



# Better Life Everyday

Financial Summary from  
Annual Report 2019



## Message from the Chairman



**Mr. Ekniti Nitithanprapas**  
Chairman of the Board of Directors



## Due to the development of technology and service quality along with enhancing on integrity, Krungthai Bank will move forward stably //

The year of 2019 is another year that the overall banking industry dealt with a challenging operating environment due to economic slowdown, changing of customer behavior and modified rules and regulations, including rapid technological advances that cause the banks to no longer be needed in providing financial services. However, Krungthai Bank can adjust itself and enhance the competitive capability, along with supplying well support to the government.

Significant achievements of the Bank in 2019: the technology development enabled the Bank to formulate strength for various products and services. The examples are **Krungthai Travel Card** — the first card in Thailand which the customers can exchange foreign currency via the Krungthai NEXT application by themselves 24 hours; **Krungthai Connxt** — free service for transaction notification via LINE mobile application, which is secure and expedient; and **Krungthai e-LG on Blockchain** — the customer can request for an Electronic Letter of Guarantee (LG) via online channel of the Bank that is further secure and convenient. Moreover, the Bank has served as the government's platform that not only has passed useful policy on to people sector but also has reflected the Bank's efficiency in being invisible bank that can provide services to the customers with advanced financial technology. Such platforms included the Government Welfare Card scheme, the Thung Ngern Pracharat mobile application and especially services under the "Chim Shop Chai" campaign via the Pao Tang application using face recognition technology to verify more than 10 million customer identities. Another accomplishment that Krungthai Bank has made remarkable progress is laying the foundation and creating work culture that drives the organization with transparency under the "Sustainable Krungthai" Initiative. More than 1,500 projects were presented by the Bank employees under this Initiative.

In 2019, our efforts were acknowledged by several prestigious awards. For instance, the **Best Social Impact Bank (Thailand) 2019** was presented by Capital Finance International (CFI) Journal, England in recognition of the main financial institution that steered the country's economy by developing financial innovation to access all groups of people and support the government's policy. **The Tab Digital Inclusive Awards 2019** was given by Thailand Association of the Blind as the Krungthai NEXT application has been voted by the blind for being the mobile banking application that helped the blind to make financial transactions via a mobile phone conveniently like other ordinary people. Additionally, the **Outstanding State-Owned Enterprise (SOE) Awards** presented by the State Enterprise Policy Office (SEPO) in the category of Outstanding Disclosure and Transparency for the fourth consecutive years, the Bank was recognized as the state-owned enterprise that had the management with transparency and fairness whereas conducting report and disclosing information with regards to the stakeholders as prescribed in the international standard of good corporate governance.

Finally, I am convinced that due to the development of technology and service quality to support the new era of banking through using Datform (Data + Platform) along with enhancing on integrity, Krungthai Bank will move forward stably, improve Thai economy and society, fulfil all needs of the customers and deliver sustainable returns to shareholders as we aspires to "Growing Together".

Mr. Ekniti Nitithanprapas  
Chairman of the Board of Directors



## Message from the Chairman



**Mr. Prasong Poontaneat**  
Chairman of the Board of Directors

(Since January 17, 2020)

## // **Krungthai Bank has developed in many areas, especially in terms of its image of being the modernized government's commercial bank** //

I am honored to be appointed as the new Chairman of Krungthai Bank Board of Directors. In the past years, Krungthai Bank has changed and developed significantly in many areas, especially in terms of its image of being the modernized government's commercial bank, which can effectively drive the country to the cashless society according to Thailand 4.0 policy. In addition, the Bank helped support the economic and tourism stimulus measures through Chim Shop Chai Campaign and provided financial services that can respond to every group of customers, as well as having a variety of service channels nationwide.

However, in the current rapidly changing business environment, whether in terms of economy, social, or especially technology, the Bank cannot stop its continuous development. Therefore, in order to achieve its missions completely and sustainably, the Bank has to operate as follows:

- **Administering and developing competency of employees and work systems:** the Bank's employees are required to receive upskill and reskill trainings so that they have knowledge and skills equipped for new technologies and work systems, including new competitions and new competitors that are non-bank financial institutions.
- **Continuously providing services and valuable advice to customers:** in addition to effectively providing quality solutions that suit all needs of customers, the Bank must also comply with Market Conduct.

- **Sustainably developing economy, society and environment** by conducting business with consideration to the principles of ESG (Environment, Social and Governance).

- **Sustainably create worthy returns for shareholders:** the Bank must manage risk in a balanced manner and create sustainable growth.

On behalf of the Board of Directors, the Executives, employees, and subsidiaries, I would like to express thanks to the shareholders, business partners, including customers in both public and private sector for their confidence and trust that has always been given to Krungthai Bank. I sincerely hope that you will continue to support the Bank continuously at all times.



Mr. Prasong Poontanee  
Chairman of the Board of Directors  
(Since January 17, 2020)

## Message from the President



### Krungthai Bank to drive its parallel strategy of Carrier and Speed Boat //



In the midst of a rapidly changing business environment, the negative factors affecting business operations, such as trade war between the United States and China as well as challenges all around in the era of digital disruption, have caused every bank to undergo a big transformation. To be precise, all banks needed to adjust and uplift their competitive potential in the present and for the future through the focus on open banking platform, technological development, the business cooperation with FinTech, the establishment of new platforms and ecosystems along with the Digital Transformation.

During the year 2019, Krungthai Bank as the State-Owned Commercial Bank accelerated many actions in line with the 3-Summits strategy, namely its foundation improvement, business extension and moving forward to open banking. The Bank also established platforms to attract target customers to be part of the Bank's ecosystems as well as investing in IT Master Plan with a budget of more than 10 billion baht to create business opportunities, enhance the Bank's competitiveness and foster new innovations that respond to customer needs in the most complete and effective ways.

The operating performance of the Bank amid economic challenges resulted from the ability to maintain profitability on balanced risk and strengthening its balance sheet. Accordingly, the Bank's net profit (The Bank's financial statement) in 2019 was around 26 billion baht, increasing from last year. In addition, the Bank was able to maintain Coverage ratio at 125-130%, while the credit cost and NPL formation continued to reduce. The Bank also adjusted the credit growth by emphasizing the Bank's balance of risk-return tradeoff as well as NPL growth control so that the Bank is able to manage risks appropriately and sustainably. For the strategy of foundation improvement and business extension, the Bank placed importance on both working processes and employees, for example decrease in number of branches, workforce adjustment and training staff's new skills, including enhancing the credit approval process for corporate customers

and becoming a paperless organization by digitization, which will lead to cost reduction and increase in competitiveness in the future.

In 2019, Krungthai Bank executed the digital banking strategy via the Chim Shop Chai campaign. In particular, the Bank supported both applications and platforms i.e. the Pao Tang and Thung Ngern mobile applications as well as the EDC machines, which enabled the Bank to acquire more than 12 million users from both mobile applications and more than 180,000 shops at all levels — from a grassroots level to large-scale businesses. All participants in the campaign have entered into the Bank's ecosystems, helping stimulate the economy and circulate money to its foundation.

Furthermore, there were other collaborative projects, regarding the collaboration between Krungthai Bank and the government as the key customers and business alliances together with the collaborative projects between Krungthai Bank and the private sector. Such projects focused on building platforms and bringing customers to be part of the Bank's ecosystem such as the Blockchain Project with the Ministry of Finance, the VAT Refund for Tourists, the e-GP Project of the Comptroller General's Department, etc. The Bank also expanded the 5 strategic ecosystems — Government, Payment, Health and Wellness, Education, and Mass Transit — through many projects: the Digital Student Loan Project, e-Court Project, the installation of EDC machines on more than 3,000 buses, Smart Hospital Project and others. As a result, the Bank has currently acquired a customer base from every project since 2015, covering almost 50% of the population throughout the country.

The year 2020 in the context of a more rapid and severe disruption, Krungthai Bank stipulates 2 approaches to drive the organization concurrently: **Carrier** and **Speed Boat**. The **Carrier** refers to the key business of the Bank, namely credit, deposit, fees and others, including the development of Krungthai NEXT application to fulfill all customer needs. On the other hand, **Speed Boat** refers to the new organization focusing on creating new business models and platforms in the manner of the open banking — platform that can simply connect with other platforms, e.g. Pao Tang application. In this regard, such platform and application shall receive backup by AI, Machine Learning and Data Analytics that can completely understand and respond to all customer needs.

Due to Krungthai Bank's ability to build a large customer base, it will empower the Bank to expand many businesses. One of them is business expansion from customers' partners (X2G2X): It starts from the Bank's main customers, then links to the business sectors of customers' partners, namely distributors, community enterprises, retail shops, restaurants, hotels, car rental businesses and others in the supply chain. All of them are connected with the efficiency of technology and enter into the Bank's ecosystem. It enables the Bank to provide financial services that truly meet all their needs. In this regard, all of this will pave the way for the establishment of the Thailand Digital Platform for Thais in the near future.

The Bank not only endeavors to improve service quality, but also aspires to elevate the morality of the organization as well. As a result, the intensive operation relating to the Sustainable Krungthai Initiative shall be increased in an attempt to create a culture of Zero Tolerance — all forms of corruption will not be tolerated, and the operation under Market Conduct — fair services to all customers. The initiative will be implemented in 3 ways, namely: (1) **Converting morals into tangible matters** through the Compliance Champion program and One unit, One sustainable Plan under the concept of "A problem to solve, A good deed to do." All activities must take into account the principles of ESG (Environment, Social and Governance); (2) **Cultivating Sustainable Krungthai Initiative to be in the DNA of Krungthai people**; (3) **Establishing Sustainable Krungthai Initiative to be an organization mission**, not just a project.

