

Krung Thai Bank Public Company Limited  
and its subsidiaries  
Review report and interim financial information  
For the three-month period ended 31 March 2020

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Krung Thai Bank Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Krung Thai Bank Public Company Limited as at 31 March 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial information. I have also reviewed the separate financial information of Krung Thai Bank Public Company Limited for the same period (Collectively "Interim Financial Information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations.

## Other Matter

1. Due to the impact of COVID-19 outbreak situation, the Bank has postponed the annual general meeting of the Bank's shareholders which results in no resolution for the appointment of the auditor of the Bank for the accounting period of 2020 yet. However, the Board of Director of the Bank has a resolution to propose to the annual general meeting of the Bank's shareholders to appoint me as the auditor of the Bank for the accounting period of 2020. I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated 27 March 2020.
2. The consolidated statement of financial position of Krung Thai Bank Public Company Limited and its subsidiaries, and the separate statement of Krung Thai Bank Public Company Limited as at 31 December 2019, presented herein as comparative information, were audited by another auditor who expressed an unmodified opinion on those statements, under his report dated 26 February 2020. The consolidated statements of comprehensive income, changes in equity and cash flows of Krung Thai Bank Public Company Limited and its subsidiaries, and the separate statements of Krung Thai Bank Public Company Limited for the three-month period ended 31 March 2019, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated 14 May 2019, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 14 May 2020

**Krung Thai Bank Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 March 2020**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash		59,282,038	68,433,721	59,273,276	68,361,786
Interbank and money market items - net		470,361,782	338,770,589	470,027,257	338,273,821
Financial assets measured at fair value through profit or loss	5.3	45,217,331	-	45,229,307	-
Claims on securities		-	67,350,100	-	67,350,100
Derivatives assets	5.4	92,613,160	55,811,418	92,613,160	55,811,462
Investments - net	5.5	362,386,215	395,227,970	362,237,340	395,174,162
Investments in subsidiary and associated companies - net	5.6	26,431,832	30,945,612	11,000,393	10,830,013
Loans to customers and accrued interest receivables - net	5.7	1,995,522,742	1,959,765,482	1,923,775,781	1,884,110,174
Customers' liability under acceptances		-	133,241	-	133,241
Properties for sale - net	5.10	32,860,051	32,182,562	32,853,307	32,175,895
Premises and equipment - net		24,245,040	24,200,896	22,288,227	22,293,897
Right-of-use assets		3,846,186		3,753,334	
Other intangible assets - net		4,158,899	3,900,228	1,788,767	1,398,367
Deferred tax assets		5,289,455	8,164,563	2,900,936	5,697,176
Accrued income		2,686,673	3,487,317	2,992,331	3,193,301
Other assets - net		38,158,954	23,842,421	37,188,057	23,554,727
<b>Total assets</b>		<b>3,163,060,358</b>	<b>3,012,216,120</b>	<b>3,067,921,473</b>	<b>2,908,358,122</b>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

**Krung Thai Bank Public Company Limited and its subsidiaries**  
**Statement of financial position (continued)**  
**As at 31 March 2020**

(Unit: Thousand Baht)

Note	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>				
Deposits	2,352,523,435	2,155,864,986	2,354,958,169	2,158,459,942
Interbank and money market items	177,062,641	215,822,527	174,828,505	208,239,974
Liability payable on demand	4,876,807	4,744,254	4,876,807	4,744,254
Liabilities to deliver securities	-	67,350,100	-	67,350,100
Derivatives liabilities	5.4 93,530,317	51,868,539	93,530,317	51,868,539
Debt issued and borrowings	5.11 98,379,101	96,841,300	51,868,492	51,322,900
Banks' liability under acceptances	-	133,241	-	133,241
Lease liabilities	3,745,809	-	3,714,500	-
Provisions	5.12 16,171,392	15,239,758	14,702,242	13,776,104
Dividend payable	5.15 10,528,965	-	10,528,965	-
Other liabilities	67,631,999	56,025,029	61,349,443	48,239,602
<b>Total liabilities</b>	<b>2,824,450,466</b>	<b>2,663,889,734</b>	<b>2,770,357,440</b>	<b>2,604,134,656</b>
<b>Equity</b>				
Share capital	5.13			
Authorised share capital				
5,500,000 preferred shares of Baht 5.15 each	28,325	28,325	28,325	28,325
13,976,061,250 ordinary shares of Baht 5.15 each	71,976,715	71,976,715	71,976,715	71,976,715
Issued and paid-up share capital				
5,500,000 preferred shares of Baht 5.15 each	28,325	28,325	28,325	28,325
13,976,061,250 ordinary shares of Baht 5.15 each	71,976,715	71,976,715	71,976,715	71,976,715
Premium on share capital				
Premium on ordinary share	20,833,734	20,833,734	20,833,734	20,833,734
Other components of equity	27,526,324	33,006,142	15,423,917	16,094,673
Retained earnings				
Appropriated				
Legal reserve	5.14 7,200,504	7,200,504	7,200,504	7,200,504
Unappropriated	200,218,683	205,241,876	182,100,838	188,089,515
<b>Equity attributable to equity holders of the Bank</b>	<b>327,784,285</b>	<b>338,287,296</b>	<b>297,564,033</b>	<b>304,223,466</b>
Non-controlling interests	10,825,607	10,039,090	-	-
<b>Total equity</b>	<b>338,609,892</b>	<b>348,326,386</b>	<b>297,564,033</b>	<b>304,223,466</b>
<b>Total liabilities and equity</b>	<b>3,163,060,358</b>	<b>3,012,216,120</b>	<b>3,067,921,473</b>	<b>2,908,358,122</b>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 31 March 2020**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
<b>Profit or loss</b>					
Interest income	5.21	30,216,719	33,377,426	26,334,732	29,859,881
Interest expenses	5.22	7,255,390	8,736,287	6,872,645	8,368,714
<b>Net interest income</b>		<b>22,961,329</b>	<b>24,641,139</b>	<b>19,462,087</b>	<b>21,491,167</b>
Fees and service income		6,752,636	7,077,534	5,363,234	5,539,849
Fees and service expenses		1,801,969	1,442,276	1,402,645	997,044
<b>Net fees and service income</b>		<b>4,950,667</b>	<b>5,635,258</b>	<b>3,960,589</b>	<b>4,542,805</b>
Gains (loss) on financial instruments measured at fair value					
through profit or loss	5.23	692,496	-	691,397	-
Gains on trading and foreign exchange transactions		-	995,119	-	995,151
Gains on investments	5.24	346,539	335,300	346,539	335,300
Share of profit from investments accounted for under equity method		293,352	317,602	-	-
Dividend income		117,635	116,292	810,435	796,372
Other operating income		1,600,816	1,531,143	735,155	519,997
<b>Total operating income</b>		<b>30,962,834</b>	<b>33,571,853</b>	<b>26,006,202</b>	<b>28,680,792</b>
<b>Other operating expenses</b>					
Employee's expenses		7,767,613	7,137,023	6,303,566	5,713,601
Directors' remuneration		11,460	15,415	6,460	6,448
Premises and equipment expenses		2,085,362	2,194,534	1,230,583	1,244,956
Taxes and duties		1,046,643	1,117,225	950,275	983,961
Impairment loss of properties for sale		217,514	3,769,375	221,215	3,790,481
Other expenses		2,338,057	1,962,800	3,133,928	2,902,303
<b>Total other operating expenses</b>		<b>13,466,649</b>	<b>16,196,372</b>	<b>11,846,027</b>	<b>14,641,750</b>
<b>Impairment losses of loans and debt securities</b>		<b>-</b>	<b>7,329,818</b>	<b>-</b>	<b>6,000,001</b>
<b>Expected credit losses</b>	5.25	<b>8,524,411</b>	<b>-</b>	<b>7,200,376</b>	<b>-</b>
<b>Profit before income tax</b>		<b>8,971,774</b>	<b>10,045,663</b>	<b>6,959,799</b>	<b>8,039,041</b>
<b>Income tax</b>		<b>(1,679,949)</b>	<b>(1,941,138)</b>	<b>(1,212,949)</b>	<b>(1,460,608)</b>
<b>Profit for the period</b>		<b>7,291,825</b>	<b>8,104,525</b>	<b>5,746,850</b>	<b>6,578,433</b>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**For the three-month period ended 31 March 2020**

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

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Other comprehensive income</b>				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Gains (losses) on debt securities measured at fair value				
through other comprehensive income	197,039	-	197,039	-
Gains on changes in value of available-for-sale investments	-	518,803	-	512,804
Gains arising from translating the financial statements of				
foreign operations	47,906	16,170	47,906	16,170
Losses on cash flow hedging instruments	(71,600)	-	(71,600)	-
Losses on currencies basis spread which used in hedge accounting	(24,701)	-	(24,701)	-
Share of other comprehensive income of associate (equity method)				
for items that will be reclassified subsequently to profit or loss	(3,580,182)	1,190,640	-	-
Transactions that will never be reclassified subsequently to profit or loss				
<i>Share of other comprehensive income of associate (equity method)</i>				
for items that will never be reclassified subsequently to profit or loss	(1,224,904)	-	-	-
Gains (losses) on investments in equity designated to be measured				
at fair value through other comprehensive income	(3,107,394)	-	(2,913,274)	-
Other comprehensive income - net	(7,763,836)	1,725,613	(2,764,630)	528,974
<b>Total comprehensive income</b>	<b>(472,011)</b>	<b>9,830,138</b>	<b>2,982,220</b>	<b>7,107,407</b>
<b>Total profit attributable to:</b>				
Equity holders of the Bank	6,466,532	7,301,082	5,746,850	6,578,433
Non-controlling interest	825,293	803,443		
	<u>7,291,825</u>	<u>8,104,525</u>		
<b>Total comprehensive income attributable</b>				
Equity holders of the Bank	(1,297,304)	9,026,695	2,982,220	7,107,407
Non-controlling interest	825,293	803,443		
	<u>(472,011)</u>	<u>9,830,138</u>		
Earnings per share of the Bank				
Basic earnings per share (Baht)	<u>0.46</u>	<u>0.52</u>	<u>0.41</u>	<u>0.47</u>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries**

**Statements of cash flows**

**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before income tax	8,971,774	10,045,663	6,959,799	8,039,041
Adjustments to reconcile profit before income tax				
to net cash received (paid) from operating activities:				
Depreciation and amortisation expenses	1,131,034	664,599	779,490	308,212
Expected credit losses on loans and accrued interests	8,524,411	-	7,200,376	-
Impairment losses of loans and debt securities	-	7,329,818	-	6,000,001
Share of profit from investments using equity method	(293,352)	(317,602)	-	-
Gains on disposal of assets	(918)	(248)	(154)	(133)
(Gains) losses on disposal of investments	346,538	(335,300)	346,538	(335,300)
Gains on revaluation of investments	-	(38,686)	-	(38,686)
Losses on financial instruments measured				
at fair value through profit and loss	692,496	-	691,397	-
Losses on impairment of properties for sale	160,838	3,769,375	164,540	3,790,481
Losses on impairment of other assets	101,815	94,213	101,815	94,213
Amortisation of premium (discount) on investments	(110,524)	186,690	(108,310)	189,391
(Gains) losses on foreign currency translation	(2,231,511)	4,448,576	(2,231,515)	4,448,579
Increase in provisions	4,919,558	260,368	4,884,861	258,021
(Increase) decrease in other accrued income	561,898	1,478,420	(37,775)	880,590
(Increase) decrease in other accrued expenses	6,649,258	(4,133,200)	7,370,860	(3,614,354)
	29,423,315	23,452,686	26,121,922	20,020,056
Net interest income	(22,961,329)	(24,641,139)	(19,462,087)	(21,491,167)
Dividend income	(117,635)	(116,292)	(810,435)	(796,372)
Proceeds from interest income	30,619,825	33,338,648	26,715,294	29,802,505
Cash paid on interest expenses	(10,873,500)	(9,320,832)	(9,320,180)	(8,918,632)
Proceeds from dividend income	46,798	52,765	46,798	52,765
Cash paid on income tax expenses	(201,950)	(231,487)	(139,284)	(129,661)
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>25,935,524</b>	<b>22,534,349</b>	<b>23,152,028</b>	<b>18,539,494</b>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President



(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries****Statements of cash flows (continued)****For the three-month period ended 31 March 2020**

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
<b>Cash flows from operating activities (continued)</b>				
(Increase) decrease in operating assets				
Interbank and money market items	(132,212,153)	(51,972,014)	(132,374,395)	(51,840,808)
Claims on securities	67,350,100	(38,949,100)	67,350,100	(38,949,100)
Derivatives assets	(35,194,354)	(976,425)	(35,194,311)	(975,964)
Financial assets measured at fair value through profit or loss	2,901,034	-	2,890,158	-
Investments in trading securities	-	(14,797,275)	-	(14,797,275)
Loans to customers	(47,179,777)	(12,193,102)	(49,987,347)	(12,911,580)
Properties for sale	(685,061)	499,717	(688,685)	424,518
Other assets	(13,930,750)	(17,909,165)	(12,554,743)	(17,033,700)
Increase (decrease) in operating liabilities				
Deposits	196,658,449	37,469,157	196,498,227	37,424,869
Interbank and money market items	(38,927,252)	44,042,992	(33,578,835)	48,870,892
Liabilities payable on demand	132,553	457,846	132,553	457,846
Liabilities to deliver securities	(67,350,100)	38,969,007	(67,350,100)	38,969,007
Derivatives liabilities	41,661,778	2,831,126	41,661,778	2,831,126
Debt issued and short-term borrowings	428,032	-	428,032	-
Other liabilities	7,704,547	12,167,786	7,679,686	13,307,869
<b>Net cash provided by operating activities</b>	<b>7,292,570</b>	<b>22,174,899</b>	<b>8,064,146</b>	<b>24,317,194</b>
<b>Cash flows from investing activities</b>				
Purchase of debt and equity securities measured at fair value through other comprehensive income	(102,868,593)	-	(103,518,993)	-
Proceeds from sales of debt securities and equity securities measured at fair value through other comprehensive income	86,891,395	-	87,555,069	-
Purchase of debt securities measured at amortised cost	(901,429)	-	(95,820)	-
Proceeds from sales of debt instruments measured at amortised cost	941,262	-	229,315	-
Purchase of available for sale securities	-	(61,556,761)	-	(62,207,361)
Proceeds from disposal of available for sale securities	-	31,149,975	-	31,800,575
Purchase of held to maturity debt securities	-	(1,019,633)	-	(796,175)
Proceeds from disposal of held to maturity debt securities	-	782,037	-	350,036
Purchase of general investments	-	(30,874)	-	(30,874)
Proceeds from disposal of general investments	-	7,117	-	7,117
Purchase of investments in subsidiaries and associates	(635)	-	(170,381)	-
Proceeds from sales of investments in subsidiaries and associates	11,796	-	-	-
Purchase of intangible assets	(488,403)	(120,920)	(453,749)	(49,931)
Purchase of premises and equipment	(493,636)	(269,335)	(262,619)	(116,695)
Proceeds from disposal of premises and equipment	2,735	8,544	177	133
<b>Net cash used in investing activities</b>	<b>(16,905,508)</b>	<b>(31,049,850)</b>	<b>(16,717,001)</b>	<b>(31,043,175)</b>

