



Bangkok Bank Public Company Limited

Management Discussion and Analysis

for the Quarter and Nine-month Period Ended September 30, 2022



Management Discussion and Analysis

Overview of the Economy and Banking Industry

Thai Economy in the Third Quarter of 2022

In the third quarter of 2022, Thai economy continued to recover driven by a gradual improvement in economic activities and the easing of travel restrictions in Thailand and other countries. The service sectors improved on the back of an increase in foreign tourist arrivals better than expected. Private consumption and investment expanded and manufacturing production increased due partly to an improvement in shortage problems of production parts. Exports grew at a lower level from the previous quarter due to a slowdown in trading partners' demand. Meanwhile, flooding had an impacted on agricultural productivity, tourism, and consumer spending in Thailand's central and northeastern regions. The government has accelerated measures to alleviate the rise in the cost of living caused by inflation and the effect from the flooding.

Thailand's headline inflation in the third quarter of 2022 stood at 7.28 percent, accelerating from 6.46 percent and 0.70 percent in the previous quarter and the third quarter last year respectively. Core inflation was at 3.08 percent, up from 2.27 percent and 0.14 percent from the previous quarter and the same quarter last year respectively. In January-September 2022 period, headline inflation and core inflation were 6.17 percent and 2.26 percent, respectively. The average exchange rate was 36.42 THB/USD, depreciating from 34.40 and 32.92 THB/USD in the previous quarter and in the same quarter last year respectively. In September 2022, the average exchange rate was 37.04 THB/USD, the weakest level since November 2006.

The Monetary Policy Committee (MPC) raised the policy interest rate by 0.25 percentage points at both of their meetings on August 10, 2022, and September 28, 2022, bringing the policy interest rate to 1.00 percent. The MPC reported that Thai economy is projected to continuous recovering from a larger-than-expected numbers of foreign tourist arrivals and a recovery in private consumption. However, the increases in production costs and cost of living are major risk factors for the recovery of the Thai economy going forward. Although the risk of a global slowdown has heightened, the impact on the Thai economy should be limited. The MPC estimates headline inflation for the next 12 months (from the fourth quarter of 2022 to the third quarter of 2023) at 3.9 percent, higher than the upper limit of the target range of 1-3 percent. However, headline inflation is expected to gradually fall into the target range in 2023. The Thai economic recovery will continue to gain traction, and thus the extraordinarily accommodative monetary policy will become less needed. The raise in the policy interest rate by the MPC to a suitable level and in a gradual and measured manner consistent with the growth and inflation outlook in the period ahead.

The Thai economy in 2022 is expected to grow by 3.0-3.5 percent, supported by a recovery in the tourism sector and domestic economic activities leading to an improvement in private consumption and investment. At the same time, the contribution of exports towards economic growth weakened following a slowdown in external demand. The government still plays an important role in implementing targeted fiscal policies to mitigate the impact of rising energy and consumer goods prices and maintain economic stability. In addition, Thailand is hosting the Asia-Pacific Economic Cooperation (APEC) this year, which will help promote the tourism sector. Going forward, the key factors that will pressure the Thai economy's recovery are high levels of inflation, interest rate hikes affecting vulnerable households and businesses, and domestic political uncertainty. International risk factors include a deceleration of economic growth in developed countries due to tight monetary policy, a slowdown in China's economy due to its Zero-Covid policy and problems in the real estate sector, and geopolitical conflicts pushing up global energy prices to stay at a higher level for longer than expected.

Thai Banking Industry

In the third quarter of 2022, the business operations of commercial banks were supported by the economic recovery, the improvement of private consumption and investment, as well as a recovery in the service sector following the increase in the number of foreign tourists. However, high inflation and interest rate hikes continued to be a challenge. At the end of September 2022, loans grew more than deposits, driven the ratio of loans to deposits increased from the end of last year. The ratio of non-performing loans (NPL) to total loans decreased from the end of last year.