With the strategic plans to drive the organization along with the cultivation of organization DNA through the Sustainable Krungthai Initiative, I strongly believe that they will support Krungthai Bank to grow alongside the Thai economy and grow together happily and sustainably with "you" — customers, employees, shareholders and all Thais — as we aspire to attain a better life everyday.



Mr. Payong Srivanich  
President



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## Statement of Direction, Vision and Mission

### › Statement of Direction

Krungthai Bank Pcl. is a financial institution for development, where we help create opportunity for people to gain access to sources of fund as well as provide them with financial literacy in order to strengthen the economy's foundation. By applying technology and innovation to manage and provide financial services, we also aim to improve the competitiveness of the country while trying to mitigate social inequality under a stable, transparent and sustainable management of the organization.

### › Vision

Growing Together - enhancing capabilities of employees to support growth and prosperity for customers, enrich quality of society and environment, as well as provide sustainable return for our shareholders

### › Mission

- Develop capabilities of personnel and work system
- Provide customers with differentiated and value added service and advice
- Fulfill our responsibilities to society through supporting sustainable economic, social and environmental development
- Provide shareholders with superior and sustainable return





## Financial Highlights



### Loans (Less Deferred Revenue)

2019  
**2,089,874**  
million baht

2018  
**2,024,205**  
million baht



### Net Profit (Equity Holders of the Bank)

2019  
**29,284**  
million baht

2018  
**28,491**  
million baht



### BIS Total Capital Ratio

2019  
**19.01%**

2018  
**18.22%**

	Consolidated					Krungthai Bank				
	2019	2018	2017 (restated)	2016	2015	2019	2018	2017 (restated)	2016	2015
<b>Financial Standing (Million Baht)</b>										
Loans (Less Deferred Revenue)	2,089,874	2,024,205	1,938,082	1,904,089	2,027,440	2,006,313	1,948,702	1,865,396	1,837,120	1,969,661
Allowance for Doubtful Accounts (Including Revaluation Allowance for Debt Restructuring)	135,228	133,755	125,381	110,782	85,956	126,732	125,340	116,743	102,922	77,353
NPLs	102,659	106,370	103,020	91,128	76,371	99,224	102,634	98,637	86,786	71,848
Total Assets	3,012,216	2,739,203	2,854,210	2,689,703	2,815,330	2,908,358	2,656,181	2,771,583	2,614,798	2,748,608
Total Deposits	2,155,865	2,039,602	2,070,875	1,972,404	2,135,498	2,158,460	2,042,948	2,073,594	1,975,158	2,137,446
Total Liabilities	2,663,890	2,425,062	2,559,991	2,410,299	2,565,032	2,604,135	2,368,676	2,501,454	2,354,343	2,514,136
Total Equity	348,326	314,141	294,219	279,404	250,298	304,223	287,505	270,129	260,455	234,472
Total Equity (Equity Holders of the Bank)	338,287	305,875	287,861	274,187	245,883	304,223	287,505	270,129	260,455	234,472
<b>Operating Performance (Million Baht)</b>										
Interest Income	122,971	119,770	122,886	129,230	132,525	108,320	105,937	109,374	116,257	120,559
Interest Expense	34,655	36,081	36,023	42,264	51,657	33,161	34,561	34,426	40,784	49,994
Net Interest Income	88,316	83,689	86,863	86,966	80,868	75,159	71,376	74,948	75,473	70,565
Net non-Interest Income	37,342	33,532	36,361	37,722	35,739	29,726	25,833	30,475	31,463	28,794
Other Operating Expenses	62,474	53,088	49,483	50,631	50,920	55,477	46,305	42,791	43,693	43,894
Net Profit	32,138	31,089	24,110	33,565	29,541	26,326	25,101	21,312	29,968	26,474
Net Profit (Equity Holders of the Bank)	29,284	28,491	22,440	32,304	28,494	26,326	25,101	21,312	29,968	26,474
<b>Financial Ratios (%)</b>										
Return on Average Assets (Equity Holders of the Bank)	1.02	1.02	0.81	1.17	1.02	0.95	0.92	0.79	1.12	0.97
Return on Average Equity (Equity Holders of the Bank)	9.09	9.60	7.99	12.42	11.92	8.90	9.00	8.03	12.11	11.55
NPL / Loans	4.33	4.53	4.19	3.97	3.20	4.33	4.52	4.14	3.89	3.09
BIS Total Capital Ratio	19.01	18.22	17.15	16.60	14.85	18.66	18.19	17.45	16.85	15.22
Book Value per Share (Baht)	24.91	22.47	21.04	19.98	17.90	21.76	20.56	19.32	18.63	16.77

Note : The Bank restated the 2017 financial statements audited by the auditor in order to be comparable with the 2018 financial statements and notes. However, financial statements for the year 2013-2016 were not restated.

## Management Analysis and Discussion



### Analysis of Operation and Financial Standing

#### 1. Economic and Industrial Conditions Influencing the Operation

Trade conflicts between China and the United States causing Thai economy in 2019 to grow only 2.4%, decelerating from 4.2% in the previous year. Thailand's exports shrank for the first time in 4 years due to slowing international trade around the world. Contracted exports amid the uncertain world economy has taken its toll on the domestic economy, particularly the investment of the private sector that has slowed down a great deal. Private consumption slightly lessened corresponding to the car sales that contracted and the agricultural income that was still at a low level. Nevertheless, the purchasing power of households received continuously support from the government measures despite the fact that the household debt is still at a high level.

In addition to economic challenges, the competition was steadily increasing in the midst of changes from both the technology and consumer behavior together with the transition to Digital Economy. These factors seemed to affect the revenue

and business model of the Bank and customers. Besides, the Bank also confronted with challenges from official regulatory compliance i.e. tighter Market Conduct, measures to determine the loan-to-value ratio (LTV in housing loans) and preparation for Thai Financial Reporting Standards 9 (TFRS 9). However, Krungthai Bank has prepared and established various action plans to accommodate for such challenges continuously.

#### 2. Overview of Financial Standing and Operating Performance Change in Comparison with Banking Industry (Analyzed from the Bank's financial statements in order to be comparable to the industry average, which BOT presented using the data from separated financial statements only)

- Loans (after deduction of deferred revenue) expanded 2.96%, higher than the industry average, which hastily grew at 2.24%. The loan growth of banking industry decelerated from the previous year due to the economy condition, fund raising from debt securities and the impact from the LTV measures.

**Deposits**

increased  
**5.65%**

**Net profit**

rose up  
**4.88%**

**Total capital**

increased  
**4.41%**

- **Deposits** increased by 5.65% while the industry average increased by 3.93%. The rise up was nearly equivalent to the previous year, particularly due to the expansion from fixed deposits, current and saving accounts (CASA)

- **Net profit** rose up by 4.88%, lower than the industry average that grew up by 31.85% mainly owing to the special revenue from the sales of investment of one large commercial bank. Meanwhile, net interest income increased 5.30%, higher than the industry average that raised up to 3.80%. Net fees and service income decreased by 4.24% with the industry average contracted by 0.99%.

- **Net NPLs** decreased 3.93% reflecting credit quality improving in a better direction. Meanwhile, the industry average increased by 12.56%, accelerated from the previous year which increased 4.14% as a result of economic slowdown. The ratio of Net NPLs to Loan was at 1.89%, decreased slightly from 1.98% of the previous year. The industry average placed at 1.61%, higher than the past year at 1.48%.

- **Total capital** increased by 4.41 % with Total Capital Ratio at 18.66 % and Tier 1 Ratio at 14.80 %. The industry average has increased by 12.08 %, resulting in Total Capital Ratio to stay at strong level by 19.32% and Tier 1 Ratio stood at 16.09%, which was still much higher than the minimum set by the Bank of Thailand.

### **3. Technology and innovation research and development expense (R&D Expense) which is eligible for juristic person tax relief**

In the year 2019, the Bank has no expenses designated for conducting research and development of technology and innovation that shall be used for tax incentives from corporate income exemption according to the Royal Decree issued under the Revenue Code on Revenue Exemption (No. 598) B.E. 2559



#### 4. Analysis of Financial Standing and Operating Result (Compared between 2019 and 2018)

##### Overview of the Bank and Subsidiaries' Operation

The Bank and Its Subsidiaries' Performance for the year 2019

In 2019, Krungthai Bank's consolidated net profit attributable to equity holders was Baht 29,284 million, or an increase of 2.8% YoY, due to higher total operating incomes from interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 3,899 million in 1Q2019 as well as from other non-interest income (gain on investments, net). However, operating expenses rose up from provision for impairment of properties foreclosed and from provision expense on employees' benefits. If excluding such interest income and operating expenses ("extraordinary items"), net profit attributable to equity holders of the Bank increased by 18.2% YoY.

Consolidated total operating income registered at Baht 125,658 million, growing 7.2% YoY. If excluding income received from the auction of mortgaged guarantee asset of 1Q2019, total operating income would grow 3.9% YoY with key changes as shown below:

- Net interest income increased by 5.5% YoY. If excluding income received from the auction of mortgaged guarantee asset of 1Q2019, net interest income would grow 0.9% YoY and NIM stood at 3.07%, slightly decreased from 3.13% during

the same period last year. This is a result from the policy rate and lending rate cuts since August and November, despite continuously improving cost of fund management.

- Non-interest income increased by 11.4% YoY, which mainly due to the 42.9% growth of other non-interest income from gain on investments, net, from share of profit from investments on equity method and from gain on selling properties foreclosed. However, net fee and service income contracted by 1.8%.

