

JPMORGAN CHASE BANK, N.A. - BANGKOK BRANCH

FINANCIAL STATEMENTS

31 DECEMBER 2022



Independent auditor's report

To the Board of Directors of JPMorgan Chase Bank, N.A.

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of JPMorgan Chase Bank, N.A. - Bangkok Branch (the Bank) as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS) and the Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting.

What I have audited

The Bank's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in head office's equity and other branches under the same entity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
Bangkok
4 April 2023

JPMorgan Chase Bank, N.A. - Bangkok Branch

Statement of Financial Position

As at 31 December 2022

	Notes	2022 Baht	2021 Baht
Assets			
Cash		595,421	2,756,547
Interbank and money market items, net	7	30,981,070,392	16,350,501,556
Accounts receivable from securities trading		4,959,007,892	1,225,636,072
Financial assets measured at fair value through profit or loss	8	11,192,558,466	15,569,126,299
Financial derivatives assets	9	44,240,530,257	32,114,384,884
Investments, net	10	24,428,668,856	23,267,179,819
Loans to customers and accrued interest receivables, net	11	2,890,128,210	1,502,531,537
Equipment, net	13	23,838,769	26,310,000
Right-of-use assets, net	14	8,183,201	18,643,780
Deferred tax assets	19	69,167,670	100,151,980
Other assets, net	15	65,157,569	33,631,859
Total assets		118,858,906,703	90,210,854,333


 (Mr. Jarin Pintusopon)
 Branch Manager

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

JPMorgan Chase Bank, N.A. - Bangkok Branch

Statement of Financial Position (Cont'd)

As at 31 December 2022

	Notes	2022 Baht	2021 Baht
Liabilities and Head Office's equity and balances with other branches under the same entity			
Liabilities			
Deposits	16	32,973,044,278	25,999,696,600
Interbank and money market items	17	5,995,240,846	3,358,243,447
Accounts payable from securities trading		3,367,753,320	545,073,897
Liability payable on demand		149,249,458	45,045,668
Financial liabilities designated at fair value through profit or loss	18	9,617,009,777	13,555,582,109
Financial derivatives liabilities	9	43,358,339,691	26,162,747,087
Lease liabilities, net	14	4,704,212	9,973,503
Provision	20	138,756,972	119,354,168
Other liabilities	21	309,067,214	217,277,857
Total liabilities		95,913,165,768	70,012,994,336
Head Office's equity and balances with other branches under the same entity			
Fund remitted into Thailand for maintaining assets under law	24	12,688,965,166	12,688,965,166
Net balance of inter-office accounts with Head Office and other branches under the same entity	24	7,707,649,724	5,628,485,907
Others component of accounts with head office and other branches under the same entity		54,418,853	58,639,552
Retained earnings		2,494,707,192	1,821,769,372
Total Head Office's equity and balances with other branches under the same entity		22,945,740,935	20,197,859,997
Total liabilities and Head Office's equity and balances with other branches under the same entity		118,858,906,703	90,210,854,333

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	Notes	2022 Baht	2021 Baht
Interest income	29	573,665,315	479,088,071
Interest expense	30	(371,124,125)	(193,161,971)
Net interest income		202,541,190	285,926,100
Fee and service income	31	46,611,153	38,497,195
Fee and service expenses		(19,022,280)	(17,454,942)
Net fee and service income		27,588,873	21,042,253
Gains (Losses) on financial instruments measured at fair value through profit or loss	32	1,511,489,314	(742,774,145)
Gains (Losses) on financial liabilities designated at fair value through profit or loss	32	(96,158,158)	1,468,063,909
Other operating income	33	257,874,208	196,381,143
Total operating income		1,903,335,427	1,228,639,260
Other operating expenses			
Employee expenses		445,204,018	377,839,870
Premise and equipment expenses		47,839,952	49,578,993
Taxes and duties		50,014,296	28,066,973
Other expenses	34	490,464,149	393,308,968
Total other operating expenses		1,033,522,415	848,794,804
(Reversal) expected credit losses	35	4,194,674	(2,438,433)
Profit before income tax		865,618,338	382,282,889
Income tax expense	36	(192,680,518)	(84,314,169)
Net profit for the year		672,937,820	297,968,720

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

JPMorgan Chase Bank, N.A. - Bangkok Branch

Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

For the year ended 31 December 2022

	Notes	2022 Baht	2021 Baht
Other comprehensive income (expense)			
Items that will not be subsequently reclassified to profit or loss			
Remeasurements of provision for employment benefit plan		-	42,916,428
Income tax relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss	19	-	(8,446,762)
Total items that will not be subsequently reclassified to profit or loss		-	34,469,666
Items that will be subsequently reclassified to profit or loss			
Losses on debt instruments classified at fair value through other comprehensive income	10	(15,764,457)	(34,584,540)
Income tax relating to components of other comprehensive income that will be subsequently reclassified to profit or loss	19	3,152,891	6,916,908
Total items that will be reclassified subsequently to profit or loss		(12,611,566)	(27,667,632)
Other comprehensive income (expense) for the year, net of tax		(12,611,566)	6,802,034
Total comprehensive income for the year		<u>660,326,254</u>	<u>304,770,754</u>

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

JPMorgan Chase Bank, N.A. - Bangkok Branch

**Statement of Changes in Head Office's equity and Other Branches Under the Same Entity
For the year ended 31 December 2022**

Notes	Fund remitted into Thailand for maintaining assets under law	Net balance of inter-office accounts with Head Office and other branches under the same entity	Other components of accounts with Head Office and other branches			Total Baht
			Unrealised gain on changes in fair value of investments measured at FVOCI	Provision for share-based payment	Retained earnings	
	Baht	Baht	Baht	Baht	Baht	
Balance as at 1 January 2021	12,688,965,166	3,008,853,039	52,646,456	19,107,803	1,489,330,986	17,258,903,450
Net profit for the year	-	-	-	-	297,968,720	297,968,720
Increase during the year	-	2,619,632,868	-	-	-	2,619,632,868
Unrealised loss on changes in fair value of investments measured at fair value through other comprehensive income	-	-	(34,584,540)	-	-	(34,584,540)
Provision for share-based payment	-	-	-	14,552,925	-	14,552,925
Actuarial gain on employee benefits	-	-	-	-	42,916,428	42,916,428
Income tax relating to other component of other comprehensive income for the year	-	-	6,916,908	-	(8,446,762)	(1,529,854)
Balance as at 31 December 2021	12,688,965,166	5,628,485,907	24,978,824	33,660,728	1,821,769,372	20,197,859,997
Balance as at 1 January 2022	12,688,965,166	5,628,485,907	24,978,824	33,660,728	1,821,769,372	20,197,859,997
Net profit for the year	-	-	-	-	672,937,820	672,937,820
Increase during the year	-	2,079,163,817	-	-	-	2,079,163,817
Unrealised loss on changes in fair value of investments measured at fair value through other comprehensive income	-	-	(15,764,457)	-	-	(15,764,457)
Provision for share-based payment	-	-	-	8,390,867	-	8,390,867
Income tax relating to other component of other comprehensive income for the year	-	-	3,152,891	-	-	3,152,891
Balance as at 31 December 2022	12,688,965,166	7,707,649,724	12,367,258	42,051,595	2,494,707,192	22,945,740,935

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

JPMorgan Chase Bank, N.A. - Bangkok Branch

Statement of Cash Flows

For the year ended 31 December 2022

		2022	2021
	Notes	Baht	Baht
Cash flows from operating activities:			
Net profit from operating before income tax		865,618,338	382,282,889
Adjustments to reconcile net profit from operating before income tax to net cash provided by (used in) operating activities:			
(Reversal) expected credit losses	35	4,194,674	(2,438,433)
Depreciation and amortisation	13, 14, 15	25,753,553	25,517,299
Provision for employee benefit plan		19,991,229	1,754,918
Provision for share based payment expense	23	20,343,073	23,440,107
Unrealised (gain) loss on financial instrument measured at fair value through profit and loss		(1,258,132)	80,384,802
Loss on write-off of equipment	13	88,638	720,547
Loss on write-off of leasehold right and leasehold improvement		5,285,448	-
Unrealised loss on changes in fair value of financial derivative instruments		5,069,447,231	826,244,331
Interest income	29	(573,665,315)	(479,088,071)
Interest expense	30	371,124,125	193,161,971
Operating profit before changes in operating assets and liabilities		5,806,922,862	1,051,980,360
(Increase) decrease in operating assets:			
Interbank and money market items		(13,849,519,726)	2,597,100,353
Financial assets measured at fair value through profit or loss		3,467,133,568	(5,038,689,777)
Loans to customers		(1,392,650,746)	(604,841,288)
Other assets		(42,054,163)	26,125,435
Increase (decrease) in operating liabilities:			
Deposits		6,973,347,678	7,928,578,468
Interbank and money market items		2,636,997,399	909,829,889
Liability payable on demand		104,203,790	(27,910,099)
Financial liabilities designated at fair value through profit or loss		(3,938,572,332)	(759,924,655)
Provision for employee benefit plan		-	(18,107,337)
Provision for share based payment expense		(11,952,206)	(8,887,182)
Other liabilities		33,573,849	(24,588,603)
Net balance of inter-office accounts with Head Office and other branches under the same entity		2,023,980,733	2,655,237,441
Net cash provided by operating activities before interest received, interest paid and income tax paid		1,811,410,706	8,685,903,005
Interest received		443,461,735	391,176,800
Interest paid		(340,815,725)	(186,489,136)
Income tax paid		(130,636,209)	(142,387,295)
Net cash provided by operating activities		1,783,420,507	8,748,203,374

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

JPMorgan Chase Bank, N.A. - Bangkok Branch
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2022

		2022	2021
	Notes	Baht	Baht
Cash flows from investing activities:			
Purchase of investments in securities (FVOCI)		(63,425,597,528)	(43,920,106,223)
Proceed from matured investments in securities (FVOCI)		62,379,000,000	43,500,000,000
Purchase of equipment	13	(8,061,944)	(16,170,271)
Net cash used in investing activities		(1,054,659,472)	(436,276,494)
Cash flows from financing activities:			
Cash paid for lease liabilities	14	(5,254,488)	(5,254,488)
Net cash used in financing activities		(5,254,488)	(5,254,488)
Net increase in cash and cash equivalents		723,506,547	8,306,672,392
Cash and cash equivalents at the beginning of the year		9,254,956,065	948,283,673
Cash and cash equivalents at end of the year		9,978,462,612	9,254,956,065
Cash and cash equivalents			
Cash on hand		595,421	2,756,547
Interbank and money market items		9,922,610,780	9,141,760,024
Net balance of inter-office accounts with Head Office and other branches under the same entity		55,256,411	110,439,494
		9,978,462,612	9,254,956,065
Non cash item:			
Accounts receivable from securities trading		3,733,371,820	30,501,217
Accounts payable from securities trading		2,822,679,423	(170,197,809)
Increase in right-of-use assets	14	-	678,166

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

1 General information

JPMorgan Chase Bank, N.A., which is a bank established under the law of the State of New York, United States of America, operates as a full branch in Thailand, namely Bangkok Branch, herein referred to as "the Bank". The address of the Bank's registration in Thailand is as follows:

Bubhajt Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

The Bank's financial statements have been approved for issue by the Bank's management on 4 April 2023.