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

.....  
(Vichai Assarasakorn)

Chairman of the Audit Committee

.....  
(Payong Srivanich)

President

(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Cash flows from financing activities</b>				
Proceeds from debt issued and long-term borrowings	996,009	2,500,000	-	-
Repayments of debt issued and long-term borrowings	(3,800)	(400,000)	-	-
Repayments of lease liabilities	(578,860)	-	(483,561)	-
<b>Net cash provided by (used in) financing activities</b>	<b>413,349</b>	<b>2,100,000</b>	<b>(483,561)</b>	<b>-</b>
Gains from translating the financial statements of foreign operations	47,906	16,170	47,906	16,170
<b>Decrease in cash and cash equivalents</b>	<b>(9,151,683)</b>	<b>(6,758,781)</b>	<b>(9,088,510)</b>	<b>(6,709,811)</b>
<b>Beginning balance of cash and cash equivalents</b>	<b>68,433,721</b>	<b>68,878,125</b>	<b>68,361,786</b>	<b>68,661,544</b>
<b>Ending balance of cash and cash equivalents</b>	<b>59,282,038</b>	<b>62,119,344</b>	<b>59,273,276</b>	<b>61,951,733</b>

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

.....  
(Vichai Assarasakorn)

Chairman of the Audit Committee

.....  
(Payong Srivanich)

President

(Unaudited but reviewed)

## Krung Thai Bank Public Company Limited and its subsidiaries

## Statement of changes in equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

Consolidated financial statements														
Attributable to equity holder of the Bank														
	Issued and fully paid-up share capital	Premium on share capital	Other components of equity							Total equity attributable to equity holders			Non-controlling interests	Total
			Appraisal surplus (deficit) on assets	Revaluation surplus (deficit) on investments	Gains (losses) from reclassification of investments	Cash flow hedge reserve	Currencies basis spread reserve	Gains (losses) from translating the financial statements	Share of other comprehensive income of associates	Retained earnings	of the Bank			
<b>Balance as at 1 January 2019</b>	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	
Total comprehensive income	-	-	-	518,803	-	-	-	16,170	1,190,640	7,301,082	9,026,695	803,443	9,830,138	
<b>Balance as at 31 March 2019</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,350,437</u>	<u>6,784,199</u>	<u>644,353</u>	<u>-</u>	<u>-</u>	<u>(83,699)</u>	<u>5,104,711</u>	<u>201,263,369</u>	<u>314,902,144</u>	<u>9,069,097</u>	<u>323,971,241</u>	
<b>Balance as at 1 January 2020</b>	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	
Cumulative effects of changes in accounting policies (Note 3)	-	-	-	2,129,230	1,877	11,920	(49,153)	-	190,144	(960,760)	1,323,258	(38,776)	1,284,482	
<b>Balance as at 1 January 2020 - as restated</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>10,309,458</u>	<u>-</u>	<u>11,920</u>	<u>(49,153)</u>	<u>(115,736)</u>	<u>16,927,655</u>	<u>211,481,620</u>	<u>339,610,554</u>	<u>10,000,314</u>	<u>349,610,868</u>	
Dividends (Note 5.15)	-	-	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)	-	(10,528,965)	
Total comprehensive income	-	-	-	(2,910,355)	-	(71,600)	(24,701)	47,906	(4,805,086)	6,466,532	(1,297,304)	825,293	(472,011)	
<b>Balance as at 31 March 2020</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>7,399,103</u>	<u>-</u>	<u>(59,680)</u>	<u>(73,854)</u>	<u>(67,830)</u>	<u>12,122,569</u>	<u>207,419,187</u>	<u>327,784,285</u>	<u>10,825,607</u>	<u>338,609,892</u>	

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

(Unaudited but reviewed)

**Krung Thai Bank Public Company Limited and its subsidiaries**

**Statement of changes in equity**

**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	Separate financial statements									
	Other components of equity									
	Issued and fully paid-up share capital	Premium on share capital	Appraisal surplus (deficit) on assets	Revaluation surplus (deficit) on investments	Gains (losses) from reclassification of investments	Cash flow hedge reserve	Currencies basis spread reserve	Gains (losses) from translating the financial statements	Retained earnings	Total
<b>Balance as at 1 January 2019</b>	72,005,040	20,833,734	8,350,437	6,075,297	644,353	-	-	(99,869)	179,696,186	287,505,178
Total comprehensive income	-	-	-	512,804	-	-	-	16,170	6,578,433	7,107,407
<b>Balance as at 31 March 2019</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,350,437</u>	<u>6,588,101</u>	<u>644,353</u>	<u>-</u>	<u>-</u>	<u>(83,699)</u>	<u>186,274,619</u>	<u>294,612,585</u>
<b>Balance as at 1 January 2020</b>	72,005,040	20,833,734	8,206,016	8,006,270	(1,877)	-	-	(115,736)	195,290,019	304,223,466
Cumulative effects of changes in accounting policies (Note 3)	-	-	-	2,129,230	1,877	11,920	(49,153)	-	(1,206,562)	887,312
<b>Balance as at 1 January 2020 - as restated</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>10,135,500</u>	<u>-</u>	<u>11,920</u>	<u>(49,153)</u>	<u>(115,736)</u>	<u>194,083,457</u>	<u>305,110,778</u>
Dividends (Note 5.15)	-	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)
Total comprehensive income	-	-	-	(2,716,235)	-	(71,600)	(24,701)	47,906	5,746,850	2,982,220
<b>Balance as at 31 March 2020</b>	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>7,419,265</u>	<u>-</u>	<u>(59,680)</u>	<u>(73,854)</u>	<u>(67,830)</u>	<u>189,301,342</u>	<u>297,564,033</u>

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

(Vichai Assarasakorn)

Chairman of the Audit Committee

(Payong Srivanich)

President

**Krung Thai Bank Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month period ended 31 March 2020**

**1. General information**

**1.1 Corporate information**

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

**1.2 Coronavirus disease 2019 (COVID-19) Pandemic**

The COVID-19 pandemic is continuing to evolve. It is impacting various businesses and industries no matter has been impacted directly or indirectly, resulting in an economic slowdown. This situation may bring uncertainties and affect the Bank's and its subsidiaries' business activities which will impacting the Bank's and its subsidiaries' operating results, and cash flows, at present, and is expected to do so in the future. The impact cannot be reasonably estimated at this stage.

**2. Basis of preparation of the financial statements**

**2.1 Basis of preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, Accounting Guidelines promulgated by the Federation of Accounting Professions ("TFAC"), accounting practices generally accepted in Thailand including relevant Bank of Thailand's regulations, with the Bank choosing to present a complete set of interim financial statements that include the statement of financial position, comprehensive income, changes in equity, and cash flows, as in the annual financial statements. Notes to the interim financial statements disclosed only significant information.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

## **2.2 Basis of preparation of the consolidated and separate financial statements**

The financial statements are presented in accordance with the Notification of the Bank of Thailand (“BOT”) No. SOR NOR SOR. 21/2561 dated 31 October 2018, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BOT’s Notifications; and with the regulations of the Stock Exchange of Thailand (“SET”) dated 2 October 2017, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2560 (2017). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under the Accounting Act B.E. 2543 (2000).

### The consolidated financial statements

The consolidated financial statements comprise the accounts of the Bank and those of its subsidiaries in which the Bank has a controlling interest, after eliminating significant intercompany transactions and balances. The 7 subsidiaries are KTB Law Co., Ltd., KTB General Services and Security Co., Ltd., Krung Thai Asset Management Plc., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., and Krungthai Card Plc. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In cases where there are different accounting policies, the Bank has adjusted the effect of these differences in the consolidated financial statements.

The percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 5.6.

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

### The separate financial statements

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

The Bank's financial statements for the three-month periods ended 31 March 2020 and 2019 and for the year ended 31 December 2019 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

### The English language interim financial statements

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

## **2.3 New Financial reporting standards that became effective in the current period**

### **2.3.1 Financial reporting standards**

During the period, the Bank and its subsidiaries have adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new financial reporting standards that involve changes to key principles are summarised below;

#### **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments, consisting of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Entity's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these set of financial reporting standards on the Bank and its subsidiaries are as follows:

***Classification and measurement of financial assets and financial liabilities***

Financial asset - debt instruments

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

- A financial asset measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- A financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Despite the foregoing, this financial asset – debt instruments may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Investment in equity instruments

All equity investments are measured at fair value in the statement of financial position. The Bank and its subsidiaries have classified equity investments as the financial asset measured at fair value through other comprehensive income, except for those equity investments measured at fair value through profit or loss in accordance with the Bank's and its subsidiaries' Investment Policy.



The management of the Bank and its subsidiaries reviewed and assessed the Bank's and its subsidiaries' existing financial assets as at 1 January 2020 based on the facts and circumstances that existed at that date and concluded the following significant changes on the Bank's and its subsidiaries' financial assets as regards their classification and measurement:

- The held-to-maturity and available-for-sale investment in debt securities as well as available-for-sale and general investment in equity securities are removed.
- Classify almost held-to-maturity debt securities to be financial asset measured at amortised cost.
- Classify almost available-for-sale debt securities to be financial asset measured at fair value through other comprehensive income.
- Classify almost investment in equity securities to be financial asset measured at fair value through other comprehensive income except for some that are classified to be financial assets measured at fair value through profit or loss in accordance with the Bank's and its subsidiaries' Investment Policy, or some items that are classified as 'Debt' in accordance with the financial reporting standards and their contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.
- The investment in equity securities which are elected to be measured at fair value through other comprehensive income cannot be subsequently revoked. All gains and losses are presented in other comprehensive income except for dividend which is recognised in profit or loss.
- Initially recognise the whole derivatives for banking book at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. The Bank and its subsidiaries apply hedge accounting for certain derivatives.

#### Financial liabilities

The adoption of these set of financial reporting standards does not impact to the Bank's and its subsidiaries' classification of financial liabilities. The Bank and its subsidiaries continue to be classified all financial liabilities as measured at amortised cost.

### ***Impairment of financial assets***

The TFRS 9 sets out an entity estimates the expected credit losses instead of recognising its incurred losses under previous accounting policy. This financial reporting standards requires to recognise impairment by based on an Expected Credit Losses model from the model and management overlay for the factors which are not captured by the model and requires the Bank and its subsidiaries to recognise an allowance for expected credit losses for all loans to customers and investments in debt securities which are not measured at fair value through profit or loss, together with loan commitments and financial guarantee contracts. The allowance is measured at the amount equal to 12-month expected credit losses, except for the case that there has been a significant increase in credit risk since initial recognition and financial assets that are credit-impaired, the allowance is measured at the amount equal to the lifetime expected credit losses of financial instrument. In addition, TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

### ***Hedge accounting***

The general hedge accounting requirements aim to align the accounting with risk management strategy, permitting to have a greater variety of hedging instruments and risks being hedged, however they do not explicitly address hedge accounting for Dynamic Risk Management, as a result included an accounting policy choice to remain with the existing accounting practice.

### ***Transition***

The Bank and its subsidiaries adopted a set of financial reporting standards related to financial instruments by recognising the cumulative effects of the first-time adoption of these set of financial reporting standards as an adjustment to the retained earnings or other components of shareholders' equity as at 1 January 2020. The comparative information was not restated; therefore, the presentation of the year 2019 is not comparable with the presentation of the year 2020.

The cumulative effect of the change is described in Note 3 to the interim financial statements.

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Bank and its subsidiaries adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings (if any) as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 3 to the interim financial statements.

### **2.3.2 Accounting Guidance**

#### **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures specified in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy with the helping period during the period from 1 January 2020 to 31 December 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The guidance applies to large-sized debtors, small- and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

An entity providing assistance to affected debtors in accordance with the Bank of Thailand's guidelines applies these following procedures.

- Loans that are not yet non-performing (Non-NPL) are classified as loans where there has not been a significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring. Such debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, stage classification of the debtor remains at the same stage as before.
- Non-performing loans (NPL) are classified as performing loans if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to support liquidity and enable the debtor to continue run its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support its repayment or if, considering other factors, the debtor has ability to repay its debts.
- The guidelines specified in the appendix of the circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are initially applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.

- A newly calculated effective interest rate is applied to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, if it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, an entity recognises its interest income during the repayment holiday using the new calculated effective interest rate, or set out by Bank of Thailand's guidelines if there are changes.
- Consideration is given to placing less weighted on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

As at 31 March 2020, The Bank has elected to apply this accounting guidance for the affected debtors which the Bank has provided assistance in accordance with this temporary relief measures.

#### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Bank and its subsidiaries have not adopted such accounting guidance in the preparation of the interim financial statements for the three-month period ended 31 March 2020.

## **2.4 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except for the adoption of the financial reporting standards related to financial instruments and the TFRS 16 Leases to be applied the following significant accounting policies that were applied on or after 1 January 2020.