Consolidated operating expenses increased by 17.7% YoY from higher impairment loss of properties foreclosed in accordance with BOT's regulation as well as from one-time expense on employees' benefits provision effective in 3Q2019. If excluding such extraordinary items, other operating expenses were at a similar level to that of the same period last year. Together with an increase in total operating income, consolidated cost to income ratio was 43.58%, decreasing from 45.29% in 2018.

The Bank is consistently conforming to provision policy with prudent practice. As a consequence, coverage ratio increased to 131.76% as at 31 December 2019 from 125.74% as at 31 December 2018.

The NPLs Ratio-Gross stood at 4.33%, a decline from 4.53% as at 31 December 2018, given an improvement trend in NPLs. NPL Ratio-Net stood at 1.83%, a decline from the end of 2018. The Bank and the Financial Business Group's Tier 1 and Total Capital ratios were 15.24% and 19.01% respectively.



## Overview Operating Income and Net Profit

	2019	2018	Unit : Million Baht
			Change
			%
Net interest income	88,316	83,689	5.5
Net fee and service income	23,237	23,662	(1.8)
Other non-interest income	14,105	9,870	42.9
Total operating income	125,658	117,221	7.2
Total other operating expenses	62,474	53,088	17.7
Pre-provision profit <sup>(1)</sup>	63,184	64,133	(1.5)
Impairment loss of loans and debt securities	23,814	26,192	(9.1)
Operating profit before income tax expenses	39,370	37,941	3.8
Income tax expenses	7,232	6,852	5.6
Net profit	32,138	31,089	3.4
Net profit (attributable to equity holders of the bank)	29,284	28,491	2.8
ROA (%) <sup>(2) (3)</sup>	1.02	1.02	
ROE (%) <sup>(2) (3)</sup>	9.09	9.60	

(1) Pre-provision profit before impairment loss of loans and debt securities and income tax expense

(2) ROA and ROE calculated from net income (attributable to equity holders of the bank) divided by average assets and average equity attributable to equity holders of the bank respectively.

(3) If excluding extraordinary items, ROA for FY2019 would be 1.17% whilst ROE for FY2019 would be 10.46%.

• **Operating result In 2019**, Krungthai Bank's consolidated net profit attributable to equity holders of the Bank was Baht 29,284 million, a increase of 2.8% YoY due to higher total operating incomes from interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 3,899 million in 1Q2019 as well as from other

non-interest income (gain on investments, net). However, operating expenses rose up from provision for impairment of properties foreclosed and from provision expense on employees' benefits. If excluding such extraordinary items, net profit attributable to equity holders of the Bank increased by 18.2% from 2018.

## Net Interest Income

Unit : Million Baht			
	2019	2018	Change
			%
Interest income	122,971	119,770	2.7
- Interbank and money market items	7,113	9,882	(28.0)
- Investments and trading transactions	482	325	48.5
- Investment in debt securities	4,943	3,807	29.8
- Loans	109,784	104,681	4.9
- Hire purchase and financial lease	428	936	(54.3)
- Others	221	139	59.5
<u>Less interest expense</u>	<u>34,655</u>	<u>36,081</u>	<u>(4.0)</u>
- Deposits	17,861	19,445	(8.1)
- Interbank and money market items	2,532	2,707	(6.5)
- Contributions to BOT and DPA	9,978	9,705	2.8
- Debts issued	4,085	4,093	(0.2)
- Others	199	131	51.5
Net interest income	88,316	83,689	5.5
Earning asset yield (%) <sup>(1)</sup>	4.48	4.47	
Cost of fund (%)	1.46	1.53	
Net interest margin (based on earning assets) (%) <sup>(1)</sup>	3.22	3.13	

(1) If excluding interest income due to the partial payment from the auction of mortgaged guarantee assets amounted Baht 3,899 million, Earning asset yield (%) and Net interest margin (based on earning assets) (%) for 2019 would be 4.34% and 3.07% respectively.

• **Krungthai Bank's consolidated net interest income** in 2019 amounted Baht 88,316 million, increased by 5.5% YoY from the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets amounted Baht 3,899 million in 1Q2019 as well as from lower interest expense on deposits as a result from continuously improving cost of fund management. If excluding such item, net interest income rose

0.9% YoY while the Bank still focuses on portfolio management toward higher efficiency and risk management alignment as well as continuously improving cost of fund management. Yet, the Bank was affected from the lending rate cuts, NIM excluding income received from the auction of mortgaged guarantee asset of 1Q2019 registered at 3.07%, a decrease from 3.13% in 2018.



## Interest Rates

	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Policy interest rate <sup>(1)</sup>	1.25%	1.50%	1.75%	1.75%	1.75%	1.50%
Deposit rate <sup>(2)</sup>						
- Savings rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
- 3 Months fixed rate	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
- 6 Months fixed rate	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%
- 12 Months fixed rate	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Loan rate						
- MLR <sup>(1)</sup>	6.025%	6.275%	6.275%	6.275%	6.275%	6.275%
- MOR	6.870%	6.870%	7.120%	7.120%	7.120%	7.120%
- MRR	6.870%	6.870%	7.120%	7.120%	7.120%	7.120%

(1) The Monetary Policy Committee, Bank of Thailand announced the policy rate cut by 0.25% from 1.25% to 1.00%, effective on February 5, 2020. Consequently, the Bank announced the 0.25% cut of Minimum Loan Rate (MLR) from 6.025% to 5.775%, effective on February 7, 2020.

(2) Standard deposit rate for individuals.

## Net Fee and Service Income

	Unit : Million Baht		
	2019	2018	Change
			%
Fee and service income	29,596	29,493	0.4
<u>Less</u> Fee and service expense	6,359	5,831	9.1
Net fee and service income	23,237	23,662	(1.8)

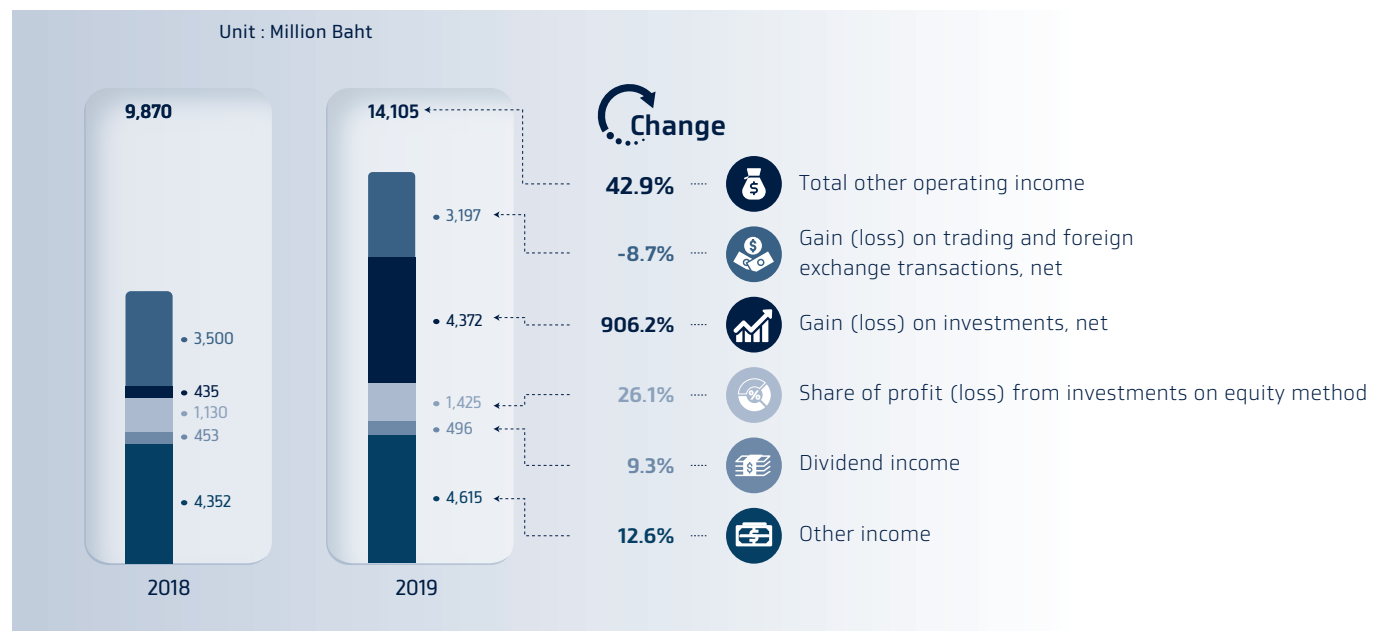
- Krungthai Bank's consolidated net fee and service income in 2019 was Baht 23,237million, compressed by 1.8%.