2 Basis of preparation

JPMorgan Chase Bank, N.A. - Bangkok Branch is a segment of JPMorgan Chase Bank, N.A. and is not a separate legal entity. The financial statements of the Thailand operations of Bank have been prepared from the records of the Thailand operations and only reflect transaction recorded locally.

The financial statements have been prepared in accordance with procedures, policies and notifications of the Bank of Thailand regarding the preparation of the financial statements of commercial banks and Thai Financial Reporting Standards ("TFRS"). The primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in Head Office's equity and other branches under the same entity and statement of cash flows) are prepared in the format as required by the Notification of the Bank of Thailand ("BOT"), No. SorNorSor. 21/2561, "The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group" dated on 31 October 2018.

The Bank's financial statements have been prepared under the historical cost convention except some of transactions as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

3 Summary of significant accounting policies

3.1 Revised financial reporting standards and related interpretations

3.1.1 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2022 and relevant to the Bank

- a) **Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance, financial instruments and disclosures for insurance business** provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

TFRS 7 requires additional disclosure about:

- the nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- how the entity manages those risks
- the entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

The management hasn't applied the accounting relief of Interest rate benchmark (IBOR) reform phase 2. The impact from IBOR reform discloses in Note 6.

3.1.2 Amended financial reporting standards that are effective for accounting period beginning or after 1 January 2023 relating to the Bank. Certain amended TFRSs have been issued that are not mandatory for the current reporting period and have not been early adopted by the Bank.

A) Amendment to TAS 37 - Provisions, contingent liabilities and contingent assets clarified that, in considering whether a contract is onerous, the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract. Before recognising a separate provision for an onerous contract, the entity must recognise any impairment losses that have occurred on the assets used in fulfilling the contract.

B) Amendment to TFRS 9 - Financial Instruments clarified which fees should be included in the 10% test for the derecognition of financial liabilities. It should only include fees between the borrower and lender. The above amendment financial reporting standards and accounting guidance do not have significant impact on the Bank.

3.2 Accounting policies

3.2.1 Financial asset

a) Classification

The Bank classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

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

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, interbank and money market items and balance of inter-office accounts with Head Office and other branches under the same entity, other short-term highly liquid investments with maturities less than three months from an acquisition date.

Loans

Overdrafts are stated at the principal amounts including interest. Other loans are stated at the principal amount. Unearned discounts received in advance are presented as deduction from the loans.

b) Recognition and derecognition

Regular way purchases, acquires and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Bank measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the financial assets. There are two measurement categories which the Bank classifies its debt instruments:

- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses. Interest income is included in finance income. Impairment expenses are presented separately in the statement of profit or loss and comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Impairment

For other financial assets carried at amortised cost and FVOCI, the Bank applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition, except accounts receivable from securities trading applied simplified approach

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Bank assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Bank reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment and reversal of impairment losses are recognised in profit or loss.

f) Surplus reserve

The Bank measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Bank had on 31 December 2020. In which, the Bank will amortised the surplus reverse using straight-line method by 5 years consecutively in accordance with notification to utilise surplus reserve from BOT circular For. Nor. Sor 23 Wor.1603/2562 on 6 November 2020.

3.2.2 Financial liabilities

a) Classification

Financial instruments issued by the Bank are classified as either financial liabilities or equity securities by considering contractual obligations.

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

b) Measurement

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

c) Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

d) Financial liabilities designated at fair value through profit or loss

The Bank designated certain borrowings upon initial recognition of financial liabilities at fair value through statements of profit or loss and other comprehensive income (fair value option); this designation cannot be changed subsequently. The fair value option is applied, as the borrowing consists of borrowing host contract and embedded derivatives that must otherwise be separated if it is not designated as fair value through profit or loss.

Financial liabilities for which the fair value option is applied are recognised in the statement of financial position as "Financial liabilities designated at fair value through profit or loss". Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in "Gains (losses) from financial liabilities designated at fair value through profit or loss" in profit or loss.

3.2.3 Financial derivatives

The Bank recognises financial derivative instruments on the trade date.

Derivative financial instruments including foreign exchange forward contracts, forward rate agreements, currency option agreements, interest rate option agreements, interest and currency swap agreements, credit derivative agreements and commodity derivative agreements are recognised at fair values. Fair values are either the market price in the market or obtained from widely used methods such as discounted cash flow models. Changes in fair value are reflected in the statements of profit or loss and other comprehensive income.

3.2.4 Offsetting of financial instruments

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

3.2.5 Recognition of income

Interest income is calculated by applying the effective interest rate to the gross carrying is applied to the amortised cost of the financial asset, except for:

- Purchased or originated credit-impaired financial asset (POCI), for which the original credit-adjusted effective interest rate is applied to the amortised cost of financial asset.
- Financial assets that are not (POCI) but have subsequently becomes credit-impaired (a stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (net of the expected credit loss provision).

Fee and service income relating to local transactions such as foreign currency conversion fee and foreign currency transaction facilitation fee are recognised only when a performance obligation is satisfied which is at a point in time.

Fee and service income relating to cross-border transactions such as income attribution from related parties, for which the Bank receives a percentage allocation of total fees are recognised over the period which the related service is provided.

3.2.6 Recognition of expenses

Interest on financial liabilities measured at amortised cost and fair value through profit or loss are recognised as expense by using the effective interest rate method.

The Bank recognises other expenses on an accrual basis.

3.2.7 Equipment and depreciation

Equipment is stated at historical cost less accumulated depreciation and allowance for decrease in value (if any).

Depreciation is calculated on a straight-line basis to write off the cost of each asset over its estimated useful life as follows:

Computer equipment	3 years
Office equipment	5 years
Furniture and fixtures & fitting	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted future cash flows from the continuing use of the asset or the amount obtainable from the sale of the asset less any costs of disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profits.

Repairs and maintenance are charged to the statements of profit or loss and other comprehensive income during the accounting period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

3.2.8 Intangible assets

Acquired intangible assets are capitalised and amortised using the straight-line basis over their useful lives, generally over 4 years. Intangible assets are not revalued, but are presented at cost less accumulated amortisation. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

The estimated useful life is reviewed and revised as necessary in every financial position date.

3.2.9 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise store rental contract.

3.2.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.2.11 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Bank's functional presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured using the reference rates of exchange of the Bank of Thailand ruling at the date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

3.2.12 Provision for share based payment

Restricted stock units

The Bank operates a number of equity-settled share based compensation plan, under which the Bank receives services from employees as consideration of shares of the ultimate parent company. The ultimate parent company is the guarantor for share based compensation plan and the Bank does not have any obligation for the granted shares. The fair value of the granted shares is recognised as an expense in the statements of comprehensive income against its Head office's equity and balances with other branches under the same entity during the grant date and the vesting date. The Head office's equity and balances with other branches under the same entity is reversed when the Bank pays back to the ultimate parent company.

3.2.13 Employee benefits

The Bank's employment benefits consist of post-employment benefits both defined contribution plan and defined benefit plan.

Defined Contribution Plan or Provident Fund

The Bank operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trustee-administered fund. Such fund is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The provident fund is funded by payments from employees and contributions by the Bank. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank recognises contributions to the provident fund as expense in the statement of profit or loss and other comprehensive income in the period which the transactions take place.

Defined Benefit Plan

A defined benefit plan is a plan that is not a defined contribution plan. Typically, the defined benefit plan defines an amount of benefit that an employee will receive on retirement or retrenchment without cause, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using weighted average discount rate of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the statement of profit or loss and other comprehensive income.

Under Labour Laws applicable in Thailand and the Bank's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labor Law which is currently at a maximum rate of 400 days of final salary.

Long service awards

The Bank provides long service awards to employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as is used for defined benefit retirement plans.

Remeasurements of defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

These obligations are valued in every 2 years by independent qualified actuaries.

3.2.14 Provisions

In addition to provisions for post-employment benefits and long service awards, provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made. Where the Bank expects provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.2.15 Current and deferred income taxes

The tax expense for the period comprises of the current and deferred income taxes. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in head office's equity and balances with other branches under the same entity. In this case the income tax is also recognised in other comprehensive income or directly in head office's equity and balances with other branches under the same entity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Bank's operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

a) Decrease in value of loans

The Bank determined the expected credit loss by projecting the PD, LGD, and EAD for each future month. These three components are multiplied together for an efficient ECL calculation. The Bank determined the appropriateness of financial assets grouping when the Bank measured the expected credit loss for those by using collective approach with forward-looking economic information adjustment.

Expected credit loss is the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

- Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired), either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.
- Exposure at default (EAD) is based on the amounts that the Bank expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD)
- Loss given default (LGD) represents the Bank's expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

b) Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgement in valuing derivative instruments by using widely accepted valuation techniques and guidelines. Management believed that estimation are reasonable.

c) Post-employment benefits

In accordance with Thai Labour Law, the Bank has commitment on post-retirement benefits to employees on reaching retirement age. The present value of employee benefit liabilities recognised in the statement of financial position is determined on the present value of estimated future cash outflows for staff. The assumptions used in determining the net annual cost for employee benefits include the salary and years of services of respective employees which are payable in the future year and discount rate (government bond). Any changes in these assumptions will impact the net annual cost recorded for employee benefits. At each period ends, the Bank revises the appropriate discount rate, which represents the rate that should be used to determine the present value of future cash flows to settle the nearly reached retired employee benefits at the end of period when there are material impacts.

d) Fair value of financial liabilities designated at fair value through profit or loss

Management uses various methodologies and assumptions in the determination of fair value. Valuations are based on discounted cash flow analyses that consider the embedded derivative and the terms and payment structure of the note.

Moreover, the Bank considers using models such as the Black-Scholes option pricing model, simulation models, or a combination of models that use observable or unobservable valuation inputs, depending on the embedded derivative. The specific inputs used vary according to the nature of the embedded derivative features, as described in the discussion above regarding derivative valuation. The Bank may make valuation adjustment of financial derivatives by fair value adjustments.

5 Capital risk management

The Bank's objective when managing capital is to safeguard the Bank's ability to continue as a going concern in order to provide returns for Head Office and other branches under the same entity.

The Bank maintains a capital adequacy ratio in accordance with the Act on undertaking of Banking Business B.E. 2551. Capital funds are disclosed in Note 24.