The BOT's Senior Loan Officer Survey indicated that in the third quarter of 2022, loan demand from large corporates continued to increase, while demand from SMEs slowed down compared with the previous quarter. Loan demand in the manufacturing and agricultural sectors declined, while demand in the service sector increased following the gradual increase in number of foreign tourist arrivals. Moreover, large corporates and SMEs had demand on loan for working capital. Loan to household increased for all types, especially auto-leasing and home loans. This was partly due to consumers accelerating their purchasing decisions prior to the rise of interest rates and the expiration of government support measures for housing purchases at the end of 2022. The demand for credit card and consumer loans increased following higher demand for goods and services and improved consumer confidence. Going forward, business loan demand from all types of businesses is expected to increase. Some large corporates may need more loans for business mergers and investments in projects and fixed assets. Some SMEs may require loans for working capital and inventory production to cope with recovered economic activity. Consumer loan demand is expected to increase in all categories, especially auto-leasing. This was partly due to the acceleration of loan applications before the financial institutions adjusted the credit approval conditions to be more stringent in early 2023 following the announcement to control automotive loans. The demand for other consumer loans and credit card loans is likely to increase as the economic recovery will help improve consumer confidence and increase consumer spending.

Commercial banks continued to support customers in line with the BOT's assistance measures. In the third quarter of 2022, the BOT improved the guidelines for rehabilitation loans by adding Transformation Loans to support businesses that are ready to transform and increase their business' competitiveness under the new global conditions. In addition, on August 28, 2022, the Thai Bankers' Association announced its ESG Declaration to set a clear common direction for the banking industry to proactively address Environmental, Social, and Governance (ESG) issues, while raising awareness about sustainability among stakeholders and driving the Thai economy toward sustainable growth.

Commercial banks will continue to place great emphasis on managing their liquidity by focusing on improving the structure of deposits and appropriately managing costs, while maintaining their Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in line with the BOT's regulations. The adoption of TFRS 9 requires financial institutions to set aside provisions for expected credit losses by considering economic conditions in the past, present, and future under various assumptions and circumstances that might affect the commercial banking system's loan quality. As a result, commercial banks will continue to focus on appropriately managing loan quality and risk management. Due to high levels of capital and the regular accumulation of reserves, the commercial banking system will be able to support credit demand and manage economic volatility going forward.

Overall Picture of the Bank and its Subsidiaries

Million Baht								
Item	Q3/22	Q2/22	Q3/21	%QoQ	%YoY	9M22	9M21	%YoY
Net profit ^{/1}	7,657	6,961	6,909	10.0%	10.8%	21,736	20,189	7.7%
Earnings per share (Baht)	4.01	3.65	3.62	10.0%	10.8%	11.39	10.58	7.7%
Net interest margin	2.49%	2.24%	2.04%	0.25%	0.45%	2.28%	2.10%	0.18%
Net fees and service income to operating income ratio	18.7%	19.7%	21.4%	(1.0)%	(2.7)%	20.1%	21.8%	(1.7)%
Cost to income ratio	46.3%	51.0%	46.1%	(4.7)%	0.2%	49.0%	48.4%	0.6%
Return on average assets ^{/1}	0.69%	0.64%	0.65%	0.05%	0.04%	0.67%	0.67%	-
Return on average equity ^{/1}	6.05%	5.63%	5.74%	0.42%	0.31%	5.83%	5.79%	0.04%

^{/1} Attributable to owners of the Bank

Million Baht					
Item	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
Loans	2,796,849	2,652,872	2,588,339	5.4%	8.1%
Deposits	3,165,479	3,147,149	3,156,940	0.6%	0.3%
Loan to deposit ratio	88.4%	84.3%	82.0%	4.1%	6.4%
Non-performing loan (Gross NPL) ^{/1}	107,023	105,046	101,103	1.9%	5.9%
Gross NPL to total loans ratio ^{/1}	3.5%	3.4%	3.2%	0.1%	0.3%
Allowance for expected credit losses to NPL ratio ^{/1}	240.1%	232.5%	225.8%	7.6%	14.3%
Total capital adequacy ratio	18.47%	18.93%	19.57%	(0.46)%	(1.10)%

