SCB X Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2022
and
Independent Auditor's Report

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Independent Auditor's Report

To the Shareholders of SCB X Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of SCB X Public Company Limited and its subsidiaries (the "Group") and of SCB X Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate 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 judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Allowance for expected credit loss on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13	
The key audit matter	**How the matter was addressed in the audit**
As at 31 December 2022, loans to customers and accrued interest receivables, recorded in the consolidated financial statements amounted to Baht 2,397 billion (approximately 69% of total assets), against which allowance for expected credit loss amounted to Baht 146 billion were provided. TFRS 9 and the related Bank of Thailand ("BoT") notifications requires the Group to recognise expected credit losses ("ECL") on certain types of financial instruments including loans to customers and accrued interest receivables. The Group has developed methods and models in determining the allowance for ECL which involves significant judgment and estimation on relevant assumptions and data. The areas where management applied significant judgment and estimation include, but not limited to, the following: • Selection of criteria to assess whether the financial instruments have a significant increase in credit risk ("SICR"); • Development techniques to develop ECL model parameters, including the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"); • Determination of forward looking macroeconomic variables and probability-weighted scenarios; and • Qualitative adjustments including management overlays made to incorporate identified credit risks not captured in the ECL models such as the change in trends and risks in underlying portfolios as well as the impact of the COVID-19 pandemic amongst other factors. The impact of the COVID-19 pandemic, the related economic downturn and financial relief measures provided by the Group, have created higher estimation uncertainties in determining ECL. The carrying amount of allowance for expected credit loss on loans to customers and accrued interest receivables is considered a key audit matter due to the significance of aforementioned judgments and estimates made.	My audit procedures included: • Performing a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors, customer segments, or which could influence the judgments and estimates. • Testing the design and/or operating effectiveness of relevant controls surrounding the credit and impairment process. The selected controls include but are not limited to the key controls over selection of criteria to assess SICR, ECL model risk management, determination of macroeconomics variables and the probability-weighted scenario and qualitative adjustments including the management overlay. • Testing the controls operating effectiveness over the criteria to assess whether the financial instruments have a SICR as well as improvement for credit risk consideration for those debtors under financial relief measures. • Testing a sample of credit reviews prepared by management for individual large exposures and loans to customers subject to restructuring and reschedule. I formed my own independent assessment based on the detailed review of the credit profile and other relevant information, which include but not limited to the reasonableness of the assumptions over ability to repay and collateral valuation, the appropriateness and accuracy of internal credit ratings and ECL parameters assigned for those customers. • Assessing and testing the reasonableness of the SICR and staging criteria applied by the Group for different types of loans to customers in order to evaluate whether the criteria applied are consistent with the Group credit risk management practices, requirements under TFRS 9 and related BoT notifications. • Involving my own credit specialists to assess key data, assumptions, method, models including mathematically theory to derive ECL model parameters on significant loans to customers portfolios. They also perform the test for reasonableness of macroeconomic factors used and probability-weighted multiple scenarios including the back-testing and assess methodology and data used by the management in the identification and estimation of qualitative adjustments including the management overlay.

Allowance for expected credit loss on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13	
The key audit matter	**How the matter was addressed in the audit**
	• Involving my own IT specialists to test reconciliations of data including ECL parameters among the underlying systems. • Testing the mathematical accuracy of the ECL calculation including qualitative adjustment on a sample basis. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.

Valuation of financial instruments in the statement of financial position	
Refer to notes 3.3.1, 3.3.2, 3.13, 8, 9, 10, 27	
The key audit matter	**How the matter was addressed in the audit**
As at 31 December 2022, financial assets measured at fair value classified as level 2 and 3 in the consolidated financial statements amounted to Baht 302 billion. Financial liabilities measured at fair value classified as level 2 and 3 in the consolidated financial statements amounted to Baht 61 billion. There is a risk that financial instruments classified as level 2 and level 3 in the fair value hierarchy may be mispriced in the statement of financial position because they are not based on objective external prices or, where these are not easily observable, the best estimate of what they may be. The valuation of financial instruments is considered a key audit matter due to the degree of complexity involved in valuing certain level 2 and 3 instruments and the significance of judgments and estimates involved.	My audit procedures included: • Performing a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied. • Testing a sample of financial instruments that pricing inputs used were externally sourced and correctly input into pricing models for financial instruments, including the liquidity of prices, where applicable. Furthermore, I checked that the criteria used for determining the fair value measurement approach for financial instruments with significant unobservable inputs were appropriate. I used my own valuation specialists to assess that the models were appropriate and tested the fair value of a sample of the Group's financial instruments independently and compared their valuation to the Group's valuation. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.

Emphasis of Matter

I draw attention to Note 45, which describes shareholding restructuring plan. On 22 April 2022, the Company allocated 3,367,107,286 newly issued ordinary shares, at the par value of Baht 10 per share to shareholders of the Bank who accepted the tender offer. The Company, consequently, acquired the ordinary shares and preferred shares of the Bank in the total number of 3,367,107,286 shares, at the par value of Baht 10 per share from the shareholders of the Bank who accepted the tender offer as part of the share swap. On 27 April 2022, the Company's shares were listed on the Stock Exchange of Thailand in place of the securities of the Bank, which were delisted on the same day. In addition, I draw attention to note 2 describing the effect of the business combination under common control. The consolidated statement of financial position as at 31 December 2021, a component of the audited financial statements as at 31 December 2021 including the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, which are included as comparative information have also been adjusted as described in note 2. My conclusion is not modified in respect of this matter.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period 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.

(Orawan Chunhakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.
Bangkok
17 February 2023

SCB X Public Company Limited and its Subsidiaries

Statement of financial position

		After restructuring	Before restructuring		
		Consolidated financial statements	**Consolidated financial statements**	**Separate financial statements**	
		31 December	31 December	31 December	
Assets	*Note*	2022	2021	2022	2021
			(in thousand Baht)		
Cash		47,253,581	50,420,799	1,370	5
Interbank and money market items, net	*7*	522,055,609	618,268,620	7,411,843	-
Financial assets measured at fair value through profit or loss	*8*	62,326,524	68,707,387	-	-
Derivative assets	*9*	66,084,005	57,579,088	-	-
Investments, net	*10*	390,671,195	222,634,338	1,472,358	-
Investments in subsidiaries, associates and joint venture, net	*11*	1,205,738	781,207	508,001,341	1
Loans to customers and accrued interest receivables, net	*12, 13, 14*	2,247,848,045	2,165,455,869	26,328,941	-
Properties for sale, net	*15*	22,440,808	18,200,943	-	-
Investment properties, net		495,336	511,094	-	-
Premises and equipment, net	*16*	46,456,883	45,196,041	22,213	-
Goodwill and other intangible assets, net	*17*	20,478,683	18,384,743	-	-
Deferred tax assets	*18*	3,225,430	3,681,058	-	-
Other assets, net	*19*	23,910,500	44,743,711	1,157,659	-
Total assets		**3,454,452,337**	**3,314,564,898**	**544,395,725**	**6**

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of financial position

		After restructuring	Before restructuring		
		Consolidated financial statements	**Consolidated financial statements**	**Separate financial statements**	
		31 December	31 December	31 December	
Liabilities and shareholders' equity	*Note*	2022	2021	2022	2021
			(in thousand Baht)		
Liabilities					
Deposits	*20*	2,555,799,805	2,467,495,380	-	-
Interbank and money market items	*21*	181,347,492	180,961,455	42,934,880	-
Liabilities payable on demand		11,429,091	10,539,176	-	-
Financial liabilities measured at fair value through profit or loss		38,755	5,750	-	-
Derivative liabilities	*9*	60,632,010	49,200,116	639,377	-
Debt issued and borrowings	*22*	71,996,494	74,921,623	-	-
Provisions	*23*	19,373,480	20,342,267	10,309	-
Deferred tax liabilities	*18*	928,726	887,849	-	-
Other liabilities	*24*	86,294,601	67,605,190	718,327	8,670
Total liabilities		**2,987,840,454**	**2,871,958,806**	**44,302,893**	**8,670**
Shareholders' equity					
Share capital					
Authorised share capital					
Preferred shares		-	35,826,672	-	-
Common shares	*28*	33,991,922	34,173,338	33,991,922	10
Issued and paid-up share capital					
Preferred shares		-	35,429	-	-
Common shares	*28*	33,671,073	33,956,503	33,671,073	10
Premium on share capital					
Premium on preferred shares		-	13,855	-	-
Premium on common shares		11,019,190	11,110,336	407,069,914	-
Other reserves	*29*	21,954,695	22,837,505	-	-
Retained earnings					
Appropriated					
Legal reserve	*29*	3,400,000	7,000,000	3,400,000	-
Unappropriated		391,186,687	366,043,734	55,951,845	(8,674)
Total owners of the company		461,231,645	440,997,362	500,092,832	(8,664)
Non-controlling interests		5,380,238	1,608,730	-	-
Total shareholders' equity		**466,611,883**	**442,606,092**	**500,092,832**	**(8,664)**
Total liabilities and shareholders' equity		**3,454,452,337**	**3,314,564,898**	**544,395,725**	**6**

(Mr. Arthid Nanthawithaya)

Chief Executive Officer

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income

	Note	After restructuring Consolidated financial statements for the year ended 31 December 2022	Before restructuring Consolidated financial statements for the year ended 31 December 2021	Separate financial statements for the year ended 31 December 2022	Separate financial statements for the period from 15 September 2021 to 31 December 2021
		(in thousand Baht)			
Interest income	*36*	126,992,632	112,176,572	100,589	-
Interest expenses	*37*	19,127,399	17,005,762	154,132	-
Net interest income		107,865,233	95,170,810	(53,543)	-
Fee and service income	*38*	48,143,055	50,355,543	-	-
Fee and service expenses	*38*	10,995,510	10,157,495	72	-
Net fee and service income	*38*	37,147,545	40,198,048	(72)	-
Net gain (loss) on financial instruments measured at fair value through profit or loss	*39*	6,669,367	11,090,364	(71,153)	-
Net gain on investments	*40*	54,233	145,987	-	-
Share of profit from investment in associates and joint venture		272,600	556,560	-	-
Dividend income		149,083	166,035	65,474,883	-
Other operating income		2,262,274	3,014,245	85,962	-
Total operating income		154,420,335	150,342,049	65,436,077	-
Other operating expenses					
Employee expenses		31,218,904	30,006,793	425,039	-
Directors' remuneration		273,819	111,658	126,108	-
Premises and equipment expenses		11,511,344	10,848,501	7,082	-
Taxes and duties		4,399,628	3,611,083	1,216	-
Other expenses	*41*	22,469,961	18,977,721	340,452	8,674
Total operating expenses		69,873,656	63,555,756	899,897	8,674
Expected credit loss	*42*	33,828,761	42,024,476	125,000	-
Profit (loss) from operation before income tax expenses		50,717,918	44,761,817	64,411,180	(8,674)
Tax expenses	*18*	13,592,494	9,375,857	-	-
Net profit (loss)		**37,125,424**	**35,385,960**	**64,411,180**	**(8,674)**

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of profit or loss and other comprehensive income

	Note	After restructuring Consolidated financial statements for the year ended 31 December 2022	Before restructuring Consolidated financial statements for the year ended 31 December 2021	Separate financial statements for the year ended 31 December 2022	Separate financial statements for the period from 15 September 2021 to 31 December 2021
			(in thousand Baht)		
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss					
Loss on investments in debt instruments at fair value through other comprehensive income		(231,896)	(912,382)	-	-
Gain (loss) arising from translating the financial statements of a foreign operation		(305,035)	113,218	-	-
Changes in hedge reserve		(6,125)	-	-	-
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	*18*	47,604	182,476	-	-
		(495,452)	(616,688)	-	-
Items that will not be reclassified subsequently to profit or loss					
Gain (loss) on investments designated at fair value through other comprehensive income		10,892	(391,865)	-	-
Gain on revaluation of assets		-	8,960,197	-	-
Gain on remeasurements of defined benefit plans		1,724,369	493,992	-	-
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	*18*	(347,052)	(1,786,714)	-	-
		1,388,209	7,275,610	-	-
Total other comprehensive income (loss), net of income tax		892,757	6,658,922	-	-
Total comprehensive income (loss)		**38,018,181**	**42,044,882**	**64,411,180**	**(8,674)**
Net profit (loss) attributable to:					
Owners of the company		37,546,011	35,589,987	64,411,180	(8,674)
Non-controlling interests		(420,587)	(204,027)	-	-
Total comprehensive income (loss) attributable to:					
Owners of the company		38,422,921	42,245,935	64,411,180	(8,674)
Non-controlling interests		(404,740)	(201,053)	-	-
Earnings (loss) per share of the parent company					
Basic earnings (loss) per share *(in Baht)*	*44*	11.12	10.47	27.49	(8,674.00)

(Mr. Arthid Nanthawithaya)

Chief Executive Officer

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of changes in equity

		After restructuring - Consolidated																
						Other reserves												
		Issued and paid-up share capital		Premium on share capital			Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Gain (loss) arising from translating the financial statements of a foreign operation		Gain (loss) on investments designated at fair value through other comprehensive income				Retained earnings				
	Note	Preferred shares	Common shares	Preferred shares	Common shares	Reserves for share-based payment			Changes in hedge reserve		Changes in revaluation surplus	Other	Total other reserves	Legal reserve	Unappropriated	Total owners of the company	Non-controlling interests	Total
										(in thousand Baht)								
Year ended 31 December 2022																		
Balance at 1 January 2022		**35,429**	**33,956,503**	**13,855**	**11,110,336**	**-**	**103,884**	**(418,367)**	**-**	**1,016,444**	**22,135,046**	**498**	**22,837,505**	**7,000,000**	**366,043,734**	**440,997,362**	**1,608,730**	**442,606,092**
Transactions with owners, recorded directly in equity																		
Dividend paid	*2.4*	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,990,536)	(13,990,536)	(623,905)	(14,614,441)
Conversion of preferred shares to common shares		(178)	178	(69)	69	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	*28*	-	(10)	-	-	-	-	-	-	-	-	-	-	-	-	(10)	-	(10)
Capital contribution from non-controlling interest of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	947,655	947,655
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	-	-	89,237	-	(55,658)	33,579	(244,342)	(210,763)
Liquidation of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	472	472	(146,769)	(146,297)
Share-based payment		-	-	-	-	3,721	-	-	-	-	-	-	3,721	-	-	3,721	2,746	6,467
Total transactions with owners, recorded directly in equity		**(178)**	**168**	**(69)**	**69**	**3,721**	**-**	**-**	**-**	**-**	**-**	**-**	**92,958**	**-**	**(14,045,722)**	**(13,952,774)**	**(64,615)**	**(14,017,389)**
Comprehensive income (loss) for the year																		
Net profit (loss)		-	-	-	-	-	-	-	-	-	-	-	-	-	37,546,011	37,546,011	(420,587)	37,125,424
Other comprehensive income (loss)		-	-	-	-	-	(188,084)	(303,717)	(4,854)	8,622	-	-	(488,033)	-	1,364,943	876,910	15,847	892,757
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**-**	**(188,084)**	**(303,717)**	**(4,854)**	**8,622**	**-**	**-**	**(488,033)**	**-**	**38,910,954**	**38,422,921**	**(404,740)**	**38,018,181**
Transfer to legal reserve	*29*	-	-	-	-	-	-	-	-	-	-	-	-	3,400,000	(3,400,000)	-	-	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	(518)	(277,844)	-	(278,362)	-	278,362	-	-	-
Gain on sale investments designated at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	-	4,952	4,952	47	4,999
Adjustment non-controlling interest from business combination under common control	*2.4*	(35,251)	(285,598)	(13,786)	(91,215)	-	3,338	5,057	-	(9,541)	(208,227)	-	(209,373)	(7,000,000)	3,394,407	(4,240,816)	4,240,816	-
		(35,251)	**(285,598)**	**(13,786)**	**(91,215)**	**-**	**3,338**	**5,057**	**-**	**(10,059)**	**(486,071)**	**-**	**(487,735)**	**(3,600,000)**	**277,721**	**(4,235,864)**	**4,240,863**	**4,999**
Balance at 31 December 2022		**-**	**33,671,073**	**-**	**11,019,190**	**3,721**	**(80,862)**	**(717,027)**	**(4,854)**	**1,015,007**	**21,648,975**	**498**	**21,954,695**	**3,400,000**	**391,186,687**	**461,231,645**	**5,380,238**	**466,611,883**

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of changes in equity

		Before restructuring - Consolidated														
						Other reserves										
		Issued and paid-up share capital		Premium on share capital		Gain (loss) on investments in debt instruments at fair value through other comprehensive income	Gain (loss) arising from translating the financial statements of a foreign operation	Gain (loss) on investments designated at fair value through other comprehensive income	Changes in revaluation surplus		Total other reserves	Retained earnings		Total owners of the company	Non-controlling interests	
	Note	Preferred shares	Common shares	Preferred shares	Common shares					Other		Legal reserve	Unappropriated			Total
								(in thousand Baht)								
Year ended 31 December 2021																
Balance at 1 January 2021		**36,015**	**33,955,907**	**14,085**	**11,110,106**	**833,790**	**(528,799)**	**1,329,935**	**15,272,071**	**-**	**16,906,997**	**7,000,000**	**342,406,796**	**411,429,906**	**399,142**	**411,829,048**
Transactions with owners, recorded directly in equity																
Dividend paid	*2.4*	-	-	-	-	-	-	-	-	-	-	-	(12,678,987)	(12,678,987)	-	(12,678,987)
Conversion of preferred shares to common shares		(586)	586	(230)	230	-	-	-	-	-	-	-	-	-	-	-
Capital contribution from a non-controlling interest of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	1,410,641	1,410,641
Issued share capital	*28*	-	10	-	-	-	-	-	-	-	-	-	-	10	-	10
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	498	498	-	-	498	-	498
Total transactions with owners, recorded directly in equity		**(586)**	**596**	**(230)**	**230**	**-**	**-**	**-**	**-**	**498**	**498**	**-**	**(12,678,987)**	**(12,678,479)**	**1,410,641**	**(11,267,838)**
Comprehensive income (loss) for the year																
Net profit (loss)		-	-	-	-	-	-	-	-	-	-	-	35,589,987	35,589,987	(204,027)	35,385,960
Other comprehensive income (loss)		-	-	-	-	(729,906)	110,432	(313,491)	7,193,908	-	6,260,943	-	395,005	6,655,948	2,974	6,658,922
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**(729,906)**	**110,432**	**(313,491)**	**7,193,908**	**-**	**6,260,943**	**-**	**35,984,992**	**42,245,935**	**(201,053)**	**42,044,882**
Transfer to retained earnings		-	-	-	-	-	-	-	(330,933)	-	(330,933)	-	330,933	-	-	-
Balance at 31 December 2021		**35,429**	**33,956,503**	**13,855**	**11,110,336**	**103,884**	**(418,367)**	**1,016,444**	**22,135,046**	**498**	**22,837,505**	**7,000,000**	**366,043,734**	**440,997,362**	**1,608,730**	**442,606,092**