6 IBOR reform

In 2022, the Bank established an IBOR transition plan to amend existing contracts and agreements that reference with maturity after 30 June 2023 to other reference rates, or include fallback provisions. The Bank plans to complete the transition before the cessation date.

The following table contains details of all the financial instruments the Bank holds as at 31 December 2022 which reference and haven't transitioned to an alternative interest rate benchmark yet:

	2022	
	USD LIBOR Baht	Others Baht
Non-derivative assets and liabilities		
Measured at amortised cost		
Long-term borrowings	1,762,682,400	-
	1,762,682,400	-
Derivatives		
Interest rate swap	1,636,929,860,773	336,695,457,154
	1,636,929,860,773	336,695,457,154
Off-Balance Sheet		
Loan Commitments	-	104,378,448,000
	-	104,378,448,000
Total	1,638,692,543,173	441,073,905,154

7 Interbank and money market items, net (assets)

	2022	2021
	Total Baht	Total Baht
Domestic items		
The Bank of Thailand	9,431,384,651	8,739,444,437
Commercial banks	21,434,123,744	7,382,454,827
Total	30,865,508,395	16,121,899,264
Add Accrued interest receivable	9,459	-
Less Allowance for expected credit loss	(377,788)	(566,682)
Total domestic items	30,865,140,066	16,121,332,582
Foreign items		
Euro	106,333,806	218,183,072
Swiss Franc	250,278	539,823
Singapore Dollar	1,592,914	1,887,512
Others	7,753,328	8,558,567
Total	115,930,326	229,168,974
Total foreign items	115,930,326	229,168,974
Total interbank and money market items, net	30,981,070,392	16,350,501,556

8 Financial assets measured at fair value through profit or loss

	Fair value	
	31 December 2022 Baht	31 December 2021 Baht
Government and state enterprise securities	11,192,558,466	15,569,126,299
Total	11,192,558,466	15,569,126,299

9 Financial derivatives

9.1 Trading derivatives

Fair value and notional amount classified by types of risks as at 31 December 2022 and 2021 comprise of the followings:

Types of risks	2022		
	Fair value		Notional amount Baht
	Assets Baht	Liabilities Baht	
Foreign exchange rate	23,852,427,860	24,252,704,902	739,551,475,000
Interest rate	19,761,454,674	18,325,315,785	1,531,552,464,044
Credit risk	371,536,104	375,151,526	67,586,773,200
Index	255,111,619	51,204,148	6,189,993,037
Others	-	353,963,330	-
Total trading derivatives	44,240,530,257	43,358,339,691	2,344,880,705,281

Types of risks	2021		
	Fair value		Notional amount Baht
	Assets Baht	Liabilities Baht	
Foreign exchange rate	16,860,388,071	13,622,053,027	842,745,998,436
Interest rate	14,073,970,536	11,698,236,346	996,527,724,247
Credit risk	802,403,496	396,681,540	56,362,661,350
Index	377,622,781	37,603,389	7,224,157,805
Others	-	408,172,785	-
Total trading derivatives	32,114,384,884	26,162,747,087	1,902,860,541,838

Proportion of derivative contract balances as at 31 December 2022 and 2021 classified by counterparties comprise of the followings:

	2022 Percentage	2021 Percentage
Financial institutions	52	54
Affiliated companies	40	36
Third parties	8	10
Total trading derivatives	100	100

10 Investments, net

10.1 Classification of investments

	Fair value	
	31 December 2022 Baht	31 December 2021 Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	24,428,668,856	23,267,179,819
Total	24,428,668,856	23,267,179,819
<u>Less</u> Allowance for expected credit losses	-	-
	24,428,668,856	23,267,179,819

10.2 Recognition of transaction in other comprehensive income for debt instruments measured at fair value through other comprehensive income

Recognition of transaction in other comprehensive income for debt instruments measured at fair value through other comprehensive income for the years ended 31 December 2022 and 2021 are as follow:

	2022 Baht	2021 Baht
Loss from changes in value of investments in debt instruments measured at FVOCI	15,764,457	34,584,540

11 Loans to customers and accrued interest receivables, net

11.1 Classified by types of loans:

	2022 Baht	2021 Baht
Loans to customers net from deferred revenue	2,910,699,112	1,518,504,233
<u>Add</u> Accrued interest receivables	404,846	31,059
Total loans to customers net from deferred revenue, and accrued interest receivables	2,911,103,958	1,518,535,292
<u>Less</u> Allowance for expected credit loss	(20,975,748)	(16,003,755)
Total loans to customers and interest receivables, net	2,890,128,210	1,502,531,537

11.2 Classified by currencies and domiciles of customers:

	2022 Baht	2021 Baht
Domestic items	2,901,886,385	1,518,454,275
Foreign items	8,812,727	49,958
Total loans to customers net from deferred revenue	2,910,699,112	1,518,504,233

11.3 Classified by classification:

The Bank has loans to customers net from deferred revenue and accrued interest receivables which can be classified in accordance with the Bank of Thailand (BOT) guidelines as follows:

Loans classification	2022	2021
	Loans outstanding and interest receivables Baht	Loans outstanding and interest receivables Baht
1. Financial assets with an insignificant increase in credit risk (Performing financial assets)	2,911,103,958	1,518,535,292
2. Financial assets with a significant increase in credit risk (Under-performing financial assets)	-	-
3. Credit-impaired financial assets (Non-performing financial assets)	-	-
Total loans and accrued interest receivables	2,911,103,958	1,518,535,292

11.4 Movement in the gross carrying amount of loans

	2022			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
As of 1 January 2022	1,518,535,292	-	-	1,518,535,292
Change due to new estimation of credit loss	400,554,078	-	-	400,554,078
Newly acquired or purchased financial assets	998,047,935	-	-	998,047,935
Derecognised financial assets	(6,033,347)	-	-	(6,033,347)
As of 31 December 2022	2,911,103,958	-	-	2,911,103,958

	2021			
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Total Baht
As of 1 January 2021	913,575,544	-	-	913,575,544
Change due to new estimation of credit loss	548,316,754	-	-	548,316,754
Newly acquired or purchased financial assets	74,490,738	-	-	74,490,738
Derecognised financial assets	(17,847,744)	-	-	(17,847,744)
As of 31 December 2021	1,518,535,292	-	-	1,518,535,292

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12 Allowance for expected credit losses

	2022				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Interbank and money market items					
As of 1 January 2022	-	-	-	566,682	566,682
Amortisation of surplus reserve	-	-	-	(188,894)	(188,894)
As of 31 December 2022	-	-	-	377,788	377,788

	2022				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Loans					
As of 1 January 2022	4,142,027	-	-	11,861,728	16,003,755
Change due to new estimation of credit loss	3,979,427	-	-	-	3,979,427
Newly acquired or purchased financial assets	4,961,429	-	-	-	4,961,429
Derecognised financial assets	(14,953)	-	-	-	(14,953)
Amortisation of surplus reserve	-	-	-	(3,953,910)	(3,953,910)
As of 31 December 2022	13,067,930	-	-	7,907,818	20,975,748

	2021				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Interbank and money market items					
As of 1 January 2021	-	-	-	755,576	755,576
Amortisation of surplus reserve	-	-	-	(188,894)	(188,894)
As of 31 December 2021	-	-	-	566,682	566,682

	2021				
	Financial assets with an insignificant increase in credit risk Baht	Financial assets with a significant increase in credit risk Baht	Credit-impaired financial assets Baht	Surplus reserve Baht	Total Baht
Loans					
As of 1 January 2021	4,069,523	-	-	15,815,638	19,885,161
Change due to new estimation of credit loss	5,799	-	-	-	5,799
Newly acquired or purchased financial assets	103,592	-	-	-	103,592
Derecognised financial assets	(36,887)	-	-	-	(36,887)
Amortisation of surplus reserve	-	-	-	(3,953,910)	(3,953,910)
As of 31 December 2021	4,142,027	-	-	11,861,728	16,003,755

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13 Equipment, net

	Computer equipment Baht	Office equipment Baht	Furniture and fixture Baht	Fixed assets in progress Baht	Total Baht
As at 1 January 2021					
Cost	60,735,822	53,500,822	28,810,315	-	143,046,959
<u>Less</u> Accumulated depreciation	(51,875,472)	(45,414,112)	(24,480,947)	-	(121,770,531)
Net book value	8,860,350	8,086,710	4,329,368	-	21,276,428
For the year ended 31 December 2021					
Opening net book value					
Additions	8,860,350	8,086,710	4,329,368	-	21,276,428
Write off, net	15,170,373	999,898	-	-	16,170,271
Depreciation charge	-	-	(720,547)	-	(720,547)
	(6,409,005)	(3,111,732)	(895,415)	-	(10,416,152)
Closing net book value	17,621,718	5,974,876	2,713,406	-	26,310,000
As at 31 December 2021					
Cost	75,906,195	54,500,720	25,057,292	-	155,464,207
<u>Less</u> Accumulated depreciation	(58,284,477)	(48,525,844)	(22,343,886)	-	(129,154,207)
Net book value	17,621,718	5,974,876	2,713,406	-	26,310,000
For the year ended 31 December 2022					
Opening net book value					
Additions	17,621,718	5,974,876	2,713,406	-	26,310,000
Write off, net	5,078,484	396,225	-	2,587,235	8,061,944
Depreciation charge	(88,634)	(4)	-	-	(88,638)
	(6,598,949)	(2,989,563)	(856,025)	-	(10,444,537)
Closing net book value	16,012,619	3,381,534	1,857,381	2,587,235	23,838,769
As at 31 December 2022					
Cost	62,116,307	54,883,238	25,057,292	2,587,235	144,644,072
<u>Less</u> Accumulated depreciation	(46,103,688)	(51,501,704)	(23,199,911)	-	(120,805,303)
Net book value	16,012,619	3,381,534	1,857,381	2,587,235	23,838,769

14 Right-of-use assets, net and Lease liabilities, net

The statement of financial position included following transactions relating to leases.

	2022 Baht	2021 Baht
Right-of-use assets, net		
Building and building improvements, net	8,183,201	18,643,780
Total right-of-use assets, net	8,183,201	18,643,780
Lease liabilities, net		
Current portion of lease liabilities	4,704,212	5,195,243
Non-current portion of lease liabilities	-	4,778,260
Total lease liabilities, net	4,704,212	9,973,503

During the period ended 31 December 2022, the Bank has no additions to the right-of-use assets (2021: Baht 0.7 million).

The statement of profit or loss and other comprehensive income included following transactions related to leases.

	2022 Baht	2021 Baht
Depreciation charge of right-of-use assets		
Building and building improvements	11,337,212	10,818,770
Total right-of-use assets	11,337,212	10,818,770
Finance cost relating to leases	59,728	-
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in premises and equipment expenses)	60,000	60,000

The total cash outflow for leases of the Bank for the year ended 31 December 2022 was Baht 5.3 million (2021: Baht 5.3 million).