### **2.4.1 Revenue recognition**

#### Interest income

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

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

#### Fee income

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

### **2.4.2 Financial instruments**

#### **Recognition of financial instruments**

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

## **Classification and measurement of financial assets and financial liabilities**

### Financial asset – debt instruments

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

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

### Investment in equity instruments

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

### Financial liabilities

The Bank and its subsidiaries classify financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

### **Modifications of financial instrument not measured at fair value**

#### Financial assets

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

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

#### Financial liabilities

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



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

### **Offsetting**

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Bank and its subsidiaries have a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Derecognition of financial instruments**

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

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

### **Write-off**

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

### **2.4.3 Derivatives and hedge accounting**

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

## **Hedge accounting**

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

- Fair value hedge
- Cash flow hedge

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

### Fair value hedge

The Bank and its subsidiaries recognise the movement in fair value (only a portion of risk being hedged) of the hedged item and of the hedging instrument (derivatives) in the income statement. The cumulative changes in the fair value attributable to the hedged risk of hedged item is made as an adjustment to the carrying value of the hedged asset or liability.

When a hedging instrument expires, is sold, is terminated or is exercised, or when a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement on an effective yield basis (the recalculated effective interest rate at the date when the amortisation begins). Where the hedged item is derecognised from the statement of financial position, the unamortised fair value adjustment is immediately recognised in the income statement.

### Cash flow hedges

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

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

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

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

#### **2.4.5 Allowance for expected credit losses on financial assets**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **2.4.6 Trouble debt restructuring**

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

Such difference is gradually recognised over the remaining period by adjusting "gains (losses) on term modifications of contracts", as well as "accrued interest receivables and interest income which not yet due" in the statement of financial position.

#### **2.4.7 Leases**

##### **Right-of-use assets**

The Bank and its subsidiaries recognise right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Bank and its subsidiaries are reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

##### **Lease liabilities**

At the commencement date of the lease, the Bank and its subsidiaries recognise lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Bank's and its subsidiaries' incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### **Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## **2.5 Significant accounting judgments and estimates**

These interim financial statements were prepared by management using the same accounting judgments and estimates as financial statements for the year ended 31 December 2019, except for the changes in accounting judgments and estimates as the following matters beginning 1 January 2020.

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

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

## **3. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 2.3 to the interim financial statements, during the current period, the Bank and its subsidiaries have adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these financial reporting standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of TFRS16 that does not impact to retained earnings as at 1 January 2020.

Amounts of the adjustment transactions that have an impact to the statement of financial position as at 1 January 2020, due to the changes in accounting policies by adopting these financial reporting standards, presented as follows.

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				
	31 December	The impacts of			
		2019	Financial	TFRS 16	1 January 2020
			reporting standards related to financial instruments		
<b>Statement of financial position</b>					
<b>Assets</b>					
Interbank and money market items - net	338,771	(400)	-	338,371	
Financial assets measured at fair value					
through profit or loss	-	53,695	-	53,695	
Claims on securities	67,350	(67,350)	-	-	
Derivative assets	55,811	947	-	56,758	
Investments	395,228	(50,828)	-	344,400	
Loans to customers and accrued interest					
- net receivables	1,959,765	(4,030)	-	1,955,735	
Customers' liability under acceptances	133	(133)	-	-	
Right-of-use assets	-	-	3,895	3,895	
Deferred tax assets	8,165	(1,778)	-	6,387	
Accrued income	3,487	(712)	-	2,775	
Other assets - net	23,842	5,576	-	29,418	
<b>Liabilities and shareholders' equity</b>					
Interbank and money market items	215,823	167	-	215,990	
Liabilities to deliver securities	67,350	(67,350)	-	-	
Derivative liabilities	51,869	(623)	-	51,246	
Debt issued and borrowings	96,841	216	-	97,057	
Banks' liability under acceptances	133	(133)	-	-	
Lease liabilities	-	-	3,895	3,895	
Provisions	15,240	1,514	-	16,754	
Other liabilities	56,025	(127)	-	55,898	
<b>Shareholders' equity</b>					
Other components of equity	33,006	2,284	-	35,290	
Retained earnings	212,443	(961)	-	211,482	



(Unit: Million Baht)

	Separate financial statements			
	31 December 2019	The impacts of		1 January 2020
to financial instruments		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
Interbank and money market items - net	338,274	(400)	-	337,874
Financial assets measured at fair value				
through profit or loss	-	53,695	-	53,695
Claims on securities	67,350	(67,350)	-	-
Derivative assets	55,811	947	-	56,758
Investments	395,174	(50,828)	-	344,346
Loans to customers and accrued interest				
- net receivables	1,884,110	(4,030)	-	1,880,080
Customers' liability under acceptances	133	(133)	-	-
Right-of-use assets	-	-	3,434	3,434
Deferred tax assets	5,697	(2,214)	-	3,483
Accrued income	3,193	(712)	-	2,481
Other assets - net	23,555	5,576	-	29,131
<b>Liabilities and shareholders' equity</b>				
Interbank and money market items	208,240	167	-	208,407
Liabilities to deliver securities	67,350	(67,350)	-	-
Derivative liabilities	51,869	(623)	-	51,246
Debt issued and borrowings	51,323	216	-	51,539
Banks' liability under acceptances	133	(133)	-	-
Lease liabilities	-	-	3,434	3,434
Provisions	13,776	1,514	-	15,290
Other liabilities	48,240	(127)	-	48,113
<b>Shareholders' equity</b>				
Other components of equity	16,095	2,094	-	18,189
Retained earnings	195,290	(1,207)	-	194,083

### 3.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	<u>                    </u>	<u>                    </u>
Recognition of losses from below-market interest rate loans	-	(246)
Recognition of expected credit losses of financial asset - debt instruments that are not measured at fair value through profit and loss	(141)	(141)
Reclassification of available-for-sale equity investments to financial asset measured at fair value through profit and loss	35	35
Fair value measurement of investment in non-listed equity securities	104	104
Reclassification of available-for-sale debt securities investments to financial asset measured at fair value through profit or loss	98	98
Recognition of derivatives at fair value through profit and loss	1,607	1,607
Recognition of adjusted values due to fair value hedge, which included in hedged item's book value	(383)	(383)
Relevant deferred tax assets	(2,281)	(2,281)
	<u>                    </u>	<u>                    </u>
The impact to retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>(961)</u>	<u>(1,207)</u>

As at 1 January 2020, the classification and measurement of financial assets and financial liabilities in accordance with TFRS 9 comparing with the former classification and measurement are as follow.

(Unit: Million Baht)

Value according to former accounting policy	Consolidated financial statements					Total
	The classification and measurement in accordance with TFRS 9					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost		
<b>Financial assets</b>						
<b>as at 1 January 2020</b>						
Cash	68,434	-	-	-	68,434	68,434
Interbank and money market items - net	338,771	-	-	-	338,771	338,771
Financial asset measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	56,758	-	-	-	56,758
Investments - net	395,228	-	327,288	16,032	1,080	344,400
Loans to customers and accrued interest receivables - net	1,959,765	-	-	-	1,955,735	1,955,735
Customers' liability under acceptances	133	-	-	-	-	-
Accrued income	3,487	-	-	-	2,775	2,775
Other assets - net	23,842	-	-	-	29,418	29,418
<b>Total financial assets</b>	<b>2,912,821</b>	<b>110,453</b>	<b>327,288</b>	<b>16,032</b>	<b>2,395,813</b>	<b>2,849,586</b>

(Unit: Million Baht)

## Consolidated financial statements

Value according to former accounting policy	The classification and measurement in accordance with TFRS 9				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial liabilities</b>					
<b>as at 1 January 2020</b>					
Deposits	2,155,865	-	-	2,155,865	2,155,865
Interbank and money market items - net	215,823	-	-	215,990	215,990
Liabilities payable on demand	4,744	-	-	4,744	4,744
Liabilities to deliver securities	67,350	-	-	-	-
Derivatives liabilities	51,869	51,246	-	-	51,246
Debt issued and borrowings	96,841	-	-	97,057	97,057
Banks' liability under acceptances	133	-	-	-	-
Provisions	15,240	-	-	16,754	16,754
Other liabilities	56,025	-	-	55,898	55,898
<b>Total financial liabilities</b>	<b>2,663,890</b>	<b>51,246</b>	<b>-</b>	<b>2,546,308</b>	<b>2,597,554</b>

Unit: Million Baht)

Value according to former accounting policy	Separate financial statements					Total
	The classification and measurement in accordance with TFRS 9					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost		
<b>Financial assets</b>						
<b><u>as at 1 January 2020</u></b>						
Cash	68,362	-	-	-	68,362	68,362
Interbank and money market items - net	338,274	-	-	-	337,874	337,874
Financial asset measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	56,758	-	-	-	56,758
Investments - net	395,174	-	327,288	16,032	1,026	344,346
Loans to customers and accrued interest receivables - net	1,884,110	-	-	-	1,880,080	1,880,080
Customers' liability under acceptances	133	-	-	-	-	-
Accrued income	3,193	-	-	-	2,481	2,481
Other assets - net	23,555	-	-	-	29,131	29,131
<b>Total financial assets</b>	<b>2,835,962</b>	<b>110,453</b>	<b>327,288</b>	<b>16,032</b>	<b>2,318,954</b>	<b>2,772,727</b>

(Unaudited but reviewed)

(Unit: Million Baht)

Value according to former accounting policy	Separate financial statements					Total
	The classification and measurement in accordance with TFRS 9					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost		
<b>Financial liabilities</b>						
<b>as at 1 January 2020</b>						
Deposits	2,158,460	-	-	-	2,158,460	2,158,460
Interbank and money market - net	208,240	-	-	-	208,407	208,407
Liabilities payable on demand	4,744	-	-	-	4,744	4,744
Liabilities to deliver securities	67,350	-	-	-	-	-
Derivatives liabilities	51,869	51,246	-	-	-	51,246
Debt issued and borrowings	51,323	-	-	-	51,539	51,539
Banks' liability under acceptances	133	-	-	-	-	-
Provisions	13,776	-	-	-	15,290	15,290
Other liabilities	48,240	-	-	-	48,113	48,113
<b>Total financial liabilities</b>	<b>2,604,135</b>	<b>51,246</b>	<b>-</b>	<b>-</b>	<b>2,486,553</b>	<b>2,537,799</b>

(Unaudited but reviewed)

The following table shows a reconciliation of the closing allowance for impairments as at 31 December 2019, recognised in accordance with BOT regulations and TAS 105 *Accounting for Investments in Debt and Equity Securities* and the provisions for contingent liabilities, recognised in accordance with TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, to the opening allowance for expected credit losses as at 1 January 2020, determined in accordance with TFRS 9. Such changes are due to remeasurement of allowance for expected credit losses under requirement of this financial reporting standard.

(Unit: Million Baht)

	Consolidated financial statements		
	31 December 2019	Remeasurement	1 January 2020
Allowance for expected credit losses - interbank and money market items - net (assets)	1,235	400	1,635
Allowance for expected credit losses - investments in debt securities measured at fair value through other comprehensive income	79	20	99
Allowance for expected credit losses – held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Allowance for expected credit losses - loans to customers and accrued interest receivables	135,228	(1,795)	133,433
Allowance for expected credit losses - loan commitments and financial guarantee contracts	116	1,514	1,630
Total	136,694	141	136,835

(Unit: Million Baht)

	Separate financial statements		
	31 December 2019	Remeasurement	1 January 2020
Allowance for expected credit losses - interbank and money market items - net (assets)	1,235	400	1,635
Allowance for expected credit losses – held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Allowance for expected credit losses - investments in debt securities measured at fair value through other comprehensive income	79	20	99
Allowance for expected credit losses - loans to customers and accrued interest receivables	126,732	(1,795)	124,937
Allowance for expected credit losses - loan commitments and financial guarantee contracts	116	1,514	1,630
Total	128,198	141	128,339

### 3.2 Leases

Upon initial application of TFRS 16 the Bank and its subsidiaries recognised lease liabilities that were previously classified as operating leases at the present value of the remaining lease payments, discounted using the Bank's and its subsidiaries' incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Bank and its subsidiaries recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Operating lease commitments as at 31 December 2019	3,238	2,349
Less: Short-term leases and leases of low-value assets	(243)	(6)
Add: Option to extend or terminate lease term	296	296
Less: Contracts reassessed as service agreements	(101)	-
Add: Lease agreements that are additionally determined	977	977
Less: Others	(137)	(86)
Less: Deferred interest expenses	(135)	(96)
Increase in lease liabilities due to TFRS 16 adoption	3,895	3,434
Liabilities under finance lease agreements as at		
31 December 2019	-	-
Lease liabilities as at 1 January 2020	<u>3,895</u>	<u>3,434</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Building and building improvement	2,518	2,346
Furniture, fixtures and office equipment	231	-
Motor vehicles	1,146	1,088
<b>Total right-of-use assets</b>	<u>3,895</u>	<u>3,434</u>



#### 4. Capital funds

As at 31 March 2020 and 31 December 2019, the Bank has calculated capital funds in accordance with the BOT's Basel III Framework. Since 2016, BOT has required commercial banks that are registered in Thailand to maintain the additional common equity Tier 1 ratio that exceeds the minimum capital funds by more than 2.5 percent of total Risk-Weighted Assets, by gradually increasing the excess over the minimum capital funds by 0.625 percent each year, beginning from 1 January 2016 until the full amount was maintained on 1 January 2019.

The BOT added a rule requiring those commercial banks that have been identified as commercial banks with systematic country risk to maintain an additional capital adequacy ratio equal to 0.5 percent of risk assets from 1 January 2019 and 1 percent of total risk assets from 1 January 2020.

#### Capital adequacy ratios

	2020	2019
	More than %	More than %
Common equity Tier 1 Ratio	8.00	7.50
Tier 1 capital fund ratio	9.50	9.00
Capital adequacy ratio	12.00	11.50

The capital fund and capital adequacy ratio information as at 31 March 2020, is preliminary information prepared using the criteria and methods prescribed by the BOT, which requires the Bank to prepare and submit such information to the BOT within 3 months from the end of the quarter, and to disclose such information as at 30 June and 31 December of each year via the Bank's website. Comparative information as at 31 December 2019, already submitted to the BOT, is as follow.