^{/1} Including interbank and money market lending

The Bank and its subsidiaries reported a net profit for the nine months of 2022 of Baht 21,736 million, an increase of 7.7 percent from the same period last year, owing primarily to an 18.7 percent increase in net interest income from loan expansion driven by the economic recovery. In line with interest rate trends and liquidity management, the net interest margin increased to 2.28 percent. Non-interest income decreased by 21.8 percent, predominantly from the slowdown in gain on fair value of financial instruments in line with the market environment. Net fees and service income declined from lower fees from securities business, while fee from loan related and trade finance services increased. Operating expenses rose by 4.2 percent largely due to higher expenses to develop and improve working systems, while the cost to income ratio remained at 49.0 percent. The Bank set aside Baht 24,733 million in expected credit losses, a decrease of 4.9 percent from the same period last year. This is consistent with the Bank's prudent management by taking into account global economic volatility which may have an impact on the Thai economy's recovery going forward.

At the end of September 2022, the Bank's total loans amounted to Baht 2,796,849 million, an increase of 8.1 percent from the end of last year, mainly due to an expansion in loans to large corporate customers and loans made through the Bank's international network. The non-performing loan to total loans ratio remains manageable at 3.5 percent. The Bank continues to set aside expected credit losses in line with its prudent approach, leading to the strong ratio of allowance for expected credit losses to non-performing loan of 240.1 percent.

As of September 30, 2022, the Bank's deposits amounted to Baht 3,165,479 million, rising by 0.3 percent from the end of 2021. The loan to deposit ratio stood at 88.4 percent. In terms of capital, the capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 18.47 percent, 15.16 percent and 14.41 percent respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Operating Income and Expenses of the Bank and its Subsidiaries

Item	Million Baht							
	Q3/22	Q2/22	Q3/21	%QoQ	%YoY	9M22	9M21	%YoY
Net interest income	26,496	23,526	20,705	12.6%	28.0%	71,769	60,440	18.7%
Non-interest income	10,211	10,666	13,725	(4.3)%	(25.6)%	30,240	38,687	(21.8)%
Operating expenses	17,006	17,435	15,879	(2.5)%	7.1%	49,947	47,930	4.2%
Expected credit loss	9,889	8,354	9,870	18.4%	0.2%	24,733	26,006	(4.9)%
Operating profit before tax	9,812	8,403	8,681	16.8%	13.0%	27,329	25,191	8.5%
Income tax expenses	2,032	1,319	1,662	54.1%	22.3%	5,227	4,672	11.9%
Net profit	7,780	7,084	7,019	9.8%	10.8%	22,102	20,519	7.7%
Net profit ^{/1}	7,657	6,961	6,909	10.0%	10.8%	21,736	20,189	7.7%
Total comprehensive income ^{/1}	18,399	1,671	20,976	1,001.1%	(12.3)%	24,977	44,572	(44.0)%

^{/1} Attributable to owners of the Bank

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank in the third quarter of 2022 of Baht 7,657 million, an increase of 10.0 percent from the previous quarter. This was due to an increase in net interest income mainly from higher loan volume and a rise in the yield on earning assets resulting from the Bank's liquidity management as well as a decrease in operating expenses due to seasonality. Meanwhile, the Bank set aside higher expected credit losses by taking into account the economic recovery and the anticipated volatility of the global economy going forward.

Compared with the third quarter of 2021, net profit attributable to owners of the Bank rose by 10.8 percent mostly from higher net interest income. Non-interest income decreased from lower gains on financial instruments measured at FVTPL. Operating expenses increased from rising expenses to develop and improve working systems.