15 Other assets, net

	2022 Baht	2021 Baht
Leasehold right and leasehold improvement, net	5,543,761	9,515,565
Accrued interest receivables	13,416,612	13,796,379
Prepaid expenses	5,634,869	3,571,715
Account receivables from option sold premium	900,632	233
Other receivables	39,661,695	6,747,967
Total other assets, net	65,157,569	33,631,859
The amortisation cost of leasehold right and depreciation of leasehold improvement for the year	3,971,804	4,282,377

16 Deposits

16.1 Classified by types of deposits:

	2022 Baht	2021 Baht
On demand	28,674,532,091	20,872,421,701
Savings	4,298,512,186	5,127,274,899
Total deposits	32,973,044,277	25,999,696,600

16.2 Classified by currencies and domiciles of depositors:

	2022		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	28,790,504,487	722,948,854	29,513,453,341
US Dollar	3,077,824,918	266,493,020	3,344,317,938
Euro	115,113,682	-	115,113,682
Pound	20,195	-	20,195
Yen	137,211	-	137,211
Yuan	1,910	-	1,910
Total deposits	31,983,602,403	989,441,874	32,973,044,277

	2021		
	Domestic Baht	Foreign Baht	Total Baht
Thai Baht	21,422,981,958	323,199,527	21,746,181,485
US Dollar	2,933,248,256	1,026,366,524	3,959,614,780
Euro	269,273,348	-	269,273,348
Pound	22,549	-	22,549
Yen	24,603,428	-	24,603,428
Yuan	1,010	-	1,010
Total deposits	24,650,130,549	1,349,566,051	25,999,696,600

17 Interbank and money market items (liabilities)

	2022 Baht	2021 Baht
Domestic items		
Other financial institutions	5,995,240,846	3,293,862,838
Total domestic items	5,995,240,846	3,293,862,838
Foreign items		
Thai Baht	-	64,380,609
Total foreign items	-	64,380,609
Total interbank and money market items	5,995,240,846	3,358,243,447

18 Financial liabilities designated at fair value through profit or loss

	2022 Baht	2021 Baht
Bill of exchange	9,617,009,777	13,555,582,109
Total financial liabilities designated at fair value through profit or loss	9,617,009,777	13,555,582,109

Proportion of transactions being classified by type of counterparties

	2022 Percentage	2021 Percentage
Third parties	100	100
Total proportion of transactions being classified by type of counterparties	100	100

19 Deferred income tax

The analysis of deferred tax assets and liabilities is as follows:

	2022 Baht	2021 Baht
Deferred tax assets	118,724,336	123,225,828
Deferred tax liabilities	(49,556,666)	(23,073,848)
Deferred tax assets (net)	69,167,670	100,151,980

The gross movement and the deferred income tax account is as follows:

	2022 Baht	2021 Baht
As at 1 January	100,151,980	68,180,513
Debited (Credited) to profit or loss (Note 36)	(34,137,201)	33,501,321
Tax debited (credited) in other comprehensive income	3,152,891	(1,529,854)
As at 31 December	69,167,670	100,151,980

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The movement in deferred tax assets and liabilities during the year is as follows:

	Derivative liabilities from option sold premium Baht	Provision for employee benefits Baht	Provision for restricted stock units Baht	Unrealised gain (loss) on changes in fair value of investment measured at FVPL Baht	Provision for derivatives Baht	Others Baht	Total Baht
Deferred tax assets							
As at 1 January 2022	2,451,008	23,556,232	6,732,146	-	87,232,536	3,253,906	123,225,828
Charged debited (credited) to profit and loss	(1,196,368)	3,998,246	1,678,173	416,666	(9,398,209)	-	(4,501,492)
Recognised in other comprehensive income	-	-	-	-	-	-	-
As at 31 December 2022	1,254,640	27,554,478	8,410,319	416,666	77,834,327	3,253,906	118,724,336
Deferred tax assets							
As at 1 January 2021	18,021,028	35,808,985	3,821,561	-	81,147,759	6,155,548	144,954,881
Charged debited (credited) to profit and loss	(15,570,020)	(3,805,991)	2,910,585	-	6,084,777	(2,901,642)	(13,282,291)
Recognised in other comprehensive income	-	(8,446,762)	-	-	-	-	(8,446,762)
As at 31 December 2021	2,451,008	23,556,232	6,732,146	-	87,232,536	3,253,906	123,225,828

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	Unrealised gain (loss) on changes in fair value of investment measured at FVPL Baht	Unrealised gain (loss) on changes in fair value of investment measured at FVOCI Baht	Derivative assets for option premium Baht	Others Baht	Total Baht
Deferred tax liabilities					
As at 1 January 2022					
Charged debited (credited) to profit and loss	1,754,873	6,244,706	15,074,269	-	23,073,848
Recognised in other comprehensive income	(1,754,873)	-	31,390,582	-	29,635,709
	-	(3,152,891)	-	-	(3,152,891)
As at 31 December 2022	-	3,091,815	46,464,851	-	49,556,666
Deferred tax liabilities					
As at 1 January 2021					
Charged debited (credited) to profit and loss	11,425,310	13,161,614	46,801,098	5,386,346	76,774,368
Recognised in other comprehensive income	(9,670,437)	-	(31,726,829)	(5,386,346)	(46,783,612)
	-	(6,916,908)	-	-	(6,916,908)
As at 31 December 2021	1,754,873	6,244,706	15,074,269	-	23,073,848

20 Provision

	2022 Baht	2021 Baht
Post-employment benefits obligation	137,772,389	117,781,160
Others	984,583	1,573,008
Total provision for employee benefits plan	138,756,972	119,354,168

Post-employment benefits obligation

Provision for post-employment benefits is for employees with more than 120 days of service and who resign in accordance with the rules and conditions stipulated under the labour laws applicable in Thailand and for long service awards.

As at 31 December 2022 and 2021, the post-employment benefits provided unfunded obligation as follows:

	2022 Baht	2021 Baht
Present value of obligations	130,834,010	111,837,562
Provision for long service award	6,938,379	5,943,598
Total provision for employee benefits plan	137,772,389	117,781,160

Movements of provision for post-employment benefits are as follows:

	2022 Baht	2021 Baht
As at 1 January	111,837,562	174,856,245
Current service costs	16,958,901	-
Interest costs	2,037,547	-
Remeasurements:		
Actuarial (gains) losses		
- Demographic assumptions	-	5,671,766
- Financial assumptions	-	(80,616,528)
- Experience gain	-	30,033,416
<u>Less</u> Reversal of provision for post-employment benefits	-	(18,107,337)
As at 31 December	130,834,010	111,837,562

The reversal of provision for post-employment benefits came from an employee decide to early retire during this year. The Company already paid the early retirement benefit to the employee.

Expenses for post-employment benefits were recognised in the statement of profit or loss and other comprehensive income as follows:

	2022 Baht	2021 Baht
Current service costs	16,958,901	-
Interest costs	2,037,547	-
Total	18,996,448	-

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

	2022	2021
Discount rate	1.83%	1.83%
Salary increase rate	6%	6%
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2017	100% of Thai Mortality Ordinary Table 2017
Disability rate	5% of Thai Mortality Ordinary Table 2017	5% of Thai Mortality Ordinary Table 2017
Pre-retirement withdrawal rate	From 5 years historical data	From 5 years historical data
Retirement age	60 years old	60 years old
Turnover rate	9%	9%

Sensitivity analysis on key assumptions changes are as follows:

	Increase (Decrease)	
	2022	2021
	Baht	Baht
Discount rate		
Increase 1%	(11,490,202)	(10,495,460)
Decrease 1%	13,177,511	12,064,514
Salary rate		
Increase 1%	14,398,634	11,918,543
Decrease 1%	(12,736,018)	(10,589,145)
Turnover rate		
Increase 5%	(49,127,373)	(44,638,731)
Decrease 5%	23,346,942	21,443,594

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Maturity profile of post-employment benefits is as follows:

	2022	2021
Maturity duration of the post-employment benefits (Years)	20.02	20.02
Maturity analysis of benefits to be paid		
Less than 1 year (Baht)	263,374	2,091,020
Between 1 - 2 years (Baht)	-	263,374
Between 2 - 5 years (Baht)	40,692,877	6,786,326
Over 5 years (Baht)	702,103,918	736,010,469

21 Other liabilities

	2022 Baht	2021 Baht
Accrued interest payable	21,715,812	4,057,541
Accrued bonuses	99,516,909	85,236,951
Accrued FIDF charges	49,838,463	37,188,334
Cash received in advance from forward contracts	43,338,760	12,762,332
Income tax payable	28,409,021	819,725
Withholding tax payable	1,811,137	1,493,325
Others	64,437,112	75,719,649
Total other liabilities	309,067,214	217,277,857

22 Provident fund

The Bank established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530, which contributions are made by both the employees and the Bank. For the year ended 31 December 2022, the Bank contributed Baht 22.7 million (31 December 2021: Baht 20.4 million).

23 Provision for share based payment

The restricted stock units of the ultimate parent company, JPMorgan Chase & Co., will be awarded at no cost to employees who are eligible according to The Bank entity's regulations, upon their grant. The awards are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the vesting periods and the head office's equity and balances with other branches under the same entity is treated as a capital contribution. The exercise price of the granted shares is lower of the market price of the shares on the date of grant or the vesting date. The restricted stock units are generally granted annually and can be vested for 50% of granted amount after two years and for another 50% of granted amount after three years. The restricted stock units are converted into shares of JPMorgan Chase & Co. at the vesting date. The employees are able to continue their vesting upon voluntary employment termination, which would be based on the age and year of service requirements. Before vesting, the restricted stock units entitle the recipient to receive cash payments equivalent to dividend paid on the underlying common stocks during the period the restricted stock units are outstanding. However, all of these awards are subject to forfeiture until the vesting date and they contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances.

The movements in the number of outstanding shares and their related weighted average share prices at the grant dates are as follows:

	Average price Baht per share	Average price USD per share	Number of awards
As at 1 January 2022	4,304	129	8,587
Granted during the year	5,118	153	3,874
Exercised during the year	(3,862)	(116)	(3,668)
Transferred during the year	-	-	-
As at 31 December 2022	5,561	145	8,793
As at 1 January 2021	3,452	115	6,477
Granted during the year	4,654	139	3,416
Exercised during the year	(3,515)	105	(3,605)
Transferred during the year	4,304	129	2,299
As at 31 December 2021	4,304	129	8,587

For the year ended 31 December 2022, the total share based payment expense recognised during the year amounting to Baht 20.3 million (31 December 2021: Baht 23.4 million).