(Unit: Million Baht)

	Financial business group	
	31 March 2020	31 December 2019
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	197,266	193,994
Other components of equity	27,499	33,011
Capital deduction items on common equity Tier 1	(15,432)	(22,340)
Tier 1 capital funds - financial instruments	1,074	1,100
Total Tier 1 capital funds	310,447	305,805

(Unaudited but reviewed)

(Unit: Million Baht)

	Financial business group	
	31 March 2020	31 December 2019
Tier 2 capital funds		
Long-term subordinated debt	53,091	53,091
Allowance for assets classified as normal	23,079	22,443
Total Tier 2 capital funds	76,170	75,534
Total capital funds	386,617	381,339

(Unit: Million Baht)

	Separate financial statements	
	31 March 2020	31 December 2019
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	180,442	179,309
Other components of equity	15,343	16,090
Capital deduction items on common equity Tier 1	(7,571)	(9,977)
Total tier 1 capital funds	288,254	285,462
Tier 2 capital funds		
Long-term subordinated debt	53,091	53,091
Allowance for assets classified as normal	22,273	21,525
Total Tier 2 capital funds	75,364	74,616
Total capital funds	363,618	360,078

## Capital adequacy ratio

	Financial business group		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	(percent)	(percent)	(percent)	(percent)
Common equity Tier 1 ratio	14.97	15.19	14.43	14.80
Tier 1 capital fund ratio	15.03	15.24	14.43	14.80
Capital adequacy ratio	18.71	19.01	18.20	18.66

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

Channel of disclosure	<a href="http://www.ktb.co.th">www.ktb.co.th</a> >Investor Relations>Financial Information> Basel III Disclosures
Date of disclosure	30 April 2020
Information as at	31 December 2019

## 5. Supplementary information

### 5.1. Supplementary information of cash flows

5.1.1 Significant non-cash items for the three-month periods ended 31 March 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
Increase in revaluation surplus on available-for-sale investments net of income tax expenses	-	519	-	513
Increase in revaluation deficit on investments measured at fair value through other comprehensive income	(2,910)	-	(2,716)	-
Increase in properties for sale from loan repayment	153	1,026	153	1,026

## 5.1.2 Disclosures of related changes in liabilities from financing activities

(Unit: Million Baht)

Item	Consolidated financial statements			
	1 January 2020	Cash flows from financing activities	Non-cash item	31 March 2020
Debt issues and borrowings	96,841	992	546	98,379
<b>Total</b>	<b>96,841</b>	<b>992</b>	<b>546</b>	<b>98,379</b>

(Unit: Million Baht)

Item	Separate financial statements			
	1 January 2020	Cash flows from financing activities	Non-cash item	31 March 2020
Debt Issued and Borrowings	51,323	-	545	51,868
<b>Total</b>	<b>51,323</b>	<b>-</b>	<b>545</b>	<b>51,868</b>

## 5.2 Classification of financial assets and liabilities

(Unit: Million Baht)

	31 March 2020				
	Consolidated financial statements				Total
Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost		
<b>Financial assets</b>					
Cash	-	-	-	59,282	59,282
Interbank and money market items - net	-	-	-	470,362	470,362
Financial assets measured at fair value through profit and loss	45,217	-	-	-	45,217
Derivatives assets	92,613	-	-	-	92,613
Investments - net	-	347,846	12,811	1,729	362,386
Loans to customers and accrued interest receivables - net	-	-	-	1,995,523	1,995,523
<b>Total financial assets</b>	<b>137,830</b>	<b>347,846</b>	<b>12,811</b>	<b>2,526,896</b>	<b>3,025,383</b>

(Unaudited but reviewed)

(Unit: Million Baht)

31 March 2020

Consolidated financial statements					
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial liabilities</u></b>					
Deposits	-	-	-	2,352,523	2,352,523
Interbank and money market items - net	-	-	-	177,063	177,063
Liabilities payable on demand	-	-	-	4,877	4,877
Derivatives liabilities	93,530	-	-	-	93,530
Debt issued and borrowings	-	-	-	98,379	98,379
Lease liabilities	-	-	-	3,746	3,746
Provisions	-	-	-	16,171	16,171
Dividend payable	-	-	-	10,529	10,529
<b>Total financial liabilities</b>	<b>93,530</b>	<b>-</b>	<b>-</b>	<b>2,663,288</b>	<b>2,756,818</b>

*The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 3.1 to the interim financial statements.*

(Unaudited but reviewed)

(Unit: Million Baht)

31 March 2020

Separate financial statements					
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>					
Cash	-	-	-	59,273	59,273
Interbank and money market items - net	-	-	-	470,027	470,027
Financial assets measured at fair value through profit and loss	45,229	-	-	-	45,229
Derivatives assets	92,613	-	-	-	92,613
Investments - net	-	348,505	12,809	924	362,238
Loans to customers and accrued interest receivables - net	-	-	-	1,923,776	1,923,776
<b>Total financial assets</b>	<b>137,842</b>	<b>348,505</b>	<b>12,809</b>	<b>2,454,000</b>	<b>2,953,156</b>
<b>Financial liabilities</b>					
Deposits	-	-	-	2,354,958	2,354,958
Interbank and money market items - net	-	-	-	174,829	174,829
Liabilities payable on demand	-	-	-	4,877	4,877
Derivatives liabilities	93,530	-	-	-	93,530
Debt issued and borrowings	-	-	-	51,868	51,868
Lease liabilities	-	-	-	3,715	3,715
Provisions	-	-	-	14,702	14,702
Dividend payable	-	-	-	10,529	10,529
<b>Total financial liabilities</b>	<b>93,530</b>	<b>-</b>	<b>-</b>	<b>2,615,478</b>	<b>2,709,008</b>

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 3.1 to the interim financial statements.

### 5.3 Financial assets measured at fair value through profit and loss

(Unit: Million Baht)

Investments	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Financial assets held for trading</b>				
Government and state enterprises securities	18,585	-	18,585	-
Private enterprises debt securities	1,486	-	1,498	-
Foreign debt securities	19,582	-	19,582	-
<b>Total</b>	<b>39,653</b>	<b>-</b>	<b>39,665</b>	<b>-</b>
<b>Others</b>				
Private enterprises debt securities	4,447	-	4,447	-
Marketable unit trust	1,117	-	1,117	-
<b>Total</b>	<b>5,564</b>	<b>-</b>	<b>5,564</b>	<b>-</b>
Total financial assets measured at fair value through profit and loss	45,217	-	45,229	-

### 5.4 Derivatives

#### 5.4.1 Derivatives held for trading

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

(Unit: Million Baht)

Type of risk	Consolidated financial statements					
	31 March 2020			31 December 2019		
	Fair value		Notional amounts	Fair value		Notional amounts
Assets	Liabilities	Assets		Liabilities		
Exchange rate	48,874	51,154	2,324,344	31,047	27,323	2,083,533
Interest rate	33,955	30,793	2,473,573	18,789	17,215	2,177,441
Others	9,339	10,312	204,729	5,975	7,331	163,262
<b>Total</b>	<b>92,168</b>	<b>92,259</b>	<b>5,002,646</b>	<b>55,811</b>	<b>51,869</b>	<b>4,424,236</b>

(Unaudited but reviewed)

(Unit: Million Baht)

Type of risk	Separate financial statements					
	31 March 2020			31 December 2019		
	Fair value		Notional amounts	Fair value		Notional amounts
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	48,874	51,154	2,324,344	31,047	27,323	2,083,533
Interest rate	33,955	30,793	2,473,573	18,789	17,215	2,177,469
Others	9,339	10,312	204,729	5,975	7,331	163,262
<b>Total</b>	<b>92,168</b>	<b>92,259</b>	<b>5,002,646</b>	<b>55,811</b>	<b>51,869</b>	<b>4,424,264</b>

#### 5.4.2 Derivatives for hedging

As at 31 March 2020, hedging instrument classified by type of hedge accounting and risk are detailed as follow.

##### Fair value hedge

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follow.

(Unit: Million Baht)

Type of risk	31 March 2020						
	Consolidated and separate financial statements						
	Notional amount	Carrying value		Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
		Assets	Liabilities				
<b>Interest rate risk</b>							
Interest rate swap - hedge of THB fixed-rate borrowings	3,350	204	-	Derivative assets (liabilities)	27	1	Net gains from trading transactions and foreign exchange transactions
Interest rate swap - hedge of THB fixed-rated debt issued	10,000	231	-	Derivative assets (liabilities)	71	-	Net gains from trading transactions and foreign exchange transactions



The amounts relating to items designated as hedged items were as follow.

(Unit: Million Baht)

31 March 2020								
Consolidated and separate financial statements								
Type of risk	Carrying amount		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses	
	Assets	Liabilities	Assets	Liabilities			Assets	Liabilities
<b>Interest rate risk</b>								
THB fixed-rate borrowings	-	(3,544)	-	(194)	Interbank and money market items, net	(26)	-	-
THB fixed-rated debt issued	-	(10,287)	-	(287)	Debt issued and borrowings	(71)	-	-

### Cash flow hedges

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follow.

(Unit: Million Baht)

31 March 2020										
Consolidated and separate financial statements										
Type of risk	Notional amounts	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for calculating hedge ineffectiveness	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities							
<b>Interest rate and foreign currency risk</b>										
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities	8,270	-	(474)	Derivative assets (liabilities)	(513)	(513)	-	Net gains from trading transactions and foreign exchange transactions/ interest income	465	Net gains from trading transactions and foreign exchange transactions/ interest income
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities	12,429	-	(714)	Derivative assets (liabilities)	(665)	(665)	-	Net gains from trading transactions and foreign exchange transactions/ interest income	627	Net gains from trading transactions and foreign exchange transactions/ interest income

## (Unaudited but reviewed)

(Unit: Million Baht)

31 March 2020

## Consolidated and separate financial statements

Type of risk	Notional amounts	Carrying amount		Line item in the statement of financial position where the hedging instrument is included	Change in fair value used for hedge ineffectiveness	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities							
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities	1,676	-	(83)	Derivative assets (liabilities)	(82)	(82)	-	Net gains from trading transactions and foreign exchange transactions/ interest income	95	Net gains from trading transactions and foreign exchange transactions/ interest income
Cross currency swap (THB:AUD) - hedge the risk of AUD fixed-rate investments in debt securities	302	10	-	Derivative assets (liabilities)	16	16	-	Net gains from trading transactions and foreign exchange transactions/ interest income	(15)	Net gains from trading transactions and foreign exchange transactions/ interest income

The amounts relating to items designated as hedged items were as follow.

(Unit: Million Baht)

31 March 2020

## Consolidated and separate financial statements

Line item in the statement of financial position in which the hedged item is included	Change in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balances remaining in the cash flow hedges reserve from hedging relationships for which hedge accounting is no longer applied	
			Cash flow hedge reserve	
<b>Interest rate and foreign exchange risk</b>				
USD fixed-rate investment in foreign debt securities, measured at fair value through other comprehensive income	Investment - net	513	(53)	-
YEN fixed-rate investment in foreign debt securities, measured at fair value through other comprehensive income	Investment - net	665	(23)	-
EUR fixed-rate investment in foreign debt securities, measured at fair value through other comprehensive income	Investment - net	82	17	-
AUD fixed-rate investment in foreign debt securities, measured at fair value through other comprehensive income	Investment - net	(16)	(1)	-

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	Cash flow hedge reserve	Currencies basis spread which used for hedge accounting
Balance as at 1 January 2020	12	(49)
Effective portion of changes in fair value:		
Interest rate and foreign currency risk	(1,244)	-
Net amount reclassified to profit or loss:		
Interest rate and foreign currency risk	1,172	-
Changes in currencies basis spread which used in hedge accounting	-	(25)
Balance as at 31 March 2020	(60)	(74)

## 5.5 Investments - net

As at 31 March 2020 and 31 December 2020, the Bank and its subsidiaries have investments, as detailed follow.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Investments in debt securities measured at amortised cost	1,729	-	924	-
Investments in debt securities measured at fair value through other comprehensive income	347,846	-	348,505	-
Investments in equity securities designated at fair value through other comprehensive income	12,811	-	12,809	-
Trading securities	-	48,252	-	48,252
Available-for-sale investments	-	344,198	-	344,856
Held-to-maturity debt securities	-	1,737	-	1,028
General investments	-	1,041	-	1,038
	<u>362,386</u>	<u>395,228</u>	<u>362,238</u>	<u>395,174</u>

## 5.5.1 Investments in debt securities measured at amortised cost.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 March 2020	31 March 2020
	Amortised cost	Amortised cost
Government and state enterprises securities	805	-
Private debt securities	473	473
Foreign debt securities	488	488
Total	1,766	961
<u>Less</u> Allowance for expected credit losses	(37)	(37)
Total	1,729	924

## 5.5.2 Investments in debt securities as measured at fair value through other comprehensive income

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 March 2020	31 March 2020
	Fair value	Fair value
Government and state enterprises securities	298,570	298,570
Private debt securities	9,614	10,273
Foreign debt securities	39,662	39,662
Total	347,846	348,505
Allowance for expected credit losses	(95)	(95)

## 5.5.3 Investments in equity securities as measured at fair value through other comprehensive income.

	(Unit: Million Baht)	
	Consolidated financial statements	
	31 March 2020	
	Fair Value	Dividend income
Domestic marketable equity securities	9,286	97
Foreign marketable equity securities	251	-
Domestic non-marketable equity securities	878	-
Foreign non-marketable equity securities	2,396	7
Others	-	1
Total	12,811	105

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements	
	31 March 2020	
	Fair Value	Dividend income
Domestic marketable equity securities	9,286	97
Foreign marketable equity securities	251	-
Domestic non-marketable equity securities	876	-
Foreign non-marketable equity securities	2,396	7
Others	-	1
Total	12,809	105

#### 5.5.4 Trading securities

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	31 December 2019
	Fair value	Fair value
Government and state enterprise securities	29,737	29,737
Private enterprise debt securities	26	26
Foreign debt securities	18,489	18,489
Total	48,252	48,252

#### 5.5.5 Available-for-sale securities

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	31 December 2019
	Fair value	Fair value
Government and state enterprise securities	278,825	278,825
Private debt securities	15,730	16,388
Foreign debt securities	36,527	36,527
Domestic marketable equity securities	12,849	12,849
Foreign marketable equity securities	267	267
Total	344,198	344,856

(Unaudited but reviewed)

#### 5.5.6 Held-to-maturity debt securities

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	31 December 2019
	Cost/Amortised cost	Cost/Amortised cost
Government and state enterprise securities	709	-
Private debt securities	605	605
Foreign debt securities	459	459
Total	1,773	1,064
<u>Less</u> Allowance for impairment	(36)	(36)
Total	1,737	1,028

#### 5.5.7 General investments

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	31 December 2019
	Cost/Amortised cost	Cost/Amortised cost
Domestic non-marketable equity securities	2,242	2,239
Foreign non-marketable equity securities	3	3
Others	1	1
Total	2,246	2,243
<u>Less</u> Allowance for impairment	(1,205)	(1,205)
Total	1,041	1,038

For the three-month period ended 31 March 2020, the Bank and its subsidiaries have no disposal on equity investments designated at fair value through other comprehensive income.