## Fee and Service Income Breakdown

	2019	2018
Loan related fee	8%	9%
Card business and electronic services	51%	50%
Cash management	6%	7%
Bancassurance	9%	9%
Other fees <sup>(1)</sup>	26%	25%
Total fee and service income	100%	100%

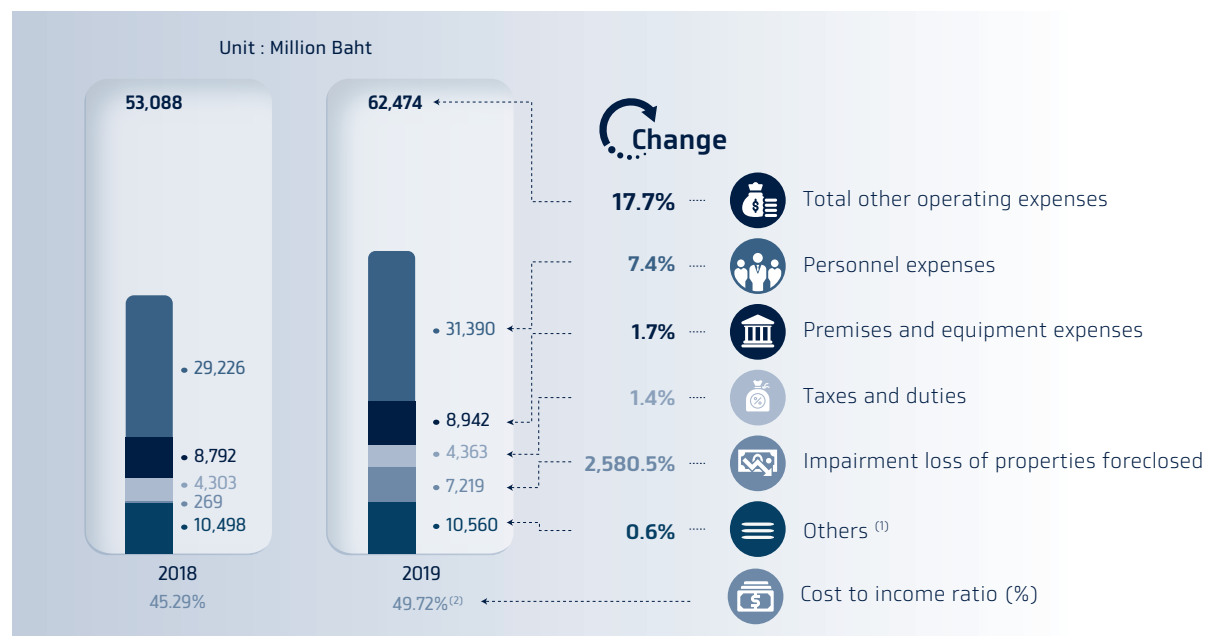
(1) Fees from Mutual fund, Global Market, and other services

## Total Other Operating Income



• Krungthai Bank's consolidated total other operating income in 2019 was Baht 14,105 million, increased by 42.9% YoY due to gain on investments, net, share of profit from investments on equity method, and gain from selling properties foreclosed (other income).

## Other Operating Expenses



(1) Including Directors' remuneration

(2) If excluding extraordinary items, cost to income ratio for 2019 would be 43.58%

• Krungthai Bank's consolidated other operating expenses in 2019 was Baht 62,474 million, increased by 17.7% YoY from provision for impairment of properties foreclosed and from provision expense on employees' benefits in 3Q2019. If excluding such extraordinary items, other operating expenses were at a similar level as the same period last year together with an increase in total operating income, which led to cost to income excluding such extraordinary items of 43.58%, declined from 45.29% in 2018.

## Impairment Loss of Loans

Unit : Million Baht

	2019	2018	Change
			%
Impairment loss of loans <sup>(1)</sup>	23,814	26,192	(9.1)

<sup>(1)</sup> Impairment loss of loans and debt securities

• **Expense for Impairment Loss of Loans** In 2019, the Bank and its subsidiaries set aside the expense for impairment loss of loans amounted Baht 23,814 million, a decrease by 9.1% YoY given the consideration on an improving trend of NPLs and on the adequacy for TFRS 9 effective in 2020. The Bank and

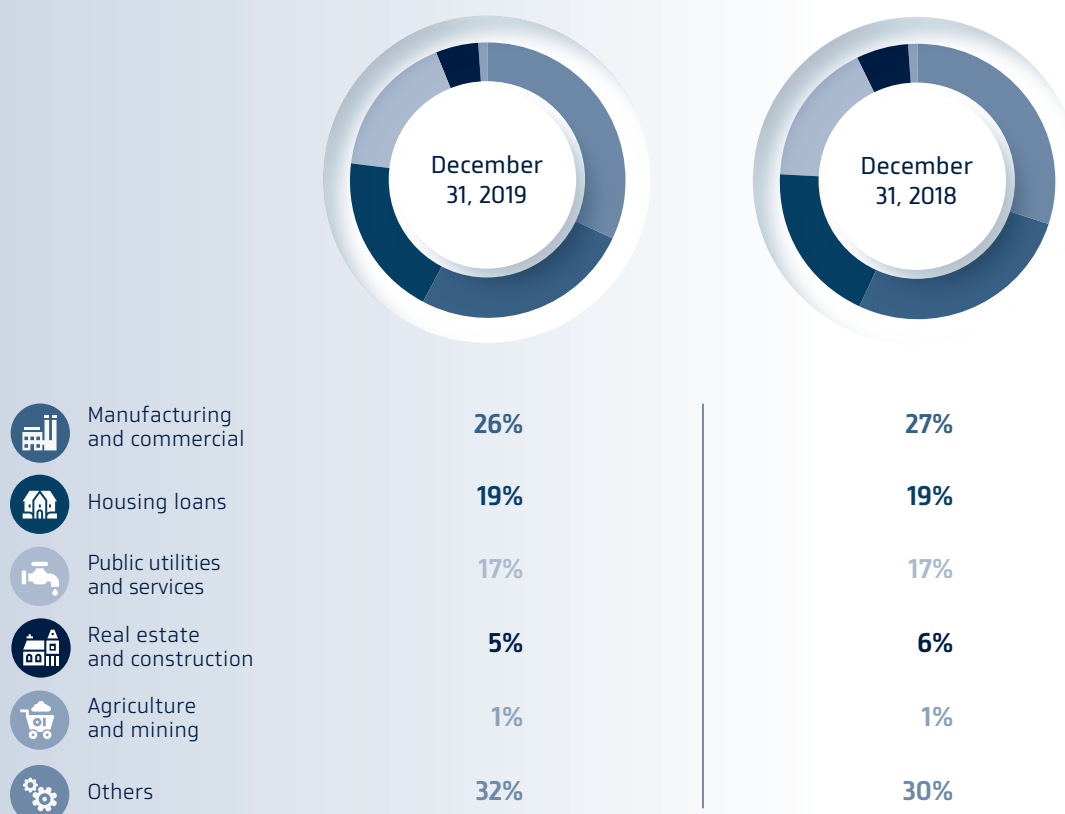
its subsidiaries consistently conform to provision policy with prudent practice while maintaining level of coverage ratio. As at December 31, 2019, the Bank's consolidated coverage ratio was increased to 131.76% from 125.74% as at December 31, 2018

### Financial Standing Analysis

- **Asset**
  - Loans to Customers

The Bank's consolidated loans to customers (less deferred revenue) was Baht 2,089,874 million, increased by 3.2% compared to the end of last year. Such growth was derived from the retail loans (from all key segments), private corporate loans and government & SoE loans.

### Loan Breakdown by Type of Business





## Loan Classified by Type of the Borrower (Consolidated Financial Statements)

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2019		31 Dec 2018		Change
	Amount	(%)	Amount	(%)	(%)
Private corporate	650,267	31.1	630,633	31.1	3.1
Government and state enterprise	182,986	8.8	179,904	8.9	1.7
SMEs <sup>(1)</sup>	332,447	16.0	344,197	17.0	(3.4)
Retail	924,268	44.2	870,027	43.0	6.2
- Housing	396,035	18.9	376,734	18.6	5.1
- Personal	464,138	22.2	428,668	21.2	8.3
- Credit card	56,653	2.7	51,062	2.5	10.9
- KTB Leasing	7,442	0.4	13,563	0.7	(45.1)
Others	375	0.0	369	0.0	1.4
<b>Total loans</b>	<b>2,090,343</b>	<b>100.0</b>	<b>2,025,130</b>	<b>100.0</b>	<b>3.2</b>
Less Deferred revenue	469		925		
<b>Total</b>	<b>2,089,874</b>		<b>2,024,205</b>		<b>3.2</b>

<sup>(1)</sup> SMEs were private companies that have employee no. less than/equal to 200 people and fixed asset (excluding land) less than/equal to Baht 200 million

### - Asset Quality

The Bank's consolidated NPLs Ratio-Gross as at December 31, 2019 was 4.33%, down from 4.53% as at December 31, 2018.