24 Capital funds

	2022 Baht	2021 Baht
Assets maintained in accordance with Section 32	12,688,965,166	12,688,965,166
Total funds for maintaining assets in accordance with Section 32 and net balance of inter-office accounts		
Funds for maintaining assets in accordance with Section 32	12,688,965,166	12,688,965,166
Net inter-office balance which branch is debtor of the head office, others branches and subsidiary	7,707,649,724	5,628,485,907
Total	20,396,614,890	18,317,451,073
Capital funds	12,688,965,166	12,688,965,166
Total capital funds to risk weighted assets ratio (%)	19.26	19.80

The Bank will disclose capital maintenance information as at 31 December 2022 in accordance with the notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.th.jpmorgan.com within April 2023.

Moreover, the Bank has disclosed information related to Liquidity Coverage Ratio as at 31 December 2022 under the Notification of Bank of Thailand, no. Sor Nor Sor 2/2561, as the above location and date of disclosure.

25 Assets pledged as collateral

The Bank has investments in government securities which are pledged as collaterals for structured bills of exchange. The book values of such securities as at 31 December 2022 amounted to Baht 5,028,412,066 (31 December 2021: Baht 5,925,529,201).

26 Commitments

As at 31 December 2022 and 2021, the Bank has the following commitments (excluding derivatives in Note 9) which were incurred in the normal course of business as follows:

	2022		
	Thai Baht Baht	Foreign currencies Baht	Total Baht
Unused overdraft credit line	110,000,000	-	110,000,000
Unused credit facilities	-	1,113,744,000	1,113,744,000
Total commitments	110,000,000	1,113,744,000	1,223,744,000
	2021		
	Thai Baht Baht	Foreign currencies Baht	Total Baht
Unused overdraft credit line	110,000,000	-	110,000,000
Unused credit facilities	-	1,355,194,000	1,355,194,000
Total commitments	110,000,000	1,355,194,000	1,465,194,000

27 Related party transactions

Enterprises or individuals that, directly or indirectly through one or more intermediaries, control, or are under controlled by, or are under common control with, the Bank, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the Bank, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The significant related party transactions are transacted with The Bank companies of JPMorgan Chase.

The ultimate parent company is JPMorgan Chase & Co., a company incorporated in the United States of America. JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.

Relationships of related parties

Head Office

- JPMorgan Chase & Co.
- JPMorgan Chase Bank, N.A.

Other Branches

- J.P. Morgan Chase Bank Berhad
- JPMorgan Chase Bank, N.A. - London Branch
- JPMorgan Chase Bank, N.A. - Sydney Branch
- JPMorgan Chase Bank, N.A. - Tokyo Branch
- JPMorgan Chase Bank, N.A. - Hong Kong Branch
- JPMorgan Chase Bank, N.A. - Singapore Branch
- JPMorgan Chase Bank, N.A. - Jakarta Branch
- JPMorgan Chase Bank, N.A. - Manila Branch
- JPMorgan Chase Bank, N.A. - Mumbai Branch
- JPMorgan Chase Bank, N.A. - Seoul Branch

Fellow subsidiaries

- J.P. Morgan (S.E.A.) Limited
- J.P. Morgan SE
- J.P. Morgan International Finance Limited
- J.P. Morgan Securities (Asia Pacific) Limited
- J.P. Morgan Securities (Thailand) Limited
- J.P. Morgan Securities Plc - Paris Branch
- J.P. Morgan Securities LLC
- J.P. Morgan Securities Plc
- JPMorgan Securities Japan Co., Ltd.
- J.P. Morgan Europe Limited
- J.P. Morgan Securities Australia Limited
- JPMorgan Securities (Malaysia) Sdn. Bhd.
- J.P. Morgan SE - Paris Branch
- J.P. Morgan SE - London Branch

The significant related party transactions, outstanding balances as of 31 December 2022 and 2021 and income and expenses for the years then ended 31 December 2022 and 2021 consisted of the followings:

	2022	2021
	Million Baht	Million Baht
Statements of financial position		
Interbank and money market items, net (assets)		
J.P. Morgan, A.G.	106	218
J.P. Morgan Chase Bank Berhad	1	1
Interbank and money market items (liabilities)		
J.P. Morgan Securities (Thailand) Ltd.	5,996	3,294
Provision for share based payment		
J.P. Morgan Chase & Co	42	34
Net balance of inter-office accounts with Head Office and other branches under the same entity		
JPMorgan Chase Bank, N.A.	(7,763)	(5,721)
Other Branches	56	93
Off statement of financial position with Head office, Other branches and Fellow subsidiaries		
Commitments	951,707	663,613
Statements of profit or loss and other comprehensive income with Head office, Other branches and Fellow subsidiaries		
Interest expense	147	32
Fees and service incomes	21	19
Other operating income	258	196
Employee expenses	19	21
Fees and services expenses and other expenses	419	332

Transactions between the Bank and related parties had been priced at and contain similar conditions with the Bank's general customers and conformed to normal course of banking business practice.

28 Important position and performance classified by type of domestic or foreign transactions

28.1 Position classified by type of transaction

	2022			2021		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	118,818	-	118,818	90,211	-	90,211
Interbank and money market items, net (assets)	30,981	-	30,981	16,351	-	16,351
Accounts receivable from securities trading	4,959	-	4,959	1,226	-	1,226
Financial assets measured at fair value through profit or loss	11,193	-	11,193	15,569	-	15,569
Investments, net	24,429	-	24,429	23,267	-	23,267
Loans to customers and accrued interest receivables, net	2,890	-	2,890	1,503	-	1,503
Deposits	32,973	-	32,973	26,000	-	26,000
Interbank and money market items (liabilities)	5,995	-	5,995	3,358	-	3,358
Accounts payable from securities trading	3,368	-	3,368	545	-	545
Financial liabilities designated at fair value through profit or loss	9,617	-	9,617	13,556	-	13,556

28.2 Performance classified by types of transaction

	2022			2021		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	574	-	574	479	-	479
Interest expense	(371)	-	(371)	(193)	-	(193)
Net interest income	203	-	203	286	-	286
Net fee and service income	28	-	28	20	-	20
Other operating incomes	1,673	-	1,673	922	-	922
Other operating expenses	(1,038)	-	(1,038)	(846)	-	(846)
Profit before income tax	866	-	866	382	-	382

29 Interest income

	2022 Baht	2021 Baht
Interbank and money market items, net (assets)	180,871,697	68,537,537
Investment in debt securities	355,080,615	387,658,698
Loans to customers	37,713,003	22,891,836
Total interest income	573,665,315	479,088,071

30 Interest expense

	2022 Baht	2021 Baht
Deposits	127,843,556	90,137,993
Interbank and money market items (liabilities)	148,046,696	32,301,384
Contribution fee to the Deposit Protection Agency and Financial Institution Development Fund	95,233,873	70,722,594
Total interest expense	371,124,125	193,161,971

31 Fee and service income

	2022 Baht	2021 Baht
Money transfer and collection services	18,360,823	14,933,245
Service fees from related companies (Note 27)	21,437,257	18,846,056
Others	6,813,073	4,717,894
Total fee and service income	46,611,153	38,497,195

Revenue transactions classified by timing of revenue recognition for the years ended 31 December 2022 and 2021 are as follows:

	2022 Baht	2021 Baht
Timing of revenue recognition		
At a point in time	46,611,153	38,497,195
Over time	-	-
Total fee and service income	46,611,153	38,497,195

32 Gains (losses) on financial instruments measured at fair value through profit or loss, net

Gains (losses) on financial instruments measured at fair value through profit or loss, net for the years ended 31 December 2022 and 2021 are as follows:

1. Gains (Losses) on financial instruments measured at fair value through profit or loss

	2022 Baht	2021 Baht
Gains (Losses) on foreign currencies and foreign exchange rate derivatives	(3,061,869,840)	598,088,555
Gains (Losses) on interest rate derivatives	3,421,813,610	(443,096,709)
Gains (Losses) on debt securities	(36,946,662)	(160,249,213)
Gains (Losses) on reverse repo	-	194,994
Others	1,188,492,206	(737,711,772)
Total gains (losses) on trading and foreign exchange transactions	1,511,489,314	(742,774,145)

2. Gains (Losses) from financial liabilities designated at fair value through profit or loss

	2022 Baht	2021 Baht
Changes in fair value of bill of exchange	583,864,730	2,610,477,200
Losses on redemption and interest expense paid	(680,022,888)	(1,142,413,291)
Total gains (losses) from financial liabilities designated at fair value through profit or loss	(96,158,158)	1,468,063,909

33 Other operating income

	2022 Baht	2021 Baht
Revenue sharing from related parties (Note 27)	257,829,541	196,294,895
Others	44,667	86,248
Total other operating income	257,874,208	196,381,143

Revenue transactions classified by timing of revenue recognition for the years ended 31 December 2022 and 2021 are as follows:

	2022 Baht	2021 Baht
Timing of revenue recognition		
At a point in time	44,667	22,100
Over time	257,829,541	187,047,696
Total other operating income	257,874,208	187,069,796

34 Other expenses

	2022 Baht	2021 Baht
Service fees to related companies (Note 27)	419,412,955	331,991,500
Brokerage commissions	8,948,315	9,158,139
Others	62,102,879	52,159,329
Total other expenses	490,464,149	393,308,968

35 Reversal expected credit losses

	2022 Baht	2021 Baht
Interbank and money market items	(188,894)	(188,894)
Loans	4,971,993	(3,822,547)
Investment in debt instrument measured at fair value through other comprehensive income	-	-
Loan commitments and financial guarantees	(588,425)	1,573,008
Total	4,194,674	(2,438,433)

36 Income tax expense

	2022 Baht	2021 Baht
Current income tax:		
Adjustments in respect of prior year	4,268,847	4,626,745
Current income tax on profits for the year	154,274,470	99,070,717
Total current income tax	158,543,317	103,697,462
Deferred income tax:		
Adjustments in respect of prior year	-	14,118,028
Origination and reversal of temporary differences (Note 19)	34,137,201	(33,501,321)
Total deferred income taxes	34,137,201	(19,383,293)
Total income tax expense	192,680,518	84,314,169

The income tax on profits before tax of the Bank differs from the theoretical amount that would arise using the basic income tax rate of the home country of the Bank as follows:

	2022 Baht	2021 Baht
Profit before tax	865,618,338	382,282,889
Tax calculated at a tax rate of 20%	173,123,668	76,456,578
Adjustments in respect of prior year	4,268,847	4,626,745
Tax effect of:		
Expenses not deductible for tax purpose	15,288,003	3,230,846
Income tax charge	192,680,518	84,314,169

The weighted average applicable income tax rate was 22% (31 December 2021: 22%).

37 Financial instruments

37.1 Measurement basis of financial assets and liabilities

The accounting policies in Note 3 describe how different classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category and by statement of financial position heading.