5.5.8 The Bank and its subsidiaries have the other investments with holding of 10 percent, classified by industrial sector and represented at their fair value as follows.

	(Unit: Million Baht)	
	Consolidated and	
	separate financial statements	
	31 March 2020	31 December 2019
Public utilities and services	1,238	1,538

5.5.9 As at 31 March 2020, the Bank has investments in 3 listed companies that are subject to delisting from SET, their cost of Baht 0.10 million and their fair value of Baht 28 million which are fully reserved allowance for impairment.

## 5.6 Investments in subsidiaries and associates - net

### 5.6.1 Separate financial statements

						(Unit: Million Baht)
		31 March 2020			Dividend for the three- month period ended 31 March 2020	
Name of company	Type of business	Type of shares	Percentages of shareholdings	Investments (Cost method)		
<b>Subsidiaries</b>						
<b>Direct subsidiaries</b>						
KTB Law Co., Ltd.	Legal services	Ordinary	100.00	30	-	
KTB General Services and Security Co., Ltd.	General services	Ordinary	100.00	140	59	
Krung Thai Asset Management Plc.	Securities business	Ordinary	100.00	211	500	
KTB Computer Services Co., Ltd.	IT services	Ordinary	100.00	1,300	-	
KTB Leasing Co., Ltd. *	Hire purchase	Ordinary	100.00	1,000	-	
KTB Advisory Co., Ltd.**	Financial counseling & advisory services	Ordinary	100.00	40	-	
Krungthai Card Plc.	Credit card business	Ordinary	49.29	2,150	-	
KTC Nano Co. Ltd. ****	Personal loan for career	Ordinary	24.95	13	-	
KTC Pico (Bangkok) Co. Ltd. ****	Personal loan	Ordinary	24.95	15	-	
<b>Indirect subsidiaries</b>						
KTC Pico (Chonburi) Co., Ltd. ****	Personal loan			-	-	
KTC Pico (Pathum Thani) Co., Ltd. ****	Personal loan			-	-	
KTC Pico (Samut Prakan) Co., Ltd. ****	Personal loan			-	-	
KTC Pico (Samut Sakhon) Co., Ltd. ****	Personal loan			-	-	
Total				4,899	559	
<u>Less</u> Allowance for impairment***				(799)	-	
Total				4,100	559	
<b>Associates</b>						
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	4,072	-	
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	1,519	134	
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	87	-	
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	1,069	-	
National ITMX Co., Ltd.	Service	Ordinary	19.86	36	-	
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117	-	
Total				6,900	134	
Investments in subsidiaries and associates - net				11,000	693	

(Unit: Million Baht)

Name of company	Type of business	31 December 2019			Dividend for the three-month period ended 31 March 2019
		Type of shares	Percentages of shareholdings	Investments (Cost method)	
<b>Subsidiaries</b>					
<b>Direct subsidiaries</b>					
KTB Law Co., Ltd.	Legal services	Ordinary	100.00	30	27
KTB General Services and Security Co., Ltd.	General services	Ordinary	100.00	140	119
Krung Thai Asset Management Plc.	Securities business	Ordinary	100.00	211	455
KTB Computer Services Co., Ltd.	IT services	Ordinary	100.00	1,300	79
KTB Leasing Co., Ltd. *	Hire purchase	Ordinary	100.00	1,000	-
KTB Advisory Co., Ltd.**	Financial counseling & advisory services	Ordinary	100.00	40	-
Krungthai Card Plc.	Credit card business	Ordinary	49.10	1,980	-
KTC Nano Co., Ltd. ****	Personal loan for career	Ordinary	24.95	13	-
KTC Pico (Bangkok) Co., Ltd. ****	Personal loan	Ordinary	24.95	15	-
<b>Indirect holding group</b>					
KTC Pico (Chonburi) Co., Ltd. ****	Personal loan			-	-
KTC Pico (Pathum Thani) Co., Ltd. ****	Personal loan			-	-
KTC Pico (Samut Prakan) Co., Ltd. ****	Personal loan			-	-
KTC Pico (Samut Sakhon) Co., Ltd. ****	Personal loan			-	-
Total				4,729	680
<u>Less</u> Allowance for impairment***				(799)	-
Total				3,930	680
<b>Associates</b>					
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	4,072	-
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	1,519	-
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	87	-
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	1,069	-
National ITMX Co., Ltd.	Service	Ordinary	19.82	36	-
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117	-
Total				6,900	-
Investments in subsidiaries and associates - net				10,830	680
* Under considering of business restructuring plan.					
** Under operation of business plan preparation.					
*** Allowance for impairment in subsidiaries occurs from cost higher than book value.					
**** The Bank has 24.95 percent shareholding in KTC Nano Co., Ltd. and KTC Pico (Bangkok) Co., Ltd. and has indirect holdings of 49.29 percent in Krungthai Card Plc. through Krungthai Card Plc., and which KTC held 75.055 percent in KTC Nano Co., Ltd. and KTC Pico (Bangkok) Co., Ltd.					
***** The Bank, indirectly invested by KTC Pico (Bangkok) Co., Ltd., invested in the 100% shareholdings of KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd.					



## 5.6.2 Consolidated financial statements

(Unit: Million Baht)

			31 March 2020		
Name of company	Type of business	Type of shares	Percentages of shareholdings	Investments (Cost method)	Investments (Equity method)
<b>Associates</b>					
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	594	21,235
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	971	2,797
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	87	734
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	1,069	1,156
National ITMX Co., Ltd.	Service	Ordinary	19.86	36	405
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117	105
Total investments in associates - net				2,874	26,432

(Unit: Million Baht)

			31 December 2019		
Name of company	Type of business	Type of shares	Percentages of shareholdings	Investments (Cost method)	Investment (Equity method)
<b>Associates</b>					
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	594	25,663
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	971	2,952
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	87	695
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	1,069	1,148
National ITMX Co., Ltd.	Service	Ordinary	19.82	36	379
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117	109
Total investments in associates - net				2,874	30,946

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

## 5.6.3 Financial positions and operations of associates

(Unit: Million Baht)

Name of company	Consolidated financial statements					
	31 March 2020			31 December 2019		
	"Unreviewed"			"Audited"		
	Total assets	Total liabilities	Shareholders' equity	Total assets	Total liabilities	Shareholders' equity
Krungthai-AXA Life Insurance Plc.	324,418	281,949	42,469	334,284	282,958	51,326
Krungthai Panich Insurance Plc.	10,128	4,167	5,961	10,506	3,946	6,560
Krung Thai IBJ Leasing Co., Ltd.	12,867	11,369	1,498	12,908	11,490	1,418
Krungthai Zmico Securities Co., Ltd.	6,127	3,815	2,312	6,182	3,886	2,296
National ITMX Co., Ltd.	2,313	275	2,038	2,266	348	1,918
BCI (Thailand) Co., Ltd.	508	36	472	526	36	490
	356,361	301,611	54,750	366,672	302,664	64,008

(Unaudited but reviewed)

(Unit: Million Baht)

Name of company	Consolidated financial statements			
	31 March 2020		31 March 2019	
	"Unreviewed"		"Reviewed"	
	Total income	Net profit (loss)	Total income	Net profit (loss)
Krungthai-AXA Life Insurance Plc.	14,580	311	18,203	411
Krungthai Panich Insurance Plc.	724	198	692	151
Krung Thai IBJ Leasing Co., Ltd.	254	72	227	48
Krungthai Zmico Securities Co., Ltd.	307	39	261	(9)
National ITMX Co., Ltd.	303	137	241	80
BCI (Thailand) Co., Ltd.	4	(14)	-	-
	16,172	743	19,624	681

## 5.7 Loans to customers and accrued interest receivables - net

### 5.7.1 Classified by type of loans

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statement	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Overdrafts	166,716	168,673	166,716	168,673
Loans	1,459,360	1,407,818	1,379,807	1,324,106
Bills	498,430	505,162	503,560	512,322
Hire purchase receivables	2,916	3,599	1	1
Financial lease receivables	1,070	1,165	-	-
Others	3,823	3,925	1,160	1,247
<u>Less</u> Deferred revenue	(428)	(469)	(51)	(36)
Total loans to customers net of deferred revenue	2,131,887	2,089,873	2,051,193	2,006,313
<u>Add</u> Accrued interest receivables	5,794	5,160	5,225	4,569
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,137,681	2,095,033	2,056,418	2,010,882
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's regulations				
Individual approach	-	(66,723)	-	(64,394)
Collective approach	-	(4,046)	-	-
2. Excess allowance	-	(64,459)	-	(62,338)
<u>Less</u> Allowance for debt restructuring revaluation	-	(40)	-	(40)
<u>Less</u> Allowance for expected credit losses	(142,158)	-	(132,642)	-
Total loans to customers and accrued interest receivables - net	1,995,523	1,959,765	1,923,776	1,884,110

As at 31 March 2020, the Bank has interbank and money market loans made under programs rolled out in accordance with government policy. These consist of a soft loan program to provide working capital for SMEs, a soft loan program to fund replacement and improvement of machinery and increased productivity for SMEs, a program to provide financial support for entrepreneurs in the three Southern border provinces, a phase 6 of a program for financial institutions to provide revolving funds for energy conservation, and a project to provide loans for the environment. Together these total Baht 29,516 million.

As at 31 March 2020 and 31 December 2019, the Bank's other loans of Baht 1,160 million and Baht 1,247 million, respectively, included debts of Baht 1,104 million and Baht 1,198 million, respectively, resulting from the Bank's settlement of liabilities on behalf of customers who had defaulted on agreements, for which the Bank was guarantor.

#### 5.7.2 Classified by loan classification

	(Unit: Million Baht)	
	Consolidated financial statements	
	31 March 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,747,267	28,339
Financial assets where there has been a significant increase in credit risk (Under-Performing)	276,511	38,493
Financial assets that are credit-impaired (Non-Performing)	113,903	75,326
<b>Total</b>	<b>2,137,681</b>	<b>142,158</b>

	(Unit: Million Baht)			
	Consolidated financial statements			
	31 December 2019			
	Loans and accrued interest receivables	Net amount used in setting the allowance for doubtful accounts <sup>(1)</sup>	% Rate used in setting allowance for doubtful accounts <sup>(2)</sup>	Allowance for doubtful accounts
1. Minimum reserve under BOT's regulations				
Normal	1,923,616	883,841	1	13,908
Special mention	68,696	30,545	2	8,478
Substandard	12,780	6,429	100	6,433
Doubtful	12,647	4,527	100	4,547
Doubtful of loss	77,294	37,398	100	37,403
2. Excess allowance				64,459
<b>Total</b>	<b>2,095,033</b>	<b>962,740</b>		<b>135,228</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements	
	31 March 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,687,980	25,939
Financial assets where there has been a significant increase in credit risk (Under-Performing)	260,412	36,067
Financial assets that are credit-impaired (Non-Performing)	108,026	70,636
Total	<u>2,056,418</u>	<u>132,642</u>

(Unit: Million Baht)

	Separate financial statements			
	31 December 2019			
	Loans and accrued interest receivables	Net amount used in setting the allowance for doubtful accounts <sup>(1)</sup>	% Rate used in setting allowance for doubtful accounts <sup>(2)</sup>	Allowance for doubtful accounts
1. Minimum reserve under BOT's regulations				
Normal	1,844,573	808,034	1	11,391
Special mention	67,026	29,098	2	7,942
Substandard	12,528	6,200	100	6,204
Doubtful	12,494	4,388	100	4,409
Doubtful of loss	74,261	34,444	100	34,448
2. Excess allowance				62,338
Total	<u>2,010,882</u>	<u>882,164</u>		<u>126,732</u>

<sup>(1)</sup> Net amount used in setting the allowance for doubtful accounts represents the outstanding amount of principal, excluding accrued interest receivables, after deducting collateral, or debts after deducting the present value of expected cash flows from debtors, or the present value of expected cash flows from the sale of collateral.

<sup>(2)</sup> Included loss rate net of recovery.