NPLs Ratio-Net stood at 1.83%, a decrease from 1.94% as at December 31, 2018

The Bank and its subsidiaries consistently conform to provision policy with prudent practice while maintaining level of coverage ratio. As at December 31, 2019, the Bank's consolidated coverage ratio was increased to 131.76% from 125.74% as at December 31, 2018

## Loan Classification and Allowance for Doubtful Accounts

Unit : Million Baht

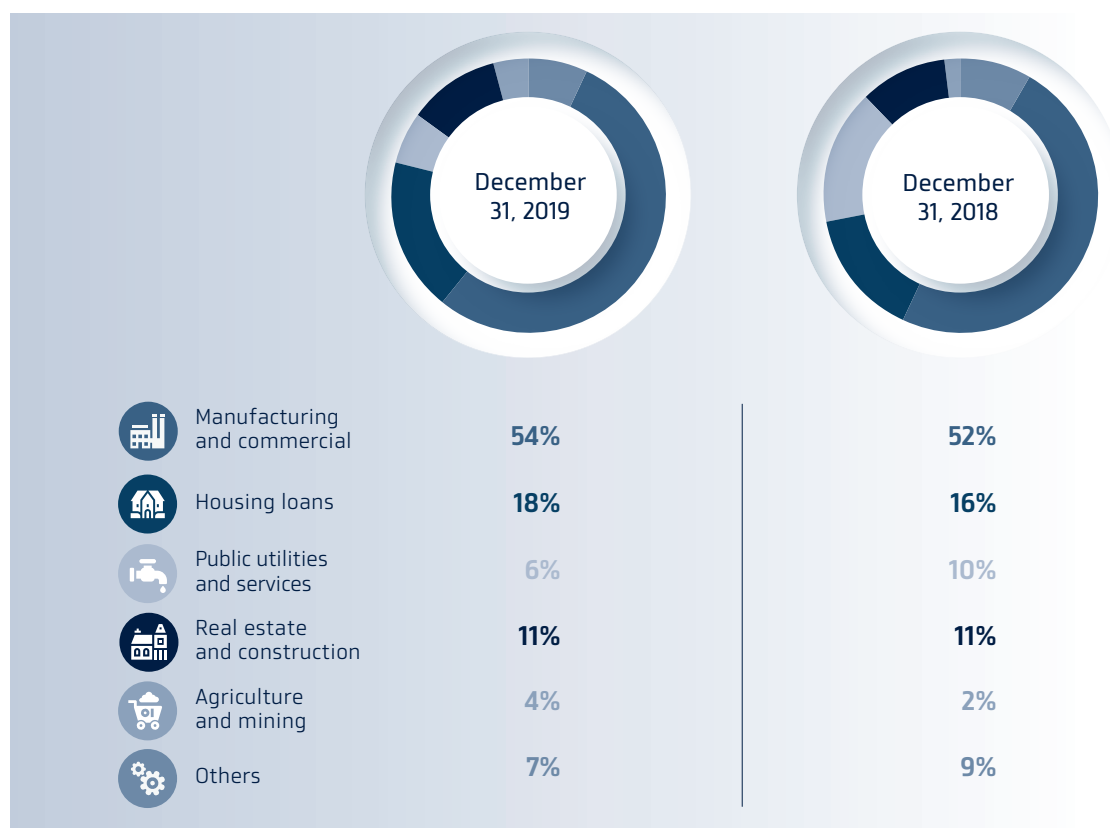
Consolidated Financial Statements	31 Dec 2019			31 Dec 2018		
	Loan and Accrued Interest Receivables	Amount Used for Set aside the Allowance for Doubtful Account	Allowance for Doubtful Accounts	Loan and Accrued Interest Receivables	Amount Used for Set aside the Allowance for Doubtful Account	Allowance for Doubtful Accounts
1. Loan Classification						
Normal	1,923,616	883,841	13,908	1,858,757	872,884	13,399
Special mention	68,696	30,545	8,478	64,465	25,555	11,585
Substandard	12,780	6,429	6,433	14,404	7,899	7,899
Doubtful	12,647	4,527	4,547	17,923	9,196	9,196
Doubtful of loss	77,294	37,398	37,403	74,080	31,511	33,008
Total	2,095,033	962,740	70,769	2,029,629	947,045	75,087
Excess allowance			64,459			58,668
2. Actual provisioning for loan loss <sup>(1)</sup>			135,268			133,755
3. Gross NPLs <sup>(2)</sup>	102,659		4.33 %	106,370		4.53 %
Net NPLs <sup>(2)</sup>	42,333		1.83 %	44,396		1.94 %
4. Coverage ratio <sup>(3)</sup>			131.76 %			125.74 %

<sup>(1)</sup> Allowance for doubtful accounts and revaluation allowance for debt restructuring (according to the financial statements)

<sup>(2)</sup> NPLs Ratio-Gross and NPLs Ratio-Net were calculated according to BOT definition

<sup>(3)</sup> Coverage Ratio = Actual provisioning for loan loss / Gross NPLs

## Gross NPLs Breakdown by Type of Business



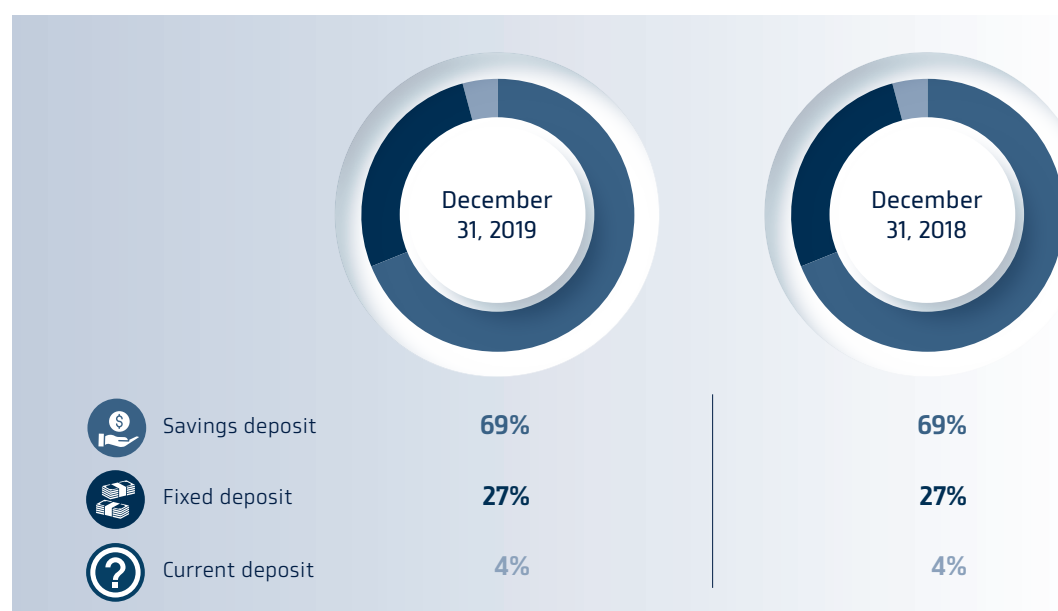
- Liabilities

- Deposits

The Bank's consolidated deposits was Baht 2,155,865 million, increased by 5.7% from December 31, 2018, mainly from the increase of saving and fixed deposits.

The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) as at December 31, 2019 of 96.94% decreased from 99.25% as at December 31, 2018

## Deposits Breakdown by Types





### Sources and Uses of Funds

As at December 31, 2019, the Bank's consolidated major source of funds was 71.6% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. The Bank's consolidated use of funds comprised of 69.4% loans to customers (less deferred revenue), 14.2% net investments and net investments in associates, and 11.2% net interbank and money market items.

Unit : Million Baht

	31 Dec 2019		31 Dec 2018		Change
	Amount	(%)	Amount	(%)	(%)
Net Interbank and money market items (asset)	338,771	11.2	372,514	13.6	(9.1)
Net investments and net investments in associates	426,174	14.2	240,167	8.8	77.4
Loans to customers (less deferred revenues)	2,089,874	69.4	2,024,205	73.9	3.2
Less Allowance for doubtful accounts and revaluation allowance for debt restructuring	(135,268)	(4.5)	(133,755)	(4.9)	1.1
Other assets	292,665	9.7	236,072	8.6	24.0
<b>Total Asset</b>	<b>3,012,216</b>	<b>100.0</b>	<b>2,739,203</b>	<b>100.0</b>	<b>10.0</b>
Deposits	2,155,865	71.6	2,039,602	74.5	5.7
Net Interbank and money market items (liabilities)	215,823	7.2	157,396	5.7	37.1
Debt issued and borrowings	96,841	3.2	95,205	3.5	1.7
Other liabilities	195,361	6.5	132,859	4.8	47.0
Total equity	348,326	11.5	314,141	11.5	10.9
- Equity holders of the Bank	338,287	11.2	305,875	11.2	10.6
- Non-controlling interest	10,039	0.3	8,266	0.3	21.5
<b>Total liabilities and equity</b>	<b>3,012,216</b>	<b>100.0</b>	<b>2,739,203</b>	<b>100.0</b>	<b>10.0</b>
Loans to customers (less deferred revenue)-to-deposits ratio (%)	96.94		99.25		

- Equity

- The total equity (equity holders of the Bank) as at December 31, 2019 was Baht 338,287 million, increased by 10.6% compared to December 31, 2018

- Book value per share (equity holders of the Bank) was Baht 24.20 per share increased from Baht 21.88 per share at December 31, 2018

### Statutory Capital Fund

As at December 31, 2019, the Bank and the Financial Business Group's Common Equity Tier 1 were Baht 304,705 million (15.19% of its RWA), and Tier 1 capital were Baht 305,805 million (15.24% of its RWA). Total capital was Baht 381,339 million (19.01% of its RWA).

As at December 31, 2019, the Bank's Common Equity Tier 1 and Tier 1 capital were Baht 285,462 million (14.80% of its RWA). Total capital was Baht 360,078 million (18.66% of its RWA).

Additionally, total capital increased Baht 15,207 million from as at December 31, 2018 as a result of the appropriation of 1H19 net profit into the capital fund.

The Bank possesses healthy capital ratios compared to BOT's requirement. Moreover, the Bank regularly reassesses the capital level to be in accordance with the BOT's requirement as well as with any foreseeable risk to ensure the capital adequacy.

### Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group <sup>(1)</sup>	31 Dec 2019 <sup>(3)</sup>		The minimum rate required by the BOT for 2019 (%) <sup>(2)</sup>	31 Dec 2018 <sup>(3)</sup>		The minimum rate required by the BOT for 2018 (%) <sup>(2)</sup>
	Amount	Proportion to Risk-weighted assets (%)		Amount	Proportion to Risk-weighted assets (%)	
Common equity tier 1 capital	304,705	15.19	>7.500	284,013	14.42	>6.375
Tier 1 capital	305,805	15.24	>9.000	284,982	14.47	>7.875
Tier 2 capital	75,534			73,718		
Total capital fund	381,339	19.01	>11.500	358,700	18.22	>10.375
Risk-weighted assets	2,006,423			1,969,203		

<sup>(1)</sup> Balance sheet as under regulatory scope of the financial business group means financial statement for consolidated basis under BOT's regulation which does not include non-life and life insurance companies, and companies held less than 50 percent of paid-up shares capital by the Bank.