	2022			
	At fair value through profit or loss Baht	At fair value through other comprehensive income Baht	Amortised cost Baht	Total Baht
Financial assets				
Cash	-	-	595,421	595,421
Interbank and money market items, net	-	-	30,981,070,392	30,981,070,392
Account receivable from securities trading	-	-	4,959,007,892	4,959,007,892
Financial assets measured at fair value through profit or loss	11,192,558,466	-	-	11,192,558,466
Derivatives assets	44,240,530,257	-	-	44,240,530,257
Investments, net	-	24,428,668,856	-	24,428,668,856
Loans to customers and accrued interest receivables, net	-	-	2,890,128,210	2,890,128,210
Total financial assets	55,433,088,723	24,428,668,856	38,830,801,915	118,692,559,494
Financial liabilities				
Deposits	-	-	32,973,044,278	32,973,044,278
Interbank and money market items, net	-	-	5,995,240,846	65,995,240,846
Account payable from securities trading	-	-	3,367,753,320	3,367,753,320
Liabilities payable on demand	-	-	149,249,458	149,249,458
Financial liabilities measured at fair value through profit or loss	9,617,009,777	-	-	9,617,009,777
Derivatives liabilities	43,358,339,691	-	-	43,358,339,691
Lease liabilities	-	-	4,704,212	4,704,212
Total financial liabilities	52,975,349,468	-	42,489,992,114	95,465,341,582
2021				
	At fair value through profit or loss Baht	At fair value through other comprehensive income Baht	Amortised cost Baht	Total Baht
Financial assets				
Cash	-	-	2,756,547	2,756,547
Interbank and money market items, net	-	-	16,350,501,556	16,350,501,556
Account receivable from securities trading	-	-	1,225,636,072	1,225,636,072
Financial assets measured at fair value through profit or loss	15,569,126,299	-	-	15,569,126,299
Derivatives assets	32,114,384,884	-	-	32,114,384,884
Investments, net	-	23,267,179,819	-	23,267,179,819
Loans to customers and accrued interest receivables, net	-	-	1,502,531,537	1,502,531,537
Total financial assets	47,683,511,183	23,267,179,819	19,081,425,712	90,032,116,714
Financial liabilities				
Deposits	-	-	25,999,696,600	25,999,696,600
Interbank and money market items, net	-	-	3,358,243,447	3,358,243,447
Account payable from securities trading	-	-	545,073,897	545,073,897
Liabilities payable on demand	-	-	45,045,668	45,045,668
Financial liabilities measured at fair value through profit or loss	13,555,582,109	-	-	13,555,582,109
Derivatives liabilities	26,162,747,087	-	-	26,162,747,087
Lease liabilities	-	-	9,973,503	9,973,503
Total financial liabilities	39,718,329,196	-	29,958,033,115	69,676,362,311

38 Offsetting of financial assets and liabilities

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Bank's statement of financial position if all set-off rights were exercised.

As at 31 December 2022 and 2021, the Bank has no reverse repurchase agreement subject to master netting arrangements.

2022					
	Effects of offsetting on the financial position		Related amounts not offset		
	Gross amounts set off in the financial position	Net amounts presented in the financial position	Amount subject to master netting arrangements	Financial instrument Collateral *	Net amounts
	Baht	Baht	Baht	Baht	Baht
Financial assets					
Reverse repurchase agreement	21,058,827,940	-	21,058,827,940	(21,058,827,940)	-
Total financial assets	21,058,827,940	-	21,058,827,940	(21,058,827,940)	-
Financial liabilities					
Derivative liabilities	25,754,291	-	25,754,291	(27,700,000)	-
Total financial liabilities	25,754,291	-	25,754,291	(27,700,000)	-

2021					
	Effects of offsetting on the financial position		Related amounts not offset		
	Gross amounts set off in the financial position	Net amounts presented in the financial position	Amount subject to master netting arrangements	Financial instrument Collateral *	Net amounts
	Baht	Baht	Baht	Baht	Baht
Financial assets					
Reverse repurchase agreement	7,019,834,215	-	7,019,834,215	(7,019,834,215)	-
Total financial assets	7,019,834,215	-	7,019,834,215	(7,019,834,215)	-

* Amount of financial instrument collateral is presented less than or equal to offsetting amount of 'net amounts presented in the financial position' and 'amount subject to master netting arrangements'.

39 Financial risk management

Strategy in using financial instruments

The Bank has developed and implemented comprehensive policies and procedures to identify, mitigate, and monitor risk across the entity, which are based on JPMorgan Chase policies. These practices rely on constant communication, judgment, and knowledge of products and markets by the people closest to them, combined with regular oversight by a central risk management group and senior management.

(a) Credit risk

Credit risk is the risk of losses resulting from failure by the Bank's counterparties and customers to meet their obligations. The carrying amount of cash, interbank and money market, investments in debts, loans to and accrued interest receivables, accounts receivable from securities trading and commitments represent the maximum exposure of the Bank to credit risk. With respect to derivative financial instruments, the maximum credit exposure of the Bank is represented by the positive fair values, mainly pertaining to derivative transactions with financial institutions, including intercompany balances.

"Know Your Customer" is the key element to credit risk management.

JPMorgan Chase has developed policies and practices that are designed to ensure that credit risks are accurately assessed, properly approved, continuously monitored and actively managed at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio-review parameters and problem-loan management.

The Bank's capital will be committed following thorough research and analysis, utilising all expertise appropriately available in the utilising which may contribute to the bank risk assessment. Certain transactions will require special approval due to their risk attributes or level of sensitivity.

Officers with Credit Approval Authority are expected to understand the credit policies, guidelines and procedures applicable to their responsibilities.

The new business initiative process requires a thorough understanding of the credit risk (and all other forms of risk) inherent in all proposed activities or undertakings. New initiatives will only be introduced after appropriate new control systems are implemented, in accordance with the Bank's New Business Initiative Process.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral if applicable.

1) Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e., assets which their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

2) Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a customer authorising a third party to draw the drafts on the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the potential loss may be less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

As at 31 December 2022 and 2021, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows;

	2022 Baht	2021 Baht
Manufacturing and commerce	1,936,563,943	860,675,135
Utilities and services	974,135,169	657,829,098
Total loans and receivables	2,910,699,112	1,518,504,233

Expected credit loss measurement

The Bank applies general approach to measure expected credit losses on cash, interbank and money market, investments in debts, loans to and accrued interest receivables, and commitments. The Bank always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method, except accounts receivable from securities trading applied simplified approach.

Under the three-stage expected credit loss impairment model, the impairment will be assessed by using collective approach model with forward looking information adjustment.

Credit risk exposure

Maximum exposure to credit risk

The maximum credit risk exposure of the Bank in the event of other parties failing to perform their obligation is detailed below. No account taken of any collateral held and the maximum exposure to loss is considered to be the statement of financial position carrying amount or, for non-derivative off-statement of financial position transaction and financial guarantee, their contractual nominal amounts. The exposure to credit risk of the Bank equals their carrying amount in the statement of financial position as at reporting date, except for the followings:

	2022 Maximum exposure Baht	2021 Maximum exposure Baht
Credit risk exposures of on-statement of financial position assets:		
Financial assets measured at fair value through profit or loss	11,092,098,000	15,288,315,000
Investment in debt securities	24,470,000,000	23,270,000,000
	35,562,098,000	38,558,315,000

Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

Reverse repo is generally secured; term loan financing and lending to corporate entities are generally unsecured.

The Bank prepares a valuation of the collateral obtained as part of the origination process. This assessment is reviewed periodically. The collateral type accepted and given value by the Bank is charges over financial instruments such as marketable securities.

	31 December 2022			
	Gross carrying amount Baht	Expected credit losses Baht	Net carrying amount Baht	Fair value of collateral held Baht
Reverse repo	21,058,827,940	-	21,058,827,940	21,255,437,078
Total	21,058,827,940	-	21,058,827,940	21,255,437,078
	31 December 2021			
	Gross carrying amount Baht	Expected credit losses Baht	Net carrying amount Baht	Fair value of collateral held Baht
Reverse repo	7,019,834,215	-	7,019,834,215	7,083,783,669
Total	7,019,834,215	-	7,019,834,215	7,083,783,669

Total loans to customers - credit quality

All loans to customers are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due loans financing refer to loans, advances and financing that are overdue by one day or more. Loans to customers are classified impaired when they fulfil any of the following criteria:

- the principal or interest both is past due more than 90 days or 3 months from the first day of default;
- where the account is in arrears for less than 90 days or 3 months, there is evidence of impairment to indicate that the borrower customer is 'unlikely to repay' its credit obligations; or
- the loans to customers is classified as rescheduled and restructured

Distribution of loans, advances and financing by credit quality

	31 December 2022			Total Baht
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	
Neither past due nor impaired	2,911,103,958	-	-	2,911,103,958
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	2,911,103,958	-	-	2,911,103,958
Less Allowance for expected credit loss	(20,975,748)	-	-	(20,975,748)
Net carrying amount	2,890,128,210	-	-	2,890,128,210

	31 December 2021			Total Baht
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	
Neither past due nor impaired	1,518,535,292	-	-	1,518,535,292
Past due but not impaired	-	-	-	-
Impaired	-	-	-	-
Gross carrying amount	1,518,535,292	-	-	1,518,535,292
Less Allowance for expected credit loss	(16,003,755)	-	-	(16,003,755)
Net carrying amount	1,502,531,537	-	-	1,502,531,537

The table below presents credit quality of Interbank asset items, financial assets measured at fair value through profit or loss, investments, and derivatives that neither past due nor impaired, past due but not impaired and impaired, analysed by rating:

	31 December 2022			Total Baht
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	
Interbank asset items				
Sovereigns	9,431,384,651	-	-	9,431,384,651
AAA	114,078,225	-	-	114,078,225
AA- to AA+	449,747	-	-	449,747
A- to A+	21,435,535,557	-	-	21,435,535,557
Lower than A-	-	-	-	-
Unrated	-	-	-	-
Less: Expected credit losses	(377,788)	-	-	(377,788)
	30,981,070,392	-	-	30,981,070,392
Financial assets measured at fair value through profit or loss				
Sovereigns	11,192,558,466	-	-	11,192,558,466
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	-	-	-	-
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	11,192,558,466	-	-	11,192,558,466
Investment in debt securities				
Sovereigns	24,428,668,856	-	-	24,428,668,856
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	-	-	-	-
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	24,428,668,856	-	-	24,428,668,856
Derivative assets				
Sovereigns	140,215,401			140,215,401
AAA	441,825,429			441,825,429
AA- to AA+	25,369,151,503			25,369,151,503
A- to A+	5,921,747,895			5,921,747,895
Lower than A-	10,291,420,926			10,291,420,926
Unrated	2,076,169,103			2,076,169,103
	44,240,530,257			44,240,530,257

	31 December 2021			Total Baht
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	
Interbank asset items				
Sovereigns	8,739,444,437	-	-	8,739,444,437
AAA	198,539,451	-	-	198,539,451
AA- to AA+	455,988	-	-	455,988
A- to A+	7,412,628,362	-	-	7,412,628,362
Lower than A-	-	-	-	-
Unrated	-	-	-	-
<u>Less: Expected credit losses</u>	<u>(566,682)</u>	<u>-</u>	<u>-</u>	<u>(566,682)</u>
	16,350,501,556	-	-	16,350,501,556
Financial assets measured at fair value through profit or loss				
Sovereigns	15,569,126,299	-	-	15,569,126,299
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	-	-	-	-
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	15,569,126,299	-	-	15,569,126,299
Investment in debt securities				
Sovereigns	23,267,179,819	-	-	23,267,179,819
AAA	-	-	-	-
AA- to AA+	-	-	-	-
A- to A+	-	-	-	-
Lower than A-	-	-	-	-
Unrated	-	-	-	-
	23,267,179,819	-	-	23,267,179,819
Derivative assets				
Sovereigns	54,256,008	-	-	54,256,008
AAA	187,574,545	-	-	187,574,545
AA- to AA+	11,601,742,591	-	-	11,601,742,591
A- to A+	6,265,555,439	-	-	6,265,555,439
Lower than A-	12,495,999,552	-	-	12,495,999,552
Unrated	1,509,256,749	-	-	1,509,256,749
	32,114,384,884	-	-	32,114,384,884

Other financial assets - credit quality

Other financial assets of the Bank are neither past due nor impaired, past due but not impaired and impaired are summarised as below:

	31 December 2022			
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	Total Baht
Accounts receivable from securities trading	4,959,007,892	-	-	4,959,007,892
Total	4,959,007,892	-	-	4,959,007,892

	31 December 2021			
	12-month ECL Baht	Lifetime ECL not credit- impaired Baht	Lifetime ECL credit- impaired Baht	Total Baht
Accounts receivable from securities trading	1,225,636,072	-	-	1,225,636,072
Total	1,225,636,072	-	-	1,225,636,072

(b) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Bank's operations. Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding funding liability. One of the major causes of these mismatches is timing differences in the repricing of the assets and liabilities. These mismatches are actively managed by the Branch and its Head Office as part of the overall risk management process which is conducted within internal guidelines and in conjunction with market risk.

As at 31 December 2022 and 2021, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	2022			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	1	1
Interbank and money market items, net	115	21,058	9,808	30,981
Accounts receivable from securities trading	-	-	4,959	4,959
Financial assets measured at fair value through profit or loss	-	11,193	-	11,193
Investments, net	-	24,429	-	24,429
Loan to customers and accrued interest receivables from deferred revenue	1,582	1,329	-	2,911
Total financial assets	1,697	58,009	14,768	74,474
Financial liabilities				
Deposits	-	31,152	1,821	32,973
Interbank and money market items	4,195	1,800	-	5,995
Accounts payable from securities trading	-	-	3,368	3,368
Demand liabilities	-	-	149	149
Lease liabilities	-	5	-	5
Total financial liabilities	4,195	32,957	5,338	42,490
Descriptions	2021			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
Financial assets				
Cash	-	-	3	3
Interbank and money market items, net	38	7,209	9,104	16,351
Accounts receivable from securities trading	-	-	1,226	1,226
Financial assets measured at fair value through profit or loss	-	15,569	-	15,569
Investments, net	-	23,267	-	23,267
Loan to customers and accrued interest receivables from deferred revenue	650	869	-	1,519
Total financial assets	688	46,914	10,333	57,935
Financial liabilities				
Deposits	-	24,639	1,361	26,000
Interbank and money market items	1,994	1,300	64	3,358
Accounts payable from securities trading	-	-	545	545
Demand liabilities	-	-	45	45
Lease liabilities	-	10	-	10
Total financial liabilities	1,994	25,949	2,015	29,958

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Transactions	2022							
	Repricing or maturity date					Non- Performing loans Million Baht	Non- interest bearing Million Baht	Total Million Baht
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
Financial assets								
Cash	-	-	-	-	-	-	1	1
Interbank and money market items, net	115	21,058	-	-	-	-	9,808	30,981
Accounts receivable from securities trading	-	-	-	-	-	-	4,959	4,959
Financial assets measured at fair value through profit or loss	-	22	7,870	1,114	2,187	-	-	11,193
Investments, net	-	17,598	6,324	507	-	-	-	24,429
Loans to customers and accrued interest receivables net from deferred revenue	1,329	512	1,070	-	-	-	-	2,911
Total financial assets	1,444	39,190	15,264	1,621	2,187	-	14,768	74,474
Financial liabilities								
Deposits	31,152	-	-	-	-	-	1,821	32,973
Interbank and money market items	4,195	1,800	-	-	-	-	-	5,995
Accounts payable from securities trading	-	-	-	-	-	-	3,368	3,368
Demand liabilities	-	-	-	-	-	-	149	149
Lease liabilities	-	-	5	-	-	-	-	5
Total financial liabilities	35,347	1,800	5	-	-	-	5,338	42,490
Transactions	2021							
	Repricing or maturity date					Non- Performing loans Million Baht	Non- interest bearing Million Baht	Total Million Baht
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht			
Financial assets								
Cash	-	-	-	-	-	-	3	3
Interbank and money market items, net	38	7,209	-	-	-	-	9,104	16,351
Accounts receivable from securities trading	-	-	-	-	-	-	1,226	1,226
Financial assets measured at fair value through profit or loss	-	4,222	5,801	4,534	1,012	-	-	15,569
Investments, net	-	17,996	4,751	520	-	-	-	23,267
Loans to customers and accrued interest receivables net from deferred revenue	172	565	782	-	-	-	-	1,519
Total financial assets	210	29,992	11,334	5,054	1,012	-	10,333	57,935
Financial liabilities								
Deposits	24,639	-	-	-	-	-	1,361	26,000
Interbank and money market items	1,994	1,300	-	-	-	-	64	3,358
Accounts payable from securities trading	-	-	-	-	-	-	545	545
Demand liabilities	-	-	-	-	-	-	45	45
Lease liabilities	-	-	-	5	5	-	-	10
Total financial liabilities	26,633	1,300	-	5	5	-	2,015	29,958

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The average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years ended 31 December 2022 and 2021, can be summarised as follows:

	2022			2021		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items, net	26,588	181	0.68	13,519	69	0.51
Investments, net	37,543	355	0.95	36,601	388	1.06
Loans to customers and accrued interest receivables	2,364	38	1.61	1,097	23	2.10
Total	66,495	574		51,217	480	
<u>Performing financial liabilities</u>						
Deposits	30,439	128	0.42	21,378	90	0.42
Interbank and money market items	4,399	148	3.36	2,910	32	1.10
Total	34,838	276		24,288	122	

(c) Currency risk

Currency risk is the risk to earnings and value of financial instruments caused by the fluctuations in foreign exchange rates. It is managed in conjunction with market risk.

The Bank manages currency risk within the limit which is approved by the Thailand Risk Committee. In addition, the Bank limits the net foreign currency position of each currency at 15% of the total fund of the Bank, and limits the net foreign currency in aggregate of every currency at 20% of total funds of the Bank. The ratio is complied with the regulation of the Bank of Thailand.

The following table presents a currency analysis for monetary assets and liabilities on statement of financial position as at 31 December 2022 and 2021 as follow:

	2022				
	Baht Million Baht	US Dollar Million Baht	Japanese Yen Million Baht	Others Million Baht	Total Million Baht
Cash	1	-	-	-	1
Interbank and money market items, net	30,865	-	-	116	30,981
Accounts receivable from securities trading	4,959	-	-	-	4,959
Financial assets measured at fair value through profit or loss	11,193	-	-	-	11,193
Financial derivative assets	12,638	29,873	698	1,032	44,241
Investments, net	24,429	-	-	-	24,429
Loans to customers and accrued interest receivables net from deferred revenue	2,902	9	-	-	2,911
Total assets	86,987	29,882	698	1,148	118,715
Deposits	29,513	3,344	1	115	32,973
Interbank and money market items	5,976	19	-	-	5,995
Accounts payable from securities trading	3,368	-	-	-	3,368
Demand liabilities	149	-	-	-	149
Financial liabilities designated at fair value through profit or loss	9,617	-	-	-	9,617
Financial derivative liabilities	10,680	20,503	8,463	3,712	43,358
Lease liabilities	5	-	-	-	5
Total liabilities	59,308	23,866	8,464	3,827	95,465
Net foreign currency position in the statement of financial position	27,679	6,016	(7,766)	(2,679)	23,250

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	2021				
	Baht Million Baht	US Dollar Million Baht	Japanese Yen Million Baht	Others Million Baht	Total Million Baht
Cash	3	-	-	-	3
Interbank and money market items, net	16,121	-	-	230	16,351
Accounts receivable from securities trading	1,226	-	-	-	1,226
Financial assets measured at fair value through profit or loss	15,569	-	-	-	15,569
Financial derivative assets	8,762	22,419	307	626	32,114
Investments, net	23,267	-	-	-	23,267
Loans to customers and accrued interest receivables net from deferred revenue	1,519	-	-	-	1,519
Total assets	66,467	22,419	307	856	90,049
Deposits	21,746	3,960	25	269	26,000
Interbank and money market items	3,303	55	-	-	3,358
Accounts payable from securities trading	545	-	-	-	545
Demand liabilities	45	-	-	-	45
Financial liabilities designated at fair value through profit or loss	13,556	-	-	-	13,556
Financial derivative liabilities	11,235	9,292	3,844	1,792	26,163
Lease liabilities	10	-	-	-	10
Total liabilities	50,440	13,307	3,869	2,061	69,677
Net foreign currency position in the statement of financial position	16,027	9,112	(3,562)	(1,205)	20,372

Value-at-risk (VaR)

The Bank utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment. The Bank has a single VaR framework used as a basis for calculating Risk Management VaR and Regulatory VaR.

The VaR framework is employed across the Bank using historical simulation based on data for the previous 12 months. Risk Management VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 99% confidence level. The VaR of the Bank as at 31 December 2022, based on one-day time horizon at 99% confidence level, is Baht 46.46 million (2021 : Baht 25.56 million).

(d) Liquidity risk

Liquidity risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Bank's liquidity management framework is intended to maximise liquidity access and minimise funding costs. Management uses a variety of measures to mitigate liquidity and related risks, taking into consideration market conditions, funding needs and the profile of the location's liability base.

Treasury is responsible for day to day oversight and management of the liquidity of the Bank, and for ensuring compliance with regulations and the liquidity risk management policy. It is responsible for monitoring, managing and reporting the liquidity risk profile for the Bank. It formulates the location's liquidity strategies, including contingency planning; monitors cash flow requirements to determine potential funding gaps; maintains ongoing interaction with lines of business to track funding and business trends; and through all of the above seeks to avoid funding stress through early detection of liquidity issues.

The liquidity management framework has well-defined roles and responsibilities. Daily liquidity risk management tools are used by local Treasury traders to monitor the liquidity profile of the Bank. Funding limits and guidelines have been established, which in conjunction with the monthly liquidity stress tests provide assurance that sufficient funding is available even during periods of market stress.

The following table presents a maturity analysis for monetary assets and liabilities on statement of financial position as at 31 December 2022 and 2021.

	2022						Total Million Baht
	At call Million Baht	Within 3 months Million Baht	3 to 12 months Million Baht	1 to 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht	
Cash	1	-	-	-	-	-	1
Interbank and money market items, net	9,923	21,058	-	-	-	-	30,981
Accounts receivable from securities trading	-	4,959	-	-	-	-	4,959
Financial assets measured at fair value through profit or loss	-	22	7,870	1,114	2,187	-	11,193
Financial derivative Assets	-	5,157	6,318	22,620	10,166	-	44,241
Investments, net	-	17,598	6,324	507	-	-	24,429
Loans to customers and accrued interest receivables net from deferred revenue	1,329	512	1,070	-	-	-	2,911
Total assets	11,253	49,646	21,582	24,241	12,353	-	118,715
Deposits	32,973	-	-	-	-	-	32,973
Interbank and money market items	4,195	1,800	-	-	-	-	5,995
Accounts payable from securities trading	-	3,368	-	-	-	-	3,368
Demand liabilities	149	-	-	-	-	-	149
Financial liabilities designated at fair value through profit or loss	-	621	47	1,657	7,292	-	9,617
Financial derivative liabilities	-	5,505	7,302	21,382	9,169	-	43,358
Lease liabilities	-	-	5	-	-	-	5
Total liabilities	37,317	11,294	7,354	23,039	16,461	-	95,465
Liquidity, net	(27,393)	38,992	14,228	1,531	(4,108)	-	23,250

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	2021						
	At call	Within 3	3 to 12	1 to 5	Over 5	No	Total
	Million	months	months	years	years	maturity	Million
	Baht	Million	Million	Million	Million	Million	Baht
Cash	3	-	-	-	-	-	3
Interbank and money market items, net	9,142	7,209	-	-	-	-	16,351
Accounts receivable from securities trading	-	1,226	-	-	-	-	1,226
Financial assets measured at fair value through profit or loss	-	4,222	5,801	4,534	1,012	-	15,569
Financial derivative Assets	-	5,158	5,072	11,341	10,543	-	32,114
Investments, net	-	17,996	4,751	520	-	-	23,267
Loans to customers and accrued interest receivables net from deferred revenue	172	565	782	-	-	-	1,519
Total assets	9,317	36,376	16,406	16,395	11,555	-	90,049
Deposits	26,000	-	-	-	-	-	26,000
Interbank and money market items	2,058	1,300	-	-	-	-	3,358
Accounts payable from securities trading	-	545	-	-	-	-	545
Demand liabilities	45	-	-	-	-	-	45
Financial liabilities designated at fair value through profit or loss	-	1,108	1,718	1,553	9,177	-	13,556
Financial derivative liabilities	-	3,430	4,307	11,866	6,560	-	26,163
Lease liabilities	-	-	5	5	-	-	10
Total liabilities	28,103	6,383	6,030	13,424	15,737	-	69,677
Liquidity, net	(18,786)	29,993	10,376	2,971	(4,182)	-	20,372

The table above classified monetary assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at statement of financial position date to the contractual maturity date. It is unusual for banks to have completely matched maturities since business transactions are often of uncertain terms and of different types. In addition, the Bank obtains a large proportion of domestic funding from customer deposits, interbank and money market item and financial liabilities under fair value option, and foreign funding from Head Office and other branches abroad. The Bank has demonstrated that a substantial level of such funding provides a stable source of long-term funding for the Bank.

40 Management benefits

	2022 Baht	2021 Baht
Short-term employee benefits	145,760,934	131,099,175
Post-employment benefits	7,680,604	7,239,590
Share based payment	13,196,382	12,760,161
Total	166,637,920	151,098,926

41 Long-term lease commitment

As at 31 December 2022 and 2021, the Bank has payment obligations of service agreement and short-term leases as follows:

	2022 Baht	2021 Baht
Due within 1 year	3,597,069	4,532,291
Due more than 1 years but no later than 5 years	2,843,988	4,060,952
Due more than 5 years	-	666,820
Total	6,441,057	9,260,063

42 Fair value

42.1 Fair value measurement

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

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

	2022				
	Fair value				
	Book value Million Baht	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets					
Financial derivatives Assets	44,241	-	44,241	-	44,241
Financial assets measured at fair value through profit or loss	11,193	-	11,193	-	11,193
Investment, net	24,429	-	24,429	-	24,429
Total assets	79,863	-	79,863	-	79,863
Liabilities					
Financial liabilities designated at fair value through profit or loss	9,617	-	-	9,617	9,617
Financial derivatives liabilities	43,358	-	43,358	-	43,358
Total liabilities	52,975	-	43,358	9,617	52,975
2021					
Fair value					
	Book value Million Baht	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets					
Financial derivatives Assets	32,114	-	32,114	-	32,114
Financial assets measured at fair value through profit or loss	15,569	-	15,569	-	15,569
Investment, net	23,267	-	23,267	-	23,267
Total assets	70,950	-	70,950	-	70,950
Liabilities					
Financial liabilities designated at fair value through profit or loss	13,556	-	-	13,556	13,556
Financial derivatives liabilities	26,163	-	26,163	-	26,163
Total liabilities	39,719	-	26,163	13,556	39,719

There was no transfer between Levels 1 and 2 during the year.

42.2 Valuation techniques used to derive level 2 and 3 fair values

Derivatives

Derivatives that are valued using models such as the Black-Scholes option pricing model, simulation models or a combination of models, that use observables or unobservable valuation inputs.

Input include:

- Contractual terms including the period to maturity
- Readily observable parameters including interest rates and volatility
- Credit quality of the counterparty and of the Bank
- Market funding levels
- Correlation levels

In addition, the following specific inputs are used for the following derivatives that are valued based on models with significant unobservable inputs:

Structured credit derivatives, specific inputs include:

- CDS spreads and recovery rates
- Credit correlation between the underlying debt instruments
- Actual transactions, where available, are used to regularly recalibrate unobservable parameters

Derivatives related to interest rate and exchange rate which are complexed, specific inputs include:

- Interest rate correlation
- Volatility of interest rate spread
- Exchange rate correlation
- Correlation between interest rate and exchange rate
- Parameters explaining the reference interest rate

Commodity derivatives, specific inputs include:

- Commodity volatility
- Forward commodity price

Debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

Investments

Fair value of financial assets measured at fair value through profit or loss and other comprehensive income are calculated using the last quoted bid price or using the discounted cash flow by reference to the risk-free yield curve adjusted by an appropriate risk premium.

Reverse repurchase agreement

Fair value of reverse repurchase agreement measured at fair value through profit or loss is calculated using the discounted cash flow by reference to the risk-free yield curve adjusted by an appropriate risk premium.

42.3 Fair value measurements using significant unobservable inputs (Level 3)

	Financial liabilities designated at fair value	
	2022 Million Baht	2021 Million Baht
As at 1 January	13,556	14,316
Total unrealised gains recognised in profit and loss	(1,405)	(561)
Settlement and redemption	(2,534)	(199)
As at 31 December	9,617	13,556

The ranges of unobservable inputs for interest rate correlation are (30%) - 50% (31 December 2021: (30%) - 50%).

There were no other changes in valuation techniques during the year.

42.4 Bank's valuation processes

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the statement of financial position at fair value. The Bank's valuation control function is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Bank's positions are recorded at fair value.

The Model Risk function is independent of the model owners and reviews and approves a wide range of models, including risk management, valuation and certain regulatory capital models used by the Bank. The Model Risk function performs an annual firmwide model risk assessment where developments in the product or market are considered in determining whether valuation models which have already been reviewed need to be reviewed and approved again.

42.5 Fair value of financial assets and liabilities measured at amortised cost

The financial assets and liabilities that are not measured at fair value as at 31 December 2022 and 2021 are as follows;

	2022				
	Fair value				Total
	Book value Million Baht	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Million Baht
Assets					
Cash	1	1	-	-	1
Interbank and money market items, net	30,981	9,923	21,058	-	30,981
Accounts receivable from securities trading	4,959	-	4,959	-	4,959
Loans to customers and accrued interest receivables, net	2,890	-	2,890	-	2,890
Total assets	38,831	9,924	28,907	-	38,831
Liabilities					
Deposits	32,973	-	32,973	-	32,973
Interbank and money market items	5,995	4,195	1,800	-	5,995
Accounts payable from securities trading	3,368	-	3,368	-	3,368
Liability payable on demand	149	-	149	-	149
Total liabilities	42,485	4,195	38,290	-	42,485
2021					
	Fair value				
	Book value Million Baht	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets					
Cash	3	3	-	-	3
Interbank and money market items, net	16,351	9,142	7,209	-	16,351
Accounts receivable from securities trading	1,226	-	1,226	-	1,226
Loans to customers and accrued interest receivables, net	1,503	-	1,503	-	1,503
Total assets	19,083	9,145	9,938	-	19,083
Liabilities					
Deposits	26,000	-	26,000	-	26,000
Interbank and money market items	3,358	2,058	1,300	-	3,358
Accounts payable from securities trading	545	-	545	-	545
Liability payable on demand	45	-	45	-	45
Total liabilities	29,948	2,058	27,890	-	29,948

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash, saving deposits and current deposits presented as both interbank and money market assets and liabilities items, account receivable from securities trading, saving deposits and current deposits, account payable from securities trading and liabilities payable on demand.

Fair value of the following assets and liabilities are estimated for the purpose of disclosure as described below:

Loans to customers and accrued interest receivable, net

The fair value is the outstanding balance of loans and accrued interest less allowance for expected credit loss. The majority of loans are fixed rate. The management has assessed the existing effective rate of the outstanding loans is a reasonable approximation of market effective rate.

Interbank and money market items

The interbank and money market items (assets) are loans to financial institutions which are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are borrowing and fixed deposits which are short-term. Accordingly, their carrying amount is a reasonable approximation of fair value.

Deposits

The deposits are on demand, savings and fixed deposits which are short-term. Accordingly, their carrying amount is a reasonable approximation of fair value.

Financial assets and financial liabilities which carrying amounts are approximately close to the fair value due to short-term maturity are as follows :

- Accounts receivable from securities trading
- Accounts payable from securities trading
- Liability payable on demand