### 5.7.3 Loans to potential delisted companies

As at 31 March 2020 and 31 December 2019, the Bank and its subsidiaries have loans and accrued interest receivables to the companies which have a problem regarding weak financial position and poor operating performance include companies that are subject to delisting from SET. As at 31 March 2020, there is 1 potential delisted company which totaling Baht 8,420 million, which were set the allowance for a doubtful account Baht 3,059 Million. As at 31 December 2019, there are 2 potential delisted companies with loans of Baht 8,501 million for which allowances for doubtful accounts of Baht 3,141 million

## 5.7.4 Finance lease receivables (including hire-purchase receivables and finance lease receivables)

(Unit: Million Baht)

	Consolidated financial statements							
	31 March 2020				31 December 2019			
	Amount due per the contract				Amount due per the contract			
	Not over 1 year	Over 1 - 5 years	Over 5 years	Total	Not over 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment of leases	1,961	1,973	52	3,986	2,532	2,169	63	4,764
<u>Less</u> Unearned financial income				(377)				(433)
Present value of minimum lease payments				3,609				4,331
<u>Less</u> Allowance for expected credit loss/Allowance for doubtful accounts				(418)				(515)
Finance lease receivables - net				<u>3,191</u>				<u>3,816</u>

(Unit: Million Baht)

	Separate financial statements							
	31 March 2020				31 December 2019			
	Amount due of the contract				Amount due of the contract			
	Not over 1 year	Over 1 - 5 years	Over 5 years	Total	Not over 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment of leases	1	-	-	1	1	-	-	1
<u>Less</u> Unearned financial income				-				-
Present value of minimum leases payments				1				1
<u>Less</u> Allowance for expected credit loss/Allowance for doubtful accounts				(1)				(1)
Finance lease receivables - net				<u>-</u>				<u>-</u>

## 5.8 Allowance for expected credit losses / Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements					
31 March 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Interbank and money market items - net (assets)</b>					
Beginning balance	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards <sup>(1)</sup>	505	1,126	4	(1,235)	400
	505	1,126	4	-	1,635
Allowance for expected credit losses during the period	439	152	(4)	-	587
Ending balance	944	1,278	-	-	2,222
<b>Investments in debt securities measured at amortised cost</b>					
Beginning balance	-	-	-	36	36
Changes due to the adoption of new accounting standards <sup>(1)</sup>	1	1	36	(36)	2
	1	1	36	-	38
Allowance for expected credit losses during the period	(1)	(1)	-	-	(2)
Ending balance	-	-	36	-	36
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Beginning balance	-	-	-	79	79
Changes due to the adoption of new accounting standards <sup>(1)</sup>	12	8	79	(79)	20
	12	8	79	-	99
Allowance for expected credit losses during the period	(2)	(3)	-	-	(5)
Ending balance	10	5	79	-	94

(Unit: Million Baht)

Consolidated financial statements					
31 March 2020					
	Financial assets where there has been a significant increase in credit risk (12-mth ECL)	Financial assets where there has not been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	-	-	-	135,228	135,228
Changes due to the adoption of new accounting standards <sup>(1)</sup>	24,535	44,458	64,480	(135,228)	(1,755)
	24,535	44,458	64,480	-	133,743
Allowance for expected credit losses during the period	3,886	(5,927)	11,525	-	9,484
Bad debt recovery	-	-	19	-	19
Bad debt written-off	(82)	(38)	(698)	-	(818)
Ending balance	28,339	38,493	75,326	-	142,158

<sup>(1)</sup> The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

(Unit: Million Baht)

Consolidated financial statements							
31 December 2019							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Allowance in excess of BOT's requirement	Total
Beginning balance	13,399	11,585	7,899	9,196	33,008	58,667	133,754
Doubtful accounts	648	(1,942)	3,285	(4,571)	21,181	5,239	23,840
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	(40)	-	-	-	-	(40)
Bad debt recovery	-	-	-	-	2,320	-	2,320
Bad debt written-off	(144)	(1,126)	(4,751)	(101)	(19,054)	-	(25,176)
Others	5	1	-	23	(52)	553	530
Ending balance	<u>13,908</u>	<u>8,478</u>	<u>6,433</u>	<u>4,547</u>	<u>37,403</u>	<u>64,459</u>	<u>135,228</u>

(Unit: Million Baht)

Separate financial statements					
31 March 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Interbank and money market items (assets)</b>					
Beginning balance	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards <sup>(1)</sup>	505	1,126	4	(1,235)	400
	505	1,126	4	-	1,635
Allowance for expected credit losses during period	439	152	(4)	-	587
Ending balance	<u>944</u>	<u>1,278</u>	<u>-</u>	<u>-</u>	<u>2,222</u>



(Unit: Million Baht)

Separate financial statements					
31 March 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Investments in debt securities measured at amortised cost</b>					
Beginning balance	-	-	-	36	36
Changes due to the adoption of new accounting standards <sup>(1)</sup>	1	1	36	(36)	2
	1	1	36	-	38
Allowance for expected credit losses during period	(1)	(1)	-	-	(2)
Ending balance	-	-	36	-	36
<b>Investments in debt securities measured at fair value through other comprehensive income</b>					
Beginning balance	-	-	-	79	79
Changes due to the adoption of new accounting standards <sup>(1)</sup>	12	8	79	(79)	20
	12	8	79	-	99
Allowance for expected credit losses during period	(2)	(3)	-	-	(5)
Ending balance	10	5	79	-	94

<sup>(1)</sup> The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

(Unit: Million Baht)

Separate financial statements					
31 March 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Loans to customers and accrued interest receivables</b>					
Beginning balance	-	-	-	126,732	126,732
Changes due to the adoption of new accounting standards <sup>(1)</sup>	22,204	41,956	60,817	(126,732)	(1,755)
	22,204	41,956	60,817	-	124,977
Allowance for expected credit losses during the period	3,817	(5,851)	10,199	-	8,165
Bad debt written off	(82)	(38)	(380)	-	(500)
Ending balance	25,939	36,067	70,636	-	132,642

<sup>(1)</sup> The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

Separate financial statements							
31 December 2019							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Allowance in excess of BOT's requirement	Total
Beginning balance	11,143	11,091	7,689	9,020	30,109	56,288	125,340
Doubtful accounts	243	(3,110)	(1,485)	(4,634)	20,989	5,497	17,500
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	(40)	-	-	-	-	(40)
Bad debt recovery	-	-	-	-	2,236	-	2,236
Bad debt written-off	-	-	-	-	(18,834)	-	(18,834)
Others	5	1	-	23	(52)	553	530
Ending balance	11,391	7,942	6,204	4,409	34,448	62,338	126,732

## 5.9 Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 March 2020	31 December 2019
Beginning balance	40	-
Changes due to the adoption of new accounting standards <sup>(1)</sup>	(40)	-
	-	-
Transfer from allowance for doubtful accounts	-	40
Ending balance	-	40

<sup>(1)</sup> The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

The revaluation allowance for debt restructuring is transferred from allowance for doubtful accounts for restructured debtors and is transferred to allowance for doubtful accounts when the debtors default on the new troubled debt restructuring agreement.

The revaluation allowance for debt restructuring is not amortised and recognised as income upon receipt of debt repayment but is instead transferred to allowance for doubtful accounts as the restructured debts may become non-performing.

## 5.10 Properties for sale

(Unit: Million Baht)

Type of property for sale	Consolidated financial statements							
	31 March 2020				31 December 2019			
	Beginning balance	Additions/ Transfer-in	Disposals/ Transfer-out	Ending balance	Beginning balance	Additions/ Transfer-in	Disposals/ Transfer-out	Ending balance
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	31,675	527	(247)	31,955	30,718	5,386	(4,429)	31,675
Appraised by internal appraisers	8,461	817	(39)	9,239	6,081	2,632	(252)	8,462
Movable properties	192	2	(6)	188	297	41	(146)	192
Total	40,328	1,346	(292)	41,382	37,096	8,059	(4,827)	40,329
Others (closed branches)	69	312	(3)	378	69	-	-	69
Properties for sale in transit	986	460	(986)	460	902	986	(902)	986
Total	41,383	2,118	(1,281)	42,220	38,067	9,045	(5,729)	41,383
<u>Less</u> Allowance for impairment	(9,201)	(221)	62	(9,360)	(2,084)	(7,117)	-	(9,201)
Properties for sale - net	32,182	1,897	(1,219)	32,860	35,983	1,928	(5,729)	32,182

(Unit: Million Baht)

Type of property for sale	Separate financial statements							
	31 March 2020				31 December 2019			
	Beginning balance	Additions/ Transfer-in	Disposals/ Transfer-out	Ending balance	Beginning balance	Additions/ Transfer-in	Disposals/ Transfer-out	Ending balance
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	31,675	527	(247)	31,955	30,718	5,386	(4,429)	31,675
Appraised by internal appraisers	8,461	817	(39)	9,239	6,081	2,632	(252)	8,461
Movable properties	111	-	-	111	111	-	-	111
Total	40,247	1,344	(286)	41,305	36,910	8,018	(4,681)	40,247
Others (closed branches)	69	312	(3)	378	69	-	-	69
Properties for sale in transit	986	460	(986)	460	902	986	(902)	986
Total	41,302	2,116	(1,275)	42,143	37,881	9,004	(5,583)	41,302
<u>Less</u> Allowance for impairment	(9,126)	(221)	57	(9,290)	(1,967)	(7,159)	-	(9,126)
Properties for sale - net	32,176	1,895	(1,218)	32,853	35,914	1,845	(5,583)	32,176

For the three-month periods ended 31 March 2020 and 2019, the Bank generated gains on sales of properties for sale totaling Baht 14 million and Baht 878 million, respectively (before revenue from ownership transfer fees paid by customers totaling Baht 8 million and Baht 74 million, respectively and selling expenses totaling Baht 25 million and Baht 231 million, respectively).

## 5.11 Debt issues and borrowings

Classified by type of debt and source of funds as follows:

(Unit: Million Baht)

	Currency	Interest rate (%)	Maturity date	Consolidated financial statements					
				31 March 2020			31 December 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
<u>Long term bonds</u>									
2015	Baht	3.14 - 4.00	2019 – 2025	4,695	-	4,695	4,695	-	4,695
2016	Baht	2.12 - 4.00	2019 – 2026	14,600	-	14,600	14,600	-	14,600
2017	Baht	2.46 - 3.80	2022 – 2027	11,041	-	11,041	11,043	-	11,043
2018	Baht	2.20 - 3.83	2020 – 2028	9,060	-	9,060	9,065	-	9,065
2019	Baht	2.40 - 3.20	2021 – 2022	6,115	-	6,115	6,115	-	6,115
2020	Baht	2.65	2020 – 2030	1,000	-	1,000	-	-	-
<u>KTB subordinated debentures</u>									
No.1/2015	MYR	5.10	2025	-	7,581	7,581	-	7,322	7,322
No.1/2017	Baht	3.40	2027	20,000	-	20,000	20,000	-	20,000
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
<u>Other</u>									
Short-term bills of exchange (B/E) *	Baht	-	2012	-	-	-	1	-	1
Add Allowance for revaluation				287	-	287	-	-	-
<b>Total</b>				<b>90,798</b>	<b>7,581</b>	<b>98,379</b>	<b>89,519</b>	<b>7,322</b>	<b>96,841</b>

(Unit: Million Baht)

	Currency	Interest rate (%)	Maturity date	Separate financial statements					
				31 March 2020			31 December 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
<u>KTB subordinated debentures</u>									
No.1/2015	MYR	5.10	2025	-	7,581	7,581	-	7,322	7,322
No.1/2017	Baht	3.40	2027	20,000	-	20,000	20,000	-	20,000
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
<u>Other</u>									
Short-term bill of exchange (B/E) *	Baht	-	2012	-	-	-	1	-	1
Add Allowance for revaluation				287	-	287	-	-	-
<b>Total</b>				<b>44,287</b>	<b>7,581</b>	<b>51,868</b>	<b>44,001</b>	<b>7,322</b>	<b>51,323</b>

\* Mature B/Es that its holder is still not redeemable are included in short-term bills of exchange.

Subordinated debentures pursuant to Malaysian Ringgit Medium Term Note Programme  
amounting to MYR 5,000 million

On 6 July 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debentures). The debenture has a tenor of 10 years and a fixed interest rate of 5.10 percent per annum, and there is an option to early redeem the debentures after 5 years or after that subject to the conditions of the Bank, without the holder's consent.

Subordinated debentures

The Bank issued Baht 20,000 million of subordinated debenture No. 1/2017, comprising 20 million units at offering price Baht 1,000 per unit. The debenture has a fixed interest rate of 3.40 percent per annum, with payment of interest to be made every three months until maturity, and a tenor of 10 years, maturing in 2027. There is an option to early redeem the debentures after 5 years, or after that subject to the conditions of the Bank, without the holder's consent.

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

Redemption of subordinated debentures

There are rights to early redeem debentures after 5 years or on any scheduled interest payment date after 5 years, or in accordance with the conditions of the agreement.

## 5.12 Provisions

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Allowance for expected credit losses				
on loan commitments and financial				
guarantee contracts	818	-	818	-
Provisions for employee benefits	14,663	14,419	13,212	12,973
Provisions for contingent loss from				
legal case	683	687	672	687
Other provisions	7	134	-	116
Total provisions	<u>16,171</u>	<u>15,240</u>	<u>14,702</u>	<u>13,776</u>

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

As at 31 March 2020, allowance for expected credit losses on loan commitments and financial guarantee contracts classified by classification are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2020		31 March 2020	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,086,243	479	1,086,243	479
Financial assets where there has been a significant increase in credit risk (Under-Performing)	112,844	107	112,844	107
Financial assets that are credit-impaired (Non-Performing)	8,920	232	8,920	232
<b>Total</b>	<b>1,208,007</b>	<b>818</b>	<b>1,208,007</b>	<b>818</b>

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

(Unit: Million Baht)

	Consolidated financial statements				
	31 March 2020				
	Financial assets where there has not been a significant increase in credit risk (12-month ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Beginning balance	-	-	-	116	116
Changes due to the adoption of new accounting standards <sup>(1)</sup>	744	663	223	(116)	1,514
	744	663	223	-	1,630
Allowance for expected credit losses	(277)	(559)	1	-	(835)
Issued obligations to grant credit / guarantees	12	3	9	-	24
Derecognition	-	-	(1)	-	(1)
<b>Ending balance</b>	<b>479</b>	<b>107</b>	<b>232</b>	<b>-</b>	<b>818</b>

(1) The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

(Unit: Million Baht)

	Separate financial statements				
	31 March 2020				
	Financial assets where there has not been a significant increase in credit risk (12-month ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Beginning balance	-	-	-	116	116
Changes due to the adoption of new accounting standards <sup>(1)</sup>	744	663	223	(116)	1,514
	744	663	223	-	1,630
Allowance for expected credit losses	(277)	(559)	1	-	(835)
Issued obligations to grant credits / guarantees	12	3	9	-	24
Derecognition	-	-	(1)	-	(1)
Ending balance	479	107	232	-	818

(1) The beginning of the period for calculating allowance for doubtful accounts is determined in accordance with the rules of the Bank of Thailand. Currently shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 2.3 to the interim financial statements.

## 5.13 Share capital

### 5.13.1 Ordinary shares

As at 31 March 2020 and 31 December 2019, the Bank's authorised share capital and issued and paid-up share capital was 13,976,061,250 shares.

### 5.13.2 Preferred shares

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

5.13.3 The Bank is a state enterprise and its major shareholder is the Financial Institutions Development Fund (FIDF). As at 31 March 2020, FIDF holds 7,655,885,733 shares or 54.76 percent of paid-up ordinary and preferred shares.



**5.14 Legal reserve**

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

**5.15 Dividends**

On 25 March 2020, the Board of Directors Meeting No. 6/2020 approved the payment of interim dividend from operation results of the year 2019 to preferred shareholders and ordinary shareholders at the rate of Baht 0.9075 and Baht 0.753 per share, respectively, amounting to Baht 10,529 million. Payment was scheduled on 23 April 2020, that has been shown as "Dividend payable" in the financial statements.