In the first nine months of 2022, net profit attributable to owners of the Bank amounted to Baht 21,736 million, an increase of 7.7 percent from the same period last year. Net interest income increased on higher loan volume and higher interest rate trend. Expected credit losses declined while the Bank continued to set aside reserves under its prudent approach. Non-interest income decreased, mainly from lower gains on financial instruments measured at FVTPL, in line with the market situation. Operating expenses increased, partly from rising expenses to develop and improve working systems.

Non-Interest Income

Non-interest income for the third quarter of 2022 amounted to Baht 10,211 million, a decrease of 4.3 percent from the previous quarter due to lower gains on financial instruments measured at FVTPL, following the market situation. Net fees and service income increased mainly from higher loan related fees.

Compared with the third quarter of 2021, non-interest income decreased mainly from a decline in gains on financial instruments measured at FVTPL. Fees from securities business declined while fees from investment banking and trade finance services increased in line with economic activities over the past period.

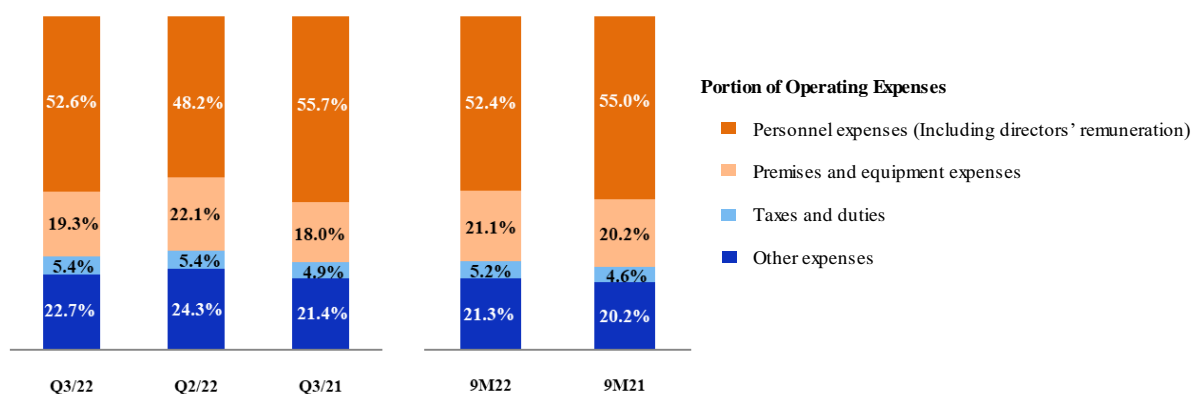
Non-interest income for the first nine months of 2022 amounted to Baht 30,240 million, a decrease of 21.8 percent from the same period last year from lower gains on financial instruments measured at FVTPL and fees from securities business. Meanwhile, loan related fees and fees from trade finance services increased.

	Million Baht								
Item	Q3/22	Q2/22	Q3/21	%QoQ	%YoY	9M22	9M21	%YoY	
Fees and service income	10,294	9,966	9,727	3.3%	5.8%	30,350	28,687	5.8%	
<u>Less</u> fees and service expenses	3,428	3,240	2,354	5.8%	45.6%	9,800	7,084	38.3%	
Net fees and service income	6,866	6,726	7,373	2.1%	(6.9)%	20,550	21,603	(4.9)%	
Gains on financial instruments measured at FVTPL	2,329	3,435	5,030	(32.2)%	(53.7)%	7,110	13,071	(45.6)%	
Gains (losses) on investments	(55)	(823)	165	93.3%	(133.3)%	(808)	766	(205.5)%	
Share of profit from investment using equity method	48	41	117	17.1%	(59.0)%	140	174	(19.5)%	
Gains on disposal of assets	265	99	93	167.7%	184.9%	427	263	62.4%	
Dividend income	489	910	641	(46.3)%	(23.7)%	2,010	1,972	1.9%	
Other operating income	269	278	306	(3.2)%	(12.1)%	811	838	(3.2)%	
Total other operating income	3,345	3,940	6,352	(15.1)%	(47.3)%	9,690	17,084	(43.3)%	
Total non-interest income	10,211	10,666	13,725	(4.3)%	(25.6)%	30,240	38,687	(21.8)%	
Net fees and service income to operating income ratio	18.7%	19.7%	21.4%	(1.0)%	(2.7)%	20.1%	21.8%	(1.7)%	