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
				Retained earnings (Deficit)		
	Note	Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated	Total
				(in thousand Baht)		
Year ended 31 December 2022						
Balance at 1 January 2022		**10**	**-**	**-**	**(8,674)**	**(8,664)**
Transactions with owners, recorded directly in equity						
Dividend paid	*43*	-	-	-	(5,050,661)	(5,050,661)
Issue of ordinary shares	*28*	33,671,073	407,069,914	-	-	440,740,987
Capital reduction	*28*	(10)	-	-	-	(10)
Total transactions with owners, recorded directly in equity		**33,671,063**	**407,069,914**	**-**	**(5,050,661)**	**435,690,316**
Comprehensive income (loss) for the year						
Net profit		-	-	-	64,411,180	64,411,180
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**64,411,180**	**64,411,180**
Transfer to legal reserve	*29*	-	-	3,400,000	(3,400,000)	-
Balance at 31 December 2022		**33,671,073**	**407,069,914**	**3,400,000**	**55,951,845**	**500,092,832**

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

SCB X Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements		
	Note	Issued and paid-up share capital	Deficit	Total
			(in thousand Baht)	
For the period from 15 September 2021 to 31 December 2021				
Issue of ordinary shares on 15 September 2021	*28*	**10**	**-**	**10**
Comprehensive income (loss) for the period				
Loss for the period		-	(8,674)	(8,674)
Total comprehensive income (loss) for the period		**-**	**(8,674)**	**(8,674)**
Balance at 31 December 2021		**10**	**(8,674)**	**(8,664)**

(Mr. Arthid Nanthawithaya)

Chief Executive Officer

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

SCB X Public Company Limited and its Subsidiaries

Statement of cash flows

	After restructuring	Before restructuring		
	Consolidated financial statements for the year ended 31 December 2022	**Consolidated financial statements** for the year ended 31 December 2021	**Separate financial statements** for the year ended 31 December 2022	**Separate financial statements** for the period from 15 September 2021 to 31 December 2021
	(in thousand Baht)			
Cash flows from operating activities				
Profit (loss) from operating before income tax expenses	50,717,918	44,761,817	64,411,180	(8,674)
Adjustments to reconcile profit from operating before income tax expenses to cash receipts (payments) from operating activities				
Depreciation and amortisation	9,070,387	9,489,865	3,580	-
Expected credit loss	37,750,714	45,115,421	125,000	-
Impairment loss on properties for sale	220,968	648,522	-	-
(Reversal of) impairment loss on premises and equipment	7,664	(225,123)	-	-
Impairment loss on intangible assets	96,658	-	-	-
Provision expenses	1,891,486	2,457,296	10,309	-
Share-based payment transactions	40,389	-	-	-
Gain from sale of properties for sale	(1,368,289)	(1,167,399)	-	-
(Gain) loss on sale of premises and equipment	(1,783)	4,812	-	-
Loss from write-off of premises and equipment	14,273	139,752	-	-
Loss from write-off of intangible assets	1,369	14,559	-	-
Loss on revaluation of investment properties	-	34,413	-	-
Net gain on financial instruments	(33,730,678)	(31,458,881)	(109,687)	-
Net gain on investments	(54,233)	(145,987)	-	-
Share of profit from investments in associates and joint venture	(272,600)	(556,560)	-	-
	64,384,243	69,112,507	64,440,382	(8,674)
Net interest income	(107,865,233)	(95,170,810)	53,543	-
Dividend income	(149,083)	(166,035)	(65,474,883)	-
Proceeds from interest	125,230,423	111,765,649	23,789	-
Interest paid	(19,166,429)	(17,936,395)	(17,757)	-
Proceeds from dividend	297,153	237,681	65,474,883	-
Income tax paid	(10,247,065)	(11,103,076)	-	-
Profit (loss) from operating before changes in operating assets and liabilities	52,484,009	56,739,521	64,499,957	(8,674)
(Increase) decrease in operating assets				
Interbank and money market items	96,388,290	(70,766,620)	(7,411,070)	-
Derivative assets	(10,138,841)	33,887,176	-	-
Investment in short-term securities	40,111,541	(8,827,364)	109,687	-
Loans to customers	(125,223,302)	(87,728,120)	(26,400,000)	-
Properties for sale	8,150,143	7,322,125	-	-
Other assets	20,978,612	(441,178)	(1,135,575)	-
Increase (decrease) in operating liabilities				
Deposits	88,304,425	47,039,954	-	-
Interbank and money market items	386,037	(17,529,549)	42,934,880	-
Liabilities payable on demand	889,915	272,266	-	-
Financial liabilities measured at fair value through profit or loss	(33,005)	1,979	-	-
Derivative liabilities	11,425,769	(30,071,689)	639,377	-
Short-term debt issued and borrowings	(2,620,551)	4,187,823	-	-
Other liabilities	9,301,595	(2,581,649)	550,990	8,670
Net cash from (used in) operating activities	**190,404,637**	**(68,495,325)**	**73,788,246**	**(4)**

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	After restructuring Consolidated financial statements for the year ended 31 December 2022	Before restructuring Consolidated financial statements for the year ended 31 December 2021	Separate financial statements for the year ended 31 December 2022	Separate financial statements for the period from 15 September 2021 to 31 December 2021
			(in thousand Baht)		
Cash flows from investing activities					
Acquisition of instruments measured at fair value through other comprehensive income		(209,161,324)	(267,494,078)	-	-
Proceeds from sale of instruments measured at fair value through other comprehensive income		244,383,595	355,401,640	-	-
Acquisition of instruments at amortised cost		(209,614,138)	(1,254,306)	(1,472,358)	-
Proceeds from redemption of instruments at amortised cost		2,207,570	959,156	-	-
Payment for investments in subsidiaries, associates and joint venture		(510,763)	(164,888)	(67,260,353)	(1)
Proceeds from disposal of investments in subsidiaries and associate		50,003	-	-	-
Acquisition of premises and equipment		(1,183,185)	(712,727)	(21)	-
Proceeds from sale of premises and equipment		2,720	22,603	-	-
Acquisition of intangible assets		(5,611,128)	(5,380,768)	-	-
Net cash (used in) from investing activities		**(179,436,650)**	**81,376,632**	**(68,732,732)**	**(1)**
Cash flows from financing activities					
Proceeds from long-term debt issued		16,211,000	-	-	-
Repayment of long-term debt issued		(14,880,000)	(1,031,865)	-	-
Proceeds from long-term borrowings		-	3,533	-	-
Proceeds from short-term borrowings		-	-	1,249,999	-
Repayment of long-term borrowings		(67,021)	(99,048)	-	-
Repayment of short-term borrowings		-	-	(1,249,999)	-
Payment of lease liabilities		(1,280,584)	(1,704,553)	(3,478)	-
Issued share capital	*28*	-	10	-	10
Dividend paid to equity holders of the Bank	*2.4*	(8,939,875)	(12,678,987)	-	-
Dividend paid to equity holders of the Company	*43*	(5,050,661)	-	(5,050,661)	-
Dividend paid to non-controlling interests of the Bank		(623,905)	-	-	-
Capital contribution from non-controlling interests of the subsidiaries		947,652	-	-	-
Payment to owners to redeem the entity's shares	*28*	(10)	-	(10)	-
Payment to a non-controlling interests from liquidation of subsidiary		(146,766)	1,305,641	-	-
Net cash from (used in) financing activities		**(13,830,170)**	**(14,205,269)**	**(5,054,149)**	**10**
Gain (loss) arising from translating the financial statements of a foreign operation		(305,035)	113,218	-	-
Net increase (decrease) in cash		**(3,167,218)**	**(1,210,744)**	**1,365**	**5**
Cash at 1 January		50,420,799	51,631,543	5	-
Cash at 31 December		**47,253,581**	**50,420,799**	**1,370**	**5**

(Mr. Arthid Nanthawithaya)

Chief Executive Officer

The accompanying note form an integral part of the financial statements.

SCB X Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2022

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 17 February 2023.

1 General information

SCB X Public Company Limited, the ("Company"), is incorporated in Thailand and the Company's registered office is 9 Ratchadapisek Road, Jatujak, Bangkok. Details of the Company's subsidiaries are given in note 11.

The objective of the Company is to be a holding company of the financial business group, consisting of banking services, consumer and digital financial services, platform and digital asset services, and to invest in other businesses. Details of financial business group restructuring plan are given in note 45.

2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"), guidelines promulgated by the Federation of Accounting Professions, the regulations of the Bank of Thailand (BoT) and applicable rules and regulations of the Thai Securities and Exchange Commission (SEC); and presented in accordance with the BoT notification number Sor Nor Sor 21/2561 dated 31 October 2018, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group* and other additional BoT notification.

From 1 January 2022, the Company and its subsidiaries ("the Group") have adopted TFRS 9 *Financial Instruments* and TFRS 7 *Financial Instruments: Disclosures* which have been amended to reflect Interbank Offer Rate (IBOR) reform - Phase 2 (Phase 2 amendments).

The Phase 2 amendments are applicable when an existing interest rate benchmark is replaced by another interest rate benchmark. The Phase 2 amendments provide a practical expedient that modifications to asset and liability values as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change), can be accounted for by only updating the effective interest rate.

The Group applied the Phase 2 amendments and elected to apply the exceptions for not to restate comparatives for the prior periods. As a result, the Group have no impact on the opening retained earnings of 2022.

The BoT has provided measures, which are intended to support the financial institutions and to help the borrowers and industries that are affected by COVID-19 and by Thai economic situations. Additional measures continue to be provided. In 2021, the Group applied accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the BoT optional treatments as follows:

(1) The application of BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 dated 28 February 2020, regarding to *The relief programs for customers affected by Thai economic situations* and BoT circular letter number Tor Por Tor Kor Por Nor Wor 480/2564 dated 14 May 2021, regarding to *The assistance measures for retail customers during COVID-19 pandemic situations Phase 3* as follows:

- Non-NPL customer can be classified as performing or stage 1 immediately if the Group believes that such customer can perform according to the restructuring plans.
- NPL customers can be classified as performing, or stage 1, immediately if they can adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer.
- In case where the debt restructuring causes original effective interest rate (EIR) to no longer reflect the projected cashflows from the loans, the Group uses new effective interest rate to recalculate the gross carrying amount of restructured loans under the relief measures.

In 2022, the Group applied accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the BoT optional treatments as follows:

(1) The application of BoT circular letter number Tor Por Tor For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution)* and accounting guidelines according to the announcement from Federation of Accounting Professions letter number 37/2564 dated 3 December 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19* as follows:

- The Debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Group will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)
- The Debt restructuring by term extension only: Under this restructuring, the Group are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)

The Group will provide both forms of financial assistance and have chosen to apply temporary accounting relief measures, meanwhile ensuring appropriateness of staging and provisioning to the quality and credit worthiness of the loans for the 1st form of financial assistance:

- Non-NPL customers can be classified as performing loan immediately without having to see whether they are able to comply with new restructuring plan or not if the plan is clearly specified in the modification contract and the Group believes that such customer can perform according to the restructuring plans.
- NPL customers can be classified as performing loan if they can adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer.

- New loan can be provided to customers during the restructured period as for their financial support and enhance their business liquidity. It can be classified as performing loan immediately if the Group believes that such customer can perform according to the conditions under new loan agreement.
- Loans which are more than 30 days past due or 1 month from the contract payment date will be classified as under performing loan.
- In case of restructuring where the effective interest rate (EIR) does not reflect the projected cash flows, the Group can use the current EIR as the discounting rate of restructured loan under this relief measures.

As at 31 December 2022, approximately 12% of the Group's loans to customers were under the comprehensive debt restructuring, blue scheme only (1st form of financial assistance) including various segments and industries. For non-retail customers, the amount is measured at the customer level. This includes some accounts that are not under the relief program. The Group has additional internal processes and controls when applying the relief measures regarding loan's staging classification. *(31 December 2021: 10% of the Group's loans to customers)*

The Group has closely monitored the customer's ability to repay of the loans under the comprehensive debt restructuring according to the BoT's measures to ensure that the business recovery is in line with the industry condition. The Group has also considered the credit risk and expected credit losses in addition to the economic uncertainties that may arise from external factors including any other circumstances that have impact to economic situation by providing additional provision through management overlay. As at 31 December 2022, the Group considered management overlay for specific industries and customers which are financially fragile based on behavior consideration and available data as well as uncertainties arising from Russia-Ukraine conflicts that may negatively affect credit quality.

2.2 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency.

2.3 Use of judgments, estimates and accounting policies

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

2.3.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	2.1	The application of BoT's COVID-19 related circular on loan staging relief measures.
Note	3.3.5, 4.1 and 13	Determining the criteria for assessing if there has been a significant increase in credit risk and expected credit loss models, including the choice of inputs relating to macroeconomic variables. This also involves expert credit judgment used by management in conjunction with internal and external information; and

Note	8, 9, 10 and 27	Determining the criteria for selecting the most appropriate fair value measurement approach and technique for financial instruments with significant unobservable inputs.

2.3.2 Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	3.3.5, 4.1 and 13	Impairment of financial instruments: determination of inputs into the ECL measurement models and management overlay, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; and
Note	8, 9, 10 and 27	Measurement of the fair value of financial instruments with significant unobservable inputs.

2.4 Restructuring plan

Comparative information

As described in note 45, the Group have implemented the business restructuring plan. The shareholding restructuring of the Bank is considered as a business combination of entities under common control. The consolidated statement of financial position as at 31 December 2021, a component of the audited financial statements as at 31 December 2021 including consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, which presented as comparative information have also been adjusted by including the consolidated financial statements of the Bank for the year ended 31 December 2021, excluding the adjustment for change in non-controlling interest.

Business combination under common control

In April 2022, the Company has recognised investment in the Bank amounting to Baht 440,741 million in the separate financial statements, calculated based on the proportion of the net book value of the owner of the Bank's shareholders equity which presented in the consolidated financial statements to reflect swap ratio for accepted the tender offer in exchange with increased ordinary shares of the Company which was equivalent to 99.06% for all of Bank's issued and paid-up ordinary shares and preferred shares. The Group adjusted non-controlling interest in the consolidated financial statements at restructuring date and presented transactions in "Adjustment non-controlling interest from business combination under common control".

In September 2022, the Company has acquired shares of subsidiaries and joint venture from the Bank and SCB 10X Co., Ltd., and has recognised investment in subsidiaries and joint venture amounting to Baht 35,564 million in the separate financial statements. The Group adjusted non-controlling interest in the consolidated financial statements at acquired shares of subsidiaries and joint venture date and presented transactions in "Adjustment non-controlling interest from business combination under common control".

In November 2022, the Company has acquired shares of subsidiary from the Bank and has recognised investment in subsidiary amounting to Baht 300 million in the separate financial statements. The Group adjusted non-controlling interest in the consolidated financial statements at acquired shares of subsidiary date and presented transactions in "Adjustment non-controlling interest from business combination under common control".

During the year 2022 and 2021, before restructuring, the Bank paid dividends from the performance of the year 2021 and 2020 amounting to Baht 8.94 million and Baht 12.68 million, respectively.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except those stated in note 2.1.

3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

Business combinations

The Group apply the acquisition method and the acquisition date is the date on which control is transferred to the Group, other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

Goodwill is measured at the date of acquisition as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration, and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

When a business combination is achieved in stages, the Group previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Acquisitions from entities under common control

Business combinations under common control are accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative year or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measure any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

When there is a change in the Group's interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control are accounted for as other surpluses or deficits in shareholders' equity.

Loss of control

When the Group lose control over a subsidiary, they derecognise the assets and liabilities, and any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint venture.

Associates are those entities in which the Group have significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group have joint control, whereby the Group have rights to the net assets of the arrangement.

The Group recognised investments in associates and joint venture using the equity method in the consolidated financial statements except for those interests held by, or indirectly held through an entity that is a venture capital organisation in which the Group elect to measures investments at fair value through profit or loss. Under the equity method, they are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

3.2 Cash

Cash includes cash in hand and cash on collection.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

The Group initially recognise all financial instruments (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Group become a party to the contractual provisions of the financial instrument, except for investments in debt instruments which are recognised on the settlement date.

Financial assets or financial liabilities that are not measured at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

3.3.2 Classification and subsequent measurement

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost (AMC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at AMC if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity investments held by, or indirectly held through an entity that is a venture capital organisation and all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment of financial assets

The Group assess the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cashflows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment,

- "Principal" is defined as the fair value of the financial asset on initial recognition.
- "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Subsequent measurement and gain and loss of financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit loss. Interest income, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Other net gain and loss are recognised in OCI. On derecognition, gain and loss accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends income are recognised as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and loss are recognised in OCI and are never reclassified to profit or loss.

Classification, subsequent measurement and gain and loss of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and loss are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group record their obligations to return borrowed collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions in financial liabilities measured at FVTPL.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group change their business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

3.3.3 Derecognition

Derecognition of financial assets

The Group derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain or loss recognised in other comprehensive income in respect of equity instruments designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group are recognised as a separate asset or liability.

The Group enter into transactions whereby they transfer assets recognised on their statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retain all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retain nor transfer substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continue to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retain the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognised or a servicing liability if the fee to be received is not expected to compensate the entity adequately for performing the servicing.

Derecognition of financial liabilities

The Group derecognise a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

3.3.4 Modifications of financial assets and financial liabilities (see note 2.1 for application on loans to customers subject to relief programmes)

Modifications of financial assets

If the terms of a financial asset are modified, then the Group evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs, or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modifications of financial liabilities

The Group derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.3.5 Impairment of financial assets

The Group recognise allowance for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Measurement of ECL

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

Estimates of expected cash shortfalls are determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Forward-looking macro-economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as Gross Domestic Product (GDP), unemployment rate, private consumption expenditure, farm income index and household debt to GDP. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Group are exposed to credit risk where a behavioural life is estimated such as certain revolving and housing loans facilities.

The estimation of expected cash shortfalls on collateralised financial instruments reflects the expected amount and timing of cash flows from foreclosure of the collateral less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is deemed probable or not.

Cash shortfalls are discounted using the effective interest rate.

When discounting the expected cash shortfalls to the present value, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate of an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments and financial guarantee contracts: the approximation of the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

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

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment might be drawn down and the cash flows that the Group expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expect to recover.

In order to assess the expected credit loss, models are developed based on historical repayment, default information and other information indicating default risk behaviour.

In case that the models cannot capture the risk, the management overlay principle, covering industry, model and other risks, will be applied.

Staging (see note 2.1 for application on loans to customers subject to relief programmes)

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- *Performing (Stage 1)*

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instrument that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group consider government and state enterprise securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group do not apply the low credit risk exemption to any other financial instruments.

- *Under-performing (Stage 2)*

When financial assets have an SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. The Group consider reasonable and supportable information that is relevant and available without undue cost or effort when assessing SICR. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Financial assets that are more than 30 days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade or behaviour scoring deterioration. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers' ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

- *Non-performing (Stage 3)*

Financial assets that are credit-impaired or in default represent those that are more than 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a significant negative impact on the estimated future cash flows of the financial assets.