<sup>(2)</sup> According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb Capital conservation buffer more than 0.625% a year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019. Moreover, Krungthai Bank was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 0.5% of risk-weight assets from January 1, 2019 and 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

<sup>(3)</sup> Capital fund and capital adequacy ratio as at December 31, 2019 are preliminary information prepared accordance with BOT guidelines. However, the capital data as at December 31, 2018 has been updated in alignment with the report to BOT.

## Statutory Capital Fund (The Bank's Financial Statements)

Unit : Million Baht

The Bank's financial statements <sup>(1)</sup>	31 Dec 2019		The minimum rate required by the BOT for 2019 (%) <sup>(1)</sup>	31 Dec 2018		The minimum rate required by the BOT for 2018 (%) <sup>(1)</sup>
	Amount	Proportion to Risk-weighted assets (%)		Amount	Proportion to Risk-weighted assets (%)	
Common equity tier 1 capital	285,462	14.80	>7.500	272,015	14.35	>6.375
Tier 1 capital	285,462	14.80	>9.000	272,015	14.35	>7.875
Tier 2 capital	74,616			72,856		
Total capital fund	360,078	18.66	>11.500	344,871	18.19	>10.375
Risk-weighted assets	1,929,176			1,895,879		

(1) According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb capital conservation buffer more than 0.625% a year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019. Moreover, Krungthai Bank was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 0.5% of risk-weight assets from January 1, 2019 and 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

### Analysis of Cash Flow Statement

For the year ended December 31, 2019, the Bank and its subsidiaries' cash and cash equivalent items stood at Baht 68,434 million, decreasing by Baht 444 million or 0.64% compared to year-end 2018. The main reasons were as follows:

1) Net cash received from operating activities was Baht 153,939 million as a result of the Bank's operating profit before changes in operating assets and liabilities as of Baht 66,626 million. The major changes in operating assets included a decrease of Baht 33,612 million in interbank and money market items (asset) and a increase of Baht 33,755 million in claims on securities. Meanwhile, the loans granted to customers hiked to Baht 91,758 million. The changes in operating liabilities included an increase of Baht 116,263 million in deposit, an increase of Baht 58,426 million in interbank and money market items (liabilities) and an increase of Baht 33,755 million on the liabilities to deliver securities while the liabilities repayable upon demand decreased for Baht 836 Million.

2) Net cash received from investment activities was Baht 146,979 Million, deriving from selling assets held for sale amounting to Baht 147,236 million and from selling held-to-maturity securities amounting to Baht 2,817 million. Cash outflow from buying assets held for sell was Baht 291,295 million and cash outflow from buying held-to-maturity securities was Baht 2,197 million.

3) Net cash used in financing activities was Baht 7,388 million, deriving from cash outflow to repay debt instruments issued and long-term borrowings of Baht 26,394 million, cash outflow to pay dividends of ordinary shares and preferred shares of Baht 10,035 million while net cash inflow from debt instrument

issued and long-term borrowings was Baht 30,115 million.

Remark: The changing figures (percent) shown is calculated by referring to the financial statement figures.

### 5. Forward-looking Statements

Thailand's economy in 2020 encountered with many risk factors. It is expected to grow at lower rate than 2019 due to the significant risk from the Coronavirus Disease 2019 (COVID-19) outbreak that takes its toll on tourism and export sector in a wide range, particularly during the first half of the year. This caused the government sector to push for urgent policies i.e. tax measures, extension for debt repayment and fees measures, including the credit measures, with the purpose of supporting the economy and mitigate the impact on the tourism sector. In addition, the Bank of Thailand reduced the policy rate to 1.00% in February. Besides, the drought and the delay of the 2020 budget expenditure is likely to affect the income of the private and household sectors. Therefore, when considered together with the high level of household debt, it is projected that private consumption will probable slow down. The government anticipated to expedite budget disbursement after the Annual Expenditure Budget Act 2020 is enforcing and continuously encouraging measures for consumption and investment. For the real estate measures, both the reduction of transfer and mortgage fees and the relaxation of the BOT's LTV criteria, are anticipated to help boost the property market after the sluggishness in the past year. However, for the external factors, various risks are waiting this year. These risks include, tendency

of ongoing trade war, the withdrawal of the United Kingdom from the European Union, the United States presidential election in November, the conflict between the United States and Iran. As a result, such risks will directly affect the exports of Thailand and may cause the fluctuation in the money and capital market.

Apart from the economic factors, the Bank will also face other challenges, such as the changes in behavior and expectations of consumers, especially on questing for Digital Lifestyle and Personalization Experience. Furthermore, technological advancement and data innovations, even one side is an opportunity to increase the efficiency of the Bank but on the other hand, it creates challenges from adjusting itself to keep up with such matters. It also encourages the Bank to change the competitive pattern, for instance linking the banking business with a variety of ecosystems amid competition from new players e.g. FinTech, e-Commerce and Telco. Meanwhile, the enforcement from official regulations as TFRS9, the over-indebtedness control as well as the opportunities of non-banks in providing more financial services e.g. P2P Lending, will altogether escort the Banks to adjust itself repeatedly.

To enable the Bank to achieve its objectives, vision and mission, the Bank attaches the importance to 5 ecosystems, which are the main target of the Bank, namely Government, Payment, Health and Wellness, Education, and Mass Transit. **Government:** the Bank has been entrusted to oversee the integration of electronic financial and fiscal management systems that connect the financial services from the government to the people as well as being a mechanism for stimulating important policies of the country. **Payment:** the Bank develops a complete payment innovation so as to be a digital platform that responds to all lifestyles of customers. **Healthcare and Health:** the Bank extends financial services via Krungthai Corporate Online covering the payroll service, payment services to customer's partners with automatic transfer systems, while upgrading the services to Smart Hospital. **Education:** though focusing on educational institutions and students, the Bank develop the University Application to be a platform that connects all dimensions of student's lifestyle in the digital age. **Mass Transit:** payment systems by QR Code and EDC machines have been installed to receive payment on the public bus.

Hence, the business strategy of Krungthai Bank in 2020 will focus on the "business expansion from customers' partners" from both government sectors as key customers and other alliances. The Bank will drive the organization by means of 2 approaches, Carrier and Speed Boat. Open Banking via digital platforms of the Bank is considered as a form of Speed Boat business model (Digital Solution Groups) that relies on agility and speed through the implementation of new technologies such as Data Analytics and AI to support the Bank's digital banking on new formats and business opportunities. After the Bank pioneers a new business model that is stable, capable to expand

and generate extra income, the Banks will apply the Carrier approach (Traditional Banking Groups) to join the business operation. For example, the Bank extend credit support to business partners of customers in the supply chain from the Welfare Card scheme and Chim Shop Chai campaign, namely manufacturing companies for consumer products, modern trade companies, large wholesale retailers, Pracharat Blue Flag Shops, community stores, etc.

From participating in laying foundation for Thai financial infrastructure projects previously, as a result, the Bank gained a lot of benefits from the aforementioned projects. To be exact, the database from new customers as well as the Bank deposits and loans have increased greatly, thanks to the success from several projects namely, Krungthai NEXT, Krungthai Travel Card - the first card that provides foreign currency exchange service by oneself 24/7 at a special rate of 18 currencies, Student Loan Fund, State Welfare Card scheme, Chim Shop Chai campaign, Tung Ngern Application for stores and Blue Flag Shops nationwide. Accordingly, Krungthai Bank acquires a customer base of more than 40 million people, pushing the Bank ready to be the leader in the country's infrastructure. All of this is a confirmation of the intention and the accurate direction of Krungthai Bank in an attempt to grow together alongside Thai people and Thai society.

The Bank anticipates that the implementation of the strategic plans and important projects will help support the government policies, especially the Thailand 4.0 strategy, moving forward to a cashless society, and reducing inequality and gaps from income distribution in the society. Furthermore, it will enhance the Bank's competitiveness in digital banking and elevate the public trust of the Bank in corresponding with the statement of direction, visions and missions that place importance on all related parties - customers, society, employees and shareholders - in reaching for the continuous and sustainable growth of the Bank.

For further information in relation to the Bank's direction, plans and key projects in 2020, more details are presented on pages 49-50 in the Bank Directions, Plans and Key Projects in 2020 which in the Annual Report 2019.

However, regarding to the forward-looking statements related to the analysis and other data (including operational project opportunities and the Bank's business strategy) in the Annual Report, such statements are the opinions of the Bank at the present concerning the future situations but it is not a guarantee for the Bank's future performance of any kind. The actual future results may differ substantially from the information contained in the Annual Report. Investors should therefore consider and not be able to rely on the content presented as forward-looking statements.

Therefore, when making investment decisions, investors should exercise their caution and discretion in studying the Bank's information in the Annual Report 2019.





## AUDITOR'S REPORT

### To: THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

#### Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), and the Bank's financial statements of Krung Thai Bank Public Company Limited (the Bank), which comprise the consolidated and the Bank's statements of financial position as at December 31, 2019, the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of the Group and the Bank as at December 31, 2019, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Bank in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the audit of the consolidated and the Bank, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these standards and requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

#### Key Audit Matters

Key audit matter is this matter that, in the State Audit Office of the Kingdom of Thailand professional judgment, was of most significance in the audit of the consolidated and the Bank's financial statements of the current period. This matter was addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Bank's financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on this matter.