Operating Expenses

Operating expenses for the third quarter of 2022 amounted to Baht 17,006 million, decreasing by 2.5 percent from the previous quarter due to seasonality of expenses. Compared with the third quarter and the first nine months of 2021, operating expenses increased partly due to higher expenses to develop and improve working systems. Meanwhile, the cost-to-income ratio for the first nine months of 2022 stood at 49.0 percent.

	Million Baht								
Item	Q3/22	Q2/22	Q3/21	%QoQ	%YoY	9M22	9M21	%YoY	
Personnel expenses	8,885	8,312	8,805	6.9%	0.9%	25,931	26,162	(0.9)%	
Directors' remuneration	57	94	47	(39.4)%	21.3%	232	177	31.1%	
Premises and equipment expenses	3,288	3,847	2,854	(14.5)%	15.2%	10,555	9,696	8.9%	
Taxes and duties	917	935	780	(1.9)%	17.6%	2,583	2,191	17.9%	
Other expenses	3,859	4,247	3,393	(9.1)%	13.7%	10,646	9,704	9.7%	
Total operating expenses	17,006	17,435	15,879	(2.5)%	7.1%	49,947	47,930	4.2%	
Cost to income ratio	46.3%	51.0%	46.1%	(4.7)%	0.2%	49.0%	48.4%	0.6%	



Expected Credit Losses

The Bank set aside Baht 9,889 million in expected credit losses in the third quarter of 2022 in line with its prudent approach by taking into account global economic volatility which may affect the recovery of the Thai economy. Expected credit losses covered loans, interbank and money market items, and debt securities, which are not measured at FVTPL, as well as loan commitments and financial guarantee contracts.

Significant Items in the Financial Position

Assets

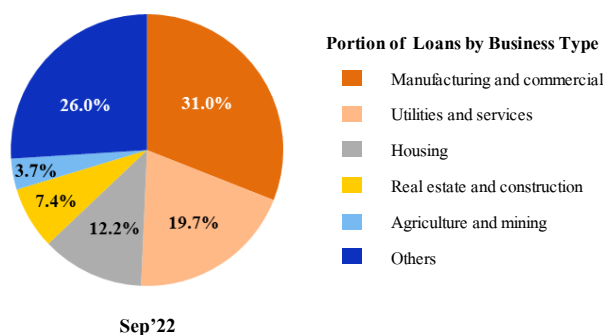
As of September 30, 2022, total assets amounted to Baht 4,437,759 million, increasing by 1.9 percent from the end of the previous quarter and 2.4 percent from the end of last year, mainly from an increase in loans.

Item	Million Baht				
	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
Net interbank and money market items	606,432	729,943	801,212	(16.9)%	(24.3)%
Financial assets measured at FVTPL	90,095	84,339	84,341	6.8%	6.8%
Net investments	857,174	846,117	803,637	1.3%	6.7%
Net investments in associates	1,406	1,329	1,329	5.8%	5.8%
Loans	2,796,849	2,652,872	2,588,339	5.4%	8.1%
Net properties for sale	11,215	11,168	9,496	0.4%	18.1%
Total assets	4,437,759	4,356,018	4,333,281	1.9%	2.4%

Loans

As of September 30, 2022, loans amounted to Baht 2,796,849 million, rising by 5.4 percent from the end of the previous quarter and 8.1 percent from the end of last year, due predominantly to increases in loans to large corporate customers and loans made through the Bank's international network.