**5.16 Contingent liabilities**

	(Unit: Million Baht)	
	Consolidated and the separate financial statements	
	31 March 2020	31 December 2019
Avals to bills	7,594	8,128
Guarantees of loans	9	3,544
Liabilities under unmatured import bills	5,841	6,589
Letters of credit	51,458	53,244
Banks' liability under acceptances	124	-
Other contingencies		
Unused overdraft credit lines	156,139	153,649
Other guarantees	187,806	180,861
Total	<u>408,971</u>	<u>406,015</u>

In addition to the contingent liabilities mentioned above, as at 31 March 2020 and 31 December 2019, the Bank had contingent liabilities relating to significant lawsuits brought against the Bank of Baht 14,720 million and Baht 13,349 million, respectively. These included lawsuits in which the Court of First Instance has already ruled and that are being appealed in the Appeal Court and the Supreme Court.

**5.17 Assets with obligations and restrictions**

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 March 2020	31 December 2019
Government and state enterprise bonds pledged as collateral		
Court collateral	423	498
Repurchase agreements	19,976	26,051
Properties for sale (debtor is granted the right to buy back or first right for this portion)	8,564	8,435
Total	<u>28,963</u>	<u>34,984</u>

**5.18 Related party transactions**

5.18.1 As at 31 March 2020 and 31 December 2019, loans to the Bank's executives (First Vice President and above) are Baht 110 million and Baht 121 million, respectively. The average outstanding balances of such loans at month-end were Baht 114 million and Baht 119 million, respectively.

Loans and obligations outstanding to close family of the Bank's executives as defined above as at 31 March 2020 and 31 December 2019, totaled Baht 5 million and Baht 6 million, respectively.

## 5.18.2 Loans, obligations, derivatives, and other assets

The balances of loans and obligations to related parties, under normal bank pricing policies, were as follows as at 31 March 2020 and 31 December 2019:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements	financial statements	financial statements	financial statements
	31	31	31	31
	March	December	March	December
	2020	2019	2020	2019
<b>Loans</b>				
Related parties in which the Bank held from 10 to 20 percent of paid-up capital in total	-	1	-	1
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	8,411	8,490	8,411	8,490
<u>Less</u> Allowance for expected credit losses/Allowance for doubtful accounts	(3,059)	(3,141)	(3,059)	(3,141)
<b>Total</b>	<b>5,352</b>	<b>5,350</b>	<b>5,352</b>	<b>5,350</b>
<b>Subsidiaries</b>				
KTB General Services and Security Co., Ltd.	-	-	7	8
KTB Computer Services Co., Ltd.	-	-	1,972	2,089
KTB Leasing Co., Ltd.	-	-	3,000	3,693
Krung Thai Asset Management Plc.	-	-	-	-
Krungthai Card Plc.	-	-	2,130	3,491
<u>Less</u> Allowance for expected credit losses/Allowance for doubtful accounts	-	-	(71)	(93)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7,038</b>	<b>9,188</b>

(Unaudited but reviewed)

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Loans (continued)</b>				
Associates				
Krung Thai IBJ Leasing Co., Ltd.	5,792	5,739	5,792	5,738
Krungthai Zmico Securities Co., Ltd	-	605	-	605
Krungthai Panich Insurance Plc.	1	1	1	1
<u>Less</u> Allowance for expected credit losses/Allowance for doubtful accounts	(58)	(63)	(58)	(63)
Total	5,735	6,282	5,735	6,281
Related parties with common directors or key management personal				
	15,006	30,620	15,006	30,620
<u>Less</u> Allowance for expected credit losses/Allowance for doubtful accounts	(85)	(170)	(85)	(170)
Total	14,921	30,450	14,921	30,450
<b>Obligations</b>				
Related parties in which the Bank holds from 10 to 20 percent of paid-up capital in total				
	14	19	14	19
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR				
	1	1	1	1
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	17	1
KTB Computer Services Co., Ltd.	-	-	5	5
KTB Leasing Co., Ltd.	-	-	1	1
Krungthai Card Plc.	-	-	1	1

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
March	December	March	December	
	2020	2019	2020	2019
<b>Obligations (continued)</b>				
Associates				
Krung Thai IBJ Leasing Co., Ltd.	2	2	2	2
Krungthai-AXA Life Insurance Plc.	1	1	1	1
Krungthai Panich Insurance Plc.	5	5	5	5
Related parties with directors or key management personal	233	127	233	127
<b>Derivatives (Notional amount)</b>				
Subsidiaries				
KTB Leasing Co., Ltd.	-	-	-	28
Associates				
Krung Thai IBJ Leasing Co., Ltd.	882	933	882	933
Krungthai-AXA Life Insurance Plc.	10,766	9,690	10,766	9,690
Krungthai Zmico Securities Co., Ltd.	-	-	-	-
<b>Other assets</b>				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	59	-
KTB Leasing Co., Ltd.	-	-	2	-
Krungthai Card Plc.	-	-	346	903
Krung Thai Asset Management Plc.	-	-	554	55
Associates				
Krungthai-AXA Life Insurance Plc.	235	250	235	250
Krungthai Panich Insurance Plc.	32	32	32	32
Krungthai Zmico Securities Co., Ltd.	1	1	1	1

## 5.18.3 Deposits, interbank and money market items, and other liabilities

The balances of deposits and interbank and money market items to related party, under normal bank pricing policies, as at 31 March 2020 and 31 December 2019:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>Deposits</b>				
Subsidiaries				
KTBLaw Co., Ltd.	-	-	466	501
KTB General Services and Security Co., Ltd.	-	-	532	703
KTB Computer Services Co., Ltd.	-	-	340	276
KTBLeasing Co., Ltd.	-	-	245	190
Krung Thai Asset Management Plc.	-	-	355	303
KTB Advisory Co., Ltd.	-	-	44	44
Krungthai Card Plc.	-	-	807	881
KTC Pico (Bangkok) Co., Ltd.	-	-	1	-
Associates				
Krung Thai IBJ Leasing Co., Ltd.	65	19	65	19
Krungthai Zmico Securities Co., Ltd.	1,455	19	1,455	19
Krungthai Panich Insurance Plc.	708	401	708	401
Krungthai-AXA Life Insurance Plc.	2,540	2,881	2,540	2,881
Related parties with directors or key management personal	6,448	7,399	6,448	7,399
<b>Interbank and money market items</b>				
Associates				
Krungthai-AXA Life Insurance Plc.	2,700	3,700	2,700	3,700
<b>Other liabilities</b>				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	337	240
KTB Computer Services Co., Ltd.	-	-	762	709
Krungthai Card Plc.	-	-	2	1
KTBLaw Co., Ltd.	-	-	144	126

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2020	2019	2020	2019
<b>Other liabilities (continued)</b>				
Associates				
Krungthai Panich Insurance Plc.	31	9	31	9
Krungthai-AXA Life Insurance Plc.	8	26	8	26
National ITMX Co., Ltd.	18	16	18	16

#### 5.18.4 Income and expenses

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
<b>Interest income</b>				
Subsidiaries				
KTB Computer Services Co., Ltd.	-	-	14	17
KTB Leasing Co., Ltd.	-	-	11	45
Krungthai Card Plc.	-	-	9	10
Associates				
Krungthai Zmico Securities Co., Ltd.	4	5	4	5
Krung Thai IBJ Leasing Co., Ltd.	23	10	23	10
<b>Interest expenses</b>				
Subsidiaries				
KTB Law Co., Ltd.	-	-	1	1
KTB General Services and Security Co., Ltd.	-	-	1	1
Krungthai Card Plc.	-	-	1	-
Associates				
Krungthai Panich Insurance Plc.	1	-	1	-
Krungthai-AXA Life Insurance Plc.	29	45	29	45

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Other income</b>				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	1	1
KTB Leasing Co., Ltd.	-	-	4	6
Krung Thai Asset Management Plc.	-	-	189	130
Krungthai Card Plc.	-	-	80	48
Associates				
Krung Thai IBJ Leasing Co., Ltd.	1	2	1	2
Krungthai Zmico Securities Co., Ltd.	1	1	1	1
Krungthai Panich Insurance Plc.	70	35	70	35
Krungthai-AXA Life Insurance Plc.	605	518	605	518

**Other expenses**

Subsidiaries				
KTB Law Co., Ltd.	-	-	100	142
KTB General Services and Security Co., Ltd.	-	-	579	584
KTB Computer Services Co., Ltd.	-	-	873	973
Krungthai Card Plc.	-	-	2	2
Associates				
Krung Thai IBJ Leasing Co., Ltd.	-	17	-	17
Krungthai Zmico Securities Co., Ltd.	1	1	1	1
National ITMX Co., Ltd.	46	40	46	40

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Short-term employee benefits	428	374	337	289
Post-employment benefits	12	18	7	7
Total	440	392	344	296



#### 5.18.6 Intercompany trading transactions

##### **Subsidiaries**

- 1) KTB Computer Services Co, Ltd. has been designated mainly to provide information technology (IT) services for the Bank's operations in accordance with the various projects and systems of the Bank, in accordance with the Bank's business plans. Service offers consist of system control and maintenance, system software development, and providing preliminary consultancy services and training in various areas. The Bank incurred service charges on a cost-plus method of Baht 840 million and Baht 940 million for the three-month periods ended 31 March 2020 and 2019, respectively.

Since 2003, the GFMS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMS attached to the Secretariat of the Prime Minister unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursements associated with the investments in the GFMS project on 22 September 2005. Furthermore, the Bank signed a hire-of-work contract for the implementation and maintenance with the Office of GFMS. The Bank incurred service charges of Baht 33 million and Baht 33 million for the three-month periods ended 31 March 2020 and 2019, respectively.

- 2) The Bank operates a student loan service for the Student Loans Fund, including public relations, policy, regulation, loan payment, document filling, loan notification, loan status, as well as receipt of settlement, pursuit of loan collection, and prosecution. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurred service charges for the three-month periods ended 31 March 2020 and 2019 of Baht 59 million and Baht 101 million, respectively.
- 3) KTB General Services and Security Co., Ltd. is assigned by the Bank to provide collection and delivery services for all cash, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expenses in respect of those services for the three-month periods ended 31 March 2020 and 2019 were Baht 579 million and Baht 584 million, respectively.

- 4) The Bank paid service charges of Baht 0.07 million and Baht 0.07 million to Krungthai Card Plc. for sourcing and installing EDC machines for foreign exchange services for the three-month periods ended 31 March 2020 and 2019, respectively.
- 5) The Bank incurred service charges for services provided by its subsidiaries [including service charges mentioned in No.1) to 4)] totaling Baht 1,554 million and Baht 1,700 million for the three-month periods ended 31 March 2020 and 2019, respectively, at the rates as mutually agreed.
- 6) The Bank generated fee income from service contracts of Baht 203 million and Baht 203 million for the three-month periods ended 31 March 2020 and 2019, respectively.
- 7) The Bank generated premises rental income from subsidiaries of Baht 4 million and Baht 5 million for the three-month periods ended 31 March 2020 and 2019, respectively, at the rates as mutually agreed.

#### **Intercompany considerations**

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

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

#### **Associates**

- 1) The Bank generated premises rental income from associates amounting to Baht 0.11 million and Baht 0.11 million for the three-month periods ended 31 March 2020 and 2019, respectively, at the rate upon agreement.
- 2) The Bank generated fee income under support service contracts of Baht 631 million and Baht 537 million for the three-month periods ended 31 March 2020 and 2019, respectively, at the rate upon agreement.

## 5.19 Significant financial position and operations classified by domestic and foreign business segment

### 5.19.1 Financial position classified by business segment

(Unit: Million Baht)

	Consolidated Financial Statements							
	31 March 2020				31 December 2019			
	Domestic business	Foreign branch business	Elimination	Total	Domestic business	Foreign branch business	Elimination	Total
Total assets	3,150,386	22,048	(9,374)	3,163,060	2,999,664	20,960	(8,408)	3,012,216
Interbank and money market items - net	461,430	8,932	-	470,362	329,784	8,986	-	338,770
Financial assets as measured at fair value through profit or loss	45,216	1	-	45,217	-	-	-	-
Investments - net*	386,201	2,617	-	388,818	423,820	2,354	-	426,174
Loans to customers and accrued interest receivables - net	1,985,435	10,088	-	1,995,523	1,950,477	9,284	-	1,959,761
Deposits	2,347,673	4,850	-	2,352,523	2,151,130	4,735	-	2,155,865
Interbank and money market items - net	177,050	13	-	177,063	215,810	13	-	215,823
Debt issues and borrowings	90,798	7,581	-	98,379	89,519	7,322	-	96,841

(Unaudited but reviewed)

(Unit: Million Baht)

## Separate financial statements

	31 March 2020				31 December 2019			
	Domestic business segment	Foreign branches business segment	Elimination	Total	Domestic business segment	Foreign branches business segment	Elimination	Total
Total assets	3,055,248	22,048	(9,374)	3,067,922	2,895,806	20,960	(8,408)	2,908,358
Interbank and money market items - net	461,095	8,932	-	470,027	329,287	8,986	-	338,273
Financial assets as measured at fair value through profit or loss	45,228	1	-	45,229	-	-	-	-
Investments - net*	370,621	2,617	-	373,238	403,650	2,354	-	406,004
Loans to customers and accrued interest receivables - net	1,913,688	10,088	-	1,923,776	1,874,826	9,284	-	1,884,110
Deposits	2,350,108	4,850	-	2,354,958	2,153,725	4,735	-	2,158,460
Interbank and money market items - net	174,816	13	-	174,829	208,228	12	-	208,240
Debt issues and borrowings	44,287	7,581	-	51,868	44,001	7,322	-	51,323

\* Includes investments in subsidiaries and associates.