The State Audit Office of the Kingdom of Thailand identifies the following as key audit matter to communicate:

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts for loans to customers requires the application of judgment and use of subjective assumptions and related factors applied by management in the estimates. Bank and its subsidiaries which engaged in the business of lending business recorded allowance for doubtful accounts in compliance with the Bank of Thailand's notifications and policy regulations on assets classification, determining provisions and the application of value of collateral in determining provisions. In addition, management considered determining additional allowances to cover any loss that may occur in the future by using more strict criteria than the requirements of the Bank of Thailand. Additional allowances consist of specific allowance for an individual that is likely to be non-performing loans or is likely to have loss more than allowance determined under normal regulations, and general allowance, including an individual that is not non-performing loans but there are any indicators of impairment.

Loans to customers as at December 31, 2019 represented 69.40% of the Group's total assets and 68.99% of the Bank's total assets, which an allowance for doubtful accounts in the consolidated and the Bank's financial statements amount of Baht 135,227.78 million and Baht 126,731.65 million was provided, respectively.

The State Audit Office of the Kingdom of Thailand focuses on allowance for doubtful accounts. Due to the adoption of regulations on allowance for doubtful accounts, management shall determine the quantitative and qualitative factors used for assets classification, assumptions and methods of calculating the allowances, such as present value of future cash flows expected to be received from the sale of collateral, previous loss experience, the ability of the borrower to repay loans, the declining of economic and industries conditions. This is a process related to uncertainty. The accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts are disclosed in Notes 3.8 and 6.7 to the financial statements, respectively.

The State Audit Office of the Kingdom of Thailand's key audit procedures include understanding and assessing the effectiveness of the key controls, and test of controls as follows:

- The identification of circumstances which indicate that the borrower is likely to be non-performing loans, and may affect ability to repay;
- The governance over the determining allowances processes, including the continuous re-assessment by management that models, assumptions used in the calculation are still calibrated in a way which is appropriate for the impairment risks in the Bank's loan portfolios;
- The review and approval process that management have in place for the models, assumptions used in the calculation, outputs from such models, and the adjustments that are applied to modelled outputs;
- The accuracy, completeness and quality of data input to the system;
- The data interface between systems from the approval to recording and monitoring of loans; and
- The transfer of data between underlying source systems and models used in the calculation.

For the selected borrowers, the State Audit Office of the Kingdom of Thailand reviewed credit process, tested the accuracy, completeness and quality of data input to the system, assessed reasonableness of assumptions applied to identify circumstances which indicate that the borrower is likely to be non-performing loans and re-computed the calculation of allowances, assessed reasonableness of assumptions applied to forecast of future cash flows, valuation of collaterals and loss given default, and tested the accuracy of data transfer from credit systems to data captured in the accounting records.

## Other Information

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

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Bank's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and the Bank's financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the accompanying consolidated and the Bank's financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank's Financial Statements

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

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

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

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

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Bank's 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 the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank's financial statements.

As part of an audit in accordance with Thai Standards on Auditing, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal controls.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the Group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.



The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the State Audit Office of the Kingdom of Thailand determines those matters that were of most significance in the audit of the consolidated and the Bank's financial statements of the current period and are therefore the key audit matters. The State Audit Office of the Kingdom of Thailand describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the State Audit Office of the Kingdom of Thailand determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Signed) Pornchai Jumroonpanichkul

(Pornchai Jumroonpanichkul)

Deputy Auditor General

(Signed) Kaniitha Tassanapitak

(Kaniitha Tassanapitak)

Director of Financial and Procurement Audit Office No.4

# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
<b>ASSETS</b>					
CASH		68,433,721	68,878,125	68,361,786	68,661,544
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	338,770,589	372,513,779	338,273,821	371,763,700
CLAIMS ON SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES ASSETS	6.3	55,811,418	36,229,566	55,811,462	36,231,033
INVESTMENTS, NET	6.4	395,227,970	223,332,594	395,174,162	223,228,712
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	30,945,612	16,834,298	10,830,013	10,697,855
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.6				
LOANS TO CUSTOMERS		2,090,343,082	2,025,130,041	2,006,349,261	1,948,747,872
ACCRUED INTEREST RECEIVABLES		5,159,595	5,424,063	4,568,822	4,877,860
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES					
INTEREST RECEIVABLES		2,095,502,677	2,030,554,104	2,010,918,083	1,953,625,732
LESS DEFERRED REVENUE		(469,554)	(925,374)	(36,401)	(45,990)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.7	(135,227,782)	(133,754,394)	(126,731,649)	(125,339,870)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.8	(39,859)	-	(39,859)	-
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,959,765,482	1,895,874,336	1,884,110,174	1,828,239,872
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROPERTIES FOR SALE, NET	6.9	32,182,562	35,983,101	32,175,895	35,912,796
PREMISES AND EQUIPMENT, NET	6.10	24,200,896	26,501,196	22,293,897	24,592,840
OTHER INTANGIBLE ASSETS, NET	6.11	3,900,228	3,943,802	1,398,367	994,705
DEFERRED TAX ASSETS	6.12	8,164,563	5,127,961	5,697,176	2,666,690
ACCRUED INCOME		3,487,317	3,837,229	3,193,301	3,627,623
OTHER ASSETS, NET	6.13	23,842,421	16,343,974	23,554,727	15,760,774
<b>TOTAL ASSETS</b>		<b>3,012,216,120</b>	<b>2,739,203,191</b>	<b>2,908,358,122</b>	<b>2,656,181,374</b>

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

(Thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
NOTE					
LIABILITIES AND EQUITY					
DEPOSITS	6.14	2,155,864,986	2,039,601,901	2,158,459,942	2,042,947,825
INTERBANK AND MONEY MARKET ITEMS, NET	6.15	215,822,527	157,395,930	208,239,974	151,999,937
LIABILITIES PAYABLE ON DEMAND		4,744,254	5,579,659	4,744,254	5,579,659
LIABILITIES TO DELIVER SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES LIABILITIES	6.3	51,868,539	32,345,613	51,868,539	32,345,613
DEBT ISSUED AND BORROWINGS	6.16	96,841,300	95,205,510	51,322,900	50,521,110
BANK'S LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROVISIONS	6.17	15,239,758	11,837,740	13,776,104	10,734,911
OTHER LIABILITIES	6.18	56,025,029	49,292,505	48,239,602	40,743,911
TOTAL LIABILITIES		2,663,889,734	2,425,062,088	2,604,134,656	2,368,676,196
EQUITY					
SHARE CAPITAL	6.19				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		33,006,142	19,074,388	16,094,673	14,970,218
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.20	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		205,241,876	186,761,783	188,089,515	172,495,682
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		338,287,296	305,875,449	304,223,466	287,505,178
NON-CONTROLLING INTEREST		10,039,090	8,265,654		
TOTAL EQUITY		348,326,386	314,141,103	304,223,466	287,505,178
TOTAL LIABILITIES AND EQUITY		3,012,216,120	2,739,203,191	2,908,358,122	2,656,181,374

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat  
PRASONG POONTANEAT  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	6.27	122,971,682	119,770,299	108,319,525	105,936,898
INTEREST EXPENSES	6.28	34,655,374	36,081,433	33,160,897	34,560,623
INTEREST INCOME, NET		88,316,308	83,688,866	75,158,628	71,376,275
FEES AND SERVICE INCOME		29,596,109	29,492,754	23,274,977	23,587,445
FEES AND SERVICE EXPENSES		6,358,577	5,830,770	4,706,151	4,197,264
FEES AND SERVICE INCOME, NET	6.29	23,237,532	23,661,984	18,568,826	19,390,181
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	6.30	3,196,695	3,500,468	3,196,195	3,493,051
GAINS ON INVESTMENTS, NET	6.31	4,371,598	434,487	4,375,388	434,392
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,424,575	1,129,638	-	-
DIVIDEND INCOME		495,561	453,358	2,474,526	1,860,076
OTHER OPERATING INCOME		4,615,370	4,352,345	1,111,411	654,698
TOTAL OPERATING INCOME		125,657,639	117,221,146	104,884,974	97,208,673
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		31,389,836	29,226,146	25,484,299	23,634,815
DIRECTORS' REMUNERATION		108,558	92,592	64,785	58,530
PREMISES AND EQUIPMENT EXPENSES		8,941,746	8,792,226	5,326,923	5,066,785
TAXES AND DUTIES		4,363,018	4,303,293	3,801,607	3,789,024
IMPAIRMENT LOSS OF PROPERTIES FOR SALE		7,219,052	269,319	7,260,850	255,106
OTHERS		10,451,485	10,404,407	13,538,254	13,500,465
TOTAL OTHER OPERATING EXPENSES		62,473,695	53,087,983	55,476,718	46,304,725
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.32	23,813,535	26,191,865	17,504,328	20,500,076
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		39,370,409	37,941,298	31,903,928	30,403,872
INCOME TAX EXPENSES	6.33	7,232,606	6,851,974	5,578,231	5,303,252
NET PROFIT		32,137,803	31,089,324	26,325,697	25,100,620

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.



# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,585,753	218,971	1,605,929	210,190
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS					
OF FOREIGN OPERATIONS		(15,867)	(207,348)	(15,867)	(207,348)
SHARE OF OTHER COMPREHENSIVE INCOME (LOSS)					
OF ASSOCIATES (EQUITY METHOD) WILL BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		12,823,440	(2,805,627)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER					
COMPREHENSIVE INCOME (LOSS) WILL BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		(317,151)	(43,794)	(321,186)	(42,038)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(180,526)	(8,194)	(180,526)	(8,194)
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		(989,619)	1,121,945	(865,316)	1,063,450
INCOME TAX RELATING TO COMPONENTS OF OTHER					
COMPREHENSIVE INCOME (LOSS) WILL NOT BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		234,029	(222,750)	209,168	(211,051)
OTHER COMPREHENSIVE INCOME (LOSS), NET	6.34	13,140,059	(1,946,797)	432,202	805,009
TOTAL COMPREHENSIVE INCOME		45,277,862	29,142,527	26,757,899	25,905,629
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		29,284,042	28,491,290	26,325,697	25,100,620
NON-CONTROLLING INTEREST		2,853,761	2,598,034		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		42,451,458	26,543,796	26,757,899	25,905,629
NON-CONTROLLING INTEREST		2,826,404	2,598,731		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		2.09	2.04	1.88	1.80

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat  
PRASONG POONTANEAT  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

# **KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** **STATEMENTS OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS													(Thousand Baht)	
ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK													NON-CONTROLLING INTEREST	TOTAL
NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES							
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943			
DIVIDEND PAID	-	-	-	-	-	-	-	(8,529,602)	(8,529,602)	(690,765)	(9,220,367)			
TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	175,178	-	(207,348)	(2,805,627)	29,388,148	26,543,796	2,598,731	29,142,527			
ENDING BALANCE AS AT DECEMBER 31, 2018	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103			
BEGINNING BALANCE AS AT JANUARY 1, 2019	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103			
DIVIDEND PAID	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)			
TOTAL COMPREHENSIVE INCOME	-	-	(144,421)	1,268,602	-	(15,867)	12,823,440	28,519,704	42,451,458	2,826,404	45,277,862			
ADJUSTMENT GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	646,230	(646,230)	-	-	-	-	-	-			
NON-CONTROLLING INTEREST INCREASES FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY COMPANY	-	-	-	-	-	-	-	-	-	15,762	15,762			
ENDING BALANCE AS AT DECEMBER 31, 2019	72,005,040	20,833,734	8,206,016	8,180,228	(1,877)	(115,736)	16,737,511	212,442,380	338,287,296	10,039,090	348,326,386			

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Thousand Baht)

# **KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES** **STATEMENTS OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS								
NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY				RETAINED EARNINGS	TOTAL
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	5,907,145	644,353	107,479	162,274,408	270,129,151
	6.21	-	-	-	-	-	(8,529,602)	(8,529,602)
	TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	168,152	-	(207,348)	25,951,380
ENDING BALANCE AS AT DECEMBER 31, 2018	72,005,040	20,833,734	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178
BEGINNING BALANCE AS AT JANUARY 1, 2019	72,005,040	20,833,734	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178
	6.21	-	-	-	-	-	(10,039,611)	(10,039,611)
	TOTAL COMPREHENSIVE INCOME	-	-	(144,421)	1,284,743	-	(15,867)	25,633,444
ADJUSTMENT GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	646,230	(646,230)	-	-	-
ENDING BALANCE AS AT DECEMBER 31, 2019	72,005,040	20,833,734	8,206,016	8,006,270	(1,877)	(115,736)	195,290,019	304,223,466

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontanet  
PRASONG POONTANEAT  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	39,370,409	37,941,298	31,903,928	30,403,872
ADJUSTMENTS TO RECONCILE PROFIT FROM OPERATING BEFORE INCOME				
TAX EXPENSES TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,763,549	2,745,040	1,326,159	1,265,182
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	23,813,535	26,191,865	17,504,328	20,500,076
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,424,575)	(1,129,638)	-	-
(GAIN) LOSS ON DISPOSAL OF ASSETS	20,378	(44,080)	(2,702)	(35,572)
GAIN ON DISPOSAL OF INVESTMENTS	(4,414,888)	(425,630)	(4,414,888)	(425,630)
GAIN ON REVALUATION OF INVESTMENTS	(362,586)	(74,932)	(362,586)	(74,932)
LOSS ON IMPAIRMENT OF PROPERTIES FOR SALE	7,219,052	269,319	7,260,850	255,106
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	43,290	(8,856)	39,500	(8,761)
LOSS ON IMPAIRMENT OF OTHER ASSETS	156,039	544,980	156,039	544,980
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(141,772)	(93,267)	(133,895)	(88,861)
(GAIN) LOSS ON FOREIGN CURRENCY TRANSLATION	5,381,188	(695,569)	5,381,193	(695,553)
INCREASE IN PROVISIONS	2,353,957	111,143	2,175,878	273,792
(INCREASE) DECREASE IN OTHER ACCRUED INCOME	679,662	(477,558)	764,071	(556,000)
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES	(244,897)	2,074,755	(389,683)	2,029,973
	75,212,341	66,928,870	61,208,192	53,387,672
INTEREST INCOME, NET	(88,316,308)	(83,688,866)	(75,158,628)	(71,376,275)
DIVIDEND INCOME	(495,561)	(453,358)	(2,474,526)	(1,860,076)
PROCEEDS FROM INTEREST INCOME	123,037,526	119,842,818	108,429,940	106,034,961
CASH PAID ON INTEREST EXPENSES	(34,042,988)	(35,454,554)	(32,515,693)	(34,016,197)
PROCEEDS FROM DIVIDEND INCOME	495,188	452,828	495,188	452,828
CASH PAID ON INCOME TAX EXPENSES	(9,264,684)	(6,281,035)	(7,481,420)	(4,716,969)
PROFIT FROM OPERATION BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	66,625,514	61,346,703	52,503,053	47,905,944
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	33,612,438	176,987,974	33,359,128	177,248,549
CLAIMS ON SECURITIES	(33,754,900)	24,926,600	(33,754,900)	24,926,600
DERIVATIVES ASSETS	(19,581,852)	(2,396,168)	(19,580,429)	(2,388,518)
INVESTMENTS IN TRADING SECURITIES	(25,709,953)	(14,929,216)	(25,709,953)	(14,926,206)
LOANS TO CUSTOMERS	(91,757,936)	(106,479,458)	(77,472,456)	(97,747,211)
PROPERTIES FOR SALE	1,447,826	854,890	1,340,227	860,928
OTHER ASSETS	(9,057,339)	2,819,877	(9,352,780)	1,683,494

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

# KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>				
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	116,263,085	(31,272,780)	115,512,117	(30,646,187)
INTERBANK AND MONEY MARKET ITEMS	58,426,597	(71,295,465)	56,240,037	(67,066,811)
LIABILITIES PAYABLE ON DEMAND	(835,405)	287,967	(835,405)	287,967
LIABILITIES TO DELIVER SECURITIES	33,754,900	(24,926,604)	33,754,900	(24,926,604)
DERIVATIVES LIABILITIES	19,522,926	2,061,191	19,522,926	2,061,191
OTHER LIABILITIES	4,983,357	1,308,110	5,559,807	597,733
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,939,258	19,293,621	151,086,272	17,870,869
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(291,294,598)	(150,051,299)	(291,941,198)	(150,701,899)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	147,235,586	112,267,675	147,879,162	112,267,675
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(2,197,552)	(2,503,804)	(1,181,324)	(973,828)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	2,816,898	42,507,927	1,758,895	41,513,591
PURCHASES OF GENERAL INVESTMENTS	(523,940)	(363,133)	(523,940)	(363,133)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	265,376	294,567	265,376	294,567
PURCHASES OF INVESTMENTS IN SUBSIDIARY/ASSOCIATED COMPANIES	(117,500)	-	(144,945)	-
PROCEEDS FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY/ASSOCIATED COMPANIES	427,052	-	427,052	-
PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES AND ASSOCIATES	253,386	214,938	1,978,965	1,406,718
PURCHASES OF INTANGIBLE ASSETS	(949,398)	(678,611)	(585,824)	(264,394)
PURCHASES OF PREMISES AND EQUIPMENT	(2,925,920)	(1,268,953)	(2,152,332)	(612,329)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	30,906	100,644	3,311	35,917
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(146,979,704)	519,951	(144,216,802)	2,602,885
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	30,115,000	9,065,000	24,000,000	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(26,394,750)	(24,145,600)	(21,113,750)	(16,410,000)
DIVIDEND PAID-ORDINARY SHARE	(10,034,812)	(8,525,397)	(10,034,812)	(8,525,397)
DIVIDEND PAID-PREFERRED SHARE	(4,799)	(4,205)	(4,799)	(4,205)
DIVIDEND PAID TO NON-CONTROLLING INTEREST	(1,068,730)	(690,765)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(7,388,091)	(24,300,967)	(7,153,361)	(24,939,602)
LOSS ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(15,867)	(207,348)	(15,867)	(207,348)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444,404)	(4,694,743)	(299,758)	(4,673,196)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	68,878,125	73,572,868	68,661,544	73,334,740
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	68,433,721	68,878,125	68,361,786	68,661,544

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat  
PRASONG POONTANEAT  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT





## Financial Summary from Annual Report 2019 is



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This Report contains forward-looking statements concerning analysis and other information (as well as the Bank's prospects, plans and business strategies). The Bank has based those forward-looking statements on the current view of the Bank with respect to future events, but it does not guarantee future results. The actual results in the future may differ materially from those anticipated in this report. Investors should consider the information carefully and must not place undue reliance on the forward-looking statements.

Hence, investors are cautioned to be particularly careful and exercise individual judgement in studying the Bank's information stated in this report.

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