Loans by Business Type	Million Baht				
	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
Manufacturing and commercial	867,286	847,529	839,469	2.3%	3.3%
Utilities and services	551,838	540,610	574,485	2.1%	(3.9)%
Housing	339,650	331,585	324,546	2.4%	4.7%
Real estate and construction	207,263	207,903	211,647	(0.3)%	(2.1)%
Agriculture and mining	102,560	107,387	101,487	(4.5)%	1.1%
Others	728,252	617,858	536,705	17.9%	35.7%
Total loans	2,796,849	2,652,872	2,588,339	5.4%	8.1%



The Bank and its subsidiaries had loans distributed across business sectors, with 31.0 percent in the manufacturing and commercial sector, 19.7 percent in the utilities and services sector, 12.2 percent in the housing sector, and 7.4 percent in the real estate and construction sector. Loans increased from the end of June 2022 and December 2021 mainly driven by the others sector.

Classified Loans and Allowance for Expected Credit Losses

Non-performing loans (Gross NPL) at the end of September 2022 were Baht 107,023 million. The gross NPL to total loans ratio was 3.5 percent.

The allowance for expected credit losses was Baht 256,984 million. The allowance for expected credit losses to NPL ratio was 240.1 percent.

	Million Baht				
Item	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
<u>Consolidated</u>					
Non-performing loans (Gross NPL) ^{/1}	107,023	105,046	101,103	1.9%	5.9%
Gross NPL to total loans ratio ^{/1}	3.5%	3.4%	3.2%	0.1%	0.3%
Net NPL to net total loans ratio ^{/1}	1.0%	0.9%	1.0%	0.1%	-
Allowance for expected credit losses to NPL ratio	240.1%	232.5%	225.8%	7.6%	14.3%
<u>The Bank</u>					
Non-performing loans (Gross NPL) ^{/1}	85,009	83,489	82,820	1.8%	2.6%
Gross NPL to total loans ratio ^{/1}	3.2%	3.1%	3.0%	0.1%	0.2%

^{/1} Including interbank and money market lending

	Million Baht					
Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses ^{/1}		
	Sep'22	Jun'22	Dec'21	Sep'22	Jun'22	Dec'21
Non-credit-impaired	3,296,489	3,278,111	3,289,055	175,710	163,997	153,342
Credit-impaired	107,023	105,046	101,103	81,274	80,201	74,943
Total	3,403,512	3,383,157	3,390,158	256,984	244,198	228,285

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

Investments

As of September 30, 2022, investments amounted to Baht 947,269 million, increasing by Baht 16,813 million or 1.8 percent from the end of the previous quarter. Compared to the end of last year, investments increased by 6.7 percent mostly from investments in Thai government and state enterprise securities.

A significant proportion of investments was in Thai government and state enterprise securities. As of September 30, 2022, these amounted to Baht 517,112 million, accounting for 54.6 percent of total investments. Foreign debt securities amounted to Baht 232,973 million, private enterprise debt securities to Baht 17,834 million, and net investment in equity securities to Baht 109,180 million.

	Million Baht				
Investments by Investment Holding	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
Trading securities	12,713	9,332	13,104	36.2%	(3.0)%
Securities measured at FVTPL	77,382	75,007	71,237	3.2%	8.6%
Debt securities measured at amortized cost	90,230	75,786	46,053	19.1%	95.9%
Debt securities measured at FVOCI	674,092	678,758	667,473	(0.7)%	1.0%
Equity securities measured at FVOCI	92,852	91,573	90,111	1.4%	3.0%
Total investments	947,269	930,456	887,978	1.8%	6.7%

Liabilities and Shareholders' Equity

Total liabilities as of September 30, 2022, amounted to Baht 3,925,825 million, an increase of 1.7 percent from the end of the previous quarter from higher deposits and 2.3 percent from the end of last year, due to an increase in debt issued and borrowings.