## 5.19.2 Operations Classified by Business Segment

(Unit: Million Baht)

Consolidated Financial Statements								
	31 March 2020				31 March 2019			
	Domestic business segment	Foreign branch business segment	Related party transactions	Total	Domestic business segment	Foreign branch business segment	Related party transactions	Total
Interest income	30,069	313	(165)	30,217	33,143	786	(552)	33,377
Interest expenses	(7,233)	(187)	165	(7,255)	(8,697)	(591)	552	(8,736)
Interest income - net	22,836	126	-	22,962	24,446	195	-	24,641
Fees and service income - net	4,935	15	-	4,950	5,626	9	-	5,635
Other operating income	3,033	18	-	3,051	3,289	7	-	3,296
Other operating expenses	(21,867)	(124)	-	(21,991)	(23,458)	(68)	-	(23,526)
Profit from operating before income tax expenses	8,937	35	-	8,972	9,903	143	-	10,046

(Unit: Million Baht)

Separate financial statements								
	31 March 2020				31 March 2019			
	Domestic business segment	Foreign branch business segment	Related party transactions	Total	Domestic business segment	Foreign branch business segment	Related party transactions	Total
Interest income	26,187	313	(165)	26,335	29,626	786	(552)	29,860
Interest expenses	(6,851)	(187)	165	(6,873)	(8,330)	(591)	552	(8,369)
Interest income - net	19,336	126	-	19,462	21,296	195	-	21,491
Fees and service income - net	3,946	15	-	3,961	4,534	9	-	4,543
Other operating income	2,565	18	-	2,583	2,640	7	-	2,647
Other operating expenses	(18,922)	(124)	-	(19,046)	(20,574)	(68)	-	(20,642)
Profit from operating before income tax expenses	6,925	35	-	6,960	7,896	143	-	8,039

## **5.20 Operations classified by operating segment**

### **Segment definition**

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

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

Other segments comprise of middle offices, back offices, subsidiaries and associates.

### **Accounting procedures for segment reporting**

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

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements						
31 March 2020						
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Adjustments	Total
Total operating income	14,754	7,896	1,196	7,117	-	30,963
Total expenses (excluding expected credit losses)	(7,952)	(2,076)	(470)	(4,649)	-	(15,147)
Expected credit losses	(3,534)	(3,865)	(389)	(736)	-	(8,524)
Net profit	3,268	1,955	337	1,732	-	7,292
Segment assets	948,228	1,098,137	878,728	142,363	95,604	3,163,060
Segment liabilities	1,585,672	700,618	269,503	165,067	103,590	2,824,450

(Unit: Million Baht)

Consolidated financial statements						
31 March 2019						
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Adjustments	Total
Total operating income	11,920	11,246	1,602	8,804	-	33,572
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(7,623)	(5,995)	(506)	(4,014)	-	(18,138)
Bad debts, doubtful accounts and loss on impairment	(600)	(1,953)	(243)	(4,534)	-	(7,330)
Net profit	3,697	3,298	853	256	-	8,104
Segment assets	1,064,298	1,126,906	12,780	631,032	49,098	2,884,114
Segment liabilities	1,548,315	598,419	190,923	170,728	51,757	2,560,142

**5.21 Interest Income**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Interbank and money market items	1,141	2,199	1,141	2,199
Investment and trading transactions	161	100	161	100
Investment in debt	1,301	853	1,298	850
Loans *	27,501	30,085	23,702	26,708
Hire-purchase and finance leases	80	138	-	-
Others	33	3	33	3
<b>Total interest income</b>	<b>30,217</b>	<b>33,378</b>	<b>26,335</b>	<b>29,860</b>

\* Interest income from loans for the three-month period ended 31 March 2019 included the income received from the auction of mortgaged guarantee assets of a particular debtor amounting to Baht 3,898.70 million. (Note 5.28.1).

Interest income from loans for the three-month period ended 31 March 2020 are composed of interest income from financial assets that credit-impaired by Baht 672 million.

**5.22 Interest expenses**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Deposits	4,105	4,668	4,109	4,671
Interbank and money market items	685	640	669	626
Contributions to Bank of Thailand (BOT)	1,365	2,431	1,365	2,431
Contributions to Deposit Protection Agency (DPA)	55	53	55	53
Debt issued				
- Subordinated notes	1,001	928	638	577
- Bill of exchange	-	-	-	-
Borrowings	1	1	-	-
Borrowing fees	5	5	-	-
Others	38	10	37	10
<b>Total interest expenses</b>	<b>7,255</b>	<b>8,736</b>	<b>6,873</b>	<b>8,368</b>



**5.23 Gains on financial instruments measured at fair value through profit and loss**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Gains (losses) on trading and foreign exchange transactions				
- Foreign exchange and foreign exchange element of derivatives contracts	(538)	-	(538)	-
- Interest rate element of derivatives contracts	1,401	-	1,400	-
- Debt securities	(458)	-	(458)	-
- Others	385	-	385	-
Losses from hedging	(98)	-	(98)	-
Total	692	-	691	-

**5.24 Gains on investments**

Gains on investments for the three-month periods ended 31 March 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2020	2019	2020	2019
Gains on derecognition of				
- Investments in debt securities measured at fair value through other comprehensive income.	347	-	347	-
Available-for-sale securities	-	335	-	335
Total	347	335	347	335

**5.25 Expected credit losses**

Expected credit losses and gains or losses resulting from changes in criteria for financial assets for the three-month periods ended 31 March 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial Statements	financial statements	2020	2019
	2020	2019	2020	2019
Interbank and money market items - net	587	-	587	-
Investment in debt securities measured at amortised cost	(2)	-	(2)	-
Investment in debt securities measured at fair value through other comprehensive income	(5)	-	(5)	-
Loans to customers and accrued interest receivables				
- Expected credit losses	8,666	-	7,342	-
- Losses from modification of contracts	90	-	90	-
<b>Total</b>	<b>9,336</b>	<b>-</b>	<b>8,012</b>	<b>-</b>
Loan commitments and financial guarantee contracts	(812)	-	(812)	-
<b>Total</b>	<b>8,524</b>	<b>-</b>	<b>7,200</b>	<b>-</b>

**5.26 Fair value of financial instruments**

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

(Unit: Million Baht)

	Consolidated financial statements							
	31 March 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investment in debt								
securities measured at fair value through profit or loss	20,700	24,517	-	45,217	-	-	-	-
Investment in debt securities measured at fair value through other comprehensive income	38,142	309,704	-	347,846	-	-	-	-
Investment in equity securities measured at fair value through other comprehensive income	12,380	431	-	12,811	-	-	-	-
Derivative assets	-	92,613	-	92,613	-	55,811	-	55,811
Trading investments	-	-	-	-	18,489	29,763	-	48,252
Available-for-sale investments	-	-	-	-	48,355	295,843	-	344,198
<b>Total financial assets</b>	<b>71,222</b>	<b>427,265</b>	<b>-</b>	<b>498,487</b>	<b>66,844</b>	<b>381,417</b>	<b>-</b>	<b>448,261</b>
<b>Financial liabilities</b>								
Derivatives liabilities	-	93,530	-	93,530	-	51,869	-	51,869
<b>Total financial liabilities</b>	<b>-</b>	<b>93,530</b>	<b>-</b>	<b>93,530</b>	<b>-</b>	<b>51,869</b>	<b>-</b>	<b>51,869</b>

(Unit: Million Baht)

	Separate financial statements							
	31 March 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Financial assets measured at fair value through profit or loss	20,700	24,529	-	45,229	-	-	-	-
Investment in debt securities measured at fair value through other comprehensive income	38,142	310,363	-	348,505	-	-	-	-
Investment in equity securities measured at fair value through other comprehensive income	12,380	429	-	12,809	-	-	-	-
Derivative assets	-	92,613	-	92,613	-	55,811	-	55,811
Trading investments	-	-	-	-	18,489	29,763	-	48,252
Available-for-sale Investments	-	-	-	-	48,355	296,501	-	344,856
<b>Total financial assets</b>	<b>71,222</b>	<b>427,934</b>	<b>-</b>	<b>499,156</b>	<b>66,844</b>	<b>382,075</b>	<b>-</b>	<b>448,919</b>
<b>Financial liabilities</b>								
Derivatives liabilities	-	93,530	-	93,530	-	51,869	-	51,869
<b>Total financial liabilities</b>	<b>-</b>	<b>93,530</b>	<b>-</b>	<b>93,530</b>	<b>-</b>	<b>51,869</b>	<b>-</b>	<b>51,869</b>

There were no transfers between level 1 and level 2 of the fair value hierarchy during the period.

### Fair value hierarchy

Fair value hierarchy of the above financial assets and liabilities depends on differences in the data inputs used in valuation, and are determined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2 - Inputs that can be observed either directly or indirectly for those assets and liabilities other than the quoted prices in level 1.
- Level 3 - Inputs that are unobservable for those assets and liabilities.

## **Valuation techniques for Level 2**

The fair value of derivatives is calculated using valuation techniques that include the discounted cash flow model and option pricing model commonly used by market participants. Data used in the valuation is observable data such as interest rates, exchange rates, and volatilities, obtained from credible sources.

the fair value of investments in domestically issued debt securities is calculated using the price published price of the Thai Bond Market Association (ThaiBMA), whilst the fair value of investments in foreign issued debt securities is calculated using the latest published price obtained from credible sources.

Moreover, because of the use of valuation techniques the Bank has to make valuation adjustments in order to properly reflect related risks. There are a number of valuation adjustment types, such as credit valuation adjustment (CVA), Bid-Offer Spread Adjustment, etc.

### **5.27 Policies on business transactions within the financial business group and risk management policies on business transactions within the financial business group.**

The BOT's Notifications No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated 27 April 2017, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated 11 April 2018, and SOR NOR SOR. 12/2561 dated 22 May 2018, regarding the Consolidated Supervision Policy, require the Bank to disclose policies on business transactions within the financial business group and risk management policies prepared in accordance with the regulations to supervise business transactions within the financial business group, which is composed of the Bank and 11 companies (Note 5.6 excluding National ITMX Co., Ltd.), in terms of common standards and procedures which conform to the BOT's consolidated supervision policy. The policies on business transactions within the financial business group and risk management policies on business transactions within the financial business group are approved by the Bank's Board of Directors and reviewed at least once a year. The policies cover types of transaction, rules and regulations for business transactions, the ratio of business transactions within the financial business group, capital requirements of the financial business group and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance policy.

In cases where the Bank has business transactions with a company in the financial business group as it is the Bank's sector, the Bank follows the related BOT regulations.

## **5.28 Events after the reporting period**

On 23 April 2020, the Bank pays an interim dividend for its annual profit of year 2019, amounting to Baht 10,528 million.

## **5.29 Others**

5.29.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at 31 March 2020, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BOT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

These debtors, together with certain other defendants, have also been prosecuted by the Criminal Division for Persons Holding Political Position of The Supreme Court by the Office of the Attorney General. The Supreme Court had issued the order of acceptance on 25 July 2012 and later gave a final judgment on 26 August 2015 that all defendants must be accountable for the damage caused to the Bank. The Bank submitted the letter to the Office of the Attorney General to designate the Department of Legal Execution as the Bank's legal executioner. In January 2016, the Office of the Attorney General filed a complaint to the Supreme Court to nominate the executing officers and the Supreme Court nominated executing officers accordingly. The Bank provided the officers with the result of the property investigation of all debtors in accordance with the court judgment. On 5 October 2016 the attorneys of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office and the Bank to consider issues regarding the execution of the Supreme Court's order. They will coordinate and exchange information, and each party will utilize its legal authority and the Supreme Court's order to proceed with legal execution against the defendants for the benefit of the Bank.

On 17 August 2017, a defendant in a criminal suit of the Criminal Division for Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,636 million to the Bank in relation to the criminal lawsuit. The Bank accepted such payment, which was recorded as revenue from litigation compensation, and also sent a letter to this defendant demanding further payment to the Bank, together with all other defendants, of the remaining compensation, in accordance with the order of the Criminal Division for Persons Holding Political Position of the Supreme Court.

At present, judgments of the criminal case, other bankruptcy and civil cases have been enforced for compulsory execution of the mortgaged collaterals according to the preferred mortgage in the Bank's civil case for public auction. The court has issued an order for the Bank to receive debt payment as a mortgagee from such mortgaged collaterals according to an application for repayment of debt for the mortgaged debt submitted by the Bank, thereafter on October 17, 2018, the Legal Execution Department made an announcement for public auction and managed the proceedings of public auction for the mortgaged collaterals, whereby a third party was the successful bidder for 8,914 Million Baht. In 2019, the Bank has received the net amount of 3,898 Million Baht from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under the criminal case. The Bank exercised the right pursuant to Thai laws by deducting fees and litigation expenses of the Bank for 0.29 Million Baht, and the remaining amount of 3,898 Million Baht had been paid as the interest payment according to the judgment of the Bank's civil case. On September 25, 2019, one defendant of the criminal case has filed a civil lawsuit against the Bank for taking the lawsuit amount to be recorded as the damages pursuant to such judgment of the criminal case, in which the Bank had submitted the statement, defending the case and confirming the Bank's practice. Regarding the mortgaged collaterals which had been sold in other bankruptcy and other civil cases, in which an individual had submitted a request for cancellation of the public auction, the buyer had made a statement for extension of the remaining deposit amount, whereby the executing officer ordered to consent for such extension until the court will issue an order for cancellation of the public auction. On other bankruptcy and civil cases, the court had currently ordered a dismissal of such request for cancellation of the public auction, in which such court order was considered as final. The buyer then had proceeded upon the payment in other bankruptcy case; whereby, the Bank is in the process of receiving such payment from the Legal Execution Department. For other civil case, the buyer had proceeded upon the payment on May 13, 2020, in which the Bank is in the procedures of receipts on such payment.

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

defendant's petition to the Supreme Court on February 25, 2019. Currently, the Supreme Court had provided the judgment on May 5, 2020 which upheld the judgment of the previous court.

5.29.2 In 2010, the Bank lent a company USD 96 million (Baht 2,885 million), for which an investment in the ordinary shares of a foreign financial institution was pledged as collateral. Although these shares, which comprise 50 percent of that company's authorized shares capital, were on the Bank's behalf, the Bank had no influence over this financial institution. The Bank received full repayment of the loan under this contract in June 2011 but has not yet transferred the ordinary shares pledged as collateral back to the company because the company first needs to find a financial institution to be a new investor.

5.29.3 On 12 October 2016, the Bank decided to close a foreign branch. Currently, the Bank continues to follow advice from its legal consultants. The assets, liabilities and operating performance of the branch are not material to the Bank's financial statements.

### **5.30 Approval of the interim financial statements**

These interim financial statements were authorised for issue by the Audit Committee on 14 May 2020.