretariat of the Prime Minister unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursements associated with the investments in the GFMS project on 22 September 2005. Furthermore, the Bank signed a hire-of-work contract for the implementation and maintenance with the Office of GFMS. The Bank incurred service charges of Baht 121 million and Baht 131 million for the years ended 31 December 2022 and 2021, respectively.

- 2) The Bank operates a student loan service for the Student Loans Fund, including public relations, policy, regulation, loan payment, document filling, loan notification, loan status, as well as receipt of settlement, pursuit of loan collection, and prosecution. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurred service charges of Baht 23 million and Baht 21 million for the years ended 31 December 2022 and 2021, respectively. Moreover, the Bank assigned the company to provide other legal services to the Bank and incurred service charges of Baht 193 million and Baht 178 million for the years ended 31 December 2022 and 2021, respectively.
- 3) KTB General Services and Security Co., Ltd. (“KTBGS”) is assigned by the Bank to provide collection and delivery services for all cash, foreign exchange and financial instruments, and the Bank’s asset. KTBGS also manages Krung Thai Bank Training Center and the Bank’s other buildings. The Bank incurred service charges of Baht 1,997 million and Baht 2,265 million for the years ended 31 December 2022 and 2021, respectively.
- 4) Infinitas by Krungthai Co., Ltd. is assigned by the Bank to provide services and consultation on innovation and digital solutions including management and application of information technology in various forms to serve the Bank’s strategy. The Bank incurred service charges on a cost-plus method of Baht 41 million and Baht 37 million for the years ended 31 December 2022 and 2021, respectively. During the year ended 31 December 2022, the Bank recognises intangible assets which internally generate by the company amounting to Baht 3,668 million.

The Bank has entered into support service agreement with Infinitas by Krungthai Co., Ltd., whereby the Bank charges service income at the rates as mutually agreed. The Bank generated service income from such services of Baht 107 million and Baht 39 million for the years ended 31 December 2022 and 2021, respectively.

- 5) The Bank generated fee income from service with its subsidiaries amounting to Baht 882 million and Baht 1,290 million for the years ended 31 December 2022 and 2021, respectively.
- 6) The Bank generated premises rental income from its subsidiaries of Baht 1 million and Baht 2 million for the years ended 31 December 2022 and 2021, respectively, at the rate upon agreement.

Intercompany considerations

Intercompany income and expenses are based on the rates upon agreement and the amount specified in the contract, while the cost-plus method is used for certain transactions.

The consolidated financial statements include the accounts of subsidiaries after eliminating intercompany transactions and balances.

Associated companies

The Bank generated fee income under support service contracts of Baht 2,592 million and Baht 2,455 million for the years ended 31 December 2022 and 2021, respectively, at the rates as mutually agreed.

8.29 Significant financial position and operations classified by domestic and foreign business segment

8.29.1 Financial position classified by business segment

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2022				31 December 2021			
	Domestic business	Foreign branches business	Elimination	Total	Domestic business	Foreign branch business	Elimination	Total
Total assets	3,575,015	25,682	(8,287)	3,592,410	3,538,356	23,146	(4,758)	3,556,744
Interbank and money market items - net	545,177	5,764	-	550,941	460,622	8,594	-	469,216
Financial assets measured at fair value through profit or loss	33,568	-	-	33,568	18,039	-	-	18,039
Investments - net*	288,608	767	-	289,375	362,785	1,232	-	364,017
Loans to customers and accrued interest receivables - net	2,433,344	10,488	-	2,443,832	2,468,221	7,999	-	2,476,220
Deposits	2,587,755	2,481	-	2,590,236	2,612,252	2,495	-	2,614,747
Interbank and money market items	277,271	1,938	(2,110)	277,099	296,350	14	(20)	296,344
Financial liabilities measured at fair value through profit or loss	2,319	-	-	2,319	-	-	-	-
Debt issued and borrowings	130,435	20,737	-	151,172	114,119	19,698	-	133,817

* Includes investments in subsidiaries and associated companies.