	Million Baht				
Item	Sep'22	Jun'22	Dec'21	%QoQ	%YTD
Deposits	3,165,479	3,147,149	3,156,940	0.6%	0.3%
Interbank and money market items	231,826	250,539	288,709	(7.5)%	(19.7)%
Financial liabilities measured at FVTPL	20,443	19,845	20,833	3.0%	(1.9)%
Debt issued and borrowings	206,118	220,396	183,239	(6.5)%	12.5%
Total liabilities	3,925,825	3,859,591	3,838,688	1.7%	2.3%
Shareholders' equity ^{/1}	510,072	494,535	492,727	3.1%	3.5%

^{/1} Attributable to owners of the Bank

*Deposits*

Total deposits as of September 30, 2022, amounted to Baht 3,165,479 million, increasing by 0.6 percent from the end of June 2022 and 0.3 percent from the end of last year due to increases in savings and current deposits.

Deposits Classified by Product Type	Million Baht							
	Sep'22		Jun'22		Dec'21		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	284,824	9.0%	276,301	8.8%	273,597	8.7%	3.1%	4.1%
Savings	1,688,142	53.3%	1,683,671	53.5%	1,613,777	51.1%	0.3%	4.6%
Fixed	1,192,513	37.7%	1,187,177	37.7%	1,269,566	40.2%	0.4%	(6.1)%
Total deposits	3,165,479	100.0%	3,147,149	100.0%	3,156,940	100.0%	0.6%	0.3%
Loan to deposit ratio		88.4%		84.3%		82.0%	4.1%	6.4%

Debt Issued and Borrowings

Total debt issued and borrowings as of September 30, 2022, amounted to Baht 206,118 million, decreasing by Baht 14,278 million from the end of June 2022 due predominantly to the maturity of the senior unsecured debentures of USD 800 million in September 2022.

Compared with the end of 2021, total debt issued and borrowings increased by Baht 22,879 million due to an increase in the value of foreign-denominated debentures following the depreciation of the baht, together with the issuance of 5-year senior unsecured debentures of USD 750 million in June 2022 net of the maturity of the aforementioned debentures.

Debt Issued and Borrowings Classified by Type of Instruments	Million Baht							
	Sep'22		Jun'22		Dec'21		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	92,886	45.0%	114,759	52.1%	83,594	45.6%	(19.1)%	11.1%
Subordinated notes	111,891	54.3%	104,143	47.2%	98,640	53.8%	7.4%	13.4%
Bills of exchange	609	0.3%	607	0.3%	516	0.3%	0.3%	18.0%
Others	812	0.4%	971	0.4%	549	0.3%	(16.4)%	47.9%
Total (before less discount on borrowings)	206,198	100.0%	220,480	100.0%	183,299	100.0%	(6.5)%	12.5%
Less discount on borrowings	80		84		60		(4.8)%	33.3%
Total debt issued and borrowings	206,118		220,396		183,239		(6.5)%	12.5%

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank as of September 30, 2022, amounted to Baht 510,072 million, an increase of Baht 17,345 million or 3.5 percent from the end of 2021. This was due to net profit attributable to owners of the Bank for the first nine months of 2022 of Baht 21,736 million, net of a dividend payment during 2022 of Baht 7,632 million which consisted of a final dividend payment for the operating performance in 2021 of Baht 4,769 million (2.50 baht per share) according to the resolution of the shareholders' meeting on April 12, 2022 and the interim dividend payment from net profit from operations in the first half of 2022 of Baht 2,863 million (1.50 baht per share), combined with an increase in gains on translation of the financial statements of foreign operations with a decline in gains on investments measured at FVOCI.