Inputs into the assessment of whether a financial instrument are credit-impaired or in default and their significant change may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

The Group consider both qualitative and quantitative factors when determining a financial asset to be in default which can be evidenced by the observable data but not limited to the following events:

- The borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding;
- The borrower is unlikely to repay its credit obligations to the Group in full, without considering any payment that may be received from collateral, as a result of the customer's significantly reduced creditworthiness;
- The Group consents to debt restructuring by material forgiveness or postponing principal, interest or fees as it deems that the financial condition of the debtor has deteriorated;
- The Group has filed litigation against the debtor;
- The borrower has filed for protection under bankruptcy law or other creditors have filed bankruptcy against the debtor, therefore delaying debt repayment to the Group; or
- The borrower is classified as a non-performing or a purchased or originated credit impaired asset under the BoT's notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions.*

For individual qualitative consideration of large corporate loans that are credit-impaired, there will be additional procedures where the Group's Special Business Function consolidates and presents the qualitative information and/or expected credit loss to the Quality Credit Assessment Committee to review and propose to the Credit Committee for approval for such staging and/or expected credit losses.

For retail loans which comprise of a large number of loans with the shared similar characteristics, statistical estimates are used through credit scoring analysis. The retail loans are considered to be credit-impaired when they are more than 90 days past due or if the borrower has been filed for bankruptcy or the borrower ceases or closes its operations or qualitative consideration by management.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

Financial assets that are credit-impaired require a lifetime provision.

Improvement in credit risk and staging (see note 2.1 for application on loans to customers subject to relief programmes)

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets that are credit-impaired (stage 3), and have not been subject to modification, a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, these factors must be resolved or operating results must be met by the conditions set by the Group before loans are reclassified to stage 1.

- *Loans to customers under modification (see note 2.1 for application on loans to customers subject to relief programmes)*

For modified loans to customers, exposures under stage 3 can be transferred to stage 2 when the customer performs under the revised terms of the contract for 3 months or 3 periods, whichever is longer. A further 9 months or 9 periods, whichever is longer monitoring is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. When transferring to stage 1, credit risk will be reset at the transferring date.

For modified loans to customers, exposures under stage 2 that were not previously credit-impaired can be transferred to stage 1 when the customer performs under the revised terms of the contract for 3 consecutive months or 3 periods, whichever is longer, and the customer is expected to repay its remaining obligations in full.

Financial guarantee contracts held

The Group assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Group consider when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determine that the guarantee is not an integral element of the financial asset, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in "other assets". The Group present gain or loss on a compensation right in profit or loss in the line item "expected credit loss".

Allowance for expected credit loss on purchased or originated credit impaired instruments (POCI)

The Group measure expected credit loss on a lifetime basis for POCI instruments. However, expected credit loss is not recognised in a separate allowance for expected credit loss on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Group recognise the change in lifetime expected credit losses arising subsequent to initial recognition in the income statement and the cumulative change as allowance for expected credit loss. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as impairment gain in profit or loss and as impairment loss where the expected credit losses are greater.

Presentation of allowance for ECL in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, the Group separately present ECL of drawn component by deducting from the gross carrying amount while ECL of undrawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the other reserves.

Write-off and reversal of impairment

Loans and debt securities are written off (either partially or in full) after all the necessary procedures have been completed and the Group have decided that there is no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. This is generally the case where the Group determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. The applicable portion of the gross carrying amount is written off and included as expected credit loss line item in profit or loss.

Subsequent recoveries of amounts previously written off are recognised when cash is received and recorded as a decrease in the amount of the expected credit loss in profit or loss.

If, in a subsequent period, the amount of the expected credit loss decreases and the decrease can be related objectively to an event occurring after the expected credit loss was recognised, such as an improvement in the debtor's credit rating, the previously recognised expected credit loss is reversed by adjusting the expected credit loss account. The amount of the reversal is recognised in profit or loss.

3.3.6 Derivatives and hedge accounting

Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Group designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally document the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group make an assessment, both at inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be effective hedge in offsetting the changes in the fair value or cash flows of the respective hedged items during the year for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Group make an assessment whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

These hedging relationships are described below:

Fair value hedges

When a derivative is designated as the hedging instrument in the hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustments up to the point of discontinuation to a hedged item, for which the effective interest method is used, is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument, for which the effective interest method is used, is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

Cash flow hedges

When a derivative is designated as the hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve within shareholders' equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is classified from other comprehensive income to profit or loss as a reclassification adjustment in the same year as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and other comprehensive income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Group immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group account for an embedded derivative separately from the host contract when:
- the host contract is not an asset in the scope of TFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form a part of a qualifying cash flow or net investment hedging relationship.

3.3.7 Securities purchased under reverse sale-and-repurchase agreements / Securities sold under sale-and-repurchase agreements

The Group enter into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of “Interbank and money market items, net (assets)” or “Loans to customers”, depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of “Interbank and money market items (liabilities)” or “Debt issued and borrowings, net”, depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral. The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

3.3.8 Liabilities to deliver security

Liabilities to deliver security represents the Group’s liability to return collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining profit or loss. Fees for borrowing and lending are recognised on an accrual basis.

3.4 Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture in the separate financial statements are measured at cost less impairment losses (if any). On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

The measurement of investments in subsidiaries, associates and joint venture in the consolidated financial statements is described in note 3.1.

3.5 Properties for sale

Properties for sale consist of movable and immovable properties, are measured at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value, less estimated cost to sell in accordance with the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions.* Impairment losses are recognised as expenses in profit or loss.

The Company also followed BoT notification number Sor Nor Sor 22/2552 dated 11 December 2009, regarding to *Foreclosed Properties* and Sor Nor Sor 23/2552 dated 11 December 2009, regarding to *Guidelines on Purchase or Possession of Real Estate Used as a Site for Business Operation or Employees or Workers of Financial Institutions.*

Gain or loss on sales of properties for sale are recognised as income or expenses in profit or loss based on condition stipulated in BoT notification number Sor Nor Sor 20/2561 dated 31 October 2018, regarding to *Regulations on Accounting of Financial Institutions.*

3.6 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses except for land and buildings which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Differences between the proceeds from disposal and the carrying amount of premises and equipment, are recognised in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date. Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in shareholders' equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset, the increase is recognised in profit or loss. A decrease in value is recognised in profit

or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not considered in calculating the gain or loss on disposal.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property that is measured at fair value, the Group shall remeasure the property to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

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

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land or assets under construction.

The estimated useful lives are as follows:

Premises	Appraised by independent professional appraisers	20 - 75 years
Building improvement		3 - 20 years
Furniture, fixtures, office equipment, equipment and vehicles		3 - 20 years
Others		5 - 20 years

3.7 Investment properties

Investment properties are measured at cost on initial recognition and subsequently at fair value prospectively, with any change recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Differences between the proceeds from disposal and the carrying amount of investment property are recognised in profit or loss.

3.8 Goodwill and other intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment. Internally generated goodwill and brands is recognised in profit or loss as incurred.

Research and development

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intend to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Subsequent expenditure is capitalised only when it increases the future economic benefits.

Digital assets

Digital assets are identifiable non-monetary intangible assets that have indefinite useful life because, at the time of assessment, there is no foreseeable limit to the period over which such assets are expected to generate cash flows. The assessment of their status with indefinite useful lives is reviewed annually.

The Group initially recognises digital assets at cost, which is the fair value of the asset on the date of receipt. Following initial recognition, the assets are carried at cost using the weighted average method, less accumulated impairment losses, if any.

At the end of each reporting period, the Group performs impairment reviews for the digital assets. An impairment loss is recognised when the carrying amount of the asset is higher than its fair value at the end of the reporting period. The recoverable amount of digital assets is based on the fair value less costs of disposal, with fair value measured using the closing price at the end of the reporting period on the relevant digital assets exchange.

Digital assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any difference between the fair value of the digital assets recorded upon receipt and the actual realized price upon disposal are recorded as a gain or loss on disposition of digital assets.

Digital assets excluded digital assets held on behalf of customers which are not recorded on the financial position.

Other intangible assets

Other intangible assets which are software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss. No amortization is provided on software under installation. The estimated useful lives are as follows:

Software licenses	3 - 10 years
Others	5 - 10 years

3.9 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to shareholders' equity, in which case it is charged to shareholders' equity.

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss of other non-financial assets recognised in prior year is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Contract liabilities

A contract liability is the obligation to transfer services to the customer. A contract liability is recognised when the Group receive or has an unconditional right to receive non-refundable consideration from the customer before the Group recognise the related revenue.

3.11 Employee benefits

Defined contribution plans

Obligations for contributions to the Group's provident fund are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior years.

The defined benefit obligations is discounted to the present value which performed by a qualified actuary using the projected unit credit method.

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

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

Other long-term employee benefits

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

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

Short-term employee benefits

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

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.13 Fair value measurement

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group have access at that date. The fair value of a liability reflects its non-performance risk.

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

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measure assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

3.14 Share capital

Preferred shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within shareholders' equity upon approval by the Company's shareholders.

Common shares

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity, net of any tax effects.

3.15 Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the AMC of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimate future cash flows considering all contractual terms of the financial instrument, but not expected credit loss. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The gross carrying amount of a financial asset is the AMC of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the AMC of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the AMC of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the AMC of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.16 Fee and service income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Group expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. For the fee and service income that contain variable consideration, the Group estimate and measure the amount of variable consideration based on the method established under TFRS 15. In determining the amount of variable consideration, the Group also considers whether the extent of the amount recognised is highly probable that a significant reversal in the amount of cumulative fee and service income recognised will not occur.

Where the Group act in the capacity of an agent and it recognises the net amount of consideration as commission revenue.

3.17 Long-term advances received from customer

Long-term advances received from customer is recognised as revenue when the Group transferred control over the services to the customer.

3.18 Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established.

3.19 Net gain on financial instruments measured at FVTPL

Net gain on financial instruments comprises gain less loss related to trading, fair value changes, transfer of financial assets measured at FVTPL, foreign exchange differences or translation of assets and liabilities denominated in foreign currency into the functional currency.

3.20 Contributions to the Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

3.21 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.22 Financial guarantee and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with TFRS 9.

3.23 Income tax

Income tax expense for the year comprises current and deferred tax which are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in shareholders' equity or in other comprehensive income.

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset if there is a legally enforceable right to offset.

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

3.24 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.25 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

3.26 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.27 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate announced by the BoT at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at the approximating exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income until disposal of the business.

3.28 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognised as expenses on a straight-line basis over the respective lease terms.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that shall be paid under the lease, discounted using the marginal funding rate to the present value. The Group derive their marginal funding rates from the average cost of funding in the prevailing market which reflects the respective terms of the lease payments.

The lease liability is measured at amortised cost using effective interest method. It is remeasured when there is a lease modification or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

At inception or on modification of a contract the Group allocates the consideration in the contract to each component on the basis of their relative standalone selling prices.

At lease inception, the Group considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

When the Group is an intermediate lessor, the Group classify the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease. Those right-of-use assets are presented as investment properties.

The Group recognise finance lease receivables or hire purchase receivables at the net investment of lease, which comprises the present value of the lease payments and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease or hire purchase income is allocated to accounting years to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

The Group recognise lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the accounting year in which they are earned.

The Group derecognise, modified cashflow and determine impairment on the finance lease receivables or hire purchase receivables as disclosed in note 3.3.3 to 3.3.5.

4 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established at the Group and, to the extent required, at its subsidiaries, the sub-board committees, e.g. Risk Oversight Committee, Executive Committee, Audit Committee and Technology Committee, which are collectively responsible for developing, implementing and monitoring the Group's risk management policies in specified areas.

The Company's Risk Oversight Committee is responsible for overseeing the adequacy and effectiveness of the overall risk management framework in relation to the risks faced by the Group.

The Company's Audit Committee is responsible for reviewing the adequacy of the internal control as well as the effectiveness of the Group. The Company's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Audit Committee.

The Company's Technology Committee is responsible for providing support to the Board of Directors to oversee holistically the Group's technology strategy and technology infrastructure build to keep pace with the new global context including to mitigate technology risks and threats to the Group.

In addition, the management committees are also established which includes Risk Management Committee, who is responsible for developing Group risk management strategies and manages the overall risk exposure of the Group, and Management Committee, who is responsible for providing recommendation on Group Risk Appetite Statements to ensure strategic direction and business plan are aligned with risk appetites.

For effective risk governance, the company fosters a strong risk culture across the Group and requires that all portfolio companies have a proper risk governance structure in place and adopting a 3 Lines of Defense risk management approach according to best practices of corporate governance

The Company has established the Group's risk management policy, identified Group's material risks and set framework for those material risks. The framework shall be applied as a minimum standard for setting risk management policies and governance at portfolio company level. Furthermore, the Company shall conduct Internal Capital Adequacy Assessment (ICAAP) and Recovery Plan to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk arising from a borrower and/or counterparty to financial instruments fails to meet its contractual obligations or to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange and other types of debts; and those off-financial reporting such as derivatives trading, letters of guarantee etc.

Credit risk arises mainly from lending subsidiaries of the Group which the Bank remained the key operating company for lending business. The Bank have significant credit risk management policies and frameworks which have been approved by the Board of Directors. For example:

- Credit Policy Guide
- Asset Classification and Provisioning for Financial Asset and Obligations that may be irrevocable and Write Off Policy
- Collateral and NPA Appraisal Policy
- Counterparty Risk Management Policy
- Country Risk Management Policy
- Model Risk Management Policy
- TFRS 9 Governance Policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, or using individual risk assessment of expert credit judgment, to appropriately reflect the credit risk of each type of product/ transaction.

The Group requires credit risk reporting on a regular basis. The Group credit risk report, including but not limited to loan growth, credit quality, credit concentration, is presented to the Risk Management Committee, Risk Oversight Committee and/ or other Committees as deemed relevant on a monthly basis.

Credit approval/ credit review

The Group attaches great importance to proper checks and balances in credit underwriting by establishing a clear separation between business origination units and credit approval functions.

Business origination units are responsible for managing relationships to expand business, acquiring new clients, creating new markets and proposing for lending. Credit approval units provide independent advice and recommendations in accordance with the Credit Policy Guide to support authorised approvers in making credit decisions.

In addition, credit approval authority has been assigned to reflect different risk profiles and appropriate process, for instance, the three-signature rule.

For the Group's retail customers and SSMEs, credit approval will be carried out in accordance with product programs/ test programs which have been approved by the Executive Committee or the Retail Credit Committee or other Committees as deemed relevant. Credit approval authority and criteria, including exceptions, have been clearly and explicitly specified.

After a loan has been approved, the Group will monitor the customer's account regularly as well as conducting periodic customer reviews with an objective that goes beyond ex-post rationalisation. The Group focuses on forward-looking analysis to gain insight on both positive and negative changes in a specific industry or business related to each customer, as well as the customer's future financial status. This approach enables the Group to review and monitor risk of each customer in order to formulate appropriate business strategies and action plans going forward.

Relationship manager/ Special business officer or other assigned function is responsible for conducting routine customer reviews within a specified timeframe at least once a year as well as conducting additional reviews when warranted by events that have material impacts on customers. Reports on customer reviews shall be prepared according to a specified format and submitted for approval from authorised persons.

For non-retail customers, who are mainly the Bank's customers, the Bank reviews customer risk rating to gain insight on customer behaviour and formulate an appropriate strategy for portfolio management by using an early warning system or using payment behaviour to determine the risk level via PD Pool segmentation. The review is conducted at least once a year or more frequently if warranted by material changes in customers' risk rating. For retail customers and SSMEs, the Group reviews customer risk rating by using National Credit Bureau (NCB) and payment behaviour to determine the risk level via PD pool segmentation.

COVID-19 pandemic including other factors has continued to impact the creditworthiness of the customers. The Group offers assistances to retail and business customers depending on the severity of the impact by providing restructuring programmes and additional credit lines to support liquidity (see note 2.1 for application on loans to customers subject to relief programmes). The Group has closely monitored the customer under relief measures by measuring credit risk by its characteristics e.g., industry, remaining tenor, types of measures as well as qualitative factors. In addition, the Bank has adopted both BoT's loan classification criteria and the Bank's internal criteria to ensure that loans under relief measures are classified appropriately to the loan qualities and the provision level is sufficient to cover potential credit losses. The Group also considers management overlay adjustment to the ECL models, where possible, if the risk parameters deviate and for any anticipated macroeconomic factors not already captured in the provisioning.

4.1.1 Maximum Exposure to Credit Risk

The following table presents the Group's maximum exposure to credit risk of on-financial reporting and off-financial reporting items, without taking into account of any collateral held or other credit enhancements. For on-financial reporting items, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For loan commitments, the maximum exposure to credit risk is the full amount of the undrawn credit loan facilities granted to customers.

As at 31 December 2022 and 2021, consolidated carrying amount and average maximum exposure to credit risk were summarised as follows:

	Consolidated financial statements			
	Carrying amount		Average	
	2022 (After restructuring)	2021 (Before restructuring)	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)			
Credit risk exposure of on-financial reporting items*				
Interbank and money market items, net	522,056	618,269	552,797	541,057
Derivative assets	66,084	57,579	69,696	73,002
Loans to customers and accrued interest receivables, net	2,247,848	2,165,456	2,208,030	2,151,030
Government and state enterprise securities	387,299	224,448	322,019	262,129
Corporate debt instruments	6,042	7,017	7,291	7,159
Foreign debt instruments	26,378	31,602	29,742	22,269
Credit risk exposure of off-financial reporting items				
Financial guarantee contracts	270,611	247,164	260,037	234,656
Unused bank overdrafts	185,088	200,003	191,695	202,091
Loan commitments	25,068	36,057	24,520	39,430
Total maximum credit risk exposure	**3,736,474**	**3,587,595**	**3,665,827**	**3,532,823**

* The exposure to credit risk is net of allowance for expected credit loss.

4.1.2 Collateral held and other credit enhancements

The Group hold collateral and other credit enhancements against certain of its credit exposures. The main types of collateral held by the Group are land, building and financial securities. Upon granting credit decision, the Group assesses the Loss Given Default (LGD), which is dependent on loan-to-value (LTV) ratio (ratio of the gross amount of loan to the value of collateral). The value of collateral is appraised and reviewed in accordance to risk of each collateral type and staging of the borrowers. This will be appraised by either internal collateral valuation experts or external collateral valuation experts (approved by Securities Exchange Commission (SEC)) which is approved by the Collateral Appraisal Committee to ensure that the value is reliable and up to date. The collateral value used also takes into account the expected loss from legal execution and public auction, which vary based on risk of each collateral type. The Group also set up a discount rate based on collateral type to calculate LTV ratio. According to the underwriting criteria, higher the risk of the customer, higher amount of collateral will be required. It would help to offer the risk of the customers in the view of risk-return of the program, or the Group may lower the credit limit to an appropriate risk level.

Derivatives and reverse sale-and-repurchase agreements

The Group mitigate the credit risk of derivative transactions and reverse sale-and-repurchase agreements by entering into master netting agreements and the Group's counterparty collateral agreement, of which collateral are held in the form of cash or marketable securities. Quantification of the collateral arrangements relating to these transactions is disclosed in note 26.

Residential mortgage loans

Mortgage loans is one of the types of loans, which is secured by collateral. However, the level of required collateral might be different by customer characteristics. Moreover, the BoT also considers LTV as one of the factors to calculate the Risk Weighted Asset (RWA) for Standardised Approach. The Group manages the risk of higher LTV by allowing loans to customers who have a good scorecard rating.

As at 31 December 2022, consolidated and the Group's LTV ratio of mortgage loan is approximately 71% *(31 December 2021: 71%).*

Loans to corporate customers

The general creditworthiness of a non-retail customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional creditworthiness and reduces the credit risk of this group of customers. The Group generally consider it as one of the credit enhancements tools where the collateral is in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Since there are several types of collaterals and guarantees, the haircut of the collaterals and guarantees might be different based on the liquidity and quality of each collateral and guarantee, as reflected in the haircut in the Credit Policy Guide. This is to ensure that appropriate level of credit enhancement is considered in the credit approval and review processes.

4.1.3 Information relating to ECL

Inputs, assumptions and techniques used for estimating ECL are disclosed in note 3.3.5 and note 2.1 for application on loans to customers subject to relief programmes.

Incorporation of forward-looking information

The Group incorporate forward-looking information into the measurement of ECL.

The Group formulate three economic scenarios: a base case, which is the central scenario, developed internally, and two less likely scenarios, one upside and one downside scenario. External information considered includes economic data and forecasts published by governmental bodies, selected private-sector and academic.

The scenario probability weightings applied in the model when measuring ECL are as follows:

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Upside	Base	Downside	Upside	Base	Downside
Scenario probability weighting	20	60	20	20	60	20

The Group have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, by estimating relationships between macroeconomic variables, credit risk and credit losses. A broad range of forward-looking information are incorporated into the credit risk factors. The key drivers may include Gross Domestic Product (GDP), unemployment rate and private consumption expenditure, farm income index and household debt to GDP, etc. These variables and scenario probability weighting are produced by the Group's Economic Intelligence Center.

The future uncertain events from the impact of the COVID-19 are partly reflected in the forward-looking information of the Group's ECL models since this impact remains uncertain and represents a material downside risk to the economy with mitigation from government and other support measures. The Group apply long-term macroeconomic forward-looking information according to regulatory guidelines, including management overlay as a buffer against economic uncertainty.

Management Overlay

Management overlay are adjustment to the ECL balance as part of financial reporting process to reflect late updates adjustment including current market information, known model insufficiencies, expert credit judgment adjustment on forward-looking information, and economic risk.

The Group have internal governance frameworks and controls in place to assess the appropriateness and completeness of management overlay. The aim of the Group is to incorporate the management overlay adjustment to the ECL models, where possible, as part of the periodic model monitoring, model validation, and recalibration procedures.

The Group monitor the COVID-19 impact on credit risk exposures and uncertainties arising from the COVID-19 situation which could negatively affect the credit quality. As a result, management considered the impact from these uncertain events based on available information for individual customers and industry level and has recorded additional ECL as a management overlay. As 31 December 2022 and 2021, management overlay primarily covered macroeconomic downside risks and related possible future deterioration in credit risk of loans to customers.

4.1.4 Concentrations of credit risk

The Group monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans to customers is given in note 12.2 and 12.4.

4.1.5 Credit quality analysis

The Group allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined and calibrated such that the risk of default occurring accelerates as the credit risk grade deteriorates so, for example, the difference in risk of default between strong grade is smaller than the difference between higher risk grade.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Payment record - this includes overdue status as well as payment behaviour
- Existing and forecast changes in business, financial and economic conditions
- Information obtained during periodic review of customer files - e.g. audited financial statements, management accounts, budgets and projections.
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour e.g. historical past due information, transaction data
- Parental support and/or guarantors
- Information from National Credit Bureau (NCB)
- Credit covenants
- Requester for and granting of forbearance

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collect performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower as well as by credit risk grading. Also, information purchased from external credit reference agencies is also used.

The Group employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures.

Credit quality is ranked from credit grades that are grouped as Strong to Impaired. This quality is used to reflect the ability for customers to meet financial obligation where:

- Strong customers are those that have a good capacity to meet financial obligations.
- Fair customers are those that have a fairly acceptable capacity to meet financial obligations.
- Weak customers are those that have uncertain capability to meet financial obligations.
- Impaired customers are those whose credit were impaired primarily from owing more than 90 days overdue payments or have other indications which reflect the inability to repay.

The following tables set out information about the credit quality as at 31 December 2022 and 2021 of loans to customers without taking into account collateral or other credit enhancement. *(see note 2.1 for application and amount of loans to customers subject to relief programmes)*

	Consolidated financial statements			
	2022			
	(After restructuring)			
	Stage 1	Stage 2	Stage 3	Total
	(in million Baht)			
Loans to customers				
Strong	934,141	1,616	-	935,757
Fair	916,046	19,914	-	935,960
Weak	253,187	156,982	-	410,169
Impaired	-	-	95,329	95,329
Total	**2,103,374**	**178,512**	**95,329**	**2,377,215**

	Consolidated financial statements			
	2021 (Before restructuring)			
	Stage 1	Stage 2	Stage 3	Total
	(in million Baht)			
Loans to customers				
Strong	946,468	2,536	-	949,004
Fair	803,374	46,201	-	849,575
Weak	253,265	140,876	-	394,141
Impaired	-	-	109,114	109,114
Total	**2,003,107**	**189,613**	**109,114**	**2,301,834**

	Separate financial statements			
	2022			
	Stage 1	Stage 2	Stage 3	Total
	(in million Baht)			
Loans to customers				
Fair	26,400	-	-	26,400
Total	**26,400**	**-**	**-**	**26,400**

4.2 Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Group.

In order to manage Group's liquidity risk, the Company established the Liquidity Risk Management Framework in the Group Risk Management Policy. The Group uses decentralized liquidity risk management method. Companies under the Group are responsible for their own liquidity management, funding plan and sources of funding. The Company will support liquidity to the companies under the Group according to the Group's strategic and business plan.

The Company requires the companies under the Group to establish their Liquidity Risk Management Policy by considering their governance, roles and responsibilities to align with the company's size, type, service and organization structure and to establish their Liquidity Risk Management Guidelines and strategies in managing liquidity risk by considering laws and regulations of the countries which the companies operate in and of the regulators of the related businesses.

The Group manages and controls liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain sufficient future cash flows The Group's policy is to maintain its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at the appropriate level and to monitor net cash outflows over different time horizons to ensure that the Group will be able to meet its liquidity needs on a timely basis.

Loans to deposits ratio

As at 31 December 2022, Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 93.0% in the consolidated financial statements *(31 December 2021: 93.3%)*.

As at 31 December 2022 and 2021, the expected cash flows to maturity counted from the date of statements of financial position (excluding derivatives contractual undiscounted cashflows which are disclosed in note 9) were summarised as follows:

	Consolidated financial statements 2022 (After restructuring)						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non-Performing Loans	No maturity	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	-	47,254	47,254
Interbank and money market items*	22,510	498,911	-	-	-	746	522,167
Financial assets measured at FVTPL	5	1,605	2,879	6,890	-	50,948	62,327
Investments, net	-	119,075	171,025	98,935	-	1,636	390,671
Loans to customers	187,214	529,541	725,359	839,772	95,329	-	2,377,215
Accrued interest receivables and undue interest receivables	820	18,242	-	-	461	-	19,523
Total financial assets	**210,549**	**1,167,374**	**899,263**	**945,597**	**95,790**	**100,584**	**3,419,157**
Financial liabilities							
Deposits	2,107,097	438,184	10,519	-	-	-	2,555,800
Interbank and money market items	15,248	87,064	69,035	10,000	-	-	181,347
Debt issued and borrowings	-	22,667	32,991	16,338	-	-	71,996
Other financial liabilities	3	1,876	25	-	-	-	1,904
Total financial liabilities	**2,122,348**	**549,791**	**112,570**	**26,338**	**-**	**-**	**2,811,047**
Net liquidity gap	**(1,911,799)**	**617,583**	**786,693**	**919,259**	**95,790**	**100,584**	**608,110**

* Before deducting allowance for expected credit loss amounting to Baht 111 million.

	Consolidated financial statements 2021 (Before restructuring)						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non-Performing Loans	No maturity	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	-	50,421	50,421
Interbank and money market items*	39,531	578,172	-	-	-	738	618,441
Financial assets measured at FVTPL	-	394	2,871	9,020	-	56,422	68,707
Investments, net	-	156,163	63,659	1,176	-	1,636	222,634
Loans to customers	178,004	552,756	746,339	715,621	109,114	-	2,301,834
Accrued interest receivables and undue interest receivables	-	14,807	-	-	224	-	15,031
Total financial assets	**217,535**	**1,302,292**	**812,869**	**725,817**	**109,338**	**109,217**	**3,277,068**
Financial liabilities							
Deposits	1,958,997	493,282	15,216	-	-	-	2,467,495
Interbank and money market items	21,136	124,686	24,483	10,656	-	-	180,961
Debt issued and borrowings	-	21,872	34,634	18,416	-	-	74,922
Other financial liabilities	2	2,097	38	-	-	-	2,137
Total financial liabilities	**1,980,135**	**641,937**	**74,371**	**29,072**	**-**	**-**	**2,725,515**
Net liquidity gap	**(1,762,600)**	**660,355**	**738,498**	**696,745**	**109,338**	**109,217**	**551,553**

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

	Separate financial statements 2022						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non-Performing Loans	No maturity	Total
				(in million Baht)			
Financial assets							
Cash	-	-	-	-	-	1	1
Interbank and money market items	7,412	-	-	-	-	-	7,412
Investments, net	-	1,472	-	-	-	-	1,472
Loans to customers	-	26,400	-	-	-	-	26,400
Accrued interest receivables and undue interest receivables	-	54	-	-	-	-	54
Total financial assets	**7,412**	**27,926**	**-**	**-**	**-**	**1**	**35,339**
Financial liabilities							
Interbank and money market items	-	1,460	41,475	-	-	-	42,935
Other financial liabilities	-	136	-	-	-	-	136
Total financial liabilities	**-**	**1,596**	**41,475**	**-**	**-**	**-**	**43,071**
Net liquidity gap	**7,412**	**26,330**	**(41,475)**	**-**	**-**	**1**	**(7,732)**

4.3 Market risk

Market risk is the risk that the Group income and/or shareholders' equity may be affected from the fluctuations of interest rates, foreign exchange rates and equity prices. The Group classify market risk positions into Trading books and Non-Trading book. Trading books comprise trading transactions in the financial markets and short-term positions held for sale and/or trading or arbitrage, while Non-Trading book mainly comprise positions from Interest Rate Risk in Banking Book (IRRBB) and from Investment Risk Management.

The Company and its Financial Group with material market risk exposures are required to have a Market Risk Policy or Trading Book Policy or Investment Policy for managing market risk. The policies must be submitted to Boards of Directors of respective companies for approval. Any material inconsistencies with the Group Risk Management Policy must be approved by the Company's Board of Director prior to the implementation. These policies must be reviewed at least once a year, or when deemed appropriate and/or upon any significant strategy or market change and materially affect these policies' compliance. The Company and its Financial Group with material market risk exposure are required to set up an independent market risk management function which is responsible for measuring, evaluating, controlling, monitoring, and reporting market risk, as well as ensuring that market risk exposure stays below the predetermined limits.

To manage market risk exposures, the Company and its Financial Group have adopted appropriate statistical and non-statistical tools for market risk assessment which depend on individual market risk characteristics and market risk positions. These tools include Value-at-Risk (VaR), stress testing, position size, sensitivity analysis, management action trigger, and others.

4.3.1 Interest rate risk

Interest rate fluctuation affects the Group's interest income and expenses as well as economic value of equity. Four main sub-types of interest rate risk are defined as follow:

- Repricing risk is the risk from maturity / timing mismatches of the Group's assets and liabilities, which cause interest rates at reset to differ due to yield curve movements. For example, assuming all other factors are constant, if the Group's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Group's ability to reprice assets is slower than liabilities (negative gap), then interest margins narrow when interest rates rise.
- Yield curve risk arises from interest rates at different maturities changing differently.
- Basis risk occurs when the Group's assets and liabilities are based on different reference interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFIX interest rates, etc. Therefore, any change in reference rates will affect interest rates tied with assets and liabilities differently.
- Options risk arises from implicit and explicit options in the Group's assets and liabilities and off-financial reporting items, where exercising these options might affect the Group's revenue and costs. For example, an option on three-month deposit that allows early withdrawal before maturity will, if exercised, cause the Group's costs to rise sooner than expected.

The Group adopt various tools for interest rate risk management which includes risk tolerance limits for both the Trading book and non-Trading book. For Trading book exposures, there are limits on Value-at-Risk (VaR), sensitivities to yield curve and basis shifts (basis point value), and stress testing. For Non-Trading book exposures, limits are determined based on impact assessment on Net Interest Income (NII) and Economic Value of Equity (EVE).

As at 31 December 2022 and 2021, the Group's interest rate risk exposures based on the results of the aforementioned tools are as follows:

Risk of interest rate portfolio in Trading book

	Consolidated financial statements	
	2022	2021
	(After restructuring)	(Before restructuring)
	(in million Baht)	
Aggregate 1-year historical Value-at-Risk (VaR)*	50.3	21.7

* With 99% confidence level and 1-day holding period (in normal market situations)

The Group has disclosed the VaR figures for interest rate risk in Trading book at the Bank level only as the VaR for interest rate risk in Trading book of the company and other subsidiaries within its Financial Group are not significant.

Interest rate risk in Interest rate risk in Non-trading book

Impact on Net Interest Income (NII) in the event that interest rates rise by 1%

	Consolidated financial statements	
	2022	2021
	(After restructuring)	(Before restructuring)
	(in million Baht)	
Currency		
THB	(5,972)	(3,895)
USD	(248)	(272)
EURO and other foreign currencies	49	91
Total impact on net interest income	**(6,171)**	**(4,076)**
Change in net interest income *(%)*	**(5.08)**	**(4.40)**

Impact on Economic Value of Equity (EVE) in the event that interest rates rise by 1%

	Consolidated financial statements	
	2022	2021
	(After restructuring)	(Before restructuring)
	(in million Baht)	
Currency		
THB	(25,868)	(24,167)
USD	40	(47)
EURO and other foreign currencies	(110)	2
Total impact on economic value of equity	**(25,938)**	**(24,212)**
Change in total capital *(%)*	**(5.96)**	**(5.71)**

Interest rate repricing analysis

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated financial statements							
	2022 (After restructuring)							
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non-Performing Loans	Non-interest bearing	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	-	47,254	47,254
Interbank and money market items *	14,159	478,718	4,478	-	-	-	24,812	522,167
Financial assets measured at FVTPL	5	35	1,570	2,879	6,890	-	50,948	62,327
Investments, net	-	73,159	69,929	147,012	98,935	-	1,636	390,671
Loans to customers	955,766	392,249	329,107	556,174	48,590	95,329	-	2,377,215
Total financial assets	**969,930**	**944,161**	**405,084**	**706,065**	**154,415**	**95,329**	**124,650**	**3,399,634**
Financial liabilities								
Deposits	2,023,025	204,387	227,138	6,819	-	-	94,431	2,555,800
Interbank and money market items	15,339	127,629	3,051	27,560	-	-	7,768	181,347
Debt issued and borrowings	-	70,653	1,293	-	-	-	50	71,996
Total financial liabilities	**2,038,364**	**402,669**	**231,482**	**34,379**	**-**	**-**	**102,249**	**2,809,143**
Difference	**(1,068,434)**	**541,492**	**173,602**	**671,686**	**154,415**	**95,329**	**22,401**	**590,491**

* Before deducting allowance for expected credit loss amounting to Baht 111 million.

	Consolidated financial statements							
	2021 (Before restructuring)							
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non-Performing Loans	Non-interest bearing	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	-	50,421	50,421
Interbank and money market items *	11,996	573,151	890	-	251	-	32,153	618,441
Financial assets measured at FVTPL	-	14	380	2,871	9,020	-	56,422	68,707
Investments, net	-	30,288	135,262	54,272	1,176	-	1,636	222,634
Loans to customers	914,294	433,860	153,831	518,996	171,739	109,114	-	2,301,834
Total financial assets	**926,290**	**1,037,313**	**290,363**	**576,139**	**182,186**	**109,114**	**140,632**	**3,262,037**
Financial liabilities								
Deposits	1,873,950	219,337	264,868	11,725	-	-	97,615	2,467,495
Interbank and money market items	13,421	100,052	35,044	24,483	656	-	7,305	180,961
Debt issued and borrowings	-	69,594	5,211	-	-	-	117	74,922
Total financial liabilities	**1,887,371**	**388,983**	**305,123**	**36,208**	**656**	**-**	**105,037**	**2,723,378**
Difference	**(961,081)**	**648,330**	**(14,760)**	**539,931**	**181,530**	**109,114**	**35,595**	**538,659**

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

	Separate financial statements 2022							
	At call	3 months	Repricing within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non-Performing Loans	Non-interest bearing	Total
				(in million Baht)				
Financial assets								
Cash	-	-	-	-	-	-	1	1
Interbank and money market items *	7,412	-	-	-	-	-	-	7,412
Investments, net	-	-	1,472	-	-	-	-	1,472
Loans to customers	-	26,400	-	-	-	-	-	26,400
Total financial assets	**7,412**	**26,400**	**1,472**	**-**	**-**	**-**	**1**	**35,285**
Financial liabilities								
Interbank and money market items	-	41,475	1,460	-	-	-	-	42,935
Total financial liabilities	**-**	**41,475**	**1,460**	**-**	**-**	**-**	**-**	**42,935**
Difference	**7,412**	**(15,075)**	**12**	**-**	**-**	**-**	**1**	**(7,650)**

* Before deducting allowance for expected credit loss amounting to nil.

Managing interest rate benchmark reform (IBOR reform)

The Group shall monitor and manage the transition to alternative rates and provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

The Group's main IBOR exposures at 31 December 2022 were indexed to LIBOR and THBFIX. The Group have finished the process of amending contractual terms for all of the LIBOR and THBFIX indexed exposures to incorporate with economically equivalent interest rate by 31 December 2023.

The Bank hold interest rate swaps for risk management purposes that are designated in fair value hedging relationships. The interest rate swaps have floating legs that are indexed to USD LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

The Bank monitor the progress of transition from IBOR to new benchmark rate by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause.

The following table shows the total amounts of financial instruments which are subject to IBOR reform and have yet to transition to an alternative benchmark rates. The amounts of financial assets are shown at their carrying amounts and derivatives are shown at their notional amounts.

	Consolidated financial statements	
Key reference rate under the existing contracts	LIBOR	THBFIX
	(in million Baht)	
At 31 December 2022 (After restructuring)		
Loan to customers	42,930	82,656
Derivative	366,691	387,906

The Group has disclosed the key reference rate under the existing contracts figures for managing interest rate benchmark reform at the Bank level only as the key reference rate under the existing contracts figures for Managing interest rate benchmark reform of other subsidiaries within its Financial Group are not significant.

4.3.2 Foreign exchange risk

Fluctuation in exchange rates affects the value of the Group foreign currency-denominated assets and liabilities. Transactions exposed to foreign exchange risk include proprietary trading transactions and money transfers as well as payments related to international trade and foreign investment, which may result in the Group net currency position being short or long at any point in time. Thai Baht appreciation against the currency in which the Group have a net long position will result in foreign exchange losses, whereas Baht depreciation will result in foreign exchange gain. On the other hand, if the Group are in a net short position, the Group will make a gain on the position when the Baht strengthens but a loss when the Baht weakens.

The Group control foreign exchange risk by setting risk limits on foreign exchange risk exposure both in terms of statistical limits, such as Value at Risk (VaR), and monetary limits, such as net open position (Intra-day Position and Overnight Position), and management action triggers, etc.

As at 31 December 2022 and 2021, the Group's foreign exchange risk based on the results of the aforementioned tools are as follows:

	Consolidated financial statements	
	2022	2021
	(After restructuring)	(Before restructuring)
	(in million US Dollars)	
Net open long (short) position (US Dollar equivalent)	(42.3)	43.3

Risk of foreign exchange rate portfolio in Trading book

	Consolidated financial statements	
	2022	2021
	(After restructuring)	(Before restructuring)
	(in million Baht)	
Aggregate 1-year historical Value-at-Risk (VaR)*	25.0	9.6

* With 99% confidence level and 1-day holding period (in normal market situations)

As at 31 December 2022 and 2021, majority of the Group's foreign currency exposures is in US Dollar.

The Group has disclosed the Net open long (short) position and VaR for foreign exchange risk at the Bank level only as the Net open long (short) position and VaR for foreign exchange risk of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Company level.

4.3.3 Equity price risk

Equity price risk is the risk arising from changes in the price of equities or common stock that may cause volatility in earning or fluctuations in the value of financial assets. The Group have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Group has established the policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can initiate action with respect to equity investments, as allowed under applicable regulations. The Group has closely managed and monitored market situations to provide information for management to monitor the risk to the Group. The Group monitors the investment in listed equity using Value-at-Risk (VaR). For investment that does not have market price, expected loss estimation from historical data used as risk measurement and for risk limit control. (Further details of equity investments are provided under note 8 and 10 and further details on fair value of equity investments and framework are provided under note 27).

4.4 Risk from digital asset business

The Group have policies on digital asset business and digital asset transactions (Digital Asset Policy) to serve as guidelines for digital asset business and digital asset transactions of the Group. Companies in the Group that operate digital asset business and involve digital asset transactions obtain approval from the Company's board of directors and comply with all relevant regulations. The company monitors and controls the proportions of investment in digital assets (Digital Asset Limit) including considering the adequacy of capital fund in accordance with relevant regulation. The Company monitors the digital asset business of the subsidiaries and reports findings to the executives and relevant committees of the Company. The subsidiaries that operate digital asset business and involve digital asset transactions have established risk management guidelines.

From operating digital asset exchange and digital asset broker, the subsidiaries are exposed to various risks including the risk from custody of clients' digital assets, the risk from security delivery both digital assets or cash transfer (Settlement Risk), the risk from the counterparty not able to deliver digital assets or pay debts according to the specified conditions. The subsidiaries have set counterparty selection processes for digital asset source exchanges and digital asset custodians. The company assigns related departments to audit partner's service and system security including reviewing the financial position of partner on regular basis.

The subsidiaries could be exposed to liquidity risk due to its holding of digital assets with value declining. Risk management, accounting and finance departments monitor liquidity levels on a daily basis to examine whether the holding digital assets are in accordance with the requirement of S.E.C. by conducting daily report to summarize the Net Capital (NC) and the Net Capital Ratio (NCR) to report related senior executives.

The subsidiaries are exposed to the volatility in value of digital assets in possession. Risk management department takes responsibility to monitor the risk and consider approval for holding digital assets and determine the acceptable risk level by consider the holding status, liquidity and volatility for each digital assets.

5 Maintenance of capital fund

The Group maintain its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by BoT. As announced by the BoT in circulars dated 8 November 2012 and 7 May 2019, the Group is required to calculate its Capital Fund in accordance with Basel III.

As at 31 December 2022 and 2021, the Consolidated Supervision's total capital funds were categorised as follows:

	Basel III Consolidated Supervision	
	2022	2021
	(in million Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,671	33,992
Premium on share capital	11,019	11,124
Legal reserve	3,400	7,000
Net profit after appropriation	360,647	347,169
Disclosed Reserves	20,670	21,459
Non-controlling interest	1,668	-
Capital deduction items on CET1	(22,788)	(21,178)
Total Common Equity Tier 1 capital	408,287	399,566
Additional Tier 1 capital		
Non-controlling interest	1,072	-
Total Tier 1 capital	**409,359**	**399,566**
Tier 2 capital		
General provisions	24,983	24,669
Non-controlling interest	565	-
Total Tier 2 capital	**25,548**	**24,669**
Total capital funds	**434,907**	**424,235**
Total risk weighted assets	**2,306,339**	**2,265,443**

	2022		2021	
	The BoT's regulation minimum requirement*	Capital ratio of the Financial Group	The BoT's regulation minimum requirement*	Capital ratio of the Financial Group
	(%)			
Total capital funds / Total risk-weighted assets	12.0	18.9	12.0	18.7
Total Tier 1 capital / Total risk-weighted assets	9.5	17.8	9.5	17.6
Total CET1 / Total risk-weighted assets	8.0	17.7	8.0	17.6
Total Tier 2 capital / Total risk-weighted assets		1.1		1.1

* The BoT requires the Group to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%.

As at 31 December 2022 and 2021, the Group has no capital add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the BoT notification number Sor Nor Sor 5/2556 dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Financial Group* and the BoT notification number Sor Nor Sor 14/2562 dated 7 May 2019, regarding to *Disclosure Requirement on Capital Adequacy for a Financial group (Volume 2)*, were as follows:

Location of disclosure	The Company's website under Investor Relations section at https://www.scbx.com/en/investor-relations.html
Disclosure period requirement	Within 4 months after the period end date as indicated in the BoT notification
Latest information at	30 June 2022

Capital management

The Group's policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Group's robustness and to support business growth. Furthermore, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Group complied with the BoT's imposed capital requirements throughout the period and, as noted in the table above, its capital level is well in excess of the minimum requirements.

6 Classification of financial assets and financial liabilities

	Consolidated financial statements 2022 (After restructuring)				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
			(in million Baht)		
Financial assets					
Cash	-	-	-	47,254	47,254
Interbank and money market items, net	-	-	-	522,056	522,056
Financial assets measured at FVTPL	62,327	-	-	-	62,327
Derivative assets	66,084	-	-	-	66,084
Investments, net	-	178,016	1,636	211,019	390,671
Loans to customers and accrued interest receivables, net	-	-	-	2,247,848	2,247,848
Total	**128,411**	**178,016**	**1,636**	**3,028,177**	**3,336,240**
Financial liabilities					
Deposits	-	-	-	2,555,800	2,555,800
Interbank and money market items	-	-	-	181,347	181,347
Liability payable on demand	-	-	-	11,429	11,429
Financial liabilities measured at FVTPL	39	-	-	-	39
Derivatives liabilities	60,632	-	-	-	60,632
Debt issued and borrowings	-	-	-	71,996	71,996
Total	**60,671**	**-**	**-**	**2,820,572**	**2,881,243**

	Consolidated financial statements 2021 (Before restructuring)				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
			(in million Baht)		
Financial assets					
Cash	-	-	-	50,421	50,421
Interbank and money market items, net	-	-	-	618,269	618,269
Financial assets measured at FVTPL	68,707	-	-	-	68,707
Derivative assets	57,579	-	-	-	57,579
Investments, net	-	213,450	1,636	7,548	222,634
Loans to customers and accrued interest receivables, net	-	-	-	2,165,456	2,165,456
Total	**126,286**	**213,450**	**1,636**	**2,841,694**	**3,183,066**
Financial liabilities					
Deposits	-	-	-	2,467,495	2,467,495
Interbank and money market items	-	-	-	180,961	180,961
Liabilities payable on demand	-	-	-	10,539	10,539
Financial liabilities measured at FVTPL	6	-	-	-	6
Derivative liabilities	49,200	-	-	-	49,200
Debt issued and borrowings	-	-	-	74,922	74,922
Total	**49,206**	**-**	**-**	**2,733,917**	**2,783,123**

	Separate financial statements				
	2022				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
	(in million Baht)				
Financial assets					
Cash	-	-	-	1	1
Interbank and money market items, net	-	-	-	7,412	7,412
Investments, net	-	-	-	1,472	1,472
Loans to customers and accrued interest receivables, net	-	-	-	26,329	26,329
Total	**-**	**-**	**-**	**35,214**	**35,214**
Financial liabilities					
Interbank and money market items	-	-	-	42,935	42,935
Debt issued and borrowings	639	-	-	-	639
Total	**639**	**-**	**-**	**42,935**	**43,574**

7 Interbank and money market items, net (Assets)

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
	(in million Baht)		
Domestic items			
Bank of Thailand and Financial Institutions Development Fund	462,462	550,843	-
Commercial banks	24,204	29,138	7,411
Specialised financial institutions*	-	3,000	-
Other financial institutions**	4,749	1,419	-
Total	491,415	584,400	7,411
Add accrued interest receivables and undue interest receivables	171	79	1
Less allowance for expected credit loss	(57)	(84)	-
Total domestic items	**491,529**	**584,395**	**7,412**
Foreign items*			
US Dollar	25,839	28,587	-
Japanese Yen	468	455	-
Euro	89	157	-
Other currencies	4,150	4,753	-
Total	30,546	33,952	-
Add accrued interest receivables and undue interest receivables	35	10	-
Less allowance for expected credit loss	(54)	(88)	-
Total foreign items	**30,527**	**33,874**	**-**
Total domestic and foreign items	**522,056**	**618,269**	**7,412**

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

*** Certain amount under this item are under restrictions *(Note 30)*.

8 Financial assets measured at fair value through profit or loss

	Consolidated financial statements	
	2022 (After restructuring) Fair value	2021 (Before restructuring) Fair value
	(in million Baht)	
Financial assets held for trading		
Government and state enterprise securities	4,754	4,886
Corporate debt instruments	5,655	6,521
Foreign debt instruments	26	17
Domestic equity instruments	3,903	4,895
Foreign equity instruments	8	-
Total	**14,346**	**16,319**
Others		
Corporate debt instruments	386	496
Foreign debt instruments	19,864	30,149
Domestic equity instruments	791	1,396
Foreign equity instruments	26,940	20,347
Total	**47,981**	**52,388**
Total financial assets measured at fair value through profit and loss	**62,327**	**68,707**

Financial assets measured at fair value through profit or loss includes equity instruments of certain companies held by its venture capital subsidiary. As at 31 December 2022, this subsidiary has equity instruments in these venture capital investees of Baht 3,534 million with voting rights between 16.67% to 40.00%. *(31 December 2021: Baht 2,203 million with voting rights between 16.67% to 40.00%).* The venture capital subsidiary also manages these investments on a fair value basis.

9 Derivatives

Derivatives are financial instruments whose characteristics are derived from fair value of underlying assets, or from interest and exchange rates or indices. The following derivatives are currently used and outstanding by the Group:

1. Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

   Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.

2. Interest rate swaps which are agreements that involve the exchange of interest obligations for a specified period without exchanging the underlying or notional principal.

3. Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.

4. Commodity derivatives which are a purchase or a sale of an underlying product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The notional amount of derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 31 December 2022 and 2021, on a consolidated basis, 100% and 100% of derivatives are over-the-counter derivative transactions. The notional amount of derivatives based on types of contracts were as follows:

	Consolidated financial statements			
	2022			
	(After restructuring)			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	(in million Baht)			
Forward exchange contracts	1,485,824	4,760	-	1,490,584
Interest rate swap contracts	787,172	966,640	439,557	2,193,369
Equity derivatives	8,813	5,518	-	14,331

	Consolidated financial statements			
	2021			
	(Before restructuring)			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	(in million Baht)			
Forward exchange contracts	1,422,086	8,909	-	1,430,995
Interest rate swap contracts	590,306	1,011,455	504,492	2,106,253
Equity derivatives	12,819	3,419	562	16,800

	Separate financial statements			
	2022			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	(in million Baht)			
Interest rate swap contracts	42,108	-	-	42,108

9.1 Derivatives held for trading

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Fair value		Notional	Fair value		Notional
Type of risk	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign exchange rate	24,322	21,947	1,396,589	14,778	13,436	1,317,873
Interest rate	38,378	35,764	2,111,097	38,432	34,415	2,042,755
Equity derivatives	1,319	840	14,331	771	496	16,800
Total	**64,019**	**58,551**	**3,522,017**	**53,981**	**48,347**	**3,377,428**

	Separate financial statements		
	2022		
	Fair value		Notional
Type of risk	Assets	Liabilities	amount
		(in million Baht)	
Interest rate	-	639	42,108
Total	**-**	**639**	**42,108**

9.2 Derivatives held for risk management in designated of hedge relationship

Fair value hedges

The Group use interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate debt issued. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to USD LIBOR 3M. As at 31 December 2022 and 2021, there were no significant ineffectiveness in these hedging relationships and there is no net gain (loss) hedging.

Fair value and notional amount classified by type of risks were as follow:

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Fair value		Notional	Fair value		Notional
Type of risk	Assets	Liabilities	amount	Assets	Liabilities	amount
			(in million Baht)			
Interest rate	-	1,506	51,843	3,150	-	63,498
Total	**-**	**1,506**	**51,843**	**3,150**	**-**	**63,498**

Cash Flow hedges

The Group use interest rate swaps to hedge its exposure to variability in future cash flows attributable to movements in interest rates of investments in debt instruments. The designated risk being hedged is the risk of changes in interest rate from floating to fixed rate. Cash flow hedge reserve is cumulative amount of effective portion of fair value of hedging instruments which is recognized in other reserves. As at 31 December 2022 and 2021, there were no significant ineffectiveness in these hedging relationships and there is no net gain (loss) hedging.

Fair value and notional amount classified by type of risks were as follow:

	Consolidated financial statements		
	2022		
	(After restructuring)		
	Fair value		Notional
Type of risk	Assets	Liabilities	amount
	(in million Baht)		
Interest rate	25	31	30,429
Total	**25**	**31**	**30,429**

Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

The Group establish a hedge ratio by aligning the par amount of the fixed-rate debt issued and the notional amount of the interest rate swap designated as a hedging instrument. The Group apply a hedge ratio of 1:1.

9.3 Derivatives held for risk management not designated in a hedge relationship

	Consolidated financial statements					
	2022			2021		
	(After restructuring)			(Before restructuring)		
	Fair value		Notional	Fair value		Notional
Type of risk	Assets	Liabilities	amount	Assets	Liabilities	amount
	(in million Baht)					
Foreign exchange rate	2,040	544	93,995	448	853	113,122
Total	**2,040**	**544**	**93,995**	**448**	**853**	**113,122**

10 Investments, net

10.1 Classification by type of investments

	Consolidated financial statements	
	2022 (After restructuring) AMC	2021 (Before restructuring) AMC
	(in million Baht)	
Investments in debt instruments measured at AMC		
Government and state enterprise securities	209,111	7,052
Foreign debt instruments	2,002	524
Less allowance for expected credit loss	(94)	(28)
Total	**211,019**	**7,548**

	Consolidated financial statements	
	2022 (After restructuring) Fair value	2021 (Before restructuring) Fair value
	(in million Baht)	
Investments in debt instruments measured at FVOCI		
Government and state enterprise securities	173,499	212,510
Foreign debt instruments	4,517	940
Total	**178,016**	**213,450**
Allowance for expected credit loss	**(15)**	**(17)**
Investments in equity instruments designated at FVOCI		
Domestic equity instruments	1,631	1,631
Foreign equity instruments	5	5
Total	**1,636**	**1,636**
Total investments, net	**390,671**	**222,634**

	Separate financial statements
	2022
	AMC
	(in million Baht)
Investments in debt instruments measured at AMC	
Foreign debt instruments	1,472
Total	**1,472**
Total investments, net	**1,472**

Dividend income from investments in equity instruments designated at FVOCI recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 amounted to Baht 26 million. *(31 December 2021: Baht 20 million)*.

10.2 Investments in which the Group hold 10% or more

	Consolidated financial statements			
	2022		2021	
	(After restructuring)		(Before restructuring)	
	Number of Companies	Fair value	Number of Companies	Fair value
		(in million Baht)		*(in million Baht)*
Others *	19	4,528	16	3,735

* Includes certain investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1.

10.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2022, the consolidated aggregate cost of investments in companies with problems in their financial position and operating results which were reported as part of investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1 amounted to Baht 486 million. These investments have zero fair value at reporting date *(31 December 2021: aggregate cost of Baht 285 million, with zero fair value).*

11 Investments in subsidiaries, associates and joint venture, net

			Consolidated financial statements					
	Type of business	Type of share	Direct shareholding		Investment value			
					Cost method		Equity method	
			2022 (After restructuring)	2021 (Before restructuring)	2022 (After restructuring)	2021 (Before restructuring)	2022 (After restructuring)	2021 (Before restructuring)
			(%)		*(in million Baht)*			
Direct joint venture								
Alpha X Co., Ltd. [1]	Hire purchase, leasing, and refinancing business	Common	50.0	-	375	-	313	-
Indirect associates								
Blockchain Community Initiative (Thailand) Co., Ltd.	Blockchain platform	Common	22.2	22.2	117	117	73	85
National ITMX Co., Ltd.	Payment system service provider	Common	22.9	22.9	104	104	820	623
Sahaviriya Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	-	-
Dean & DeLuca, Inc. [2]	Retailer of premium gourmet and delicatessen business	Common	-	26.5	-	-	-	-
Indirect joint venture								
Alpha X Co., Ltd. [1]	Hire purchase, leasing, and refinancing business	Common	-	50.0	-	75	-	73
Total investments in associates and joint venture, net					**596**	**296**	**1,206**	**781**

[1] SCB X PCL acquired all its shares from the Siam Commercial Bank PCL in September 2022.
[2] The Siam Commercial Bank PCL sold all its shares in Dean & DeLuca, Inc. in July 2022.

	Type of business	Type of share	Separate financial statements				
			Direct shareholding		Investment value cost method		Dividend income for the year ended
			2022	2021	2022	2021	2022
			(%)		(in million Baht)		
Direct subsidiaries							
The Siam Commercial Bank PCL	Banking	Common and Preferred	99.1	-	440,741	-	65,475
SCB 10X Co., Ltd.[1]	Venture capital, venture builder and strategic investments	Common	100.0	-	25,478	-	-
Card X Co., Ltd.	Credit card and unsecured personal loan	Common	100.0	100.0	23,500	-	-
Purple Ventures Co., Ltd.[2]	E-Commerce and digital services	Common	100.0	-	5,000	-	-
InnovestX Securities Co., Ltd. (formerly SCB Securities Co., Ltd.) [1]	Securities	Common	100.0	-	4,959	-	-
Auto X Co., Ltd.	Personal loan	Common	100.0	100.0	4,000	-	-
Data X Co., Ltd.	Data analytics and supporting business related to information technology	Common	100.0	-	1,460	-	-
SCB Tech X Co., Ltd.[1]	Specialised technology services provider	Common	60.0	-	704	-	-
AISCB Co., Ltd.[3]	Digital lending	Common	100.0	-	511	-	-
SCB Abacus Co., Ltd.[2]	Data Analytics and digital lending	Common	44.9	-	501	-	-
Monix Co., Ltd.[1]	Digital Lending	Common	57.5	-	441	-	-
Token X Co., Ltd.[2]	Initial Coin Offering Portal (ICO Portal)	Common	100.0	-	221	-	-
Digital Ventures Co., Ltd.[2]	Financial Technology	Common	100.0	-	110	-	-
Direct Joint Venture							
Alpha X Co., Ltd.[1]	Hire purchase, leasing, and refinancing business	Common	50.0	-	375	-	-
Indirect subsidiaries							
Siam Commercial Bank Myanmar Ltd.[4]	Banking	Common	-	-	-	-	-
Cambodian Commercial Bank Ltd.[4]	Banking	Common	-	-	-	-	-
SCB Protect Co., Ltd.[4]	Insurance broker	Common	-	-	-	-	-
SCB Training Center Co., Ltd.[4]	Training center	Common	-	-	-	-	-
SCB Asset Management Co., Ltd.[4]	Asset management	Common	-	-	-	-	-
Rutchayothin Assets Management Co., Ltd.[4]	Asset management	Common	-	-	-	-	-
SCB Plus Co., Ltd.[4]	Collection	Common	-	-	-	-	-
SCB-Julius Baer Securities Co., Ltd.[5]	Securities	Common	-	-	-	-	-
Card X Asset Management Co., Ltd.[6]	Asset management from purchase and transfer of non-performing loan	Common	-	-	-	-	-
Mahisorn Co., Ltd. [7]	Property management	Common	-	-	-	-	-
SCB-Julius Baer (Singapore) Pte. Ltd.[8]	Securities	Common	-	-	-	-	-
Trex Ventures Co., Ltd.[9]	Digital financial services	Common	-	-	-	-	-

			Separate financial statements				
	Type of business	Type of share	Direct shareholding		Investment value cost method		Dividend income for the year ended
			2022	2021	2022	2021	2022
			(%)		*(in million Baht)*		
Indirect associates							
Blockchain Community Initiative (Thailand) Co., Ltd.	Blockchain platform	Common	-	-	-	-	-
National ITMX Co., Ltd.	Payment system service provider	Common	-	-	-	-	-
Sahaviriya Steel Industries PCL	Steel industry	Common	-	-	-	-	-
Dean & DeLuca, Inc.[10]	Retailer of premium gourmet and delicatessen business	Common	-	-	-	-	-
Total investments in subsidiaries, associates and joint venture, net					**508,001**	**-**	**65,475**

[1] SCB X PCL acquired all its shares from the Siam Commercial Bank PCL in September 2022.
[2] SCB X PCL acquired all its shares from SCB 10X Co., Ltd. in September 2022.
[3] SCB X PCL acquired all its shares from The Siam Commercial Bank PCL in November 2022
[4] Subsidiary of the Siam Commercial Bank PCL (100% shareholding)
[5] Subsidiary of the Siam Commercial Bank PCL (60% shareholding)
[6] Subsidiary of Card X Co., Ltd. (100% shareholding)
[7] Subsidiary of SCB Plus Co., Ltd. (100% shareholding)
[8] Subsidiary of SCB-Julius Baer Securities Co., Ltd. (100% shareholding)
[9] The Company completed the registration of liquidation with the Department of Business Development, the Ministry of Commerce on 17 February 2022.
[10] The Siam Commercial Bank PCL sold all its shares in Dean & DeLuca, Inc. in July 2022.

All subsidiaries, associates and joint venture are registered and operated in Thailand except for the Siam Commercial Bank Myanmar Ltd., Cambodian Commercial Bank Ltd., SCB-Julius Baer (Singapore) Pte. Ltd. and Dean & DeLuca, Inc. which are registered and operated in Myanmar, Cambodia, Singapore and United States of America, respectively. The Bank, the Company's subsidiary, has branch network in Thailand, Singapore, Hong Kong, Laos, Vietnam, China and Cayman Islands.

12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Overdrafts	85,793	73,570	-
Loans	1,729,042	1,684,682	26,400
Bills	372,214	322,588	-
Hire purchase receivables	189,840	220,650	-
Others	326	344	-
Total loans to customers	2,377,215	2,301,834	26,400
Add accrued interest receivables and undue interest receivables	19,523	15,031	54
Total loans to customers and accrued interest receivables and undue interest receivables	2,396,738	2,316,865	26,454
Less unamortised modification loss	(3,336)	(5,756)	-
Less allowance for expected credit loss	(145,554)	(145,653)	(125)
Total	**2,247,848**	**2,165,456**	**26,329**

12.2 Classified by residence of customer

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Domestic	2,290,535	2,218,776	26,400
Foreign	86,680	83,058	-
Total	**2,377,215**	**2,301,834**	**26,400**

12.3 Classified by stages

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Stage 1	2,120,904	2,016,140	26,454
Stage 2	180,044	191,387	-
Stage 3	95,790	109,338	-
Total *	**2,396,738**	**2,316,865**	**26,454**

* Includes accrued interest receivables and undue interest receivables.

12.4 Classified by business types and stages

	Consolidated financial statements							
	2022 (After restructuring)				2021 (Before restructuring)			
	Stage 1	Stage 2	Stage 3	Total *	Stage 1	Stage 2	Stage 3	Total *
	(in million Baht)							
Agriculture and mining	7,550	483	1,184	9,217	8,855	975	3,768	13,598
Manufacturing and commercial	553,580	63,373	44,422	661,375	536,571	47,292	47,887	631,750
Real estate and construction	149,077	8,581	10,617	168,275	152,034	7,685	18,458	178,177
Utilities and services	389,158	24,528	12,955	426,641	357,218	37,491	13,468	408,177
Housing loans	557,973	26,415	13,016	597,404	526,856	34,336	15,221	576,413
Others	446,036	55,132	13,135	514,303	421,573	61,834	10,312	493,719
Total *	**2,103,374**	**178,512**	**95,329**	**2,377,215**	**2,003,107**	**189,613**	**109,114**	**2,301,834**

* Excludes accrued interest receivables and undue interest receivables.

	Separated financial statements			
	2022			
	Stage 1	Stage 2	Stage 3	Total *
	(in million Baht)			
Others	26,400	-	-	26,400
Total *	**26,400**	**-**	**-**	**26,400**

* Excludes accrued interest receivables and undue interest receivables.

12.5 Non-Performing Loans

The Group used the guidelines specified in the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations Asset Classification and Provisioning of a Financial Institution*, in determining Non-Performing Loans. As at 31 December 2022 and 2021, the Group have Non-Performing Loans (including loans to interbank and money market items) based on BoT's guidelines as follow:

	Consolidated financial statements	
	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Non-Performing Loans* (gross)	95,329	109,114
% of Non-Performing Loans to total loans	3.3	3.8

* See note 2.1 for application on loans to customers subject to relief programmes

During the year ended 31 December 2022, the Group sold and transferred right to receive debt payments of Non-Performing Loans with a total principal amount of Baht 20,359 million *(31 December 2021: Baht 6,874 million)*.

12.6 Loans to customers having problems with financial position and operating results

	Consolidated financial statements							
	2022 (After restructuring)				2021 (Before restructuring)			
	No. of companies	Loans and accrued interest Receivables*	Collateral	Allowance for expected credit loss	No. of companies	Loans and accrued interest Receivables*	Collateral	Allowance for expected credit loss
	(in million Baht)				*(in million Baht)*			
Listed companies identified for delisting	-	-	-	-	2	7,457	5,559	5,153
Delisted company	1	8,315	3,775	3,086	1	8,153	3,775	3,037

* Excludes undrawn loan commitments and financial guarantee

12.7 Hire purchase receivables

	Consolidated financial statements 2022 (After restructuring)			
	Portion due			
	Within 1 year	1-5 years	Over 5 years	Total
	(in million Baht)			
Total gross investment under hire purchase contracts	51,515	134,541	36,267	222,323
Less unearned interest income				(32,483)
Present value of minimum lease payments				189,840
Less allowance for expected credit loss				(11,738)
Hire purchase receivables, net				**178,102**

	Consolidated financial statements 2021 (Before restructuring)			
	Portion due			
	Within 1 year	1-5 years	Over 5 years	Total
	(in million Baht)			
Total gross investment under hire purchase contracts	60,368	159,898	36,447	256,713
Less unearned interest income				(36,063)
Present value of minimum lease payments				220,650
Less allowance for expected credit loss				(8,743)
Hire purchase receivables, net				**211,907**

13 Allowance for expected credit loss

	Consolidated financial statements			
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
	(in million Baht)			
Interbank and money market items				
At 1 January 2022 (Before restructuring)	155	17	-	172
Changes from remeasurement of ECL	84	-	-	84
New interbank and money market items	-	12	-	12
Derecognition	(135)	(20)	-	(155)
Others	(2)	-	-	(2)
Balance as at 31 December 2022 (After restructuring)	**102**	**9**	**-**	**111**
Investments in debt instruments				
At 1 January 2022 (Before restructuring)	45	-	-	45
Changes from remeasurement of ECL	41	-	-	41
New investments in debt instruments	131	-	-	131
Derecognition	(98)	-	-	(98)
Others	(10)	-	-	(10)
Balance as at 31 December 2022 (After restructuring)	**109**	**-**	**-**	**109**
Loans to customers				
At 1 January 2022 (Before restructuring)	43,603	40,039	62,011	145,653
Changes from stage reclassification	23,263	(34,347)	11,084	-
Changes from remeasurement of ECL	(24,814)	42,114	25,002	42,302
New loan to customers	8,347	8,231	4,920	21,498
Derecognition	(5,702)	(11,776)	(25,026)	(42,504)
Write-off	-	-	(21,751)	(21,751)
Others	10	(8)	354	356
Balance as at 31 December 2022 (After restructuring)	**44,707**	**44,253**	**56,594**	**145,554**

	Separate financial statements			
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Total
	(in million Baht)			
Loans to customers				
At 1 January 2022	-	-	-	-
New loan to customers	125	-	-	125
Balance as at 31 December 2022	**125**	**-**	**-**	**125**

14 Modified loans to customers

During the year ended 31 December 2022 and 2021, the Group have modified loans that have not resulted in derecognition, while they had a loss allowance measured at an amount equal to lifetime ECL, which excluded loans to customers modified under relief program that apply temporary accounting relief measures as mentioned in note 2.1, as follows:

	Consolidated financial statements	
Loans modified during the year ended 31 December	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Outstanding before modification *	27,435	7,134
Net modification loss *	(412)	(302)
	27,023	**6,832**
Loans modified since initial recognition		
Outstanding of loans to customers at the end of reporting date that have previously modified for which loss allowance has changed during the year from measured amount equal to lifetime expected credit losses to an amount equal to 12-month expected credit losses	2,967	818

* In 2022, this included 2nd form of financial assistance based on sustainable debt resolution as mentioned in note 2.1

15 Properties for sale, net

	Consolidated financial statements			
	2022 (After restructuring)			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
	(in million Baht)			
Foreclosed assets				
- Immovable assets	17,734	5,959	(2,096)	21,597
- Movable assets	384	3,858	(3,494)	748
Total foreclosed assets	18,118	9,817	(5,590)	22,345
Others	1,705	335	(421)	1,619
Total properties for sale	19,823	10,152	(6,011)	23,964
Less allowance for impairment	(1,622)	(219)	318	(1,523)
Total properties for sale, net	**18,201**	**9,933**	**(5,693)**	**22,441**

	Consolidated financial statements			
	2021 (Before restructuring)			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
	(in million Baht)			
Foreclosed assets				
- Immovable assets	15,344	4,137	(1,747)	17,734
- Movable assets	412	1,966	(1,994)	384
Total foreclosed assets	15,756	6,103	(3,741)	18,118
Others	1,877	341	(513)	1,705
Total properties for sale	17,633	6,444	(4,254)	19,823
Less allowance for impairment	(1,497)	(649)	524	(1,622)
Total properties for sale, net	**16,136**	**5,795**	**(3,730)**	**18,201**

For the year ended 31 December 2022, the Group recognised gain on sale of properties for sale in the consolidated statement of profit or loss and other comprehensive income amounting to Baht 1,368 *(31 December 2021: the Group recognised gain on sale of properties for sale in the consolidated statement of profit or loss and other comprehensive income amounting to Baht 1,167 million).*

At 31 December 2022, the Group have properties for sale which contain buy-back rights or first refusal rights from other debtors within the certain period and prices as specified in the debt restructuring agreements with the cost amounting to Baht 3,632 million. (*31 December 2021: Baht 4,005 million*).

At 31 December 2022, the Group had properties for sale transferred under the Bank of Thailand's supportive measure for debt settlement through collateral assets transfers with buy-back options (Asset Warehousing) amounting to Baht 4,458 million.

At 31 December 2022 and 2021, all of the foreclosed immovable assets were appraised by internal appraisers.

16 Premises and equipment, net

	Consolidated financial statements 2022 (After restructuring)											
	Cost					Accumulated depreciation						
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to Investment properties	Ending balance	Beginning balance	Depreciation	Disposals/ Transfer out	Transfer to Investment properties	Ending balance	Allowance for impairment	Net balance
	(in million Baht)											
Land												
Cost	5,368	3	-	-	5,371	-	-	-	-	-	(77)	5,294
Appraisal increase*	18,381	-	-	-	18,381	-	-	-	-	-	-	18,381
Premises and building improvements												
Cost	19,725	415	(59)	-	20,081	(10,014)	(712)	53	-	(10,673)	(49)	9,359
Appraisal increase*	7,959	-	-	-	7,959	(174)	(333)	-	-	(507)	-	7,452
Equipment	19,224	715	(426)	-	19,513	(16,940)	(936)	383	-	(17,493)	-	2,020
Others	175	1,310	(978)	-	507	(61)	(33)	-	-	(94)	-	413
Right-of-use assets									-			
Office building	631	550	(222)	-	959	(315)	(191)	198	-	(308)	-	651
ATM	246	50	(182)	-	114	(148)	(88)	182	-	(54)	-	60
Vehicle	881	682	(261)	-	1,302	(383)	(217)	249	-	(351)	-	951
Booth	35	2	(21)	-	16	(22)	(13)	22	-	(13)	-	3
Branch	1,186	1,831	(905)	-	2,112	(446)	(700)	904	-	(242)	-	1,870
Others	8	-	(4)	-	4	(2)	-	1	-	(1)	-	3
Total	**73,819**	**5,558**	**(3,058)**	**-**	**76,319**	**(28,505)**	**(3,223)**	**1,992**	**-**	**(29,736)**	**(126)**	**46,457**

* Appraisal values are based on valuations completed in 2021 for the Group.

	Consolidated financial statements 2021 (Before restructuring)											
	Cost					Accumulated depreciation						
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to Investment properties	Ending balance	Beginning balance	Depreciation	Disposals/ Transfer out	Transfer to Investment properties	Ending balance	Allowance for impairment	Net balance
	(in million Baht)											
Land												
Cost	5,427	-	(59)	-	5,368	-	-	-	-	-	(77)	5,291
Appraisal increase*	12,287	6,136	(39)	-	18,381	-	-	-	-	-	-	18,381
Premises and building improvements												
Cost	20,048	335	(274)	(384)	19,725	(9,568)	(871)	259	166	(10,014)	(41)	9,670
Appraisal increase*	8,752	(472)	(23)	(298)	7,959	(3,051)	(392)	3,265	4	(174)	-	7,785
Equipment	18,889	674	(339)	-	19,224	(15,565)	(1,672)	297	-	(16,940)	-	2,284
Others	530	531	(886)	-	175	(14)	(47)	-	-	(61)	-	114
Right-of-use assets												
Office building	1,110	77	(556)	-	631	(475)	(227)	387	-	(315)	-	316
ATM	1,113	28	(895)	-	246	(741)	(302)	895	-	(148)	-	98
Vehicle	683	358	(160)	-	881	(307)	(235)	159	-	(383)	-	498
Booth	76	2	(43)	-	35	(23)	(22)	23	-	(22)	-	13
Branch	3,066	435	(2,315)	-	1,186	(1,447)	(926)	1,927	-	(446)	-	740
Others	7	1	-	-	8	(1)	(1)	-	-	(2)	-	6
Total	**71,988**	**8,102**	**(5,589)**	**(682)**	**73,819**	**(31,192)**	**(4,695)**	**7,212**	**170**	**(28,505)**	**(118)**	**45,196**

* Appraisal values are based on valuations completed in 2021 for the Group.

The gross amount of the Group's fully depreciated premises and equipment that were still in use as at 31 December 2022 amounted to Baht 24,619 million *(31 December 2021: Baht 22,230 million)*.

	Separate financial statements									
	2022									
	Cost				Accumulated depreciation					
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Depreciation	Disposals/ Transfer out	Ending balance	Allowance for impairment	Net balance
	(in million Baht)									
Right-of-use assets										
Office building	-	14	-	14	-	(2)	-	(2)	-	12
Vehicle	-	12	-	12	-	(2)	-	(2)	-	10
Total	**-**	**26**	**-**	**26**	**-**	**(4)**	**-**	**(4)**	**-**	**22**

The fair values of land and premises are determined by using the market approach for land and the replacement cost approach for premises. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience. The fair values of land and premises are categorised as Level 3 in the fair value hierarchy.

17 Goodwill and other intangible assets, net

	Consolidated financial statements 2022 (After restructuring)									
	Cost				Accumulated amortisation					
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisation	Disposals/ Transfer out	Ending balance	Allowance for impairment	Net balance
	(in million Baht)									
Goodwill	1,270	-	-	1,270	-	-	-	-	-	1,270
Software licenses	33,894	5,295	(5)	39,184	(18,977)	(5,732)	3	(24,706)	(100)	14,378
Software under installation	2,140	3,139	(523)	4,756	-	-	-	-	-	4,756
Others	119	37	-	156	(58)	(23)	-	(81)	-	75
Total	**37,423**	**8,471**	**(528)**	**45,366**	**(19,035)**	**(5,755)**	**3**	**(24,787)**	**(100)**	**20,479**

	Consolidated financial statements 2021 (Before restructuring)									
	Cost				Accumulated amortisation					
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisation	Disposals/ Transfer out	Ending balance	Allowance for impairment	Net balance
	(in million Baht)									
Goodwill	1,270	-	-	1,270	-	-	-	-	-	1,270
Software licenses	28,221	5,790	(117)	33,894	(14,020)	(4,963)	6	(18,977)	(3)	14,914
Software under installation	3,017	395	(1,272)	2,140	-	-	-	-	-	2,140
Others	116	3	-	119	(35)	(23)	-	(58)	-	61
Total	**32,624**	**6,188**	**(1,389)**	**37,423**	**(14,055)**	**(4,986)**	**6**	**(19,035)**	**(3)**	**18,385**

The gross amount of the Group's fully amortised intangible assets that were still in use as at 31 December 2022 amounted to Baht 10,163 million *(31 December 2021: Baht 6,254 million)*.

18 Deferred tax

	Consolidated financial statements	
	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Deferred tax assets	3,225	3,681
Deferred tax liabilities	(929)	(888)
Net	**2,296**	**2,793**

		Consolidated financial statements (Charged) / Credited to:		
	At 1 January 2022 (Before restructuring)	Profit or loss	Other Comprehensive income	At 31 December 2022 (After restructuring)
	(in million Baht)			
Deferred tax assets				
Financial assets measured at FVTPL	41	28	-	69
Derivative assets	48	(18)	1	31
Investments in subsidiaries, associates and joint venture	309	(264)	-	45
Loans to customers and accrued interest receivables	4,524	43	-	4,567
Properties for sale	147	44	-	191
Other intangible assets	9	14	-	23
Provisions	4,053	(785)	(345)	2,923
Other liabilities	1,483	207	-	1,690
Loss carry forward	-	335	-	335
Total	**10,614**	**(396)**	**(344)**	**9,874**
Deferred tax liabilities				
Financial assets measured at FVTPL	(963)	129	-	(834)
Investments	(271)	3	45	(223)
Loan and accrued interest receivable	-	(29)	-	(29)
Properties for sale	(24)	-	-	(24)
Investment properties	(85)	(80)	-	(165)
Premises and equipment	(6,293)	86	-	(6,207)
Other intangible assets	(3)	-	-	(3)
Other assets	(182)	89	-	(93)
Total	**(7,821)**	**198**	**45**	**(7,578)**
Net	**2,793**	**(198)**	**(299)**	**2,296**

		Consolidated financial statements (Charged) / Credited to:		
	At 1 January 2021 (Before restructuring)	Profit or loss	Other Comprehensive income	At 31 December 2021 (Before restructuring)
		(in million Baht)		
Deferred tax assets				
Financial assets measured at FVTPL	31	10	-	41
Derivative assets	47	1	-	48
Investments in subsidiaries, associates and joint venture	44	265	-	309
Loans to customers and accrued interest receivables	4,956	(432)	-	4,524
Properties for sale	129	31	(13)	147
Other intangible assets	17	(8)	-	9
Other assets	29	(29)	-	-
Provisions	3,562	590	(99)	4,053
Other liabilities	1,189	294	-	1,483
Total	**10,004**	**722**	**(112)**	**10,614**
Deferred tax liabilities				
Financial assets measured at FVTPL	(342)	(621)	-	(963)
Investments	(494)	(38)	261	(271)
Properties for sale	(24)	-	-	(24)
Investment properties	(66)	(19)	-	(85)
Premises and equipment	(4,534)	(6)	(1,753)	(6,293)
Other intangible assets	(3)	-	-	(3)
Other assets	(168)	(14)	-	(182)
Total	**(5,631)**	**(698)**	**(1,492)**	**(7,821)**
Net	**4,373**	**24**	**(1,604)**	**2,793**

Income tax recognised in profit or loss

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Current tax expense		
Current period	13,394	9,400
Deferred tax expense		
Movements in temporary differences	198	(24)
Total income tax expense	**13,592**	**9,376**

Income tax recognised in other comprehensive income

For the year ended 31 December	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Before tax	Tax Income (expense)	Net of tax	Before tax	Tax Income (expense)	Net of tax
	(in million Baht)					
Gain (loss) on investments in debt instruments at FVOCI	(232)	47	(185)	(912)	183	(729)
Gain (loss) on investments designated at FVOCI	11	(2)	9	(392)	78	(314)
Cash flow hedges reserve	(6)	1	(5)	-	-	-
Change in revaluation surplus	-	-	-	8,960	(1,766)	7,194
Actuarial gain (loss) on defined benefit plans	1,724	(345)	1,379	494	(99)	395
Total	**1,497**	**(299)**	**1,198**	**8,150**	**(1,604)**	**6,546**

Reconciliation of effective tax rate

For the year ended 31 December	Consolidated financial statements			
	2022 (After restructuring)		2021 (Before restructuring)	
	Rate (%)	*(in million Baht)*	*Rate (%)*	*(in million Baht)*
Profit before income tax expense		50,718		44,762
Income tax using the Thai corporation tax rate	20.0	10,144	20.0	8,952
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		3,448		424
Total	**26.8**	**13,592**	**20.9**	**9,376**

For the year ended 31 December	Separate financial statements			
	2022		2021	
	Rate (%)	*(in million Baht)*	*Rate (%)*	*(in million Baht)*
Profit before income tax expense		64,411		(9)
Income tax using the Thai corporation tax rate	20.0	12,882	0.0	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(12,882)		-
Total	**0.0**	**-**	**0.0**	**-**

19 Other assets, net

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
	(in million Baht)		
Collateral per Credit Support Annex	3,241	16,149	-
Securities business receivables and receivables from clearing house	4,096	3,301	-
Accrued service income	2,483	10,955	-
Receivable from purchase of investment in debt securities pending for settlement	1,944	1,629	-
Prepaid expenses	2,092	1,903	253
Receivables from sale of NPL	658	723	-
Sundry receivables	277	413	-
Accrued interest on investment and interest rate derivatives	1,077	1,053	22
Others	8,042	8,618	883
Total	**23,910**	**44,744**	**1,158**

20 Deposits

20.1 Classified by type of deposits

	Consolidated financial statements	
	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
At call	122,346	118,954
Savings	1,984,751	1,840,043
Fixed		
- Less than 6 months	95,626	108,205
- 6 months and less than 1 year	140,843	157,551
- Over 1 year	212,234	242,742
Total	**2,555,800**	**2,467,495**

20.2 Classified by currency and residence of customer

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in million Baht)					
Baht	2,508,633	1,708	2,510,341	2,424,118	1,250	2,425,368
US Dollar	24,776	13,644	38,420	24,180	12,135	36,315
Other currencies	3,221	3,818	7,039	2,390	3,422	5,812
Total	**2,536,630**	**19,170**	**2,555,800**	**2,450,688**	**16,807**	**2,467,495**

21 Interbank and money market items (Liabilities)

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Domestic items			
Bank of Thailand and Financial Institutions Development Fund	27,400	35,504	-
Commercial banks	69,007	60,753	1,460
Specialised financial institutions*	9,687	45,646	-
Other financial institutions**	27,153	27,448	-
Total domestic items	**133,247**	**169,351**	**1,460**
Foreign items			
US Dollar	43,496	5,143	41,475
Japan Yen	38	-	-
Euro	337	325	-
Chinese Yuan	2,016	3,886	-
Other currencies	2,213	2,256	-
Total foreign items	**48,100**	**11,610**	**41,475**
Total domestic and foreign items	**181,347**	**180,961**	**42,935**

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited.

22 Debt issued and borrowings

			Consolidated financial statements					
			2022 (After restructuring)			2021 (Before restructuring)		
	Interest rate *(%)*	Year of maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
					(in million Baht)			
Debentures								
- US Dollar	2.75 - 4.40	2023 - 2029	-	51,824	51,824	-	63,442	63,442
Structured notes								
- US Dollar	2.25 - 4.20	2023	660	-	660	246	-	246
- Baht	0.25 - 16.00 and floating*	2023 - 2024	20,968	-	20,968	7,967	-	7,967
Others	-	2023 - 2028	50	-	50	117	-	117
Total			21,678	51,824	73,502	8,330	63,442	71,772
Hedge accounting adjustment			-	(1,506)	(1,506)	-	3,150	3,150
Total			**21,678**	**50,318**	**71,996**	**8,330**	**66,592**	**74,922**

* Compounded THOR BS 5 BD - 0.20%, 0.25%, 0.35%

23 Provisions

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Allowance for expected credit loss of loan commitments and financial guarantee contracts	6,190	6,307	-
Employee benefit obligations	8,179	9,232	10
Reserve for reward points	4,879	4,658	-
Others	125	145	-
Total	**19,373**	**20,342**	**10**

Allowance for expected credit loss of loan commitments and financial guarantee contracts

As of 31 December 2022, the allowance for expected credit loss of loan commitments and financial guarantee contracts increased from the net remeasurement and new loan commitments and financial guarantee contracts of Baht 4,640 million in the consolidated financial statements, while it decreased from the derecognition of loan commitments and financial guarantee of Baht 4,757 million in the consolidated financial statements. *(31 December 2021: increased from net remeasurement and new loan commitments and financial guarantee contracts of Baht 2,074 million in the consolidated financial statements, while it decreased from the derecognition of loan commitments and financial guarantee of Baht 1,166 million).*

Employee benefits obligations

The Group operate a number of post-employment benefit and other long-term employee benefits. All benefit plans are unfunded.

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Severance Payment benefits scheme ("SP")	6,769	7,507	10
Other schemes ("Others")	1,410	1,725	-
Total	**8,179**	**9,232**	**10**

Defined benefit plan and other long-term employee benefits

The Group operate a defined benefit plan and other long-term employee benefits based on the requirement of Thai Labour Protection Act B.E 2541 (1998) and the Group's policy. These benefits will be provided once the employees fulfill the policy requirements or when employees retire based on pensionable remuneration and length of service.

The defined benefit plans and other long-term employee benefits expose actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit plan and other long-term employee benefits

	Consolidated financial statements			
	2022 (After restructuring)		2021 (Before restructuring)	
	SP	Others	SP	Others
	(in million Baht)			
Beginning balance	7,507	1,725	7,591	1,414
Included in profit or loss:				
Current service cost	608	77	803	37
Interest on obligation	162	36	118	22
Actuarial (gain) loss	-	(5)	-	2
	770	**108**	**921**	**61**
Included in other comprehensive income:				
Actuarial (gain) loss				
- Demographic assumptions	(4)	-	-	-
- Financial assumptions	(1,061)	(295)	(578)	213
- Experience adjustment	(262)	(103)	(190)	61
	(1,327)	**(398)**	**(768)**	**274**
Others				
Benefits paid	(181)	(25)	(237)	(24)
	(181)	**(25)**	**(237)**	**(24)**
Ending balance	**6,769**	**1,410**	**7,507**	**1,725**

	Separate financial statements	
	2022	
	SP	Others
	(in million Baht)	
Beginning balance	-	-
Included in profit or loss:		
Current service cost	10	-
	10	**-**
Ending balance	**10**	**-**

Principal actuarial assumptions

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(%)	
Discount rate	0.8 - 4.1	0.3 - 2.8	2.7
Future salary growth	2.0 - 11.0	2.0 - 11.0	7.0
Medical cost trend rate	5.0	5.0	-
Employee turnover	0.0 - 20.0	0.0 - 20.0	2.0 - 12.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amounts shown below.

	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
Effect to the employee benefit obligation	2022 (After restructuring)	2021 (Before restructuring)	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)			
Discount rate	(889)	(1,123)	1,063	1,365
Future salary growth	791	970	(686)	(834)

	Separate financial statements	
	1% increase in assumption	1% decrease in assumption
Effect to the employee benefit obligation	2022	2022
	(in million Baht)	
Discount rate	(1)	1
Future salary growth	1	(1)

Post- employee benefit and other long-term employee benefits expenses included in the statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and 2021 were as follows:

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Defined contribution plans	1,238	1,203	7
Defined benefit plans and other long-term employee benefits	878	982	10
Total	**2,116**	**2,185**	**17**

24 Other liabilities

	Consolidated financial statements		Separate financial statements	
	2022 (After restructuring)	2021 (Before restructuring)	2022	2021
	(in million Baht)			
Accrued expenses	24,810	18,664	496	9
Deferred income from Distribution Agreement	13,881	15,062	-	-
Other payable per Credit Support Annex	13,100	3,571	-	-
Other payables	7,731	12,166	-	-
Unsettled remittance transaction	5,148	4,258	-	-
Accrued interest payable	1,991	2,138	137	-
Securities business payables and payables to clearing house	3,225	2,581	-	-
Lease liabilities*	3,567	1,698	22	-
Advance received from electronic payment	5,488	1,275	-	-
Others	7,354	6,192	63	-
Total	**86,295**	**67,605**	**718**	**9**

* As at 31 December 2022, the amount recorded was calculated from total undiscounted lease liabilities of Baht 3,587 million and Baht 23 million in the consolidated and the separate financial statements, respectively *(31 December 2021: Baht 1,780 million in the consolidated financial statements)*.

25 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, regarding to *Regulations on Service Business relating to Electronic Money (E-Money)* and Sor Nor Chor 2/2562 dated 20 December 2019 regarding to *Regulations on Service Business relating to Electronic Fund Transfer (EFT)*, require the Group to disclose advance received from electronic transactions. As at 31 December 2022 the Group had advances received from electronic transactions, presented as liabilities in the amount of Baht 5,488 million *(31 December 2021: Baht 1,275 million).*

The Group has kept advance received from electronic transactions which is a part of cash in the statements of financial position as at 31 December 2022 in the amount of Baht 6,851 million *(31 December 2021: Baht 2,251 million).*

26 Offsetting of financial assets and financial liabilities

The Group currently hold financial instruments agreements which do not meet the criteria for offsetting in the Group's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following and event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. For derivatives, the rights to call collateral are agreed by both parties with specific call frequency and threshold. According to the agreements, the Group receive and give collateral in form of cash and marketable securities. The details of significant offsetting of financial assets and financial liabilities are as follow:

	Consolidated financial statements						
	2022 (After restructuring)						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
	(in million Baht)						
Financial assets							
Reverse sale-and-repurchase	385,802	-	385,802	385,802	-	Interbank and money market items, net (Assets)	*7*
Derivative assets	15,302	-	15,302	13,100	2,202	Derivative assets	*9*
Securities business receivable	8,229	(2,099)	6,130	-	6,130	Other assets, net	*19*
Total	**409,333**	**(2,099)**	**407,234**	**398,902**	**8,332**		
Financial liabilities							
Sale-and-repurchase	67,955	-	67,955	67,955	-	Interbank and money market items (Liabilities)	*21*
Derivative assets	11,319	-	11,319	3,235	8,084	Derivative liabilities	*9*
Securities business payables	4,518	(2,099)	2,419	-	2,419	Other liabilities	*24*
Total	**83,792**	**(2,099)**	**81,693**	**71,190**	**10,503**		

	Consolidated financial statements 2021 (Before restructuring)						
	Gross amount	Amount offset in statements of financial position	Net amount presented in statements of financial position	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position	Note
	(in million Baht)						
Financial assets							
Reverse sale-and-repurchase	369,423	-	369,423	369,423	-	Interbank and money market items, net (Assets)	*7*
Derivative assets	10,786	-	10,786	3,571	7,215	Derivative assets	*9*
Securities business receivables	6,496	(1,788)	4,708	-	4,708	Other assets, net	*19*
Total	**386,705**	**(1,788)**	**384,917**	**372,994**	**11,923**		
Financial liabilities							
Sale-and-repurchase	59,303	-	59,303	59,303	-	Interbank and money market items (Liabilities)	*21*
Derivatives liabilities	18,033	-	18,033	16,145	1,888	Derivative liabilities	*9*
Securities business payables	4,192	(1,788)	2,404	-	2,404	Other liabilities	*24*
Total	**81,528**	**(1,788)**	**79,740**	**75,448**	**4,292**		

27 Fair value of financial assets and financial liabilities

27.1 Financial assets and financial liabilities measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

	Consolidated financial statements							
	2022 (After restructuring) Fair value				2021 (Before restructuring) Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in million Baht)							
Financial assets								
Financial assets measured at FVTPL	**5,698**	**30,089**	**26,540**	**62,327**	**6,167**	**41,594**	**20,946**	**68,707**
Derivative assets								
- Foreign exchange rate	-	26,362	-	26,362	-	15,226	-	15,226
- Interest rate	-	38,403	-	38,403	-	41,582	-	41,582
- Others	-	1,319	-	1,319	-	771	-	771
Total	**-**	**66,084**	**-**	**66,084**	**-**	**57,579**	**-**	**57,579**
Investments, net								
- Investments in debt instruments measured at FVOCI	-	178,016	-	178,016	-	213,450	-	213,450
- Investments in equity instruments designated at FVOCI	11	-	1,625	1,636	-	-	1,636	1,636
Total	**11**	**178,016**	**1,625**	**179,652**	**-**	**213,450**	**1,636**	**215,086**
Total financial assets	**5,709**	**274,189**	**28,165**	**308,063**	**6,167**	**312,623**	**22,582**	**341,372**
Financial liabilities								
Financial liabilities measured at FVTPL	**39**	**-**	**-**	**39**	**6**	**-**	**-**	**6**
Derivative liabilities								
- Foreign exchange rate	-	22,491	-	22,491	-	14,289	-	14,289
- Interest rate	-	37,301	-	37,301	-	34,415	-	34,415
- Others	-	840	-	840	-	496	-	496
Total	**-**	**60,632**	**-**	**60,632**	**-**	**49,200**	**-**	**49,200**
Total financial liabilities	**39**	**60,632**	**-**	**60,671**	**6**	**49,200**	**-**	**49,206**

	Separate financial statements			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial liabilities				
Derivative liabilities				
- Interest rate	-	639	-	639
Total financial liabilities	**-**	**639**	**-**	**639**

Reconciliation of Level 3 fair values

	Consolidated financial statements *(in million Baht)*
Financial assets measured at FVTPL	
At 1 January 2022 (Before restructuring)	20,946
Acquisitions	6,913
Disposal	(1,161)
Transfer from Level 2	297
Transfer out of Level 3	(3,883)
Net change in fair value (including gain (loss) transactions and foreign currency translation)	3,428
At 31 December 2022 (After restructuring)	**26,540**

27.2 Financial assets and financial liabilities not measured at fair value

Fair value of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as at 31 December 2022 and 2021 were as follows:

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Carrying amount	Fair value Level 2	Fair value Level 3	Carrying amount	Fair value Level 2	Fair value Level 3
	(in million Baht)					
Financial assets						
Investments in debt instruments measured at AMC	211,019	209,831	1,932	7,548	7,593	502

	Separated financial statements		
	2022		
	Carrying amount	Fair value Level 2	Fair value Level 3
	(in million Baht)		
Financial assets			
Investments in debt instruments measured at AMC	1,472	-	1,472

The following methods and assumptions are used in estimating fair values of financial instruments as disclosed herein:

Interbank and money market items (Assets):	- Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market. The fair value has no significant difference with the carrying amount.
Financial assets measured at FVTPL and investments:	The following methodologies are used to determine the fair value of securities held by the Group. - The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price for identical or similar instruments in active markets or other inputs that are observable market data. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt instruments with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium. - The fair value of listed private sector equity instruments and listed unit trust is estimated by using the bidding prices at The Stock Exchange of Thailand on the last business day of the period. - The fair value of non-marketable equity instruments is measured based on different measurement approach that is most appropriate to the investee's business i.e. current adjusted book value, latest round funding price, price multiple and other valuation models. - The fair value of non-listed unit trusts is estimated based on the net asset value at the reporting date. - The fair value of foreign debt and equity instruments listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the period. The fair value of non-listed foreign debt and equity instruments is determined based on values quoted by reliable international financial institutions.
Derivatives:	- In a liquid market, the prices quoted represent the best fair market value that are obtained from local or foreign sources announced by the independent data providers or brokers. On the other hand, fair values of derivatives in an illiquid market are an average of prices quoted from several sources. Alternatively, prices derived from a standard and reliable model (mark to model), or a benchmark price of the instrument that has a similar characteristic could also be used. In the case of derivative assets, fair values are also reflected the credit risk of counterparty.
Loans to customers and accrued interest receivables:	- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount. - The fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount.

Deposits:	- The fair value of deposits which are payable on demand by the depositor are equal to the carrying amount. - Fair values for fixed deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits.
Interbank and money market items (Liabilities):	- The fair value has no significant difference with the carrying amount.
Liabilities payable on demand:	- The fair value is approximated based on its carrying amount.
Financial liabilities measured at FVTPL:	- The fair value is calculated based on valuation models using market data obtained from reliable sources.
Debt issued and borrowings:	- The fair value of short-term borrowings maturing within 90 days approximated its carrying amount. - Fair values of other borrowings are estimated using discounted cash flow analyses based on the subsidiary's current borrowing rates for similar types of borrowing arrangements.

28 Share capital

		2022		2021	
	Par value per share *(in Baht)*	Number *(in thousand shares)*	Amount *(in thousand Baht)*	Number *(in thousand shares)*	Amount *(in thousand Baht)*
Authorised shares at 31 December	10	**3,399,192**	**33,991,922**	**1**	**10**
Issued and paid-up shares					
At 1 January 2022 / 15 September 2021					
- ordinary shares	10	1	10	1	10
Increase of new shares	10	3,367,107	33,671,073	-	-
Reduction of shares	10	(1)	(10)	-	-
At 31 December					
- ordinary shares	10	**3,367,107**	**33,671,073**	**1**	**10**

The detail of share swap occurred in this period was disclosed in note 45.

29 Reserves

Reserves comprise:

Appropriations of profit and/ or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires the Company and its subsidiaries which are public companies shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of net profit until the reserve fund not less than 10% of the registered capital of the Company. Such reserve fund is not available for distribution as dividend.

Other components of equity

Translation differences

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

30 Assets pledged as collateral and under restriction

	Consolidated financial statements	
	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Securities pledged as collateral	52,516	58,544
Deposits under restriction of oversea subsidiaries and branch	1,373	1,557
Others	80	81
Total	**53,969**	**60,182**

31 Contingent liabilities

	Consolidated financial statements	
	2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Avals to bills	5,424	6,624
Guarantees of loans	1,346	538
Liability under unmatured import bills	57,271	47,976
Letters of credit	30,051	30,280
Other contingencies		
- Unused bank overdrafts	185,088	200,003
- Other guarantees	176,519	161,746
- Receivables / payables from investments	5,880	22,972
- Others	70,325	56,867
Total	**531,904**	**527,006**

32 Related parties

The Group has business transactions with related parties or persons. Interest rates for staff loans under the staff welfare scheme is charged in accordance with the Group's regulations for such loans. Interest rates and other pricing for other related parties are at the same rates as in the normal course of business with the same business conditions as general customers. For other income and expenses are charged at market price as normal business or the price as stipulated in the agreement.

32.1 Assets, liabilities, and contingencies

	Consolidated financial statements		Separate financial statements
	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Subsidiaries			
Interbank and money market items (Assets)	-	-	7,412
Investments in subsidiaries and joint ventures	150	-	35,865
Loans*	-	-	26,454
Interbank and money market items (liabilities)	-	-	1,460
Other liabilities	-	-	30
Associates			
Loans*	8,315	8,531	-
Deposits	346	345	-
Contingencies (Notional amount)	435	555	-
Joint venture			
Loans*	3,700	-	-
Deposits	319	137	-
Major shareholders (more than 10% ownership)			
Deposits	13,629	13,955	-
Related persons and other related entities			
Loans*	28,976	28,452	-
Deposits	49,984	21,411	-
Contingencies (Notional amount)	1,459	817	-

* Before deducting allowance for expected credit loss

32.2 Income and expenses

	Consolidated financial statements		Separate financial statements
For the year ended 31 December	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Subsidiaries			
Interest income	-	-	72
Interest expenses	-	-	13
Other expenses	-	-	32
Dividend income	-	-	65,475
Associates			
Interest income	16	39	-
Dividend income	148	72	-
Joint Venture			
Interest income	40	-	-
Major shareholders (more than 10% ownership)			
Interest expenses	119	109	-
Other expenses	27	27	-
Related persons and other related entities			
Interest income	552	437	-
Interest expenses	181	119	-
Other expenses	182	193	-

During for the year ended 31 December 2022, the Company has exchanged its and the Bank's securities with the shareholders of the Bank and purchased shares in subsidiaries and joint venture from the Bank and SCB10X Co., Ltd., according to Financial Business Group restructuring plan as given in note 11 and 45. The purchase price was determined to be higher of investment cost, net book value as of 31 December 2021 and net book value as of 31 August 2022 adjusted with new average price from the capital increased (if any).

33 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, holding the position of Executive Vice President or higher.

The Group have not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Group regulations.

	Consolidated financial statements		Separate financial statements
For the year ended 31 December	2022 (After restructuring)	2021 (Before restructuring)	2022
		(in million Baht)	
Short-term employee benefits	2,504	2,073	266
Post-employment benefits and others	63	60	-
Termination benefits	79	24	-
Other long-term employee benefits	-	3	-
Total	**2,646**	**2,160**	**266**

34 Segment information

Information on the Group's operating model and business segments is set out in the annual report. Operating model and related segment analysis were changed after complete restructuring in December 2022 as disclosed in Note 45. Segment analysis reflected information after restructuring including change in previous year for comparative purpose. Specifically, the Group has three financial business group consisting of the Banking Services segment (Gen 1), Consumer & Digital Financial Services segment (Gen 2) and Platform & Digital Asset segment (Gen 3). Information of Gen 1 included the consolidated information of The Bank's group. Gen 2 and Gen 3 included the entity level information separated by business type.

	Consolidated financial statements				
For the year ended 31 December 2022 (After restructuring)	Gen 1 Banking Services	Gen 2 Consumer & Digital Financial Services	Gen 3 Platforms & Digital Assets	Inter Transactions & others	Total
			(in million Baht)		
Net interest income	91,437	17,890	109	(1,571)	107,865
Fee and others	38,618	3,881	7,152	(4,685)	44,966
Investment and trading income	11,817	-	930	(11,158)	1,589
Total operating income	141,872	21,771	8,191	(17,414)	154,420
Total operating expenses	(53,439)	(11,613)	(8,110)	3,288	(69,874)
Profit before expected credit loss and income tax expense	88,433	10,158	81	(14,126)	84,546
Expected credit loss					(33,829)
Income tax expense					(13,592)
Net profit					37,125

	Consolidated financial statements				
For the year ended 31 December 2021 (Before restructuring)	Gen 1 Banking Services	Gen 2 Consumer & Digital Financial Services	Gen 3 Platforms & Digital Assets	Inter Transactions & others	Total
			(in million Baht)		
Net interest income	80,883	14,291	(3)	-	95,171
Fee and others	38,699	11,605	5,330	(8,563)	47,071
Investment and trading income	4,070	(1)	4,051	(20)	8,100
Total operating income	123,652	25,895	9,378	(8,583)	150,342
Total operating expenses	(52,946)	(10,611)	(4,760)	4,761	(63,556)
Profit before expected credit loss and income tax expense	70,706	15,284	4,618	(3,822)	86,786
Expected credit loss					(42,024)
Income tax expense					(9,376)
Net profit					35,386

	Consolidated financial statements 2022 (After restructuring)				
	Gen 1 Banking Services	Gen 2 Consumer & Digital Financial Services	Gen 3 Platforms & Digital Assets	Inter Transactions & others	Total
			(in million Baht)		
Loans to customers	2,306,747	132,942	3,712	(66,186)	2,377,215
Total assets	3,383,657	133,782	44,645	(107,632)	3,454,452
Total liabilities	2,952,042	113,291	13,233	(90,725)	2,987,841

	Consolidated financial statements 2021 (Before restructuring)				
	Gen 1 Banking Services	Gen 2 Consumer & Digital Financial Services	Gen 3 Platforms & Digital Assets	Inter Transactions & others	Total
			(in million Baht)		
Loans to customers	2,299,071	5,002	2,281	(4,520)	2,301,834
Total assets	3,323,582	6,624	36,791	(52,432)	3,314,565
Total liabilities	2,874,485	4,743	12,648	(19,917)	2,871,959

35 Financial position and results of operations classified by domestic and foreign business

35.1 Financial position classified by domestic and foreign business

	Consolidated financial statements					
	2022 (After restructuring)			2021 (Before restructuring)		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	(in million Baht)					
Non - current assets *	87,400	139	87,539	81,232	173	81,405

* Include investments in subsidiaries, associates and joint venture - net, properties for sale - net, investment properties - net, premises and equipment - net and goodwill and other intangible assets - net.

	Separate financial statements		
	2022		
	Domestic business	Foreign business	Total
	(in million Baht)		
Non - current assets *	508,001	-	508,001

* Include investments in subsidiaries, associates and joint venture - net, properties for sale - net, investment properties - net, premises and equipment - net and goodwill and other intangible assets - net.

35.2 Results of operations classified by domestic and foreign business

	Consolidated financial statements							
For the year ended 31 December	2022 (After restructuring)				2021 (Before restructuring)			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Total operating income	154,542	(113)	(9)	154,420	150,955	(565)	(48)	150,342
Total operating expenses	69,183	699	(8)	69,874	62,877	727	(48)	63,556
Profit (loss) before income tax expense	51,544	(825)	(1)	50,718	46,310	(1,548)	-	44,762
Income tax expense	13,549	43	-	13,592	9,295	81	-	9,376

	Separate financial statements							
For the year ended 31 December	2022				For the period from 15 September 2021 to 31 December 2021			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Total operating income	65,436	-	-	65,436	-	-	-	-
Total operating expenses	900	-	-	900	9	-	-	9
Profit (loss) before income tax expense	64,411	-	-	64,411	(9)	-	-	(9)
Income tax expense	-	-	-	-	-	-	-	-

36 Interest income

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	Consolidated financial statements 2021 (Before restructuring)	Separate financial statements 2022
		(in million Baht)	
Interbank and money market items	3,978	2,611	25
Investments and trading transactions	487	492	-
Investments in debt instruments	4,383	2,003	22
Loans	106,671	94,976	54
Hire purchase	11,339	12,050	-
Others	135	45	-
Total	**126,993**	**112,177**	**101**

37 Interest expenses

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	Consolidated financial statements 2021 (Before restructuring)	Separate financial statements 2022
		(in million Baht)	
Deposits	9,600	9,556	-
Interbank and money market items	1,405	816	154
Contributions to Deposit Protection Agency and Financial Institutions Development Fund	6,057	5,734	-
Debt issued	1,859	890	-
Others	206	10	-
Total	**19,127**	**17,006**	**154**

On 8 April 2020, BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020. On 19 August 2021, BoT extend the period of a reduction in rate of contribution from FIDF to end of the year 2022 which is effective from 1 January 2022.

38 Net fee and service income

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Fee and service income		
- ATM cards, Debit cards, Credit cards and other banking electronic	13,122	11,137
- Acceptances, avals and guarantees	1,448	1,523
- Insurance commission and bancassurance related income	13,615	13,332
- Fund management fee	5,302	7,026
- Domestic and foreign fund transfer	4,545	5,334
- Others	10,112	12,004
Total fee and service income	48,144	50,356
Fee and service expenses	(10,996)	(10,158)
Net fee and service income	**37,148**	**40,198**

39 Net gain (loss) on financial instruments measured at fair value through profit or loss

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)	Separate financial statements 2022
	(in million Baht)		
Gain (loss) on trading and foreign exchange transactions			
Foreign currencies and foreign exchange derivatives	5,635	7,284	-
Interest rate derivatives	(229)	(540)	-
Debt instruments	(516)	(590)	-
Equity instruments	33	239	-
Other derivatives	838	792	-
Total	**5,761**	**7,185**	**-**
Gain (loss) on others			
Derivatives held for risk management not designated in a hedge relationship			
- Foreign exchange derivatives	3,059	(889)	568
- Equity derivatives	-	13	-
- Interest rate derivatives	(639)	-	(639)
Debt instruments	(1,222)	563	-
Equity instruments	(290)	4,218	-
Total	**908**	**3,905**	**(71)**
Total net gain (loss) on financial instruments measured at fair value through profit or loss	**6,669**	**11,090**	**(71)**

40 Net gain on investments

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)
	(in million Baht)	
Net gain on sale of investment in debt instruments measured at FVOCI	5	146
Net gain on sale of investments in subsidiaries	50	-
Total	**55**	**146**

41 Other expenses

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)	Separate financial statements 2022	For the period from 15 September 2021 to 31 December 2021
	(in million Baht)			
Marketing expenses	7,730	7,121	10	-
Other service fees	4,865	3,654	286	9
Amortisation of intangible assets	5,740	4,986	-	-
Others	4,135	3,217	44	-
Total	**22,470**	**18,978**	**340**	**9**

42 Expected credit loss

For the year ended 31 December	Consolidated financial statements 2022 (After restructuring)	2021 (Before restructuring)	Separate financial statement 2022
	(in million Baht)		
Expected credit loss			
- Interbank and money market items	(61)	58	-
- Investment in debt instruments measured at FVOCI	(2)	(23)	-
- Investment in debt instruments measured at AMC	66	(19)	-
- Loans to customers and accrued interest receivables*	32,889	37,788	125
- Loan commitments and financial guarantee contracts	666	908	-
Modification loss	271	3,312	-
Total	**33,829**	**42,024**	**125**

* Net of bad debts recovery

43 Dividends

The dividends paid by the Company to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share *(Baht)*	Amount *(in million Baht)*
2022				
Interim dividend 2022	3 October 2022	3 November 2022	1.50	5,051
Total			**1.50**	**5,051**

44 Basic earnings (loss) per share

	Consolidated financial statements		**Separate financial statements**	
For the year ended 31 December	2022 (After restructuring)	2021 (Before restructuring)	2022	For the period from 15 September 2021 to 31 December 2021
	(in thousand Baht / thousand shares)			
Profit (loss) attributable to common shareholders of the Company (basic)	37,546,011	35,589,987	64,411,180	(8,674)
Number of common and preferred shares outstanding (weighted-average)	3,376,865	3,399,193	2,343,138	1
Earnings (loss) per share (basic) *(in Baht)*	**11.12**	**10.47**	**27.49**	**(8,674.00)**

45 Financial Business Group restructuring plan

At the Extraordinary General Meeting of Shareholders of Siam Commercial Bank Public Company Limited (the "Bank") held on 15 November 2021, the resolution approved Financial Business Group Restructuring Plan of the Bank and other related processes (the *"Shareholding Restructuring Plan"*).

The completed phases of the Shareholding Restructuring Plan

The Company made a tender offer for all of the Bank's securities to the shareholders of the Bank by issuing and offering newly-issued ordinary shares of the Company in exchange for the Bank's ordinary shares and preferred shares, at a swap ratio of 1 ordinary share of the Bank for 1 ordinary share of the Company, and 1 preferred share of the Bank for 1 ordinary share of the Company (at present, the Bank's preferred shares have the same rights as the Bank's ordinary shares). The tender offer period ended on 18 April 2022 and the shareholder of the Bank accepted the tender offer in the total number of 3,367,107,286 shares which was equivalent to 99.06% of the total issued and paid-up shares of the Bank. On 22 April 2022, the Company allocated 3,367,107,286 newly issued ordinary shares, at the par value of Baht 10 per share to shareholders of the Bank who accepted the tender offer. The Company, consequently, acquired the ordinary shares and preferred shares of the Bank in the total number of 3,367,107,286 shares, at the par value of Baht 10 per share from the shareholders of the Bank who accepted the tender offer as part of the share swap. The Company registered for the amendment of the paid-up capital with the Department of Business Development, Ministry of Commerce on the same day.

On 27 April 2022, the Company's ordinary shares are listed securities on the Stock Exchange of Thailand (the "SET"), in place of the securities of the Bank, which were delisted from the SET on the same day.

On 2 September 2022, the BoT gave its approval to the Bank to pay dividends from retained earnings of Baht 61,000 million to its shareholders and the Board of Directors meeting of the Bank held on 5 September 2022 approved the aforementioned dividend payments. The Company received a dividend in the amount proportional to its 99.06% stake and used a portion of the aforementioned dividends to purchase shares in subsidiaries and joint venture of the Bank and of SCB10X Co., Ltd., totalling 9 companies on 29 September 2022 and 1 company on 29 November 2022 in accordance with the Financial Business Group restructuring plan (see note 11).

On 9 December 2022, Card X Company Limited and Card X Asset Management Company Limited acquired the credit card and unsecured personal loan business of the Bank after obtains relevant approvals from the BoT. These transactions are between subsidiaries in the Group.

46 Events after the reporting period

On 9 January 2023, Card X Co., Ltd., the Company's subsidiary, registered the incorporation of a new joint venture company with Streetcorner Ecommerce Limited under the name Akulaku X Co., Ltd. with the Department of Business Development, the Ministry of Commerce with the initial registered capital of Baht 100,000. The key objective is to engage in a lending business in Thailand including a personal loan business under supervision (including a digital personal loan business) and a nano finance business under supervision, through digital channel by applying digital technology and alternative data. Akulaku X Co., Ltd. is a company under the Group which Card X Co., Ltd. hold 50% and +1 share of the total issued shares.

The Extraordinary General Meeting of Shareholders No. 1/2023 held on 19 January 2023 approve the issuance and offering for sale of fixed income securities amounting not in excess of Baht 100,000 million or any other currency in its equivalent.

On 30 January 2023, the Company had a capital increase to Monix Co., Ltd. of Bath 378 million through Serie A convertible preferred shares, which was approved by the Board of Director on 9 December 2022, resulting to the change of shareholding percentage from 57.53% to 57.01%. Though, such change has no impact on the control over the subsidiary.