(Unit: Million Baht)

Separate financial statements

	31 December 2022				31 December 2021			
	Domestic business segment	Foreign branches business segment	Elimination	Total	Domestic business segment	Foreign branches business segment	Elimination	Total
Total assets	3,484,934	25,682	(8,287)	3,502,329	3,444,534	23,146	(4,758)	3,462,922
Interbank and money market items - net	544,191	5,764	-	549,955	460,238	8,594	-	468,832
Financial assets measured at fair value through profit or loss	33,568	-	-	33,568	18,307	-	-	18,307
Investments - net*	287,963	767	-	288,730	351,932	1,232	-	353,164
Loans to customers and accrued interest receivables - net	2,350,789	10,488	-	2,361,277	2,393,464	7,999	-	2,401,463
Deposits	2,592,244	2,481	-	2,594,725	2,616,571	2,495	-	2,619,066
Interbank and money market items	272,666	1,938	(2,111)	272,493	292,404	14	(20)	292,398
Financial liabilities measured at fair value through profit or loss	2,319	-	-	2,319	-	-	-	-
Debt issued and borrowings	86,165	20,737	-	106,902	71,694	19,698	-	91,392

* Includes investments in subsidiaries and associated companies.

8.29.2 Operations classified by business segment

(Unit: Million Baht)

Consolidated financial statements

For the years ended 31 December

	2022				2021			
	Domestic business segment	Foreign branches business segment	Elimination	Total	Domestic business segment	Foreign branches business segment	Elimination	Total
Interest income	112,992	1,574	(1,091)	113,475	104,454	1,087	(709)	104,832
Interest expenses	(22,808)	(1,353)	1,091	(23,070)	(21,535)	(634)	709	(21,460)
Interest income - net	90,184	221	-	90,405	82,919	453	-	83,372
Fees and service income - net	20,259	57	-	20,316	19,968	54	-	20,022
Other operating income	14,540	130	-	14,670	12,398	(6)	-	12,392
Other operating expenses and allowance for expected credit loss	(78,900)	(208)	-	(79,108)	(85,131)	(124)	-	(85,255)
Profit from operating before income tax expenses	46,083	200	-	46,283	30,154	377	-	30,531

Separate financial statements								
For the years ended 31 December								
	2022				2021			
	Domestic business segment	Foreign branches business segment	Elimination	Total	Domestic business segment	Foreign branches business segment	Elimination	Total
Interest income	97,923	1,574	(1,091)	98,406	90,289	1,087	(709)	90,667
Interest expenses	(21,498)	(1,353)	1,091	(21,760)	(20,178)	(634)	709	(20,103)
Interest income - net	76,425	221	-	76,646	70,111	453	-	70,564
Fees and service income - net	15,825	57	-	15,882	15,698	54	-	15,752
Other operating income	13,194	130	-	13,324	11,037	(6)	-	11,031
Other operating expenses and allowance for expected credit loss	(67,011)	(208)	-	(67,219)	(73,391)	(124)	-	(73,515)
Profit from operating before income tax expenses	38,433	200	-	38,633	23,455	377	-	23,832

8.30 Operations classified by operating segment

Segment definition

The Bank organises segments for internal management purposes, with the Management Committee of each segment being the chief operating decision-maker (CODM). Three reportable segments have been identified based on customer type and nature of business:

- 1) Retail banking segment; develops financial products and services, and also provides services for individual customers relating to deposits, loans, payment for goods and services as well as sale of products released by the Bank's subsidiaries and business alliances through its network of branches nationwide.
- 2) Corporate banking segment; provides credit facilities and financial services to corporate clients.
- 3) Treasury and investment segment; controls the Bank's financial structure to maintain appropriate levels and enable the generation of profit from the Bank's equity investment, international business and excess liquidity, and also supervises overseas branches and companies in which the Bank has invested, among others.

Other segments comprise of middle offices, back offices, subsidiaries and associated companies.

Accounting procedures for segment reporting

The accounting procedures for the operating segments are based on the principle of Economic Value Management (EVM), whereby performance is measured on the same basis as that used in the internal management reports that are reviewed by the Bank's CODM. In accordance with the EVM concept, which is different from the accounting policy use for the preparation of financial statements, all business units are treated as profit centers, with Internal Service Charges (ISC) between the service providing unit and service receiving unit. The Fund Transfer Pricing (FTP) concept is used to calculate the value of funds for the fund provider unit and the cost of funds for fund user unit. Income and expenses are allocated according to ownership in order to derive the net operating profit after tax (NOPAT).

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2022					
	Retail banking	Corporate banking	Treasury and investment	Support and others	Elimination	Total
Total operating income	65,347	32,992	8,518	32,856	(14,322)	125,391
Total expenses and tax expenses (excluding expected credit losses)	(33,514)	(8,114)	(3,040)	(30,718)	11,539	(63,847)
Expected credit losses	(5,711)	(14,263)	317	(4,908)	227	(24,338)
Net profit (losses)	26,122	10,615	5,795	(2,770)	(2,556)	37,206

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2021					
	Retail banking	Corporate banking	Treasury and investment	Support and others	Elimination	Total
Total operating income	53,645	29,204	7,665	34,635	(9,363)	115,786
Total expenses and tax expenses (excluding expected credit losses)	(30,991)	(7,625)	(2,688)	(24,816)	7,414	(58,706)
Expected credit losses	(9,673)	(17,126)	(177)	(5,546)	(2)	(32,524)
Net profit (losses)	12,981	4,453	4,800	4,273	(1,951)	24,556

Assets and liabilities for segment of the Bank and its subsidiaries as at 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	Consolidated financial statements					Total
	Retail banking	Corporate banking	Treasury and investment	Support and others	Elimination	
As at 31 December 2022:						
Segment assets	1,082,822	1,430,339	937,799	165,487	(24,028)	3,592,419
Segment liabilities	1,855,874	865,768	288,401	213,697	(23,893)	3,199,847
As at 31 December 2021:						
Segment assets	1,024,818	1,473,945	905,461	159,481	(6,961)	3,556,744
Segment liabilities	1,774,033	953,622	241,541	230,587	(17,150)	3,182,633

Information about major customers

During the years ended 31 December 2022 and 2021, the Bank and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

8.31 Interest income

Interest income for the years ended 31 December 2022 and 2021 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Interbank and money market items	4,338	2,954	4,338	2,954
Investment and trading transactions	217	345	217	345
Investment in debt securities	4,246	3,437	4,263	3,457
Loans to customers	104,302	97,932	89,327	83,851
Hire-purchase and finance leases	111	104	-	-
Others	261	60	261	60
Total interest income	113,475	104,832	98,406	90,667

8.32 Interest expenses

Interest expenses for the years ended 31 December 2022 and 2021 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deposits	9,651	10,302	9,659	10,308
Interbank and money market items	1,904	1,607	1,843	1,566
Contributions to Bank of Thailand (BOT)	6,176	5,888	6,176	5,888
Contributions to Deposit Protection Agency (DPA)	267	257	267	257
Debt issued				
- Subordinated debentures	1,785	1,409	1,785	1,409
- Others	3,010	1,905	1,776	608
Borrowings	1	1	1	1
Borrowing fees	10	10	-	-
Others	266	81	253	66
Total interest expenses	<u>23,070</u>	<u>21,460</u>	<u>21,760</u>	<u>20,103</u>

8.33 Fees and service income

Fees and service income for the years ended 31 December 2022 and 2021 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Fees and service income				
Acceptance, aval and guarantees	1,658	1,608	1,658	1,608
ATM and electronic banking services	11,253	11,811	11,253	11,811
Management fees and Bancassurance Products	6,032	6,948	3,808	4,016
Others	9,153	7,943	4,727	4,115
Total fees and service income	<u>28,096</u>	<u>28,310</u>	<u>21,446</u>	<u>21,550</u>
Fees and service expenses	<u>(7,780)</u>	<u>(8,288)</u>	<u>(5,564)</u>	<u>(5,799)</u>
Net fees and service income	<u>20,316</u>	<u>20,022</u>	<u>15,882</u>	<u>15,751</u>

8.34 Net gains on financial instruments measured at fair value through profit or loss

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Gains (losses) on trading and foreign exchange transactions				
- Foreign exchange and foreign exchange element of derivatives contracts	6,008	3,643	6,008	3,642
- Interest rate element of derivatives contracts	(3,294)	(903)	(3,294)	(903)
- Debt securities	21	(606)	21	(608)
- Equity securities	184	(87)	184	(87)
- Others	150	921	150	921
Gains (losses) from hedge accounting				
- hedged items	2,164	499	2,164	499
Total	5,233	3,467	5,233	3,464

8.35 Net gains on investments

Net gains on investments for the years ended 31 December 2022 and 2021 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Gains on derecognition of Investments in debt securities measured at fair value through other comprehensive income	239	711	239	711
Investments in subsidiaries	-	-	-	(199)
Total	239	711	239	512
Reversal of losses on impairment of Investments in subsidiaries and associated companies	-	-	133	586
Total	-	-	133	586
Total net gains on investments	239	711	372	1,098

8.36 Expected credit losses

Expected credit losses and gains or losses resulting from modification of terms for financial assets for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	statements		financial statements	
	2022	2021	2022	2021
Interbank and money market items (assets)	623	(453)	623	(453)
Investments in debt securities measured at amortised cost	(8)	(1)	(8)	(1)
Investments in debt securities measured at fair value through other comprehensive income	(15)	(8)	(15)	(8)
Loans to customers and accrued interest receivables				
- Expected credit losses	23,995	32,709	19,354	27,251
- Losses from modification of contracts	96	160	96	160
Total	24,691	32,407	20,050	26,949
Loan commitments and financial guarantee contracts	(353)	117	(353)	117
Total	24,338	32,524	19,697	27,066

8.37 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary shareholders of the Bank (after deducting the preferred shares's portion and excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Profit for the year attributable to equity holders of the Bank (after deducting preferred shares' portion) (Million Baht)	33,695	21,586	31,679	19,435
Earnings per share (Baht/share)	2.41	1.54	2.27	1.39
Weighted average number of ordinary shares (Million shares)	13,976	13,976	13,976	13,976

8.38 Provident fund

The Bank, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 2 - 15 percent of their basic salaries, and the Bank and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the years ended 31 December 2022 and 2021, the Bank and its subsidiaries contributed Baht 1,389 million and Baht 1,462 million, respectively, to the fund (separate financial statements: Baht 1,175 million and Baht 1,288 million, respectively).

8.39 Fair value of financial instruments

Financial assets and liabilities carried at fair value classified by the level of fair value hierarchy are as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value								
Financial assets								
Financial assets								
measured at fair value								
through profit or loss	343	33,225	-	33,568	804	17,235	-	18,039
Investments in debt								
securities measured at								
fair value through other								
comprehensive income	-	258,350	-	258,350	-	322,190	-	322,190
Investments in equity								
securities designated at								
fair value through other								
comprehensive income	15,905	1,320	530	17,755	16,832	917	504	18,253
Derivatives assets	-	83,170	-	83,170	-	52,660	-	52,660
Financial liabilities								
Financial liabilities								
measured at fair value								
through profit or loss	-	2,319	-	2,319	-	-	-	-
Derivatives liabilities	-	78,507	-	78,507	-	50,550	-	50,550

Separate financial statements

	31 December 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Financial assets and liabilities measured at fair value							
Financial assets								
Financial assets								
measured at fair value								
through profit or loss	343	33,225	-	33,568	804	17,503	-	18,307
Investments in debt								
securities measured at								
fair value through other								
comprehensive income	-	259,553	-	259,553	-	323,276	-	323,276
Investments in equity								
securities designated at								
fair value through other								
comprehensive income	15,905	1,317	530	17,752	16,832	915	504	18,251
Derivatives assets	-	83,170	-	83,170	-	52,660	-	52,660
Financial liabilities								
Financial liabilities								
measured at fair value								
through profit or loss	-	2,319	-	2,319	-	-	-	-
Derivatives liabilities	-	78,507	-	78,507	-	50,550	-	50,550

Since the majority of the Bank's financial instruments, which were not measured at fair value, are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is assumed to approximate their book value in the statement of financial position.

Valuation techniques and inputs used for fair value measurement

- Cash - The fair value is assumed to approximate its book value in the statement of financial position.
- Interbank and money market items (asset) - The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature.

Derivatives	<ul style="list-style-type: none"> - The fair value of derivatives is referred to market price. In case the fair value cannot be quoted in market price, the fair value is determined by using valuation techniques. The information used in the valuation techniques is observable in the market, which is based on reliable sources, such as interest rates and exchange rates etc. Moreover, in using valuation techniques, the Bank has adjusted valuation adjustment in order to appropriately reflect relevant risks such as credit valuation adjustment (CVA) and market liquidity risk based on Bid-Offer Spread Adjustment.
Financial assets measured at fair value through profit or loss/Investments	<ul style="list-style-type: none"> - The fair value of marketable securities is based on the latest bid price of the last working day of the year. - The fair value of domestic debt securities is determined using the yield rates quoted by the Thai Bond Market Association and adjusted valuation in order to appropriately reflect market liquidity risk based on Bid - Offer Spread Adjustment. - The fair value of foreign currency debt securities is determined based on the latest published price obtained from reliable sources e.g. Bloomberg. - The fair value of unit trusts is determined from their net asset value - The fair value of investments in non -marketable equity securities is determined using their latest book value from the entity's financial statements.
Loans to customers	<ul style="list-style-type: none"> - The fair value of floating rate loans is assumed to approximate their book value, net of allowance for expected credit losses. - The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for expected credit losses and deferred revenue. - The fair value of fixed rate loans for which revenue recognition has discontinued is assumed to approximate their book value, net of allowance for expected credit losses or to approximate the amount expected to be derived from their sale.
Land, premises and equipment - land	<ul style="list-style-type: none"> - The fair value of land is determined by using the market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.

Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the interest rate which reflect the Bank's interest rate risk and credit risk.
Liability payable on demand	<ul style="list-style-type: none"> - The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate debt issues and borrowings with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the interest rate which reflect the Bank's interest rate risk and credit risk.
Financial liabilities measured at fair value through profit or loss	<ul style="list-style-type: none"> - The fair value of financial liabilities measured at fair value through profit or loss is determined using in the same method as the fair value measurement of investments

During the current year, the Bank and its subsidiaries have no changes of the fair value hierarchy.

8.40 Policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group.

The BOT's Notifications No.SOR NOR SOR.5/2560 and SOR NOR SOR.9/2560 dated 27 April 2017, SOR NOR SOR.12/2561 dated 22 May 2018, SOR NOR SOR.18/2561 dated 3 August 2018, SOR NOR SOR.11/2562 dated 7 May 2019 and SOR NOR SOR.8/2564 dated 20 July 2021 regarding the Consolidated Supervision Policy, require the Bank to disclose policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group as the compliance guidance to supervise business transactions within the financial business group, which is composed of the Bank and 20 companies (Note 8.7 to the consolidated financial statements excluding National ITMX Co., Ltd and BCI (Thailand) Co., Ltd.), in terms of common standards and procedures in alignment to the BOT's consolidated supervision policy. The policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group had been approved by the Bank's Board of Directors and reviewed at least once a year. The policies cover types of transaction, rules and regulations for business transactions, the ratio of business transactions within the financial business group, capital requirements of the financial business group and other related operating procedures. Business transactions within the group are conducted in the same manner as to the public with contract entitled by law and follow the Bank's corporate governance policy.

In cases of the Bank having business transactions with a company within the financial business group in which such company is deemed to be the Bank's business unit, the Bank will follow the lenient business transaction guideline as provided by BOT.

8.41 Others

8.41.1 The Bank has certain defaulting debtors in relation to convertible preferred shares sale and purchase agreement and lending facilities with the outstanding principal amounts according to the related sale and purchase agreements and facilities agreements, as of 31 December 2022 totaling Baht 9,745 million, exclusive of the default interests. In this regard, for such outstanding principal amounts, the Bank has fully made an allowance for expected credit losses according to the BOT's criteria and it is currently in the execution process according to the orders of the Civil Court and the Bankruptcy Court.

In addition, such debtors together with other defendants were connected to a lawsuit of the Office of the Attorney General which was submitted to the Criminal Division for Persons Holding Political Positions of the Supreme Court's (the "Supreme Court"). The Supreme Court had ordered an acceptance of the complaint on 25 July 2012 and thereafter rendered a judgement on 26 August 2015 that all defendants shall be jointly liable for damages to the Bank. The Bank had submitted a letter to the Office of the Attorney General requesting the Department of Legal Execution, the Office of the Attorney General to execute a judgement for the Bank. In January 2016, the Office of the Attorney General had submitted a motion to the Supreme Court requesting for a writ of execution for appointing the executing officers and the Supreme Court ordered and appointed the executing officers. In this respect, the Bank had notified the public prosecutor of the result of a search for all judgment debtors' property. On 5 October 2016, the public prosecutor of the Department of Special Litigation arranged a meeting for representatives from the BOT, the Anti-Money Laundering Office ("AMLO") and the Bank to consider the issues regarding the legal execution of the Supreme Court's judgement and to coordinate and exchange information. Each party will legally exercise its authority and the Supreme Court's order to enforce all defendants for the best interest of the Bank's benefits and legal rights.

On 17 August 2017, a defendant of the criminal case of the Persons Holding Political Positions, who was not a defaulting debtor of the civil case, had made a payment of Baht 1,636 million to the Bank for payment of partial damages according to such criminal case. The Bank accepted the payment and recorded such payment as other revenue from a lawsuit compensation, as well as issuing a letter to such defendant demanding for payment of the remaining damages together with all relevant defendants to the Bank according to such judgement.

At present, judgments of the criminal case, other bankruptcy and civil cases have been enforced for confiscation execution of the mortgaged collaterals according to the preferred mortgage in the Bank's civil case for public auction. The court has issued an order for the Bank to receive debt payment as a mortgagee from such mortgaged collaterals according to an application for repayment of debt for the mortgaged debt submitted by the Bank. Thereafter, on 17 October 2018, the Legal Execution Department made an announcement for public auction and managed the proceedings of public auction for the mortgaged collaterals; whereby, a third party was the successful bidder for Baht 8,914 million. In 2019, the Bank has received the net amount of Baht 3,899 million from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under the criminal case. The Bank exercised the right pursuant to Thai laws by deducting fees and litigation expenses of the Bank for Baht 1 million, and the remaining amount of Baht 3,898 million after the Legal Execution Department's deduction of expenses was considered as interest payment according to the judgment of the Bank's civil case. In this respect, on 25 September 2019, a defendant of the criminal case has filed a civil lawsuit against the Bank for taking the lawsuit amount to be recorded as the damages pursuant to the judgment of such criminal case in which the Bank submitted defending response, the Bank's action affirming. On 23 September 2022, the civil court has dismissed the civil case.

In 2020, the Bank had received net payment from the Legal Execution Department for the mortgaged collaterals which had been sold in other bankruptcy cases in the amount of Baht 3,524 million. The Bank exercised the right pursuant to Thai laws by deducting expenses in relation to auction announcement of Baht 0.02 million, and the remaining amount of Baht 3,524 million was considered as interest payment according to the judgement of the Bank's civil case. For other civil cases, currently, the Bank has received the net amount of Baht 1,223 million from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under civil cases. The Bank exercised the right pursuant to Thai laws by deducting for interest in the amount of Baht 1,223 million according to the judgement of the Bank's civil case. On July 8, 2020, the Legal Execution Department made an announcement of public auction for the remaining 1 plot of land from the collateral in a criminal case, and managed the proceedings of public auction for such mortgaged collateral; whereby, a third party was the successful bidder for Baht 7.29 million, the buyer placed a bid deposit in full. Currently, the Bank had currently received net payment from the Legal Execution Department.

For the Bank's civil case, whereby the Bank was a plaintiff suing for the foreclosure of such mortgaged collaterals, the Civil Court had rendered a judgement in favor of the Bank to receive full payment of debt according to the grounds of the lawsuit together with interest on 28 September 2017. Thereafter, on 31 October 2018, the Appeal Court had issued an appointment for the hearing of judgement, which upheld the judgement of the Civil Court. The defendant had filed a petition to the Supreme Court on 25 December 2018 and the Bank had filed an answer against such defendant's petition on 25 February 2019. Currently, the Supreme Court had rendered a judgement on 5 May 2020 which upheld the judgement of the Court of Appeal.

8.41.2 In 2010, the Bank lent a company USD 96 million (Baht 2,885 million), for which an investment in the ordinary shares of a foreign financial institution was pledged as collateral. Although these shares, accounting for 50 percent of such financial institution's authorised shares capital, were under the Bank's name, the Bank had no control over this financial institution. The Bank received full repayment of the loan under the contract in July 2011 but had not yet transferred such pledged ordinary shares back to the company because the company must first seek a financial institution to be a new investor of such financial institution.

8.41.3 The Bank is in the process of closing Mumbai Branch India. The assets, liabilities and operating performance of such branch is not material to the Bank's financial statements.

8.42 COVID-19

The COVID-19 pandemic is having a widespread impact on all business sectors and customer segments across Thailand, the BOT has issued a series of measures, covering payment moratoriums, government guarantees as well as payment holidays to get bank helped affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. The Bank provides assistance to debtors continuously. As at 31 December 2022, the Bank has outstanding balances of loans to customers including restructured loans amounting to Baht 56 billion that provides assistance type 1 to debtors and the Bank elects to apply accounting guidance on the guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution) in the preparation of its financial statements.

8.43 Events after the reporting period

On 21 February 2023, the Board of Directors passed a resolution to propose the payment of a dividend, at a rate of Baht 0.6820 per share to the ordinary shareholders and at a rate of Baht 0.8365 per share to the preferred shareholders, or a total of Baht 9,536 million, to the Annual General Meeting of Shareholders for consideration and approval.

8.44 Approval of the financial statements

These financial statements were authorised for issue by the Board of Directors on 22 February 2023.