Sources and Utilization of Funds

As of September 30, 2022, the primary sources of funds were Baht 3,165,479 million or 71.3 percent in deposits, Baht 510,072 million or 11.5 percent in shareholders' equity attributable to owners of the Bank, Baht 231,826 million or 5.2 percent in interbank and money market liabilities, and Baht 226,561 million or 5.1 percent in debt issued and borrowings including financial liabilities measured at FVTPL.

The utilization of funds comprised Baht 2,796,849 million or 63.0 percent in loans, Baht 948,675 million or 21.4 percent in net investments including financial assets measured at FVTPL and Baht 606,432 million or 13.7 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

Under the principles of Basel III, the Bank of Thailand (BOT) currently requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios: the Common Equity Tier 1 capital adequacy ratio at no less than 4.50 percent, the Tier 1 capital adequacy ratio at no less than 6.00 percent, and the Total Capital Adequacy ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The BOT also requires a capital conservation buffer of more than 2.50 percent. It requires the Bank, which is identified as a Domestic Systemically Important Bank (D-SIB), to have additional capital to meet the Higher Loss Absorbency (HLA) requirement, which gradually raised the Common Equity Tier 1 ratio by 1.00 percent. Consequently, the Bank is required to maintain the Common Equity Tier 1 capital adequacy ratio at more than 8.00 percent, the Tier 1 capital adequacy ratio at more than 9.50 percent, and the total capital adequacy ratio at more than 12.00 percent – measured as percentages of total risk-weighted assets.

As of September 30, 2022, the Bank's Common Equity Tier 1 capital adequacy ratio was 14.41 percent, the Tier 1 capital adequacy ratio was 15.16 percent, and the total capital adequacy ratio was 18.47 percent. Consequently, the Bank's capital is at a level that provides such additional buffers.

Consolidated

Million Baht

Item	Sep'22		Jun'22		Dec'21		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	453,170	14.41%	434,683	14.64%	433,699	15.15%	> 8.00%
Tier 1 capital	476,940	15.16%	458,464	15.44%	457,469	15.98%	> 9.50%
Tier 2 capital	104,112	3.31%	103,485	3.49%	102,957	3.59%	
Total capital	581,052	18.47%	561,949	18.93%	560,426	19.57%	> 12.00%

The Bank

Million Baht

Item	Sep'22		Jun'22		Dec'21		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	436,339	15.59%	423,129	16.07%	425,758	16.47%	> 8.00%
Tier 1 capital	459,931	16.43%	446,721	16.96%	449,350	17.38%	> 9.50%
Tier 2 capital	101,464	3.63%	99,645	3.79%	101,989	3.95%	
Total capital	561,395	20.06%	546,366	20.75%	551,339	21.33%	> 12.00%

Liquid Assets

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of September 30, 2022, the ratio of liquid assets to total assets and liquid assets to deposits was 34.1 percent and 47.8 percent, respectively.

Item	Sep'22	Jun'22	Dec'21
Liquid assets/Total assets (%)	34.1	37.3	38.6
Liquid assets/Deposits (%)	47.8	51.7	53.0

Credit Ratings

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

Credit Rating Agency	Sep'22	Jun'22	Dec'21
Moody's Investors Service			
Long-term Deposit	Baa1	Baa1	Baa1
Short-term Deposit	P-2	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	Ba1	Ba1	Ba1
Financial Strength (BCA)	baa1	baa1	baa1
Outlook	Stable	Stable	Stable
S&P Global Ratings			
Long-term Issuer Credit Rating	BBB+	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Financial Strength (SACP)	bbb-	bbb-	bbb
Outlook	Stable	Stable	Stable
Fitch Ratings			
International Rating			
Long-term Issuer Default Rating	BBB	BBB	BBB
Short-term Issuer Default Rating	F2	F2	F2
Senior Unsecured Debt Instrument	BBB	BBB	BBB
Subordinated Debt Instrument	BB+	BB+	BB+
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BB+	BB+
Financial Strength (VR)	bbb	bbb	bbb
Outlook	Stable	Stable	Stable
National Rating			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable