

Krung Thai Bank Public Company Limited
and its subsidiaries
Report and financial statements
31 December 2020

Independent Auditor's Report

To the Shareholders of Krung Thai Bank Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Krung Thai Bank Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

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

Emphasis of matter

I draw attention to Note 3 to the consolidated financial statements, the Bank and its subsidiaries have adopted new accounting policies in respect of the set of Thai Financial Reporting Standards related to financial instruments and Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy, announced by the Federation of Accounting Professions in preparation of the current year's financial statements. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowances for expected credit losses of loans to customers

The Bank and its subsidiaries (the Group) have adopted Thai Financial Reporting Standards No. 9 Financial Instruments, which became effective on 1 January 2020. This financial reporting standard stipulates the basis to be used for calculation of impairment on financial instruments using the expected credit losses method. The basis involves complex calculation modelling and requires management to use significant judgements and estimates in developing expected credit losses models in compliance with Thai Financial Reporting Standards and the rules set by the Bank of Thailand. The areas of significant management judgement include the identification of criteria for assessment of a significant increase in credit risk of loans to customers, the relevant variables with modelling, the selection of the future economic variables to be incorporated in the models and a management overlay used to adjust of the allowance for expected credit losses due to the limitations of the model.

As discussed in Note 9.8 to the consolidated financial statements, as at 31 December 2020, the Group had loans to customers of Baht 2,334,842 million (representing 70 percent of total assets) and allowances for expected credit losses amounting to Baht 150,528 million, which are material amounts to the financial statements.

Because of the materiality and the use of judgement and estimates mentioned above, I addressed the adequacy of allowances for expected credit losses of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of the Group's internal controls relating to the loan origination, the calculation of allowance for expected credit losses of loans to customers, taking into account the exposure balances, complexity and credit risk of each loan portfolio. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulator. I considered and assessed the process governing model development, reviewed model development documentation and model validation report as prepared by the specialist engaged by the management of the Group and independent department of the Group, and tested, on a sampling basis, the accuracy of the data used in model development. I also assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, including the method used to incorporate the management overlay to address the limitations of the model and the recording of allowance for expected credit losses. I tested, on a sampling basis, the controls over the information technology systems relevant to the calculation of allowance for expected credit losses.

I examined the allowances for expected credit losses by assessing, on a sampling basis, the classification of loans to customers based on the changes in credit risk since initial recognition, and recalculating, on a sampling basis, the allowance for expected credit losses as at the end of the accounting period, including testing, on a sampling basis, the completeness of the data used in the calculation of allowance for expected credit losses.

Moreover, I assessed the adequacy of disclosure in accordance with the relevant financial reporting standards, as well as notifications and guidelines announced by the Bank of Thailand.

Recognition of interest income on loans to customers

For the year ended 31 December 2020, the Group recognised interest income on loans to customers amounting to Baht 104,307 million (representing 85 percent of total income). The Group recognised interest income using the effective interest rate method, which involves the use of management judgement and estimates in estimating future cash flow receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period, taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Moreover, the interest income was generated from various type of loans provided to a large number of customers and each type of loan agreement had different terms and conditions. In addition, the recognition of interest income relies primarily on data processed by the information technology systems. I therefore focused my audit on whether interest income on loans to customers is recognised appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the effectiveness of the Group's internal controls relating to loan origination and interest income recognition, including relevant internal controls over information systems. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulatory agency. I also assessed the methods applied by the management to determine the future cash flow receipts and the expected life of the financial instruments used in calculating the effective interest rate, including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement and an adjustment was made to reflect effective interest rate. I also performed analytical procedures on interest income on loans to customers and examined, on a sampling basis, material adjustments made through journal vouchers.

Other Matter

The consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries, and the separate financial statements of Krung Thai Bank Public Company Limited for the year ended 31 December 2019 were audited by another auditor who, under his report dated 26 February 2020, expressed an unmodified opinion on those financial statements.

Other Information

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

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

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

When I read the annual report of the Bank, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 24 February 2021

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assets					
Cash	9.1	68,161,357	68,433,721	68,115,583	68,361,786
Interbank and money market items - net	9.3	516,791,903	338,770,589	516,320,956	338,273,821
Financial assets measured at fair value through profit or loss	9.4	13,723,789	-	14,188,472	-
Claims on securities		-	67,350,100	-	67,350,100
Derivatives assets	9.5	74,506,773	55,811,418	74,506,773	55,811,462
Investments - net	9.6	316,987,630	395,227,970	316,894,505	395,174,162
Investments in subsidiaries and associated companies - net	9.7	29,400,185	30,945,612	11,203,675	10,830,013
Loans to customers and accrued interest receivables - net	9.8	2,200,513,321	1,959,765,482	2,127,089,495	1,884,110,174
Customers' liability under acceptances		-	133,241	-	133,241
Properties for sale - net	9.10	32,659,270	32,182,562	32,569,053	32,175,895
Premises and equipment - net	9.11	24,762,212	24,200,896	21,899,006	22,293,897
Right-of-use assets	9.12	4,474,111	-	3,571,005	-
Other intangible assets - net	9.13	6,005,144	3,900,228	3,893,939	1,398,367
Deferred tax assets	9.14	5,880,565	8,164,563	3,560,552	5,697,176
Accrued income		2,598,857	3,487,317	2,070,343	3,193,301
Other assets - net	9.15	31,315,152	23,842,421	31,103,526	23,554,727
Total assets		3,327,780,269	3,012,216,120	3,226,986,883	2,908,358,122

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

.....
(Krisada Chinavicharana)

Chairman

.....
(Payong Srivanich)

President

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

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity					
Deposits	9.16	2,463,225,282	2,155,864,986	2,466,780,410	2,158,459,942
Interbank and money market items	9.17	274,566,462	215,822,527	268,424,903	208,239,974
Liabilities payable on demand		4,731,953	4,744,254	4,731,953	4,744,254
Liabilities to deliver securities		-	67,350,100	-	67,350,100
Derivatives liabilities	9.5	65,471,404	51,868,539	65,471,404	51,868,539
Debt issued and borrowings	9.18	86,564,198	96,841,300	44,292,498	51,322,900
Banks' liability under acceptances		-	133,241	-	133,241
Lease liabilities	9.12	4,503,684	-	3,528,830	-
Provisions	9.19	20,286,873	15,239,758	18,740,381	13,776,104
Other liabilities	9.20	53,366,819	56,025,029	46,041,249	48,239,602
Total liabilities		2,972,716,675	2,663,889,734	2,918,011,628	2,604,134,656
Equity					
Share capital	9.21				
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
Deficit from the change in the ownership interests in subsidiary		(165,255)	-	-	-
Other components of equity	9.22	32,179,036	33,006,142	17,789,287	16,094,673
Retained earnings					
Appropriated					
Legal reserve	9.23	7,200,504	7,200,504	7,200,504	7,200,504
Unappropriated		211,412,693	205,241,876	191,146,690	188,089,515
Equity attributable to equity holders of the Bank		343,465,752	338,287,296	308,975,255	304,223,466
Non-controlling interests		11,597,842	10,039,090	-	-
Total equity		355,063,594	348,326,386	308,975,255	304,223,466
Total liabilities and equity		3,327,780,269	3,012,216,120	3,226,986,883	2,908,358,122

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

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

Note	Consolidated financial statements		Separate financial statements		
	2020	2019	2020	2019	
Profit or loss					
Interest income	9.30	112,836,857	122,971,682	97,894,144	108,319,525
Interest expenses	9.31	24,494,134	34,655,374	22,995,811	33,160,897
Net interest income		88,342,723	88,316,308	74,898,333	75,158,628
Fees and service income		27,690,138	29,596,109	21,557,134	23,274,977
Fees and service expenses		7,162,213	6,358,577	5,183,896	4,706,151
Net fees and service income	9.32	20,527,925	23,237,532	16,373,238	18,568,826
Gains on financial instruments measured at fair value					
through profit or loss	9.33	3,134,376	-	3,197,183	-
Gains on trading and foreign exchange transactions	9.34	-	3,196,695	-	3,196,195
Gains on investments	9.35	950,926	4,371,598	941,257	4,375,388
Share of profit from investments accounted for under equity method		2,060,328	1,424,575	-	-
Dividend income		375,896	495,561	2,348,887	2,474,526
Other operating income		6,855,249	4,615,370	3,705,785	1,111,411
Total operating income		122,247,423	125,657,639	101,464,683	104,884,974
Other operating expenses					
Employee's expenses		28,466,296	31,389,836	22,993,299	25,484,299
Directors' remuneration		298,069	108,558	68,198	64,785
Premises and equipment expenses		8,895,416	8,941,746	5,306,832	5,326,923
Taxes and duties		3,797,471	4,363,018	3,297,985	3,801,607
Impairment losses of properties for sale		1,538,442	7,219,052	1,541,377	7,260,850
Other expenses		10,469,150	10,451,485	13,753,189	13,538,254
Total other operating expenses		53,464,844	62,473,695	46,960,880	55,476,718
Expected credit losses	9.36	44,902,881	-	38,427,695	-
Impairment losses of loans and debt securities	9.37	-	23,813,535	-	17,504,328
Profit before income tax		23,879,698	39,370,409	16,076,108	31,903,928
Income tax	9.14	4,440,733	7,232,606	2,784,097	5,578,231
Profit for the year		19,438,965	32,137,803	13,292,011	26,325,697

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2020

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
Other comprehensive income (loss)					
<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		894,894	-	905,210	-
Gains (losses) on changes in value of available-for-sale investments		-	1,585,753	-	1,605,929
Gains (losses) arising from translating the financial statements of foreign operations		43,703	(15,867)	43,703	(15,867)
Gains (losses) on cash flow hedges	9.5	169,661	-	169,661	-
Gains (losses) from deferred cost of hedging	9.5	90,153	-	90,153	-
Share of other comprehensive income of associate (equity method) for items that will be reclassified subsequently to profit or loss	9.7.2	(1,555,420)	12,823,440	-	-
Income tax relating to other comprehensive income (loss) for items that will be reclassified subsequently to profit or loss		(239,549)	(317,151)	(241,612)	(321,186)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Change in surplus on revaluation of assets		-	(180,526)	-	(180,526)
Share of other comprehensive income of associate (equity method) for items that will never be reclassified subsequently to profit or loss	9.7.2	(1,204,144)	-	-	-
Gains (losses) on investments in equity designated to be measured at fair value through other comprehensive income		(1,994,260)	-	(1,820,302)	-
Actuarial gains (losses) on defined benefit plan		(806,171)	(989,619)	(763,033)	(865,316)
Income tax relating to other comprehensive income (losses) for items that will never be reclassified subsequently to profit or loss		525,144	234,029	516,517	209,168
Other comprehensive income (loss) - net		(4,075,989)	13,140,059	(1,099,703)	432,202
Total comprehensive income (loss)		15,362,976	45,277,862	12,192,308	26,757,899
Total profit attributable to:					
Equity holders of the Bank		16,731,585	29,284,042	13,292,011	26,325,697
Non-controlling interest		2,707,380	2,853,761		
		<u>19,438,965</u>	<u>32,137,803</u>		
Total comprehensive income attributable					
Equity holders of the Bank		12,641,748	42,451,458	12,192,308	26,757,899
Non-controlling interest		2,721,228	2,826,404		
		<u>15,362,976</u>	<u>45,277,862</u>		
Earnings per share of the Bank	9.38				
Basic earnings per share (Baht)		1.20	2.09	0.95	1.88

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 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					Deficit from the change in the ownership interest in subsidiary	Total equity		Non-controlling interests	Total	
			Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Gains (losses) from reclassification of investments	Hedge reserve (Note 9.5)	Gains (losses) from translating the financial statements		Share of other comprehensive income of associates	Retained earnings			atributable to equity holders of the Bank
Balance as at 1 January 2019	72,005,040	20,833,734	8,350,437	6,265,396	644,353	-	(99,869)	3,914,071	-	193,962,287	305,875,449	8,265,654	314,141,103
Dividends (Note 9.24)	-	-	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)
Adjustment gains (losses) from reclassification of investments	-	-	-	646,230	(646,230)	-	-	-	-	-	-	-	-
Non-controlling interest increases from disposal of investments in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	15,762	15,762
Total comprehensive income (loss)	-	-	(144,421)	1,268,602	-	-	(15,867)	12,823,440	-	28,519,704	42,451,458	2,826,404	45,277,862
Balance as at 31 December 2019	72,005,040	20,833,734	8,206,016	8,180,228	(1,877)	-	(115,736)	16,737,511	-	212,442,380	338,287,296	10,039,090	348,326,386
Balance as at 1 January 2020	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 6)	-	-	-	2,129,230	1,877	(29,786)	-	129,137	-	1,019,741	3,250,199	-	3,250,199
Balance as at 1 January 2020 - as restate	72,005,040	20,833,734	8,206,016	10,309,458	-	(29,786)	(115,736)	16,866,648	-	213,462,121	341,537,495	10,039,090	351,576,585
Dividends (Note 9.24)	-	-	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)	(1,150,528)	(11,679,493)
Change in the ownership interest in subsidiaries	-	-	-	-	-	-	-	-	(165,255)	169,746	4,491	(4,491)	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(7,457)	(7,457)
Surplus on revaluation of assets	-	-	417,694	-	-	-	-	-	-	-	417,695	-	417,695
Transfer to retained earnings	-	-	(44,206)	-	-	-	-	-	-	(562,505)	(606,712)	-	(606,712)
Total comprehensive income (loss)	-	-	-	(923,042)	-	207,850	43,704	(2,759,564)	-	16,072,800	12,641,748	2,721,228	15,362,976
Balance as at 31 December 2020	72,005,040	20,833,734	8,579,504	9,386,416	-	178,064	(72,032)	14,107,084	(165,255)	218,613,197	343,465,752	11,597,842	355,063,594

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

(Krisada Chinavicharana)
Chairman

(Payong Srivanich)
President

Krung Thai Bank Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and fully paid-up share capital	Premium on share capital	Other components of equity						Retained earnings	Total
			Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Gains (losses) from reclassification of investments	Hedge reserve (Note 9.5)	Gains (losses) from translating the financial statements			
Balance as at 1 January 2019	72,005,040	20,833,734	8,350,437	6,075,297	644,353	-	(99,869)	179,696,186	287,505,178	
Dividends (Note 9.24)	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	
Total comprehensive income (loss)	-	-	(144,421)	1,284,743	-	-	(15,867)	25,633,444	26,757,899	
Adjustment gains (losses) from reclassification of investments	-	-	-	646,230	(646,230)	-	-	-	-	
Balance as at 31 December 2019	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>8,006,270</u>	<u>(1,877)</u>	<u>-</u>	<u>(115,736)</u>	<u>195,290,019</u>	<u>304,223,466</u>	
Balance as at 1 January 2020	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 6)	-	-	-	2,129,230	1,877	(29,786)	-	860,349	2,961,670	
Balance as at 1 January 2020 - as restate	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,206,016</u>	<u>10,135,500</u>	<u>-</u>	<u>(29,786)</u>	<u>(115,736)</u>	<u>196,150,368</u>	<u>307,185,136</u>	
Dividends payment (Note 9.24)	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)	
Surplus on revaluation of assets	-	-	126,776	-	-	-	-	-	126,776	
Transfer to retained earnings	-	-	(44,206)	-	-	-	-	44,206	-	
Total comprehensive income (loss)	-	-	-	(740,831)	-	207,850	43,704	12,681,585	12,192,308	
Balance as at 31 December 2020	<u>72,005,040</u>	<u>20,833,734</u>	<u>8,288,586</u>	<u>9,394,669</u>	<u>-</u>	<u>178,064</u>	<u>(72,032)</u>	<u>198,347,194</u>	<u>308,975,255</u>	

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	23,879,698	39,370,409	16,076,108	31,903,928
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Depreciation and amortisation expenses	5,026,305	2,763,549	3,358,426	1,326,159
Expected credit losses	44,902,881	-	38,427,695	-
Impairment losses of loans and debt securities	-	23,813,535	-	17,504,328
Share of profit from investments accounted for under equity method	(2,060,328)	(1,424,575)	-	-
(Gains) losses on disposal of assets	5,830	20,378	386	(2,702)
(Gains) losses on disposal of investments	(950,926)	(4,414,888)	(950,926)	(4,414,888)
(Gains) losses on revaluation of investments	-	(362,586)	-	(362,586)
Unrealised (gains) losses on financial instruments measured at fair value through profit and loss	(1,642,048)	-	(1,704,855)	-
(Reversal) losses on impairment of properties for sale	1,538,442	7,219,052	1,541,377	7,260,850
(Reversal) losses on impairment of investment	-	43,290	9,669	39,500
(Reversal) losses on impairment of other assets	423,858	156,039	423,858	156,039
Amortisation of premium (discount) on investments	405,064	(141,772)	400,015	(133,895)
(Gains) losses on foreign currency translation	(2,294,508)	5,381,188	(2,294,508)	5,381,193
Increase (decrease) in provisions	1,305,238	2,353,957	1,131,291	2,175,878
(Increase) decrease in other accrued income	(748,321)	679,662	(513,822)	764,071
Increase (decrease) in other accrued expenses	(698,785)	(244,897)	145,172	(389,683)
	69,092,400	75,212,341	56,049,886	61,208,192
Net interest income	(88,342,723)	(88,316,308)	(74,898,333)	(75,158,628)
Dividend income	(375,896)	(495,561)	(2,348,887)	(2,474,526)
Proceeds from interest income	96,554,129	123,037,526	87,803,944	108,429,940
Cash paid on interest expenses	(27,674,972)	(34,042,988)	(26,166,611)	(32,515,693)
Proceeds from dividend income	658,286	748,574	2,348,436	2,474,153
Cash refunded for income tax	160,204	-	-	-
Cash paid on income tax expenses	(6,125,782)	(9,264,684)	(4,805,033)	(7,481,420)
Income from operating activities before changes in operating assets and liabilities	43,945,646	66,878,900	37,983,402	54,482,018

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

(Krisada Chinavicharana)

Chairman

(Payong Srivanich)

President

Krung Thai Bank Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the year ended 31 December 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities (continued)				
(Increase) decrease in operating assets				
Interbank and money market items	(179,596,485)	33,612,438	(179,621,960)	33,359,128
Financial assets measured at fair value through profit or loss	39,244,132	-	38,842,255	-
Claims on securities	-	(33,754,900)	-	(33,754,900)
Derivatives assets	(12,358,244)	(19,581,852)	(12,358,201)	(19,580,429)
Investments in trading securities	-	(25,709,953)	-	(25,709,953)
Loans to customers	(268,493,752)	(91,757,936)	(270,687,453)	(77,472,456)
Properties for sale	6,292,961	1,447,826	6,250,115	1,340,227
Other assets	(8,934,734)	(9,057,339)	(8,873,887)	(9,352,780)
Increase (decrease) in operating liabilities				
Deposits	307,360,296	116,263,085	308,320,467	115,512,117
Interbank and money market items	58,642,059	58,426,597	60,083,053	56,240,037
Liabilities payable on demand	(12,301)	(835,405)	(12,301)	(835,405)
Liabilities to deliver securities	-	33,754,900	-	33,754,900
Derivatives liabilities	13,730,719	19,522,926	13,730,719	19,522,926
Other liabilities	4,410,562	4,983,357	4,611,189	5,559,807
Net cash provided by (used in) operating activities	4,230,859	154,192,644	(1,732,602)	153,065,237
Cash flows from investing activities				
Purchase of debt and equity securities measured at fair value through other comprehensive income	(185,120,810)	-	(184,969,210)	-
Proceeds from disposal of debt and equity securities measured at fair value through other comprehensive income	211,772,115	-	211,057,548	-
Purchase of debt securities measured at amortised cost	(2,155,981)	-	(512,171)	-
Proceeds from disposal of debt instruments measured at amortised cost	1,487,444	-	633,970	-
Purchase of available for sale securities	-	(291,294,598)	-	(291,941,198)
Proceeds from disposal of available for sale securities	-	147,235,586	-	147,879,162
Purchase of held to maturity debt securities	-	(2,197,552)	-	(1,181,324)
Proceeds from disposal of held to maturity debt securities	-	2,816,898	-	1,758,895
Purchase of general investments	-	(523,940)	-	(523,940)
Proceeds from disposal of general investments	-	265,376	-	265,376
Purchase of investments in subsidiaries and associates	(635)	(117,500)	(383,331)	(144,945)
Proceeds from disposal of investments in subsidiaries and associates	-	427,052	-	427,052
Purchase of intangible assets	(2,963,389)	(949,398)	(2,734,296)	(585,824)
Purchase of premises and equipment	(2,893,044)	(2,925,920)	(1,854,403)	(2,152,332)
Proceeds from disposal of premises and equipment	10,386	30,906	6,793	3,311
Purchase shares from non-contradling interest	(169,746)	-	-	-
Net cash provided by (used in) investing activities	19,966,340	(147,233,090)	21,244,900	(146,195,767)

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

.....
(Krisada Chinavicharana)
Chairman

.....
(Payong Srivanich)
President

Krung Thai Bank Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Proceeds from debt issued and long-term borrowings	3,970,745	30,115,000	470,745	24,000,000
Repayments of debt issued and long-term borrowings	(14,540,345)	(26,394,750)	(7,793,645)	(21,113,750)
Repayments of lease liabilities	(2,264,173)	-	(1,950,339)	-
Dividend paid for ordinary share	(10,523,974)	(10,034,812)	(10,523,974)	(10,034,812)
Dividend paid for preferred share	(4,991)	(4,799)	(4,991)	(4,799)
Dividend paid to non-controlling interest	(1,150,528)	(1,068,730)	-	-
Net cash provided by (used in) financing activities	(24,513,266)	(7,388,091)	(19,802,204)	(7,153,361)
(Gains) losses from translating the financial statements of foreign operations	43,703	(15,867)	43,703	(15,867)
Decrease in cash and cash equivalents	(272,364)	(444,404)	(246,203)	(299,758)
Beginning balance of cash and cash equivalents	68,433,721	68,878,125	68,361,786	68,661,544
Ending balance of cash and cash equivalents	68,161,357	68,433,721	68,115,583	68,361,786

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

.....
(Krisada Chinavicharana)

Chairman

.....
(Payong Srivanich)

President

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

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Krung Thai Bank Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 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, resulting in an economic slowdown and impacting various businesses and industries, directly or indirectly. The situation may bring uncertainties and affect the Bank’s and its subsidiaries’ business activities which may impacting the Bank’s and its subsidiaries’ operating results and cash flows, at present and in the future. The impact cannot be reasonably estimated at this stage.

2. Basis of preparation of the financial statements

These 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. Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under the Accounting Act B.E. 2547.

The consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and those of its subsidiaries in which the Bank has a controlling interest, after eliminating significant intercompany transactions and balances. The 8 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., Krungthai Card Plc. and Infinitas by Krungthai Co., Ltd. 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 associated companies are shown in Note 9.7 to the consolidated financial statement.

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

The separate financial statements

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

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

The English language financial statements

The financial statements in Thai language are the official statutory financial statements of the Bank. The 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 financial statements shall prevail.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, 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:

TRFIC 16	Hedges of a Net Investment in a Foreign Operation
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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 losses 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 financial statements of the Bank and its subsidiaries are as follows:

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Bank and its subsidiaries classify their 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:

- Financial assets measured at amortised cost only if both following conditions are met: the financial assets is held within a business model whose objective is to hold financial assets 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.
- Financial assets measured at fair value through other comprehensive income only if both following conditions are met: the financial assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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.
- Financial assets measured at fair value through profit or loss unless the financial assets is held within a business model whose objective is to hold financial assets 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 assets - 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 assets 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 assets measured at amortised cost.
- Classify almost available-for-sale debt securities to be financial assets measured at fair value through other comprehensive income.
- Classify almost investment in equity securities to be financial assets 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 standard requires to recognise impairment by based on an Expected Credit Losses model and management overlay due to the limitations of 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 aims 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 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 changes is described in Note 6 to the consolidated 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 as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the changes is described in Note 6 to the consolidated financial statements.

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 provides 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 No. BOT.RPD.(23)C. 276/2563 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 weight 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 December 2020, there are loans to customers including loans with modification of contracts, that the Bank and its subsidiaries have elected to adopt this accounting guidance in the preparation of the financial statements, representing 16 percent of total loans.

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 financial statements for the year ended 31 December 2020.

3.3 Financial reporting standards that become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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.

The management of the Bank and its subsidiaries is currently evaluating the impact of these financial reporting standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Interest income

Accounting policies that are effective since 1 January 2020

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.

Accounting policies that are applied before 1 January 2020

Interest income is recognised on an accrual basis, except for interest on loans classified as delinquent over 3 months and interest on loans under troubled debt restructuring contract which would be reversed. In accordance with the BOT's regulations, interest income on delinquent loans over 3 months from the due date that had been recognised as an income since 1 January 2000 would be reversed and recognised as income upon receipt.

Fee and service income

Accounting policies that are effective since 1 January 2020

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.

Accounting policies that are applied before 1 January 2020

Fees and Service Income is recognised when the related services are performed.

Dividend Income

Dividend income from investments is recognised when declared.

4.2 Expenses recognition

Interest expenses, fees and service expenses, and other operating expenses, are recognised on an accrual basis.

4.3 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 expenses on the transaction date.

4.4 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection

4.5 Derivatives and hedge accounting

Accounting policies that are effective since 1 January 2020

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 changes in fair value are recognised as gains (losses) on financial instruments 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. Hedging accounting can be applied for hedged items and hedging instruments. 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 hedges
- Cash flow hedges

In hedging, the Bank and its subsidiaries take into consideration the relationship between hedging instruments and the hedged items, 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 hedges

The Bank and its subsidiaries recognise the movement in fair value of the hedged item and of the hedging instrument in profit or loss, except for the hedging transaction of investments in equity securities designated at fair value through other comprehensive income which is recognised the movement in fair value in the other comprehensive income that will be recognised at fair value movement of the hedged item and of the hedging instrument in other comprehensive income. 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 assets or liabilities.

The Bank adopts interest rate swap contract to hedge the risk from changes in fair value from interest rate of debt instruments issued and interbank and money market items (liabilities). The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arisen from the differences in cash flow and the differences in time between hedged items and hedging instruments.

The Bank adopts foreign currency forward contract and foreign currency swap contract to hedge risk from changes in fair value of foreign exchange rate risk of equity securities designated at fair value through other comprehensive income. The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arisen from the differences in cash flow and the differences in time between hedged items and hedging instruments.

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 statement of comprehensive income using effective interest rate. Where the hedged item is derecognised from the statement of financial position, the unamortised fair value adjustment is immediately recognised in the statement of comprehensive income.

Cash flow hedges

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

The Bank adopts cross currency interest rate swap contracts to hedge the risk of cash flows from interest rate and foreign exchange rate of debt securities investments that are not measured at fair value through profit or loss. The Bank performs effectiveness test by comparing changes in fair value between hedged items by creating hypothetical derivative and changes in fair value of hedging instrument by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the transaction date. Causes of ineffectiveness of hedging could be arisen from the differences in cash flow and the differences in time between hedged items and hedging instruments.

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 statement of comprehensive income when the forecast transaction is ultimately recognised in the statement of comprehensive income. 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 statement of comprehensive income.

Dynamic Risk Management

The Bank adopts interest rate swap contracts as hedging instruments for dynamic risk management, which is in accordance with the characteristics described in TFRS 9. Therefore, derivatives, which have the propose of dynamic risk management, are recorded as off-balance items and presented on an accrual method. Interest rate components are presented on an accrual basis, similar to hedged assets or liabilities, that are considered as part of interest income or interest expenses throughout the contract period. Receivables and payables under swap contracts are presented at the net amount in the statement of financial position.

Embedded derivatives

Embedded derivatives are component of hybrid or combined instruments that consist of non-derivative host contracts.

For derivatives embedded in financial assets host contracts, the entire hybrid contract, including all embedded features, are classified in accordance with the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For derivatives embeded in financial liabilities host contracts, embedded derivatives will be separated from the host contract and accounted for as derivatives if all of the following criterial are met:

- Their economic characteristics and risks are not closely related to those of the host contract
- When separated from the host contract would still meet the definition of derivative and
- The hybrid contract is not recognised and measured at fair value through profit or loss.

Accounting policies that are effective before 1 January 2020

Accounting treatments for derivatives transactions depend on the purpose of the transactions as follows:

1) Trading Derivatives

The Bank measures derivatives at fair value and recognises gains or losses arising from changes in fair value included in gains (losses) on tradings and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income along with assets or liabilities in the statements of financial position.

2) Hedging Derivatives

The Bank manages its banking exposure to market rate movements through the use of derivatives and recognises gains or losses arising from changes in fair value of derivatives in accordance with the standard accounting treatment for income or expenses on hedged items.

4.6 Financial instruments

Accounting policies that are effective since 1 January 2020

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 instruments.

Classification and measurement of financial assets and financial liabilities

Financial assets - 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:

- Financial assets 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).
- Financial assets 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 gains 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.

- Financial assets 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 changes 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 assets 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 reclassified 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 from 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 losses.

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 gains or losses in profit or loss which is presented as impairment losses.

Financial liabilities

The Bank and its subsidiaries derecognise 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.

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.

4.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Losses on impairment is recognised as expenses in part of profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

4.8 Investments

Accounting policies that are applied before 1 January 2020

4.8.1 Basis of Classification of Investments

The Bank and its subsidiaries classify their investments in debt securities and equity securities as trading securities, available-for-sale securities, held-to-maturity debt securities, or investments in subsidiaries and associates. Non-marketable equity securities are classified as general investments.

4.8.2 Basis of Valuation of Investments

Investments in marketable debt or equity securities classified as trading securities are stated at fair value. Unrealised gains or losses arising from the revaluation are recorded through gains (losses) on tradings and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value, net of allowance for impairment (if any). Unrealised gains or losses arising from the revaluation are separately shown in other components of equity and realised gains or losses after the disposal.

Investments in debt securities classified as held-to-maturity are stated at the amortised cost, net of allowance for impairment (if any). Premiums or discounts on held-to-maturity debt securities are adjusted to interest income at the end of each month by using the straight-line method which is immaterially different from using the effective interest rate method.

General investments are stated at cost, net of allowance for impairment (if any). Losses on impairment are realised through gains (losses) on investments, net in the statements of profit or loss and other comprehensive income.

Investments in marketable unit trust classified as trading and available-for-sale securities are stated at fair value whereas investments in non-marketable unit trust are stated at net asset value.

Investments in foreign asset-backed debt securities classified as trading securities-current investments are stated at fair value.

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented in gains (losses) on investments, net in the statements of profit or loss and other comprehensive income, except for trading securities are presented in gains on tradings and foreign exchange transactions, net.

4.9 Loans

Accounting policies that are applied before 1 January 2020

Loans represent the outstanding principal amounts, except for overdrafts including accrued interest receivables. Deferred revenue is presented as deduction from the loans.

Hire-purchase and financial lease receivables represent the outstanding amounts, less deferred interest receivables, and deferred commission, plus amortised direct expenses.

4.10 Allowance for expected credit losses on financial assets

Accounting policies that are effective since 1 January 2020

The Bank and its subsidiaries recognise expected credit losses of financial assets - debt instruments which are interbank and money market items (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 'non-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 with the current observable data and add 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 recognise impairment charge in profit and loss as expected credit losses and the corresponding allowance for expected credit losses in other comprehensive income, whereas the carrying amount of the investments 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.

Accounting policies that are effective before 1 January 2020

The Bank and its subsidiaries which operate the loan provider business recognise allowance for doubtful accounts compliance with the BOT's Notification No. SOR NOR SOR.5/2559 dated 10 June 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions based on the BOT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institution dated 10 June 2016, summarised as follows:

- 1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent, respectively, in accordance with the BOT's regulations. The Bank also applies collective approach to set aside provision for each debtor group, grouping by similar credit risk.
- 2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BOT.

- 3) Collateral using for calculating the present value of expected cash flows from disposals are such as immovable properties and leasehold rights (e.g. the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the litigation process equal to 62.03 percent of the appraisal value and the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the public auction process equal to 66.38 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BOT.
- 4) Collateral valuation has been conducted according to the BOT's regulations relating to types of collateral, valuation methodology, valuation frequency, and values of collateral that could be deductible from loans balances before provisioning as follows:
- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-year basis excluding collateral of credit lines of housing loans and other loans in the charge of retail business and network support team, will be reappraised or revalued when changed to sub-standard, doubtful and doubtful of loss, as well as the collateral which have been reappraised or revalued over the past 3 years.
 - As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BOT. Immovable properties collaterals are required to reappraise or revalue on a 3-years basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

Bad debts written-off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be. The Bank defines debt write off guidelines which any debtors classified as doubtful of loss are written off at the underlying value of irrecoverable provision in line with the BOT's debt write off regulations. Bad debts recovered from subsidiary that operates credit cards business will recognise in other operating income.

4.11 Trouble debt restructuring

Accounting policies that are effective since 1 January 2020

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.

Accounting policies that are effective before 1 January 2020

The Bank has a policy of managing weak or non-performing debt with the main focus on restoring the customer's business to be able to return to normal business first. But if unable to do so, there is a policy on debt restructuring by reducing the principal and/or accrued interest that has already been recorded as income, reducing interest rates, converting debt to equity or convertible debt, extending the repayment period, adjusting short-term debt to long term, providing grace period for principle and/or interest, accepting the transfer of assets as collateral, accepting the transfer of assets that are not assets as collateral, and accepting

the transfer of assets by having the contract for right of the debtor to buy property back within the specified period or grant the debtor the right to buy property back before other persons (First Right of Refusal) or may be the deficiency transfer to the Bank in order to reduce the burden of the Bank and the customers' damages.

For calculating the debt restructuring losses are as the following procedures:

- 1) The consent to relaxation of debt settlement conditions to the debtor without reducing the principal and interest owed before debt restructuring, The Bank calculates the present value of the expected cash flow by using specified interest rate in the debt restructuring agreement as a discount rate. In case that the interest rate under debt restructuring agreement is lower than the finance cost, the Bank will use the finance cost rate as a discount rate instead. And when the present value of such calculated cash flows is lower than the book value (Principal including accrued interest recorded in the debtor's account), the Bank will record the reserve for loss from debt restructuring in the statement of income and other comprehensive income for that period.

The financial cost component is the weighted average cost of deposits and borrowings, Money remitted to the Bank of Thailand and the Deposit Protection Agency, including liquidity reserve expenses.

- 2) Agreement to reduce the principal and interest owed before debt restructuring or accepting debt repayment by accepting asset transfers, financial instruments or accepting capital from debtors which come from debt to equity conversion and relaxing conditions for repayment of the remaining debt to the debtor. The Bank will write-off the accounts receivable balance and immediately record the loss incurred in the statement of income and other comprehensive income after transferring has been accepted by concerning the initial allowance of doubtful accounts. The Bank will record the transferred assets in an amount not higher than the book value of the debtor, including the accrued interest receivables that the Bank is entitled to receive under the law.

In the case of receiving partial repayment by asset transferring of Debtor's financial instrument or equity received from debt to equity conversion for debt settlement under the debt restructuring agreement. The Bank will comply with number 2) first, for the remainder of the debt, if there is a relief in the payment terms, the Bank will follow number 1).

4.12 Properties for sale

Properties for sale is stated at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets. The Bank recognises losses on impairment as other operating expenses or income in the statement of comprehensive income. Net gains or losses on disposals of those properties for sale after deducting selling expenses are recognised as other operating income or expenses in the statement of comprehensive income, except for sales that allow buyer to borrow money which gains or losses on disposals will be recognised in accordance with the BOT's guideline.

According to the BOT's Policy No. THOR POR THOR. PHOR NOR SOR. (23) WOR.575/2562 dated 8 May 2019, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, all properties for sale are appraised by the external appraisers. Except for properties for sale in risk areas in the southern region (Pattani, Yala, Narathiwat and Sadao District of Songkhla) with a book value of less than Baht 50 million, appraised by an internal appraiser or an external appraiser on a case-by-case basis.

4.13 Land, premises and equipment and depreciation

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3 - 5 years basis by independent appraisers in accordance with the BOT's regulations so that the book value at the end of the reporting period is not significantly different from fair value.

The Bank and its subsidiaries recognise the differences arising from the revaluation as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The Bank and its subsidiaries write-off assets with additional appraisal when disposal or expected no future economic benefits from the use or disposal assets. The surplus from the revaluation of assets outstanding at the write-off date is transferred directly to retained earnings.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since 1 April 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent expert appraisers. Before 1 April 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant effect to the Bank's financial statements.

Depreciation method, useful lives, and residual value are annually reviewed.

No depreciation is provided on assets under installation.

4.14 Intangible assets

Intangible assets, comprising computer software, licenses and development costs are presented at cost net accumulated amortisation and allowance for impairment (if any). Amortisation is calculated by the straight-line basis over their useful lives and recognised as expenses in the statements of comprehensive income.

The Bank and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The Bank and its subsidiaries will review amortisation period and the amortisation method of such intangible assets at least at each financial year end.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

4.15 Securities purchased under resale agreements/securities sold under repurchase agreements

The Bank enters into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased under resale agreement are presented as assets under the caption of interbank and money market items or loans to customers, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of interbank and money market items in the statement of financial position and the underlying securities are treated as collateral.

4.16 Impairment of non-financial assets

For outstanding balances of assets at each reporting date, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realised as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of profit or loss and other comprehensive income. Except for the case that reversal of the revalued increased of the same assets that used to be recognised in equity, when impairment occurred latterly it will be recognised in equity.

4.17 Related party transactions

Related parties comprise persons or entities that control, or are controlled by, the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and persons or entities which directly or indirectly own a voting interest in the Bank and its subsidiaries that give them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

4.18 Foreign currency translation

Presentation currency

The consolidated and the separate financial statements are presented in Baht.

Foreign currency translation

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Balances of monetary assets and liabilities are translated by using the reference exchange rates of BOT as at the reporting date. Balances of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured.

Gains or losses on foreign currency translation are presented in the statements of comprehensive income as gains (losses) on financial instruments measured at fair value through profit or loss.

Foreign currency translation of foreign branches' financial statements

Items on the foreign branches' statements of financial position are translated into Baht by using the reference exchange rates of BOT as at the reporting date. The statements of comprehensive income are translated into Baht by using the exchange rate prevailing at the transaction dates or average exchange rates of that accounting period.

Gains or losses on translation of foreign branches' financial statements are presented in equity through other comprehensive income.

4.19 Employees Benefit

Short-term employee benefits

The Bank and its subsidiaries recognised short-term employee benefits such as salary, wages, bonuses and contributions to the social security fund as expenses when received the services.

Post-employment benefits

Employees provident fund

The Bank established a provident fund under the Provident Fund Act B.E. 2530 (1987) and entered to the registered fund approved by the Ministry of Finance in 25 June 1992. The Provident Fund is managed by an external fund manager.

Permanent employees and employees under employment contracts of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6, 10, 12 or 15 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

Post-employment benefits under defined benefit plans

The Bank and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other long-term employee benefit plans. The Bank and its subsidiaries treat these severance payment obligations as a defined benefit plans.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses for defined benefit plan are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Bank recognises restructuring-related costs.

4.20 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Bank and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

Deferred income tax assets and deferred income tax liabilities must offset the transaction when the Bank has legal rights to offset current tax assets against current tax liabilities and this income tax is assessed by the same tax authority for the same tax unit.

4.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank after dividends on preferred share (if any) by the weighted average number of ordinary shares issued during the years.

4.22 Provisions

Provisions are recognised when the Bank and subsidiaries have present legal or constructive obligations as a result of a past event, they are probable that an outflow of economic benefits will be required to settle the obligation, and the reliable estimate of the amounts can be made.

The Bank complies with the BOT's Notification No. SOR NOR SOR.23/2561 dated 31 October 2018, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for commitment which is off-balance item.

4.23 Customer Loyalty Programmes

Subsidiary has customer loyalty programmes by offering reward points to customers together with services entitling customers to redeem those reward points to gifts or discount in the future. The Bank's subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognised to deferred revenue under "other liabilities" in the statements of financial position and shall be recognised to fees and service income when customers redeem.

4.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments is quoted prices (unadjusted) for similar assets or liabilities in active markets that the Bank and its subsidiaries are able to access. In case of there is no quoted prices in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximising observable inputs and minimising unobservable inputs in commonly used models or the Bank's models. Those models are approved by the management and also regularly reviewed and updated.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market
- Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Bank and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.25 Leases

At inception of contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank and its subsidiaries as lessees

The Bank and its subsidiaries applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Bank and its subsidiaries recognise right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

Depreciation of right-of-use assets is calculated by reference to their costs, on the straight-line basis over the shorter of the lease term and the estimated useful lives as follows:

Premises	1 - 35 years
Office equipment	2 - 5 years
Motor vehicles	1 - 5 years

If the ownership of the leased asset transfers to the Bank and its subsidiaries at the end of the lease term or the cost of such assets reflect the exercise of a purchase option, depreciation is calculated using the estimated useful lives of assets.

The Bank and its subsidiaries have to assess the impairment of Right-of-use assets as mentioned in Note 4.16 to the consolidated financial statements regarding Impairment of non-financial assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Bank and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Bank and its subsidiaries exercising an option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Bank and its subsidiaries discounted the present value of the lease payments by the interest rate implicit in the lease or the Bank and its subsidiaries's 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 change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and Leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Bank and subsidiaries as lessors

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition and derecognition assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Consolidating the financial statements of subsidiaries in which the Bank has less than half of its shareholding

The Bank's management considers that the Bank has control over Krungthai Card Public Company Limited, although the Bank holds 49.29 percent of the shares and voting rights in such company, which is less than half. The Bank is the shareholder with a majority of votes and can dictate the important activities of the company and other shareholders are only minor shareholders. Therefore, Krungthai Card Public Company Limited is considered as a subsidiary of the Bank and must be included in the preparation of the consolidated financial statements from the date the Bank has control over such company.

5.3 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.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.5 Allowance for impairment of properties for sale

The Bank and its subsidiaries assess allowance for impairment of properties for sale when net realisable value falls below the book value. The management uses the BOT's regulation and judgement to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

5.6 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Bank measures land at revalued amounts. Such amounts are determined by the independent appraisers, using the market approach. The valuation involves certain assumptions and estimates as described in Note 9.11 to the consolidated financial statements.

In addition, the Bank and its subsidiaries determine allowance for impairment of land, premises and equipment when the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses when the recoverable amounts are lower than the carrying amounts. This requires management judgements in terms of forecasting future revenues and expenses relating to the assets subject to the review.

5.7 Leases

The Bank and its subsidiaries as lessees

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Bank and its subsidiaries are reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Bank and its subsidiaries to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Bank and its subsidiaries cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank and its subsidiaries would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank and its subsidiaries as lessors

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.9 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

5.10 Litigation and contingent liabilities

The Bank and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgement to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded at the end of reporting date.

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

As described in Note 3.1 to the consolidated financial statements, during the current year, the Bank and its subsidiaries have adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effects 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 TFRS 16 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:

(Unit: Million Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
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	1,663	-	57,474
Investments - net	395,228	(50,828)	-	344,400
Investment in subsidiaries and associated companies - net	30,946	43	-	30,989
Loans to customers and accrued interest receivables - net	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	(730)	-	7,435
Accrued income	3,487	(712)	-	2,775
Other assets - net	23,842	5,822	-	29,664
Liabilities and equity				
Interbank and money market items	215,823	167	-	215,990
Liabilities to deliver securities	67,350	(67,350)	-	-
Derivative liabilities	51,869	132	-	52,001
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	(756)	-	55,269
Equity				
Other components of equity	33,006	2,230	-	35,236
Retained earnings	212,443	1,020	-	213,463

(Unit: Million Baht)

	Separate financial statements			
	31 December 2019	The impacts of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
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	1,663	-	57,474
Investments - net	395,174	(50,828)	-	344,346
Loans to customers and accrued interest receivables - net	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	(730)	-	4,967
Accrued income	3,193	(712)	-	2,481
Other assets - net	23,555	5,576	-	29,131
Liabilities and equity				
Interbank and money market items	208,240	167	-	208,407
Liabilities to deliver securities	67,350	(67,350)	-	-
Derivative liabilities	51,869	132	-	52,001
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	(756)	-	47,484
Equity				
Other components of equity	16,095	2,101	-	18,196
Retained earnings	195,290	860	-	196,150

6.1 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	Separate
	<u>financial statements</u>	<u>financial statements</u>
Recognition of losses from below-market interest rate loans	-	(246)
Recognition of expected credit losses of financial assets - debt instruments that are not measured at fair value through profit and loss	(141)	(141)
Reclassification of available-for-sale equity investments to financial assets 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 assets 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)
Recognition of the impact from the changes in accounting policy of associates	(86)	-
Relevant deferred tax assets	(214)	(214)
The impact to retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>1,020</u>	<u>860</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)

Consolidated financial statements						
Value according to former accounting policy	The classification and measurement in accordance with TFRS 9					Total
	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		
Financial assets as at 1 January 2020						
Cash	68,434	-	-	-	68,434	68,434
Interbank and money market items - net	338,771	-	-	-	338,371	338,371
Financial assets measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	57,474	-	-	-	57,474
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	-	-	-	29,664	29,664
Total financial assets	2,912,821	111,169	327,288	16,032	2,396,059	2,850,548
Financial liabilities as at 1 January 2020						
Deposits	2,155,865	-	-	-	2,155,865	2,155,865
Interbank and money market items	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	52,001	-	-	-	52,001
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	-	-	-	55,269	55,269
Total financial liabilities	2,663,890	52,001	-	-	2,545,679	2,597,680

Separate financial statements						
Value according to former accounting policy	The classification and measurement in accordance with TFRS 9					Total
	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		
Financial assets as at 1 January 2020						
Cash	68,362	-	-	-	68,362	68,362
Interbank and money market items - net	338,274	-	-	-	337,874	337,874
Financial assets measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	57,474	-	-	-	57,474
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
Total financial assets	2,835,962	111,169	327,288	16,032	2,318,954	2,773,443
Financial liabilities as at 1 January 2020						
Deposits	2,158,460	-	-	-	2,158,460	2,158,460
Interbank and money market items	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	52,001	-	-	-	52,001
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	-	-	-	47,484	47,484
Total financial liabilities	2,604,135	52,001	-	-	2,485,924	2,537,925

The following table shows a reconciliation of the closing allowance for impairment as at 31 December 2019, recognised in accordance with BOT regulations and TAS 105 Accounting for Investments in Debt and Equity Securities and the provision 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
Held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Investments in debt securities measured at fair value through other comprehensive income	79	20	99
Loans to customers and accrued interest receivables	135,268	(1,795)	133,473
Loan commitments and financial guarantee contracts	116	1,514	1,630
Total	136,734	141	136,875

(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
Held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Investments in debt securities measured at fair value through other comprehensive income	79	20	99
Loans to customers and accrued interest receivables	126,772	(1,795)	124,977
Loan commitments and financial guarantee contracts	116	1,514	1,630
Total	128,238	141	128,379

6.2 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 in percentage of 1.41 to 6.25 per annum (Separate financial statements: 1.41 to 3.14 percent per annum). 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 financial statements	Separate financial statements
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 financial statements	Separate financial statements
Building and building improvement	2,518	2,346
Furniture, fixtures and office equipment	231	-
Motor vehicles	1,146	1,088
Total right-of-use assets	<u>3,895</u>	<u>3,434</u>

7. Risk Management

Credit Risk

Credit risk is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement or has the deterioration in assets' quality resulting in non-repayment full amount of debt per the agreement which was affect over the Bank's income and capital. The allowance for expected credit loss net under the assets on the statements of financial position, represented the Bank's credit risk exposure.

The Bank concerns about the contingent credit risk at all time. The Bank also inputs economic and business from the research in loan portfolio management, including set the Industry Direction, stress testing and Industry Indicators in order to monitor and manage over all loan portfolio efficiently. The Bank continually evaluates and follows up both inside and outside country situation in order to assess the risk that may impact on solvency of the debtors and the Bank's loan portfolio.

The Bank focuses on a credit expansion to both existing and new customers with high potentiality and high yield. The Bank highly concentrates on customer evaluation, business potential, ability to repay debt, and obvious objective of loan purpose. The Bank develops not only risk management tool to rank credit rating in order to be an element to estimate risk of large and middle size of loans, but also develops Credit Scoring tool in order to consider retail loan debtors including the Early Warning System that notices credit departments and set the loan policy guideline to prevent debtors becoming NPLs. Moreover, the Bank also has regularly improved credit risk management by reviewing/ revising credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BOT. The credit risk management policies and guidelines are reviewed/improved at least once a year in order to match with current situation.

The Bank manages credit risk management of the companies in financial business group under the supervision of BOT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved on a yearly basis and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results of the Bank and its financial business group with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BOT's supervision policy in credit risk and other regulators' rules. The risk management results reports are normally submitted to the Risk Oversight Committee on a monthly basis and reports to the Audit Committee and the Board of Directors on a quarterly basis.

To follow up and manage the quality of credit, the Bank closely monitors the customers whose credits are approved in order to ensure that they are in comply with the terms and conditions of loan agreements by carrying out NPLs reduction project. The watch list debtors with weak performance will be monitored and controlled to prevent such loans becomes NPLs. However, in case those debtors become NPLs, the measure for debt restructuring shall be set up together with legal process. With this regards, the NPLs reduction project shall help stipulating the implementation plan to become clearer and more effective for the NPLs problem solving. Thus, the regular progress shall be reported regularly in order to expedite debt repayment with minimum loss.

In assessing the adequacy of provision as prescribed by the BOT, the Bank is required to examine the accuracy and completeness of loan classification, debt-restructuring and collateral data such as type and value of collateral. Such associated data potentially has significant impacts on the allowance for doubtful accounts of the Bank.

According to assets written-off, the Bank has policy to write off any assets classified as doubtful of loss with 100 percent provision; however, the Bank still closely follow up uncollectible amounts or taken legal proceedings to the final action.

The credit review is established to ensure the compliance with standard operation procedures in relation to credit approval and debt restructuring. In addition, the qualitative assessment for loan and other related assets are conducted for loan classification as prescribed by the BOT.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown gross carrying amounts prior to both collateral consideration and any actions to increase assurance as:

- For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts before deducting allowance for expected credit losses.
- For financial guarantees contracts, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay when the guarantees are called upon.
- For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2020, the maximum exposure to credit risk are as follow:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 December 2020	31 December 2020
Interbank and money market items (assets)	519,529	519,058
Investments in debt securities measured at amortised cost	1,787	942
Investments in debt securities measured at fair value through other comprehensive income	300,505	301,259
Loans to customers and accrued interest receivables	2,351,041	2,267,679
Accrued interest receivables of non-loans to customers	1,038	1,038
Total financial assets	3,173,900	3,089,976
Loan commitments	1,320,320	1,320,320
Financial guarantee contracts	48,928	48,928
Total	1,369,248	1,369,248
Total maximum exposure to credit risk	4,543,148	4,459,224

The Bank determined that above disclosure will disclose from year 2020 onwards, due to the adoption of the financial reporting standard from 1 January 2020.

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will not be able to comply its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit losses). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses-credit impaired are included in Note 4.10 to the consolidated financial statements.

(Unit: Million Baht)

Consolidated financial statements

31 December 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)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Investment grade	39,946	53	-	25	40,024
Non-investment grade	-	4,794	-	-	4,794
Not yet due	473,633	1,078	-	-	474,711
Total	513,579	5,925	-	25	519,529
<u>Less</u> Allowance for expected credit losses	(2,568)	(169)	-	-	(2,737)
Net book value	511,011	5,756	-	25	516,792
Investments in debt securities measured at amortised cost					
Investment grade	1,401	-	-	-	1,401
Non-investment grade	-	350	36	-	386
Total	1,401	350	36	-	1,787
<u>Less</u> Allowance for expected credit losses	(1)	(10)	(36)	-	(47)
Net book value	1,400	340	-	-	1,740
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	300,505	-	-	-	300,505
Total	300,505	-	-	-	300,505
Allowance for expected credit losses	(42)	-	(926)	-	(968)

(Unit: Million Baht)

Consolidated financial statements

31 December 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)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Loans to customers and accrued interest receivables - net					
Not yet due	1,650,474	176,005	5,143	2,027	1,833,649
Overdue 1 - 30 days	362,312	17,387	1,268	385	381,352
Overdue 31 - 60 days	11	14,196	3,565	40	17,812
Overdue 61 - 90 days	22	15,058	523	19	15,622
More than 90 days	556	855	98,908	2,287	102,606
Total	2,013,375	223,501	109,407	4,758	2,351,041
<u>Less</u> Allowance for expected credit losses	(32,093)	(41,627)	(74,204)	(2,604)	(150,528)
Net book value	1,981,282	181,874	35,203	2,154	2,200,513
Loan commitments					
Loan commitments	1,216,783	95,448	8,089	-	1,320,320
<u>Less</u> Allowance for expected credit losses	(910)	(2,357)	(858)	-	(4,125)
Net book value	1,215,873	93,091	7,231	-	1,316,195
Financial guarantee contracts					
Financial guarantee contracts	43,942	4,822	164	-	48,928
<u>Less</u> Allowance for expected credit losses	(117)	(334)	(12)	-	(463)
Net book value	43,825	4,488	152	-	48,465

(Unit: Million Baht)

Separate financial statements

31 December 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)	Total
Interbank and money market items (assets)				
Investment grade	39,500	53	-	39,553
Non-investment grade	-	4,794	-	4,794
Not yet due	473,633	1,078	-	474,711
Total	513,133	5,925	-	519,058
<u>Less</u> Allowance for expected credit losses	(2,568)	(169)	-	(2,737)
Net book value	510,565	5,756	-	516,321
Investments in debt securities measured at amortised cost				
Investment grade	556	-	-	556
Non-investment grade	-	350	36	386
Total	556	350	36	942
<u>Less</u> Allowance for expected credit losses	(1)	(10)	(36)	(47)
Net book value	555	340	-	895
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	301,259	-	-	301,259
Total	301,259	-	-	301,259
Allowance for expected credit losses	(42)	-	(926)	(968)

(Unit: Million Baht)

Separate financial statements

31 December 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)	Total
Loans to customers and accrued interest receivables - net				
Not yet due	1,586,211	168,330	5,143	1,759,684
Overdue 1 - 30 days	361,232	15,976	1,268	378,476
Overdue 31 - 60 days	-	13,384	3,565	16,949
Overdue 61 - 90 days	-	14,741	523	15,264
More than 90 days	-	-	97,306	97,306
Total	1,947,443	212,431	107,805	2,267,679
<u>Less</u> Allowance for expected credit losses	(28,249)	(39,183)	(73,158)	(140,590)
Net book value	1,919,194	173,248	34,647	2,127,089
Loan commitments				
Loan commitments	1,216,783	95,448	8,089	1,320,320
<u>Less</u> Allowance for expected credit losses	(910)	(2,357)	(858)	(4,125)
Net book value	1,215,873	93,091	7,231	1,316,195
Financial guarantee contracts				
Financial guarantee contracts	43,942	4,822	164	48,928
<u>Less</u> Allowance for expected credit losses	(117)	(334)	(12)	(463)
Net book value	43,825	4,488	152	48,465

Collateral and any operations to increase creditability

The Bank has held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements		Type of major collateral
	Exposure to credit risk with collateral		
	31 December 2020	31 December 2019	
Interbank and money market items (assets)	449,876	258,707	Bonds
Loans to customers and accrued interest receivables	1,589,418	1,505,396	Lands and buildings

Market Risk

Market risk is the risk that the Bank may be affected by changes in value of position on the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank monitors and controls the market risk in the trading book and banking book portfolios by comparing the existing risks with the approved risk limits/indicators, setting proper guideline when there is the breach of the limits/indicators and reporting to the executives and the Risk Oversight Committee regularly.

- **Interest Rate Risk**

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rates which affect the assets, liabilities and financial position that are rate sensitive items which may affect net interest income, economic value, market value of trading accounts and other income and expenses that relate to the interest rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities of the Bank and subsidiaries classified by periods of interest rate change or period of maturity, whichever is earlier, are as follows:

(Unit: Million Baht)

Consolidated financial statements							
31 December 2020							
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,161	-	68,161
Interbank and money market items	467,731	8,626	1,851	245	40,975	-	519,428
Investments	7,943	76,197	43,480	174,636	14,743	36	317,035
Loans to customers	1,414,740	301,386	427,590	61,114	22,644	107,368	2,334,842
Total financial assets	1,890,414	386,209	472,921	235,995	146,523	107,404	3,239,466
Financial liabilities							
Deposits	1,889,225	122,020	309,923	37,686	104,371	-	2,463,225
Interbank and money market items	179,848	43,441	6,983	38,194	6,100	-	274,566
Liabilities payable on demand	-	-	-	-	4,732	-	4,732
Debt issued and borrowings	-	2,268	6,275	78,021	-	-	86,564
Total financial liabilities	2,069,073	167,729	323,181	153,901	115,203	-	2,829,087

(Unit: Million Baht)

Consolidated financial statements							
31 December 2019							
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,434	-	68,434
Interbank and money market items	289,469	8,155	3,563	1	38,640	4	339,832
Investments	11,745	128,578	62,618	178,132	15,360	36	396,469
Loans to customers	1,338,994	289,944	229,593	109,243	19,444	102,655	2,089,873
Total financial assets	1,640,208	426,677	295,774	287,376	141,878	102,695	2,894,608
Financial liabilities							
Deposits	1,569,871	121,186	246,914	133,958	83,936	-	2,155,865
Interbank and money market items	152,039	19,627	1,543	27,948	14,666	-	215,823
Liabilities payable on demand	-	-	-	-	4,744	-	4,744
Debt issued and borrowings	108	-	16,007	80,726	-	-	96,841
Total financial liabilities	1,722,018	140,813	264,464	242,632	103,346	-	2,473,273

(Unit: Million Baht)

Separate financial statements							
31 December 2020							
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,116	-	68,116
Interbank and money market items	467,664	8,626	1,851	245	40,571	-	518,957
Investments	7,943	76,135	42,797	175,290	14,740	36	316,941
Loans to customers	1,425,332	233,886	425,923	58,690	4,937	103,254	2,252,022
Total financial assets	<u>1,900,939</u>	<u>318,647</u>	<u>470,571</u>	<u>234,225</u>	<u>128,364</u>	<u>103,290</u>	<u>3,156,036</u>
Financial liabilities							
Deposits	1,892,079	122,020	310,465	37,841	104,375	-	2,466,780
Interbank and money market items	173,706	43,441	6,983	38,194	6,101	-	268,425
Liabilities payable on demand	-	-	-	-	4,732	-	4,732
Debt issued and borrowings	-	-	-	44,293	-	-	44,293
Total financial liabilities	<u>2,065,785</u>	<u>165,461</u>	<u>317,448</u>	<u>120,328</u>	<u>115,208</u>	<u>-</u>	<u>2,784,230</u>

(Unit: Million Baht)

Separate financial statements							
31 December 2019							
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,362	-	68,362
Interbank and money market items	288,902	8,155	3,224	1	39,049	4	339,335
Investments	11,745	127,962	62,529	178,783	15,360	36	396,415
Loans to customers	1,345,205	224,636	227,562	108,650	1,040	99,220	2,006,313
Total financial assets	<u>1,645,852</u>	<u>360,753</u>	<u>293,315</u>	<u>287,434</u>	<u>123,811</u>	<u>99,260</u>	<u>2,810,425</u>
Financial liabilities							
Deposits	1,571,307	121,187	247,084	134,113	84,769	-	2,158,460
Interbank and money market items	144,649	19,627	1,042	27,948	14,974	-	208,240
Liabilities payable on demand	-	-	-	-	4,744	-	4,744
Debt issued and borrowings	1	-	7,322	44,000	-	-	51,323
Total financial liabilities	<u>1,715,957</u>	<u>140,814</u>	<u>255,448</u>	<u>206,061</u>	<u>104,487</u>	<u>-</u>	<u>2,422,767</u>

- Interest rate sensitivity analysis

Sensitivity analysis on interest rate change is to show the potential impact in the changes in interest rates on the statement of comprehensive income and the equity of the Bank by setting other variables constant.

The sensitivity of the statement of comprehensive income is the effect of changing interest rates on profit or loss for the year. For financial assets and financial liabilities at the end of reporting date, the Bank evaluates sensitivity analysis from net interest income change for the next 12 months under the assumption of changing interest rates of 1.00 percent for all types of financial assets and financial liabilities per each period of interest rate adjustment.

The impact of interest rates changes on profit or loss and equity as of 31 December 2020 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Effect of		Effect of	
	Profit or loss	Equity	Profit or loss	Equity
Interest increase 1%	(94)	(94)	(370)	(370)
Interest decrease 1%	(9,777)	(9,777)	(9,501)	(9,501)

- Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility gives the adverse impact on income or capital due to conducting transactions in foreign currency or having assets or liabilities in foreign currency, when converting foreign currency items on the Bank's financial statements to local currency, resulting in a decrease in book values including a decline in income or losses incurred from foreign currency trading.

The Bank has foreign exchange transactions, resulting in risk from changes in foreign exchange rates. However, the Bank has policy to hedge foreign exchange rate risk by regularly following up the risk and controlling the risk to be contained within the risk ceiling that the Bank set.

Financial position of the Bank and its subsidiaries' foreign currency balances as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2020				
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	542	295	78	87	296
Interbank and money market items	13,674	1,112	552	147	3,882
Derivative assets	757,092	118,450	44,372	833	15,471
Investments	15,095	1,721	18,021	345	1,920
Loans to customers	55,581	474	242	11	114
Total assets	841,984	122,052	63,265	1,423	21,683
Deposits	32,682	1,684	96	229	2,909
Interbank and money market items	8,781	271	-	-	58
Derivative liabilities	813,632	119,644	62,456	616	15,717
Total liabilities	855,095	121,599	62,552	845	18,684
Net	(13,111)	453	713	578	2,999
<u>Foreign currency of commitments</u>					
Loan commitments	40,690	-	-	-	105
Liabilities under unmatured import bills	1,735	138	2	-	4
Letter of credit	22,302	2,654	1,670	-	2,417
Other commitments	15,728	3,043	29	-	209

(Unit: Million Baht)

Consolidated financial statements

31 December 2019

<u>Foreign currency in the statement of financial position</u>	Australian				
	US Dollar	Euro	Yen	Dollar	Others
Cash	2,245	925	56	200	801
Interbank and money market items	21,138	1,406	2,562	129	3,360
Derivative assets	839,210	134,507	41,740	2,216	86,025
Investments	18,279	1,738	33,671	317	2,347
Loans to customers	55,892	747	291	19	42
Total assets	936,764	139,323	78,320	2,881	92,575
Deposits	21,041	1,614	31	261	3,083
Interbank and money market items	12,701	630	-	-	160
Derivative liabilities	877,147	135,649	65,136	2,176	86,560
Debt issued and borrowings	-	-	-	-	7,322
Total liabilities	910,889	137,893	65,167	2,437	97,125
Net	25,875	1,430	13,153	444	(4,550)
<u>Foreign currency of commitments</u>					
Loan commitments ⁽¹⁾	-	-	-	-	-
Liabilities under unmatured import bills	1,012	38	113	-	19
Letter of credit	33,719	6,479	3,429	-	5,146
Other commitments	23,257	2,987	19	-	260

⁽¹⁾ The Bank determined that such disclosure will disclose from year 2020 onwards, due to the financial reporting standards, set of financial instruments, became effective on 1 January 2020.

(Unit: Million Baht)

Separate financial statements

31 December 2020

	Australian				
	US Dollar	Euro	Yen	Dollar	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	542	295	78	87	296
Interbank and money market items	13,674	1,112	552	147	3,882
Derivative assets	757,092	118,450	44,372	833	15,471
Investments	15,095	1,721	18,021	345	1,920
Loans to customers	55,581	474	242	11	114
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Total liabilities	855,095	121,599	62,552	845	18,684
Net	(13,111)	453	713	578	2,999
<u>Foreign currency of commitments</u>					
Loan commitments	40,690	-	-	-	105
Liabilities under unmatured import bills	1,735	138	2	-	4
Letter of credit	22,302	2,654	1,670	-	2,417
Other commitments	15,728	3,043	29	-	209

(Unit: Million Baht)

	Separate financial statements				
	31 December 2019				
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	2,245	925	56	200	801
Interbank and money market items	21,138	1,406	2,562	129	3,360
Derivative assets	839,210	134,507	41,740	2,216	86,025
Investments	18,279	1,738	33,671	317	2,347
Loans to customers	55,892	747	291	19	42
Total assets	936,764	139,323	78,320	2,881	92,575
Deposits	21,041	1,614	31	261	3,083
Interbank and money market items	12,701	630	-	-	160
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Total liabilities	910,889	137,893	65,167	2,437	97,125
Net	25,875	1,430	13,153	444	(4,550)
<u>Foreign currency of commitments</u>					
Loan commitments ⁽¹⁾	-	-	-	-	-
Liabilities under unmatured import bills	1,012	38	113	-	19
Letter of credit	33,719	6,479	3,429	-	5,146
Other commitments	23,257	2,987	19	-	260

⁽¹⁾ The Bank determined that such disclosure will disclose from year 2020 onwards, due to the financial reporting standards, set of financial instruments, became effective on 1 January 2020.

- **Foreign exchange rate sensitivity analysis**

Sensitivity analysis will quantify the impact from the potential changes in exchange rates on the statement of comprehensive income and the equity of the Bank by setting constant to other variables. Risks and methods used in sensitivity analysis does not change from the previous period.

The impact from changes in exchange rate on profit or loss and equity as of 31 December 2020 can be summarised as follows:

	Consolidated and separate financial statements	
	Effect of	
	Profit or loss	Equity
10% increase	(2,435)	(836)
10% decrease	2,435	836

- Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank has no policy of holding position in those items; hence, the Bank manage such risk exposures by doing back-to-back transactions.

Liquidity Risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or inability to finance sufficient funds or acquiring funds at a higher than acceptable level cost thus affecting income and capital funds at present and in the future.

Structure of Sources and Uses of Funds

Liquidity risk is the significant risk of commercial banks. The Bank's primary sources of funds are from deposits, mostly short-term deposit less than 1 year and deposits that can be withdrawn without restricted timing, i.e. saving accounts, current accounts. The Bank's primary uses of funds are loans, which have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from the inability to turn asset into cash or the ability to turn asset into cash at cost higher than acceptable level, which could affect to the Bank's income and capital at present and in the future.

Thus, the Bank has liquidity risk management process through variety of tools. The Bank also set the indicator to control liquidity risk such as coverage ratio (LCR) etc. In addition, the Bank also monitors the sources and uses of funds and funding source concentration, especially on important sources of funds; then regularly report such risk to the Asset and Liability Management Committee (ALCO), the Risk Oversight Committee (ROC) and other related parties.

Liquidity Risk Management Tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity and reported to top-level executives and relevant departments in order to efficiently manage liquidity risk. The Bank prepares liquidity risk report to evaluate liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators in order to manage and control the risk level within the limit. Such reports are as follows;

- Net liquidity position report of the 14 days duration presents daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, which is based on historical cash flow pattern together with forecasted future trend under realistic and conservative principles. This report is done on a daily basis.

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior in the past under normal situation.
- Daily financial position report presents the Bank's liquid assets in terms of daily average deposits with the BOT. The BOT's regulation requires maintaining sum of the average daily deposit balance at BOT and the average daily cash balance at the cash inventory management center not less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates each type of high quality liquid assets to support the liquidity need for the Bank's normal operations.
- Liquidity Coverage Ratio (LCR) Report is reported to the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis in accordance with BOT's regulations. LCR aims to ensure that a bank has the sufficient liquidity to withstand the severe short term liquidity situation. The Bank must have the unencumbered high quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or significant devaluation to meet its liquidity needs for a 30 calendar day under severe liquidity stress scenario.
- Net Stable Funding Ratio (NSFR) Report is reported to BOT on a quarterly basis and the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis. NSFR is the liquidity risk measurement standard that aims to have stable funding source in line with the noncallable asset or the non-marketable with significant devaluation.
- Simulation liquidity risk stress testing report will be submitted to the Risk Oversight Committee on a quarterly basis.

Liquidity Risk Stress Testing

The Bank sets quarterly liquidity risk stress testing in conformity with the Bank's stress testing policy by using the 3 situations which are (1) Institution-specific crisis (2) Market-wide crisis and (3) Combination of both. Each situation is based on assumptions such as withdrawing customers' deposit type different proportion, declining in the market liquidity of assets, decreasing in ability to reach large-sized sources of funds. The Bank also prepares contingency plan to support crisis by considering to stress test result of each model situation. The contingency plan is set warning triggers of liquidity crisis in order that the Bank can reduce negative impact from liquidity problems that may occur with reasonable expenses/costs.

The Bank also discloses information about Liquidity Coverage Ratio (LCR) in order to ensure that the Bank has sufficient manage liquidity to support liquidity stress situation under the BOT's notifications regarding the Disclosure of Liquidity Coverage Ratio Disclosure Standards.

Channel of disclosure www.krungthai.com>Investor Relations>Financial Information>LCR Disclosures

Date of disclosure Within 4 months after the end of reporting period.

Information as at 31 December 2020

Liquidity Ratio

The Bank has average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BOT. As at 31 December 2020 and 2019, the Bank has deposits at the BOT and cash at the Cash Center of Baht 28,036 million and Baht 36,767 million, respectively.

Sources and Uses of Funds

Sources and uses of funds as at 31 December 2020, the Bank and its subsidiaries' major sources of funds were deposits accounting for 74.02 percent of total funds. Other significant sources of funds included interbank and money market items (liabilities) of 8.25 percent, debt issued and borrowings of 2.60 percent and equity of 10.67 percent.

The Bank and its subsidiaries' uses of funds were loans to customers accounting for 70.16 percent of total uses of funds. Other significant uses of funds included interbank and money market items - net (assets) of 15.53 percent and investments - net of 10.41 percent.

	<u>31 December 2020</u>	<u>31 December 2019</u>
	(%)	(%)
Sources of Funds		
Deposits	74.02	71.57
Interbank and money market items (liabilities)	8.25	7.16
Debt issued and borrowings	2.60	3.21
Equity	10.67	11.56
Uses of Funds		
Loans to customers	70.16	69.38
Interbank and money market items - net (assets)	15.53	11.25
Investments - net	10.41	14.15

Loans to deposits ratio

	31 December 2020	31 December 2019
	(%)	(%)
Loans to deposits ratio		
(Consolidated financial statements)	94.79	96.94
Loans to deposits ratio		
(Separate financial statements)	91.29	92.95

On the consolidated financial statements as at 31 December 2020, the Bank has loans to deposits ratio of 94.79 percent which has decreased from 96.94 percent as at 31 December 2019.

Loans to deposits ratio on the separate financial statements as at 31 December 2020 is 91.29 percent which has decreased from 92.95 percent as at 31 December 2019. As a result, loans increased 12.25 percent and deposits increased 14.28 percent from the end of the year 2019.

These above ratios have no significant impact to the liquidities of the Bank and its subsidiaries.

As at 31 December 2020 and 2019, the Bank's significant financial assets and liabilities are classified by remaining maturity as follows:

(Unit: Million Baht)

	Consolidated financial statements					Total
	31 December 2020					
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	
Financial assets						
Cash	-	-	-	-	68,161	68,161
Interbank and money market items	41,775	477,651	2	-	-	519,428
Financial assets measured at fair value through profit or loss	-	959	1,329	10,262	1,174	13,724
Derivative assets	-	29,447	28,197	16,863	-	74,507
Investments	36	51,869	224,627	25,760	14,743	317,035
Loans to customers	212,109	475,506	572,766	1,074,461	-	2,334,842
Total financial assets	<u>253,920</u>	<u>1,035,432</u>	<u>826,921</u>	<u>1,127,346</u>	<u>84,078</u>	<u>3,327,697</u>
Financial liabilities						
Deposits	1,930,454	513,786	18,985	-	-	2,463,225
Interbank and money market items	55,545	180,826	31,408	6,787	-	274,566
Derivative liabilities	-	25,358	25,581	14,532	-	65,471
Debt issued and borrowings	-	8,543	14,559	63,462	-	86,564
Total financial liabilities	<u>1,985,999</u>	<u>728,513</u>	<u>90,533</u>	<u>84,781</u>	<u>-</u>	<u>2,889,826</u>

(Unit: Million Baht)

Consolidated financial statements						
31 December 2019						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,434	68,434
Interbank and money market items	54,414	285,384	1	-	33	339,832
Derivative assets	-	20,843	21,232	13,736	-	55,811
Investments	36	185,281	161,488	34,302	15,362	396,469
Loans to customers	221,297	527,111	377,770	963,695	-	2,089,873
Total financial assets	275,747	1,018,619	560,491	1,011,733	83,829	2,950,419
Financial liabilities						
Deposits	1,577,854	438,787	137,628	1,596	-	2,155,865
Interbank and money market items	45,907	141,442	21,922	6,552	-	215,823
Derivative liabilities	-	21,485	16,841	13,543	-	51,869
Debt issued and borrowings	-	6,186	19,088	71,567	-	96,841
Total financial liabilities	1,623,761	607,900	195,479	93,258	-	2,520,398

(Unit: Million Baht)

Separate financial statements						
31 December 2020						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,116	68,116
Interbank and money market items	41,304	477,651	2	-	-	518,957
Financial assets measured at fair value through profit or loss	-	1,102	1,650	10,262	1,174	14,188
Derivative assets	-	29,447	28,197	16,863	-	74,507
Investments	36	51,124	225,283	25,758	14,740	316,941
Loans to customers	219,356	413,571	544,809	1,074,286	-	2,252,022
Total financial assets	260,696	972,895	799,941	1,127,169	84,030	3,244,731
Financial liabilities						
Deposits	1,933,312	514,328	19,140	-	-	2,466,780
Interbank and money market items	52,403	177,827	31,408	6,787	-	268,425
Derivative liabilities	-	25,358	25,581	14,532	-	65,471
Debt issued and borrowings	-	-	-	44,293	-	44,293
Total financial liabilities	1,985,715	717,513	76,129	65,612	-	2,844,969

(Unit: Million Baht)

Separate financial statements						
31 December 2019						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,362	68,362
Interbank and money market items	54,012	285,322	1	-	-	339,335
Derivative assets	-	20,843	21,232	13,736	-	55,811
Investments	36	184,577	162,141	34,302	15,359	396,415
Loans to customers	222,110	464,363	356,133	963,707	-	2,006,313
Total financial assets	<u>276,158</u>	<u>955,105</u>	<u>539,507</u>	<u>1,011,745</u>	<u>83,721</u>	<u>2,866,236</u>
Financial liabilities						
Deposits	1,579,785	439,295	137,783	1,597	-	2,158,460
Interbank and money market items	43,820	135,946	21,922	6,552	-	208,240
Derivative liabilities	-	21,485	16,841	13,543	-	51,869
Debt issued and borrowings	-	1	-	51,322	-	51,323
Total financial liabilities	<u>1,623,605</u>	<u>596,727</u>	<u>176,546</u>	<u>73,014</u>	<u>-</u>	<u>2,469,892</u>

8. Capital funds

As at 31 December 2020 and 2019, the Bank has calculated capital funds in accordance with the BOT's Basel III Framework. Since 2016, the 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-weighted assets from 1 January 2019 and increasing in to be 1 percent of total risk-weighted assets from 1 January 2020 onwards.

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 December 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 31 December of each year via the Bank's website. Comparative information as at 31 December 2020, already submitted to the BOT, is as follow:

(Unit: Million Baht)

	Financial business group	
	31 December 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	205,207	193,994
Other components of equity	30,963	33,011
Capital deduction items on common equity Tier 1	(21,743)	(22,340)
Tier 1 capital funds - financial instruments	1,288	1,100
Total Tier 1 capital funds	315,755	305,805
Tier 2 capital funds		
Long-term subordinated debt	44,000	53,091
Allowance for assets classified as normal	22,349	22,443
Total Tier 2 capital funds	66,349	75,534
Total capital funds	382,104	381,339

(Unit: Million Baht)

	Separate financial statements	
	31 December 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	187,929	179,309
Other components of equity	16,661	16,090
Capital deduction items on common equity Tier 1	(10,947)	(9,977)
Total tier 1 capital funds	293,683	285,462
Tier 2 capital funds		
Long-term subordinated debt	44,000	53,091
Allowance for assets classified as normal	21,332	21,525
Total Tier 2 capital funds	65,332	74,616
Total capital funds	359,015	360,078

	Capital adequacy ratio			
	Financial business group		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	(%)	(%)	(%)	(%)
Common equity Tier 1 ratio	15.73	15.19	15.35	14.80
Tier 1 capital fund ratio	15.79	15.24	15.35	14.80
Capital adequacy ratio	19.11	19.01	18.76	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	www. krungthai.com >Investor Relations>Financial Information> Pillar III disclosures
Date of disclosure	Within 4 months after the end of reporting period.
Information as at	31 December 2020

9. Supplementary information

9.1 Supplementary information of cash flows

9.1.1 Cash

Cash as at 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Cash	61,446	62,717	61,401	62,645
Cash received in advance from electronic money transactions and electronic money transfer services	6,715	5,717	6,715	5,717
Total	68,161	68,434	68,116	68,362

9.1.2 Significant non-cash items for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Increase in revaluation surplus on available-for-sale investments - net of income tax expenses	-	1,269	-	1,285
Increase in revaluation surplus on investments measured at fair value through other comprehensive income - net of income tax expenses	923	-	741	-
Increase in right-of-use assets	3,237	-	2,321	-
Increase in properties for sale from loans repayment	1,277	1,704	1,277	1,704

9.1.3 Disclosures of related changes in liabilities from financing activities

(Unit: Million Baht)

Item	Consolidated financial statements			
	Cash flows			31 December 2020
	31 December 2019	from financing activities	Non-cash item	
Debt issued and borrowings	96,841	(10,569)	292	86,564
Total	96,841	(10,569)	292	86,564

(Unit: Million Baht)

Item	Separate financial statements			
	Cash flows			31 December 2020
	31 December 2019	from financing activities	Non-cash item	
Debt issued and borrowings	51,323	(7,322)	292	44,293
Total	51,323	(7,322)	292	44,293

9.2 Classification of financial assets and financial liabilities

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	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
Financial assets					
Cash	-	-	-	68,161	68,161
Interbank and money market items - net	-	-	-	516,792	516,792
Financial assets measured at fair value through profit and loss	13,724	-	-	-	13,724
Derivatives assets	74,507	-	-	-	74,507
Investments - net	-	300,505	14,743	1,740	316,988
Loans to customers and accrued interest receivables - net	-	-	-	2,200,513	2,200,513
Total financial assets	88,231	300,505	14,743	2,787,206	3,190,685
Financial liabilities					
Deposits	-	-	-	2,463,225	2,463,225
Interbank and money market items - net	-	-	-	274,566	274,566
Liabilities payable on demand	-	-	-	4,732	4,732
Derivatives liabilities	65,471	-	-	-	65,471
Debt issued and borrowings	-	-	-	86,564	86,564
Lease liabilities	-	-	-	4,504	4,504
Provisions	-	-	-	20,287	20,287
Total financial liabilities	65,471	-	-	2,853,878	2,919,349

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 6.1 to the consolidated financial statements.

(Unit: Million Baht)

Separate financial statement

31 December 2020

	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
<u>Financial assets</u>					
Cash	-	-	-	68,116	68,116
Interbank and money market items - net	-	-	-	516,321	516,321
Financial assets measured at fair value through profit and loss	14,188	-	-	-	14,188
Derivatives assets	74,507	-	-	-	74,507
Investments - net	-	301,259	14,740	895	316,894
Loans to customers and accrued interest receivables - net	-	-	-	2,127,089	2,127,089
Total financial assets	88,695	301,259	14,740	2,712,421	3,117,115
<u>Financial liabilities</u>					
Deposits	-	-	-	2,466,780	2,466,780
Interbank and money market items - net	-	-	-	268,425	268,425
Liabilities payable on demand	-	-	-	4,732	4,732
Derivatives liabilities	65,471	-	-	-	65,471
Debt issued and borrowings	-	-	-	44,293	44,293
Lease liabilities	-	-	-	3,529	3,529
Provisions	-	-	-	18,740	18,740
Total financial liabilities	65,471	-	-	2,806,499	2,871,970

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 6.1 to the consolidated financial statements.

9.3 Interbank and money market items (assets)

(Unit: Million Baht)

Consolidated financial statements						
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	25,449	419,897	445,346	32,135	221,061	253,196
Commercial banks	459	8,449	8,908	475	22,532	23,007
Specialised financial institutions	14	19,573	19,587	23	6,126	6,149
Other financial institutions	25	26,249	26,274	40	28,993	29,033
Total	25,947	474,168	500,115	32,673	278,712	311,385
Add: Accrued interest receivables	-	83	83	-	117	117
Less: Deferred revenue	-	(2)	(2)	-	(22)	(22)
Less: Allowance for doubtful account	-	-	-	(1)	(1,149)	(1,150)
Less: Allowance for expected credit losses	(1)	(2,635)	(2,636)	-	-	-
Total domestic items	25,946	471,614	497,560	32,672	277,658	310,330
Foreign						
US Dollar	12,266	1,362	13,628	15,328	5,775	21,103
Yen	552	-	552	2,562	-	2,562
Euro	1,112	-	1,112	1,406	-	1,406
Others	1,898	2,125	4,023	2,224	1,176	3,400
Total	15,828	3,487	19,315	21,520	6,951	28,471
Add: Accrued interest receivables	-	18	18	-	57	57
Less: Deferred revenue	-	-	-	-	(2)	(2)
Less: Allowance for doubtful account	-	-	-	(1)	(84)	(85)
Less: Allowance for expected credit losses	(62)	(39)	(101)	-	-	-
Total foreign items	15,766	3,466	19,232	21,519	6,922	28,441
Total	41,712	475,080	516,792	54,191	284,580	338,771

(Unit: Million Baht)

Separate financial statements						
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	25,449	419,897	445,346	32,135	221,061	253,196
Commercial banks	2	8,449	8,451	1	22,532	22,533
Specialised financial institutions	-	19,573	19,573	-	6,126	6,126
Other financial institutions	25	26,249	26,274	40	28,993	29,033
Total	25,476	474,168	499,644	32,176	278,712	310,888
Add: Accrued interest receivables	-	83	83	-	117	117
Less: Deferred revenue	-	(2)	(2)	-	(22)	(22)
Less: Allowance for doubtful account	-	-	-	(1)	(1,149)	(1,150)
Less: Allowance for expected credit losses	(1)	(2,635)	(2,636)	-	-	-
Total domestic items	25,475	471,614	497,089	32,175	277,658	309,833
Foreign						
US Dollar	12,266	1,362	13,628	15,328	5,775	21,103
Yen	552	-	552	2,562	-	2,562
Euro	1,112	-	1,112	1,406	-	1,406
Others	1,898	2,125	4,023	2,224	1,176	3,400
Total	15,828	3,487	19,315	21,520	6,951	28,471
Add: Accrued interest receivables	-	18	18	-	57	57
Less: Deferred revenue	-	-	-	-	(2)	(2)
Less: Allowance for doubtful account	-	-	-	(1)	(84)	(85)
Less: Allowance for expected credit losses	(62)	(39)	(101)	-	-	-
Total foreign items	15,766	3,466	19,232	21,519	6,922	28,441
Total	41,241	475,080	516,321	53,694	284,580	338,274

As at 31 December 2020, the Bank has no loans to a subsidiary company, which was a financial institution.

9.4 Financial assets measured at fair value through profit and loss

(Unit: Million Baht)

Investments	Consolidated	Separate
	financial statements	financial statements
	31 December 2020	31 December 2020
Financial assets held for trading		
Government and state enterprises securities	6,497	6,497
Private enterprises debt securities	1,973	2,437
Marketable equity securities	36	36
Total	8,506	8,970
Others		
Private enterprises debt securities	4,080	4,080
Unit trust	382	382
Marketable equity securities	756	756
Total	5,218	5,218
Total financial assets measured at fair value through profit and loss	13,724	14,188

9.5 Derivatives

9.5.1 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 December 2020			31 December 2019		
	Fair value		Notional amounts	Fair value		Notional amounts
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	35,370	29,425	1,752,331	31,047	27,323	2,083,533
Interest rate	32,092	29,047	2,110,901	18,789	17,215	2,177,441
Others	6,125	6,699	123,954	5,975	7,331	163,262
Total	73,587	65,171	3,987,186	55,811	51,869	4,424,236

(Unit: Million Baht)

Type of risk	Separate financial statements					
	31 December 2020			31 December 2019		
	Fair value		Notional amounts	Fair value		Notional amounts
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	35,370	29,425	1,752,331	31,047	27,323	2,083,533
Interest rate	32,092	29,047	2,110,901	18,789	17,215	2,177,469
Others	6,125	6,699	123,954	5,975	7,331	163,262
Total	73,587	65,171	3,987,186	55,811	51,869	4,424,264

9.5.2 Derivative for hedging

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

Dynamic hedging

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

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2020		
	Notional amounts	Fair value	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	4,315	-	-
Total	4,315	-	-

Fair value hedges

The amounts relating to items designated as hedged items under fair value hedges are as follow.

(Unit: Million Baht)

Type of risk		Consolidated and separate financial statements			
		31 December 2020			
		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities	Assets	Liabilities
<u>Interest rate risk</u>					
THB fixed-rate borrowings	A	-	3,451	-	101
THB fixed-rate debt issued	B	-	10,293	-	293
Total interest rate risk		-	13,744	-	394
<u>Foreign exchange rate risk</u>					
USD investments in equity securities, designated at fair value through other comprehensive income	C	2,987	-	90	-
EUR investments in equity securities, designated at fair value through other comprehensive income	C	7	-	-	-
Total foreign exchange rate risk		2,994	-	90	-
Total		2,994	13,744	90	394

The items in the statement of financial position, where the hedged items and the cumulative fair value changes are recorded, include:

- A. Interbank and money market items (Liabilities)
- B. Debt issued and borrowings
- C. Investment - net

The amounts relating to items designated as hedging instruments under fair value hedges are as follow.

(Unit: Million Baht)

Type of risk	Consolidated and separate financial statements		
	31 December 2020		
	Notional amounts	Fair value of hedging instruments	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	13,350	457	4
Total interest rate risk	13,350	457	4
<u>Foreign exchange rate risk</u>			
Foreign currency forward contract	30	-	-
Foreign currency swap contract	2,890	90	-
Total foreign exchange rate risk	2,920	90	-
Total	16,270	547	4

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, to changes in the fair value of the hedged items and hedging instruments during the year, used as the basis for recognising ineffectiveness:

(Unit: Million Baht)

Consolidated and separate financial statements				
For the year period 31 December 2020				
Type of risk		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
<u>Interest rate risk</u>				
THB fixed-rate borrowings	Interest rate swap	66	(62)	4
THB fixed-rate debt issued	Interest rate swap	(77)	77	-
Total interest rate risk		(11)	15	4

(Unit: Million Baht)

		Consolidated and separate financial statements		
		For the year ended 31 December 2020		
Type of risk		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
Foreign exchange rate risk				
USD investments in equity securities, designated at fair value through other comprehensive income	Foreign currency forward contract / Foreign currency swap contract	(88)	88	-
EUR investments in equity securities, designated at fair value through other comprehensive income	Foreign currency swap contract	-	-	-
Total foreign exchange rate risk		(88)	88	-
Total		(99)	103	4

Cash flow hedges

The amounts relating to items designated as hedged items under cash flow hedges are as follow.

		Consolidated and separate financial statements		
		31 December 2020		
Type of risk		Change in fair value measuring used for ineffectiveness	Cash flow hedge reserve	
			Continuing hedges	Discontinued hedges
Interest rate and foreign exchange rate risk				
Investment in debt securities, measured at fair value through other comprehensive income				
USD fixed-rate		(3)	(15)	-
USD floating rate		(165)	50	-
YEN fixed-rate		(63)	123	-
EUR fixed-rate		62	10	-
EUR floating rate		59	14	-
AUD fixed-rate		24	-	-
Total		(86)	182	-

The corresponding items in the statement of financial position, where the hedged items are recorded is "Investment - net".

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, the notional and the carrying amounts of the derivatives the Bank uses as cash flow hedging instruments and the changes in fair value used for measuring ineffectiveness of the cash flow hedges as follows:

(Unit: Million Baht)

Consolidated and separate financial statements							
31 December 2020							
Type of risk	Notional amounts	Carrying amount of hedging instruments		Changes in fair value used for measuring ineffectiveness			Amount reclassified from the cash flow hedge reserve to profit or loss
		Assets	Liabilities	Total	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
Interest rate and foreign exchange rate risk							
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities	1,410	11	6	3	3	-	(14)
Cross currency swap (THB:USD) - hedge the risk of USD floating rate investments in debt securities	5,052	173	-	165	165	-	(115)
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities	14,906	189	134	63	63	-	45
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities	797	-	63	(62)	(62)	-	67
Cross currency swap (THB:EUR) - hedge the risk of EUR floating rate investments in debt securities	922	-	61	(59)	(59)	-	74
Cross currency swap (THB:AUD) - hedge the risk of AUD fixed-rate investments in debt securities	343	-	32	(24)	(24)	-	27
Total	23,430	373	296	86	86	-	84

The corresponding line item in the statement of comprehensive income that includes hedge ineffectiveness is "Net gains on financial instruments measured at fair value through profit or loss".

The corresponding line items in the statement of comprehensive income that affected by the reclassification of the cash flow hedge reserve are "Net gains on financial instruments measured at fair value through profit or loss" and "Interest income".

As at 31 December 2020, the Bank has hedging instruments used to hedge interest rate risk and foreign exchange rate risk, classified by the maturity as follows.

Type of risk	Consolidated and separate financial statements					
	31 December 2020					
	Remaining time to maturity					
	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
<u>Fair value hedges - interest rate risk</u>						
Interest rate swap - hedge THB fixed-rate borrowings						
Notional amount (Unit: Million Baht)	200	1,850	500	10,000	800	13,350
Average fixed rate (%)	4.60	4.34	4.50	3.40	3.41	3.59
Average floating rate (%)	0.72	0.39	0.63	1.70	0.83	1.41
<u>Fair value hedges - foreign exchange rate risk</u>						
Foreign currency forward contract - hedge USD investments in equity securities						
Notional amount (Unit: Million Baht)	-	30	-	-	-	30
Average foreign exchange rate (THB:USD)	-	30.00	-	-	-	30.00
Foreign currency swap contract - hedge EUR investments in equity securities						
Notional amount (Unit: Million Baht)	-	7	-	-	-	7
Average foreign exchange rate (THB:EUR)	-	36.52	-	-	-	36.52
Foreign currency swap contract - hedge USD investments in equity securities						
Notional amount (Unit: Million Baht)	-	2,884	-	-	-	2,884
Average foreign exchange rate (THB:USD)	-	30.97	-	-	-	30.97
<u>Cash flow hedges – interest rate and foreign exchange rate risk</u>						
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	150	1,260	-	1,410
Average foreign exchange rate (THB:USD)	-	-	30.27	30.51	-	30.48
Average fixed rate (%)	-	-	2.10	2.70	-	2.64
Cross currency swap (THB:USD) - hedge the risk of USD floating rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	757	4,295	-	5,052
Average foreign exchange rate (THB:USD)	-	-	30.26	30.74	-	30.66
Average fixed rate (%)	-	-	1.48	1.48	-	1.48

Consolidated and separate financial statements						
31 December 2020						
Remaining time to maturity						
Type of risk	Less than	1 to 3	Over 3	Over	Over	Total
	1 month	months	months to	1 to 5	5 years	
	1 year	years	years	years	years	
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	227	14,679	-	14,906
Average foreign exchange rate (THB:YEN)	-	-	0.28	0.29	-	0.29
Average fixed rate (%)	-	-	1.56	1.33	-	1.34
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	797	-	797
Average foreign exchange rate (THB:EUR)	-	-	-	33.43	-	33.43
Average fixed rate (%)	-	-	-	1.76	-	1.76
Cross currency swap (THB:EUR) - hedge the risk of EUR floating rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	922	-	922
Average foreign exchange rate (THB:EUR)	-	-	-	33.69	-	33.69
Average fixed rate (%)	-	-	-	1.73	-	1.73
Cross currency swap (THB:AUD) - hedge the risk of AUD fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	344	-	-	344
Average foreign exchange rate (THB:AUD)	-	-	20.79	-	-	20.79
Average fixed rate (%)	-	-	1.50	-	-	1.50

During the year ended 31 December 2020, there were no forecast transactions that are expected to be discontinued hedge as they were not expected to occur in the current year.

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

(Unit: Million Baht)

	Consolidated and separate financial statements		
	Cash flow hedge reserve	Gains (losses) from deferred cost	Total
		of hedging	
Balance as at 1 January 2020 - net income tax	9	(39)	(30)
Effective portion of changes in fair value:			
Interest rate and foreign exchange rate risk	86	-	86
Net amount reclassified to profit or loss:			
Interest rate and foreign exchange rate risk	84	-	84
Changes in deferred cost of hedging	-	90	90
Related income taxes	(34)	(18)	(52)
Balance as at 31 December 2020 - net income tax	<u>145</u>	<u>33</u>	<u>178</u>

9.6 Investments - net

The detail of investments of the Bank and its subsidiaries as of 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Investments in debt securities measured				
at amortised cost	1,740	-	895	-
Investments in debt securities measured at fair				
value through other comprehensive income	300,505	-	301,259	-
Investments in equity securities designated				
at fair value through other comprehensive				
income	14,743	-	14,740	-
Trading investments	-	48,252	-	48,252
Available-for-sale investments	-	344,198	-	344,856
Held-to-maturity investments	-	1,737	-	1,028
General investments	-	1,041	-	1,038
	<u>316,988</u>	<u>395,228</u>	<u>316,894</u>	<u>395,174</u>

9.6.1 Investments in debt securities measured at amortised cost

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020		31 December 2020	
	Amortised cost		Amortised cost	
Government and state enterprise securities	845			
Private enterprise debt securities	364		364	
Foreign debt securities	578		578	
Total	1,787		942	
<u>Less</u> Allowance for expected credit losses	(47)		(47)	
Total	1,740		895	

9.6.2 Investments in debt securities measured at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020		31 December 2020	
	Fair value		Fair value	
Government and state enterprise securities	256,924		256,924	
Private enterprise debt securities	10,867		11,621	
Foreign debt securities	32,714		32,714	
Total	300,505		301,259	
Allowance for expected credit losses	(968)		(968)	

9.6.3 Investments in equity securities designated at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020		31 December 2020	
	Fair value	Dividend income	Fair value	Dividend income
Domestic marketable equity securities	10,436	281	10,436	281
Foreign marketable equity securities	3,180	27	3,180	27
Domestic non-marketable equity securities	1,120	14	1,117	14
Foreign non-marketable equity securities	7	1	7	1
Total	14,743	323	14,740	323

During the year ended 31 December 2020, the Bank and its subsidiaries have no disposal on investments in equity securities designated at fair value through other comprehensive income.

9.6.4 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

9.6.5 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

9.6.6 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

9.6.7 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

9.6.8 The Bank and its subsidiaries have investments in securities which the Bank hold not less than 10 percent of the equity of the investee, classified by industrial sector and represented at their fair value as follows:

	(Unit: Million Baht)	
	Consolidated and	
	separate financial statements	
	31 December 2020	31 December 2019
Public utilities and services	1,726	1,538
Mutual funds and REIT	881	545

9.6.9 As at 31 December 2020 and 2019, investments of the Bank and its subsidiaries in the consolidated and separate financial statements include investments in companies which have problems with their financial position and operating performance, as follows:

	Consolidated and separate financial statements							
	Number		Cost		Fair value		Allowance for expected credit losses/ allowance for impairment provided in the accounts	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
	2020	2019	2020	2019	2020	2019	2020	2019
			Million Baht	Million Baht				
1. Listed companies that are possible to delisting from the SET	2	3	-	-	33	-	-	-
2. Companies which have debt settlement problems or default on debt repayment	3	2	947	115	-	-	962	115

9.7 Investments in subsidiaries and associated companies - net

9.7.1 Separate financial statements

		(Unit: Million Baht)						
Name of company	Type of business	Type of shares	Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended	
			31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
			Subsidiaries					
Directly held								
KTB Law Co., Ltd.	Legal services	Ordinary	100.00	100.00	30	30	13	27
KTB General Services and Security Co., Ltd.	General services	Ordinary	100.00	100.00	140	140	59	119
Krung Thai Asset Management Plc.	Fund management	Ordinary	100.00	100.00	211	211	500	455
KTB Computer Services Co., Ltd.	IT services	Ordinary	100.00	100.00	1,300	1,300	-	79
KTB Leasing Co., Ltd.*	Hire purchase	Ordinary	100.00	100.00	1,000	1,000	-	-
KTB Advisory Co., Ltd.**	Financial counseling & advisory services	Ordinary	76.00	100.00	228	40	-	-
Krungthai Card Plc.	Credit card business	Ordinary	49.29	49.10	2,150	1,980	1,118	1,046
KTC Nano Co., Ltd.***	Nano finance	Ordinary	24.95	24.95	13	13	-	-
KTC Pico (Bangkok) Co., Ltd.***	Personal loan	Ordinary	24.95	24.95	15	15	-	-
KTC Prepaid Co., Ltd.***	Electronic money services	Ordinary	24.95	-	25	-	-	-
Indirect held								
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				-	-	-	-
Infinitas by Krungthai Co., Ltd.*****	Digital platform services				-	-	-	-
Total					5,112	4,729	1,690	1,726
Less Allowance for impairment					(799)	(799)	-	-
Total					4,313	3,930	1,690	1,726

(Unit: Million Baht)

Name of company	Type of business	Type of shares	Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended	
			31 December	31 December	31 December	31 December	31 December	31 December
			2020	2019	2020	2019	2020	2019
Associated companies								
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	50.00	4,072	4,072	-	-
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	45.00	1,519	1,519	208	193
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	49.00	87	87	40	43
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	50.00	1,069	1,069	-	-
National ITMX Co., Ltd.	Services	Ordinary	19.86	19.82	36	36	35	17
BCI (Thailand) Co., Ltd.	Services	Ordinary	22.17	22.17	117	117	-	-
Total					6,900	6,900	283	253
<u>Less</u> Allowance for impairment					(10)	-	-	-
Total					6,890	6,900	283	253
Investments in subsidiaries and associates - net					11,203	10,830	1,973	1,979

* Under considering of business restructuring plan.

** Under operation of business plan preparation.

*** The Bank has 24.95 percent shareholding in KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC Prepaid Co., Ltd. and has indirect holdings of 49.29 percent through Krungthai Card Plc., and which Krungthai Card Plc. held 75.05 percent in KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC prepaid Co., Ltd.

**** The Bank, indirectly invested by KTC Pico (Bangkok) Co., Ltd., which 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.

***** The Bank, indirectly invested by KTB Advisory Co., Ltd., which invested in the 100% shareholdings of Infnitas by Krungthai Co., Ltd.

Details of investments in subsidiaries companies that have non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years ended		Profit allocated to non-controlling interests during the years ended		Other comprehensive income allocated to non-controlling interests during the years ended		Share of surplus from the change in the ownership interests in subsidiaries	
	31 December	31 December	31 December	31 December	31 December		31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)										
Krungthai Card Plc.	50.71	50.90	11,561	10,039	1,150	1,069	2,699	2,853	14	(27)	(41)	-
KTB Advisory Co., Ltd.	12.17	-	37	-	-	-	-	-	-	-	37	-
Total			11,598	10,039	1,150	1,069	2,699	2,853	14	(27)	(4)	-

Summarised financial information, before eliminating intercompany transactions, of subsidiaries companies that have significant non-controlling interests are as follows:

(Unit: Million Baht)

Krungthai Card Plc.⁽¹⁾

	31 December 2020	31 December 2019
<u>Summarised information about financial position</u>		
Total assets	88,403	85,409
Total liabilities	65,553	65,674
<u>Summarise information about comprehensive income</u>		
Net operating income	19,146	19,502
Profit for the years	5,332	5,524
Other comprehensive income	27	(54)
Total comprehensive income	5,359	5,471
<u>Summarised information about cash flow</u>		
Cash flow from (used in) operating activities	3,482	(2,211)
Cash flow from (used in) investing activities	(402)	(487)
Cash flow from (used in) financing activities	(2,515)	1,325

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies.

9.7.2 Consolidated financial statements

As at 31 December 2020 and 2019, investment in the associated companies, which presented under the equity method, in the consolidated financial statements consists of investment in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)

Name of company	31 December 2020			31 December 2019		
	Percentages of shareholdings	Investments (cost method)	Investment (equity method)	Percentages of shareholdings	Investments (cost method)	Investment (equity method)
Associated companies						
Krungthai-AXA Life Insurance Plc.	50.00	594	23,816	50.00	594	25,663
Krungthai Panich Insurance Plc.	45.00	971	3,027	45.00	971	2,952
Krung Thai IBJ Leasing Co., Ltd.	49.00	87	790	49.00	87	695
Krungthai Zmico Securities Co., Ltd.	50.00	1,069	1,208	50.00	1,069	1,148
National ITMX Co., Ltd.	19.86	36	464	19.82	36	379
BCI (Thailand) Co., Ltd.	22.17	117	95	22.17	117	109
Total investments in associated companies - net		<u>2,874</u>	<u>29,400</u>		<u>2,874</u>	<u>30,946</u>

(Unit: Million Baht)

For the years ended 31 December

Name of company	2020				2019		
	Dividend income	Share of profit	Retained earnings	Share of other comprehensive income	Dividend income	Share of profit	Share of other comprehensive income
Associated companies							
Krungthai-AXA Life Insurance Plc. ⁽¹⁾	-	1,436	(577)	(2,706)	-	963	12,799
Krungthai Panich Insurance Plc. ⁽¹⁾	208	315	(1)	(76)	193	331	52
Krung Thai IBJ Leasing Co., Ltd.	40	135	-	-	43	78	-
Krungthai Zmico Securities Co., Ltd.	-	69	(29)	22	-	9	(28)
National ITMX Co., Ltd.	35	119	-	-	17	53	-
BCI (Thailand) Co., Ltd.	-	(14)	-	-	-	(9)	-
Total investments in associated companies - net	<u>283</u>	<u>2,060</u>	<u>(607)</u>	<u>(2,760)</u>	<u>253</u>	<u>1,425</u>	<u>12,823</u>

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies for the year 2020.

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

9.7.3 Significant financial information of the associated companies

Summarised information about financial position

	(Unit: Million Baht)					
	Krungthai-AXA Life Insurance Plc.		Krungthai Panich Insurance Plc.		Krung Thai IBJ Leasing Co., Ltd.	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	341,759	334,284	11,866	10,506	12,734	12,908
Total liabilities	294,127	282,958	5,139	3,946	11,121	11,490
Net assets	<u>47,632</u>	<u>51,326</u>	<u>6,727</u>	<u>6,560</u>	<u>1,613</u>	<u>1,418</u>
Shareholding percentage (%)	50.00	50.00	45.00	45.00	49.00	49.00
Carrying amounts of the associate based on equity method	<u>23,816</u>	<u>25,663</u>	<u>3,027</u>	<u>2,952</u>	<u>790</u>	<u>695</u>

	(Unit: Million Baht)					
	Krungthai Zmico Securities Co., Ltd.		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	8,552	6,182	2,969	2,267	459	526
Total liabilities	6,136	3,886	634	348	29	36
Net assets	<u>2,416</u>	<u>2,296</u>	<u>2,335</u>	<u>1,919</u>	<u>430</u>	<u>490</u>
Shareholding percentage (%)	50.00	50.00	19.86	19.82	22.17	22.17
Carrying amounts of the associate based on equity method	<u>1,208</u>	<u>1,148</u>	<u>464</u>	<u>379</u>	<u>95</u>	<u>109</u>

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai-AXA Life Insurance Plc.		Krungthai Panich Insurance Plc.		Krung Thai IBJ Leasing Co., Ltd.	
	2020	2019	2020	2019	2020	2019
Revenue	64,919	68,963	2,920	2,857	1,038	958
Profit (loss)	2,872	1,881	701	731	275	154
Other comprehensive income	(5,411)	25,598	(168)	117	-	-
Total comprehensive income	(2,539)	27,479	533	848	275	154

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai Zmico Securities Co., Ltd.		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	2020	2019	2020	2019	2020	2019
Revenue	1,368	1,098	1,389	1,049	32	67
Profit (loss)	138	13	595	372	(60)	(40)
Other comprehensive income	43	(56)	-	-	-	-
Total comprehensive income	181	(43)	595	372	(60)	(40)

9.8 Loans to customers and accrued interest receivables - net

9.8.1 Classified by type of loans

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Overdrafts	155,037	168,673	155,037	168,673
Loans	1,592,453	1,407,818	1,504,951	1,324,106
Bills	581,389	505,162	590,829	512,322
Hire-purchase receivables	1,618	3,599	1	1
Finance lease receivables	957	1,165	-	-
Others	3,787	3,925	1,270	1,247
<u>Less</u> Deferred revenue	(399)	(469)	(66)	(36)
Total loans to customers net of deferred revenue	2,334,842	2,089,873	2,252,022	2,006,313
<u>Add</u> Accrued interest receivables	16,199	5,160	15,657	4,569
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,351,041	2,095,033	2,267,679	2,010,882

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
<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> Revaluation allowance for debt restructuring	-	(40)	-	(40)
<u>Less</u> Allowance for expected credit losses	(150,528)	-	(140,590)	-
Total loans to customers and accrued interest receivables - net	<u>2,200,513</u>	<u>1,959,765</u>	<u>2,127,089</u>	<u>1,884,110</u>

As at 31 December 2020, the Bank has interbank and money market loans made under programs rolled out in accordance with government policy. These consist of a soft loans program to provide working capital for SMEs, a soft loans program for 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, a project to provide loans for the environment and COVID-19 soft loans for personal loan and SMEs, together totalled Baht 44,667 million.

9.8.2 Classified by loans currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,252,468	25,952	2,278,420	2,005,481	27,401	2,032,882
US Dollar	25,122	30,459	55,581	30,570	25,322	55,892
Other currencies	817	24	841	1,069	30	1,099
Total*	<u>2,278,407</u>	<u>56,435</u>	<u>2,334,842</u>	<u>2,037,120</u>	<u>52,753</u>	<u>2,089,873</u>

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,169,648	25,952	2,195,600	1,921,921	27,401	1,949,322
US Dollar	25,122	30,459	55,581	30,570	25,322	55,892
Other currencies	817	24	841	1,069	30	1,099
Total*	<u>2,195,587</u>	<u>56,435</u>	<u>2,252,022</u>	<u>1,953,560</u>	<u>52,753</u>	<u>2,006,313</u>

* Total loans net of deferred revenues

9.8.3 Classified by business type of customers

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Agriculture and mining	24,424	26,521	24,267	26,389
Manufacturing and trading	504,670	533,198	503,167	532,322
Real estate and construction	128,957	114,047	128,112	113,021
Public utilities and services	583,746	360,854	584,481	361,774
Housing loans	430,281	396,036	430,281	396,036
Others	662,764	659,217	581,714	576,771
Total *	<u>2,334,842</u>	<u>2,089,873</u>	<u>2,252,022</u>	<u>2,006,313</u>

* Total loans net of deferred revenues

9.8.4 Classified by loans classification

(Unit: Million Baht)

	Consolidated financial statements	
	31 December 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)	2,013,375	32,093
Financial assets where there has been a significant increase in credit risk (Under-Performing)	223,501	41,627
Financial assets that are credit-impaired (Non-Performing)	109,407	74,204
Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	4,758	2,604
Total	<u>2,351,041</u>	<u>150,528</u>

(Unit: Million Baht)

Consolidated financial statements				
31 December 2019				
		Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
	Loans and accrued interest receivables			
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
Total	2,095,033	962,740		135,228

⁽¹⁾ 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.

⁽²⁾ Included loss rate net of recovery.

(Unit: Million Baht)

Separate financial statements		
31 December 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)	1,947,443	28,249
Financial assets where there has been a significant increase in credit risk (Under-Performing)	212,431	39,183
Financial assets that are credit-impaired (Non-Performing)	107,805	73,158
Total	2,267,679	140,590

(Unit: Million Baht)

Separate financial statements				
31 December 2019				
		Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
	Loans and accrued interest receivables			
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	2,010,882	882,164		126,732

⁽¹⁾ 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.

⁽²⁾ Included loss rate net of recovery.

9.8.5 As at 31 December 2020, the Bank and its subsidiaries have loans and accrued interest receivables with one delisted company amounting to Baht 8,410 million which have allowance for expected credit losses amounting to Baht 4,736 million (2019: There are loans and accrued interest receivable with 2 potential delisted companies amounting to Baht 8,501 million which have allowance for doubtful accounts of Baht 3,141 million).

9.8.6 Finance lease receivables (including hire-purchase receivables and finance lease receivables)

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 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	1,100	1,290	185	2,575	2,532	2,169	63	4,764
<u>Less</u> Unearned financial income				(333)				(433)
Present value of minimum lease payments				2,242				4,331
<u>Less</u> Allowance for doubtful accounts				-				(515)
<u>Less</u> Allowance for expected credit losses				(501)				-
Finance lease receivables - net				<u>1,741</u>				<u>3,816</u>

(Unit: Million Baht)

	Separate financial statements							
	31 December 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 doubtful accounts				-				(1)
<u>Less</u> Allowance for expected credit losses				(1)				-
Finance lease receivables - net				<u>-</u>				<u>-</u>

9.9 Allowance for expected credit losses/Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements						
31 December 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 impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)						
Beginning balance	-	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards ⁽¹⁾	505	1,126	4	-	(1,235)	400
	505	1,126	4	-	-	1,635
Changes due to staging of financial assets	5	(5)	-	-	-	-
Changes due to remeasurement of loss allowance	1,860	(962)	-	-	-	898
New financial assets purchased or acquired	199	19	-	-	-	218
Derecognition of financial assets	(1)	(9)	(4)	-	-	(14)
Ending balance	2,568	169	-	-	-	2,737
Investments in debt securities measured at amortised cost						
Beginning balance	-	-	-	-	36	36
Changes due to the adoption of new accounting standards ⁽¹⁾	1	1	36	-	(36)	2
	1	1	36	-	-	38
Changes due to remeasurement of loss allowance	-	6	-	-	-	6
New financial assets purchased or acquired	-	3	-	-	-	3
Ending balance	1	10	36	-	-	47

(Unit: Million Baht)

Consolidated financial statements						
31 December 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)	Financial assets where simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Allowance for doubtful accounts	Total
Investments in debt securities measured at fair value through other comprehensive income						
Beginning balance	-	-	-	-	79	79
Changes due to the adoption of new accounting standards ⁽¹⁾	12	8	79	-	(79)	20
	12	8	79	-	-	99
Changes due to remeasurement of loss allowance	3	-	847	-	-	850
New financial assets purchased or acquired	29	-	-	-	-	29
Derecognition of financial assets	(2)	(8)	-	-	-	(10)
Ending balance	42	-	926	-	-	968
Loans to customers and accrued interest receivables						
Beginning balance	-	-	-	-	135,228	135,228
Changes due to the adoption of new accounting standards ⁽¹⁾	24,530	43,954	62,070	2,919	(135,228)	(1,755)
	24,530	43,954	62,070	2,919	-	133,473
Changes due to staging of financial assets	7,281	(9,030)	1,749	-	-	-
Changes due to remeasurement of loss allowance	(1,531)	7,268	34,391	(199)	-	39,929
New financial assets purchased or acquired	3,962	1,081	1,362	-	-	6,405
Derecognition of financial assets	(1,910)	(764)	(1,258)	-	-	(3,932)
Bad debt written-off	(239)	(882)	(24,110)	(200)	-	(25,431)
Bad debt recovery	-	-	-	84	-	84
Ending balance	32,093	41,627	74,204	2,604	-	150,528

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated 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 to 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	13,908	8,478	6,433	4,547	37,403	64,459	135,228

(Unit: Million Baht)

Separate financial statements					
31 December 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
Interbank and money market items (assets)					
Beginning balance	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards ⁽¹⁾	505	1,126	4	(1,235)	400
	505	1,126	4	-	1,635
Changes due to staging of financial assets	5	(5)	-	-	-
Changes due to remeasurement of loss allowance	1,860	(962)	-	-	898
New financial assets purchased or acquired	199	19	-	-	218
Derecognition of financial assets	(1)	(9)	(4)	-	(14)
Ending balance	2,568	169	-	-	2,737

(Unit: Million Baht)

Separate financial statements

31 December 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
Investments in debt securities measured at amortised cost					
Beginning balance	-	-	-	36	36
Changes due to the adoption of new accounting standards ⁽¹⁾	1	1	36	(36)	2
	1	1	36	-	38
Changes due to remeasurement of loss allowance	-	6	-	-	6
New financial assets purchased or acquired	-	3	-	-	3
Ending balance	1	10	36	-	47
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	-	-	-	79	79
Changes due to the adoption of new accounting standards ⁽¹⁾	12	8	79	(79)	20
	12	8	79	-	99
Changes due to remeasurement of loss allowance	3	-	847	-	850
New financial assets purchased or acquired	29	-	-	-	29
Derecognition of financial assets	(2)	(8)	-	-	(10)
Ending balance	42	-	926	-	968

(Unit: Million Baht)

Separate financial statements					
31 December 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
Loans to customers and accrued interest receivables					
Beginning balance	-	-	-	126,732	126,732
Changes due to the adoption of new accounting standards ⁽¹⁾	22,204	41,956	60,817	(126,732)	(1,755)
	22,204	41,956	60,817	-	124,977
Changes due to staging of financial assets	6,449	(8,448)	1,999	-	-
Changes due to remeasurement of loss allowance	(1,751)	5,740	28,695	-	32,684
New financial assets purchased or acquired	3,331	1,081	1,362	-	5,774
Derecognition of financial assets	(1,745)	(264)	(525)	-	(2,534)
Bad debt written-off	(239)	(882)	(19,190)	-	(20,311)
Ending balance	28,249	39,183	73,158	-	140,590

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated financial statements.

(Unit: Million Baht)

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 to 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

9.10 Properties for sale

Properties for sale as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

Type of properties for sale	Consolidated financial statements							
	31 December 2020				31 December 2019			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	40,136	4,381	(4,929)	39,588	36,799	8,018	(4,681)	40,136
Movable assets	192	131	(152)	171	297	41	(146)	192
Total	40,328	4,512	(5,081)	39,759	37,096	8,059	(4,827)	40,328
Others	69	974	(366)	677	69	-	-	69
Properties for sale in transit	986	1,923	(2,259)	650	902	986	(902)	986
Total	41,383	7,409	(7,706)	41,086	38,067	9,045	(5,729)	41,383
<u>Less</u> Allowance for impairment	(9,201)	(1,575)	2,349	(8,427)	(2,084)	(7,117)	-	(9,201)
Properties for sale - net	<u>32,182</u>	<u>5,834</u>	<u>(5,357)</u>	<u>32,659</u>	<u>35,983</u>	<u>1,928</u>	<u>(5,729)</u>	<u>32,182</u>

(Unit: Million Baht)

Type of properties for sale	Separate financial statements							
	31 December 2020				31 December 2019			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	40,136	4,381	(4,929)	39,588	36,799	8,018	(4,681)	40,136
Movable assets	111	11	(111)	11	111	-	-	111
Total	40,247	4,392	(5,040)	39,599	36,910	8,018	(4,681)	40,247
Others (closed branches)	69	968	(362)	675	69	-	-	69
Properties for sale in transit	986	1,923	(2,259)	650	902	986	(902)	986
Total	41,302	7,283	(7,661)	40,924	37,881	9,004	(5,583)	41,302
<u>Less</u> Allowance for impairment	(9,126)	(1,541)	2,312	(8,355)	(1,967)	(7,159)	-	(9,126)
Properties for sale - net	<u>32,176</u>	<u>5,742</u>	<u>(5,349)</u>	<u>32,569</u>	<u>35,914</u>	<u>1,845</u>	<u>(5,583)</u>	<u>32,176</u>

During the years ended 31 December 2020 and 2019, the Bank had losses on sales of properties for sale totaling Baht 309 million and Baht 878 million, respectively (excluding revenue from ownership transfer fees paid by customers totaling Baht 58 million and Baht 74 million, respectively and selling expenses of Baht 225 million and Baht 231 million, respectively).

Immovable assets for sale classified by external and internal appraisers as at 31 December 2020 and 2019 consist of the following:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
	Immovable assets for sale - assets from debt repayment	
Appraised by external appraisers	38,599	31,675
Appraised by internal appraisers	989	8,461
Total	39,588	40,136

9.11 Land, premises and equipment

Land, premises and equipment as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020					
	Land		Premises	Equipment	Others	Total
Cost	Revaluation*					
<u>Cost</u>						
1 January 2020	5,848	10,258	12,375	22,990	896	52,367
Additions/transfers-in	7	364	359	2,033	1,777	4,540
Disposals/transfers-out	(77)	(223)	(118)	(1,243)	(1,697)	(3,358)
31 December 2020	5,778	10,399	12,616	23,780	976	53,549
<u>Accumulated depreciation</u>						
1 January 2020	-	-	8,724	18,653	724	28,101
Depreciation	-	-	235	1,506	58	1,799
Disposals	-	-	(109)	(1,053)	(16)	(1,178)
31 December 2020	-	-	8,850	19,106	766	28,722
<u>Allowance for impairment</u>						
1 January 2020	49	-	16	-	-	65
31 December 2020	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2020	5,729	10,399	3,750	4,674	210	24,762
Depreciation for the years ended 31 December						
2019						1,872
2020						1,799

* The Bank has revaluation in 2016.

(Unit: Million Baht)

Consolidated financial statements

31 December 2019

	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2019	9,522	10,438	12,272	20,676	1,354	54,262
Additions/transfers-in	3	-	300	2,783	630	3,716
Disposals/transfers-out	(3,677)	(180)	(197)	(469)	(1,088)	(5,611)
31 December 2019	5,848	10,258	12,375	22,990	896	52,367
<u>Accumulated depreciation</u>						
1 January 2019	-	-	8,642	17,531	653	26,826
Depreciation	-	-	255	1,543	74	1,872
Disposals	-	-	(173)	(421)	(3)	(597)
31 December 2019	-	-	8,724	18,653	724	28,101
<u>Allowance for impairment</u>						
1 January 2019	49	-	16	-	-	65
31 December 2019	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2019	5,799	10,258	3,635	4,337	172	24,201

* The Bank has revaluation in 2016.

(Unit: Million Baht)

Separate financial statements						
31 December 2020						
	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2020	6,065	10,258	11,455	12,837	873	41,488
Additions/transfers-in	3	-	49	891	1,725	2,668
Disposals/transfers-out	(77)	(223)	(83)	(216)	(1,622)	(2,221)
31 December 2020	5,991	10,035	11,421	13,512	976	41,935
<u>Accumulated depreciation</u>						
1 January 2020	-	-	8,028	10,377	724	19,129
Depreciation	-	-	200	892	58	1,150
Disposals	-	-	(80)	(212)	(16)	(308)
31 December 2020	-	-	8,148	11,057	766	19,971
<u>Allowance for impairment</u>						
1 January 2020	49	-	16	-	-	65
31 December 2020	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2020	5,942	10,035	3,257	2,455	210	21,899
Depreciation for the years ended 31 December						
2019						1,110
2020						1,150

* The Bank has revaluation in 2016.

(Unit: Million Baht)

	Separate financial statements					
	31 December 2019					
	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2019	9,739	10,438	11,367	11,279	1,062	43,885
Additions/transfers-in	3	-	241	1,773	178	2,195
Disposals/transfers-out	(3,677)	(180)	(153)	(215)	(367)	(4,592)
31 December 2019	6,065	10,258	11,455	12,837	873	41,488
<u>Accumulated depreciation</u>						
1 January 2019	-	-	7,941	9,762	653	18,356
Depreciation	-	-	217	819	74	1,110
Disposals	-	-	(130)	(204)	(3)	(337)
31 December 2019	-	-	8,028	10,377	724	19,129
<u>Allowance for impairment</u>						
1 January 2019	49	-	16	-	-	65
31 December 2019	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2019	6,016	10,258	3,411	2,460	149	22,294

* The Bank has revaluation in 2016.

As at 31 December 2020 and 2019, the Bank and its subsidiaries have buildings and equipment which have been fully depreciated but are still in use, with gross carrying amounts before deducting accumulated depreciation and allowance for impairment approximately Baht 19,198 million and Baht 18,733 million, respectively (separate financial statements: Baht 12,200 million and Baht 11,177 million, respectively).

The Bank arranged for an independent professional appraiser to appraise the value of land in 2016. The basis of the revaluation was market approach.

Assumptions used in the valuation are summarised below:

	Consolidated and separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	2,800 - 1,566,352	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land of the Bank and its subsidiaries for the years ended 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Balance - beginning of the year	8,206	8,350	8,206	8,350
Increased during the year ⁽¹⁾	418	-	127	-
Transfer out during the year ⁽¹⁾	(44)	(144)	(44)	(144)
Balance - end of the year	<u>8,580</u>	<u>8,206</u>	<u>8,289</u>	<u>8,206</u>

⁽¹⁾ Include the adjustment for the transfer of land of closed branches to properties for sale.

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

9.12 Leases

The Bank and its subsidiaries have lease contracts for various items of premises, equipment, and vehicles used in its operations. Leases generally have lease terms between 1 - 50 years.

9.12.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are shown below:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2020			
	Premises	Equipment	Vehicles	Total
<u>Cost</u>				
1 January 2020 ⁽¹⁾	2,518	231	1,146	3,895
Additions/transfers-in	2,478	339	420	3,237
Disposals/transfers-out	(660)	(125)	(65)	(850)
31 December 2020	<u>4,336</u>	<u>445</u>	<u>1,501</u>	<u>6,282</u>
<u>Accumulated depreciation</u>				
1 January 2020 ⁽¹⁾	-	-	-	-
Depreciation	1,657	130	447	2,234
Disposals	(352)	(30)	(44)	(426)
31 December 2020	<u>1,305</u>	<u>100</u>	<u>403</u>	<u>1,808</u>
<u>Net book value</u>				
31 December 2020	<u>3,031</u>	<u>345</u>	<u>1,098</u>	<u>4,474</u>

⁽¹⁾ The beginning balance is presented in accordance with the adjustment of rights-of-use assets from the first-time adoption of TFRS16 as presented in Note 6.2 to the consolidated financial statements.

(Unit: Million Baht)

	Separate financial statements			
	31 December 2020			
	Premises	Equipment	Vehicles	Total
<u>Cost</u>				
1 January 2020 ⁽¹⁾	2,346	-	1,088	3,434
Additions/transfers-in	2,016	-	305	2,321
Disposals/transfers-out	(657)	-	(56)	(713)
31 December 2020	3,705	-	1,337	5,042
<u>Accumulated depreciation</u>				
1 January 2020 ⁽¹⁾	-	-	-	-
Depreciation	1,477	-	388	1,865
Disposals	(352)	-	(42)	(394)
31 December 2020	1,125	-	346	1,471
<u>Net book value</u>				
31 December 2020	2,580	-	991	3,571

⁽¹⁾ The beginning balance is presented in accordance with the adjustment of rights-of-use assets from the first-time adoption of TFRS16 as presented in Note 6.2 to the consolidated financial statements.

9.12.2 Lease liabilities

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 December 2020	31 December 2020
Lease payments		
Up to 1 years	2,078	1,592
Over 1 - 5 years	2,526	1,980
Over 5 years	63	63
Total	4,667	3,635
Less: Deferred interest expenses	(163)	(106)
Total	4,504	3,529

9.12.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Million Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	2,234	1,865
Interest expense on lease liabilities	101	60
Expense relating to short-term leases	442	382
Expense relating to leases of low-value assets	181	26
Total	2,958	2,333

9.12.4 Others

The Bank and its subsidiaries had total cash outflows for leases for the year ended 31 December 2020 of Baht 3,027 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Bank and its subsidiaries had non-cash additions to right-of-use assets and lease liabilities of Baht 3,237 million

9.13 Intangible assets

Intangible assets as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2020				
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2020	7,225	14	4,286	468	11,993
Additions/transfers-in	2,829	-	42	2,644	5,515
Disposals/transfers-out	(13)	-	(4)	(2,418)	(2,435)
31 December 2020	10,041	14	4,324	694	15,073
<u>Accumulated amortisation</u>					
1 January 2020	4,742	11	3,340	-	8,093
Amortisation	764	1	228	-	993
Disposal	(14)	-	(4)	-	(18)
31 December 2020	5,492	12	3,564	-	9,068
<u>Net book value</u>					
31 December 2020	4,549	2	760	694	6,005
Amortisation for the years ended 31 December					
2019					878
2020					993

(Unit: Million Baht)

Consolidated financial statements

31 December 2019

	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2019	6,849	11	4,262	508	11,630
Additions/transfers-in	858	3	24	775	1,660
Disposals/transfers-out	(482)	-	-	(815)	(1,297)
31 December 2019	7,225	14	4,286	468	11,993
<u>Accumulated amortisation</u>					
1 January 2019	4,307	10	3,096	-	7,413
Amortisation	633	1	244	-	878
Disposal	(198)	-	-	-	(198)
31 December 2019	4,742	11	3,340	-	8,093
<u>Net book value</u>					
31 December 2019	2,483	3	946	468	3,900

(Unit: Million Baht)

Separate financial statements

31 December 2020

	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2020	1,494	7	735	392	2,628
Additions/transfers-in	2,610	-	26	2,507	5,143
Disposals/transfers-out	(11)	-	(4)	(2,304)	(2,319)
31 December 2020	4,093	7	757	595	5,452
<u>Accumulated amortisation</u>					
1 January 2020	776	5	449	-	1,230
Amortisation	286	-	57	-	343
Disposal	(12)	-	(3)	-	(15)
31 December 2020	1,050	5	503	-	1,558
<u>Net book value</u>					
31 December 2020	3,043	2	254	595	3,894
Amortisation for the years ended 31 December					
2019					182
2020					343

(Unit: Million Baht)

Serperated financial statements					
31 December 2019					
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2019	1,173	5	735	130	2,043
Additions/transfers-in	606	2	-	615	1,223
Disposals/transfers-out	(285)	-	-	(353)	(638)
31 December 2019	1,494	7	735	392	2,628
<u>Accumulated amortisation</u>					
1 January 2019	650	5	393	-	1,048
Amortisation	126	-	56	-	182
31 December 2019	776	5	449	-	1,230
<u>Net book value</u>					
31 December 2019	718	2	286	392	1,398

As at 31 December 2020 and 2019, the Bank and its subsidiaries have intangible assets which have been fully amortised but are still in use, with gross carrying amounts before deducting accumulated amortisation of approximately Baht 5,056 million and Baht 3,370 million, respectively (separate financial statements: Baht 886 million and Baht 304 million, respectively).

9.14 Deferred tax assets/liabilities and income tax

9.14.1 Deferred tax assets/liabilities

As at 31 December 2020 and 2019, deferred tax assets and liabilities are as follows:

(Unit: Million Baht)				
	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets	11,567	13,117	8,931	10,387
Deferred tax liabilities	(5,686)	(4,953)	(5,370)	(4,690)
Net	5,881	8,164	3,561	5,697

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December	31 December	Changes of deferred tax for the years ended 31 December	
	2020	2019	2020	2019
Deferred tax assets:				
Investments	585	426	159	(254)
Investment in subsidiaries and associated companies	-	160	(160)	(1)
Loans to customers and accrued interest receivable	2,309	5,451	(3,142)	1,444
Properties for sale	1,671	1,825	(154)	1,423
Land, premises and equipment	16	18	(2)	(251)
Provisions	4,247	3,046	1,201	680
Unused tax losses	6	-	6	-
Leases	88	-	88	-
Others	2,645	2,191	454	47
Total	11,567	13,117	(1,550)	3,088
Deferred tax liabilities:				
Investments	(2,474)	(2,161)	(313)	(127)
Land, premises and equipment	(2,444)	(2,482)	38	10
Leases	(79)	-	(79)	-
Others	(689)	(310)	(379)	66
Total	(5,686)	(4,953)	(733)	(51)
Net	5,881	8,164	(2,283)	3,037
Changes of deferred tax:				
Recognised in retained earning as of 1 January 2020 ⁽¹⁾			(214)	-
Recognised in other components of equity as of 1 January 2020 ⁽¹⁾			(516)	-
Recognised in profit or loss			(1,733)	3,120
Recognised in other comprehensive income			180	(83)
Total			(2,283)	3,037

⁽¹⁾ The effect of changes in accounting policies due to the adoption of new financial reporting standards as described in Note 6 to the consolidated financial statements.

(2)

(Unit: Million Baht)

	Separate financial statements			
	31 December 2020	31 December 2019	Changes of deferred tax for the years ended 31 December	
			2020	2019
Deferred tax assets:				
Investments	583	426	157	(256)
Investment in subsidiaries and associated companies	162	160	2	(1)
Loans to customers and accrued interest receivables	418	3,541	(3,123)	1,456
Properties for sale	1,671	1,825	(154)	1,432
Land, premises and equipment	13	13	-	(174)
Provisions	3,938	2,755	1,183	664
Others	2,146	1,667	479	24
Total	8,931	10,387	(1,456)	3,145
Deferred tax liabilities:				
Investments	(2,474)	(2,163)	(311)	(129)
Land, premises and equipment	(2,388)	(2,422)	34	15
Others	(508)	(105)	(403)	-
Total	(5,370)	(4,690)	(680)	(114)
Net	3,561	5,697	(2,136)	3,031
Changes of deferred tax:				
Recognised in retained earning as of 1 January 2020 ⁽¹⁾			(214)	-
Recognised in other components of equity as of 1 January 2020 ⁽¹⁾			(516)	-
Recognised in profit or loss			(1,650)	3,143
Recognised in other comprehensive income			244	(112)
Total			(2,136)	3,031

⁽¹⁾ The effect of changes in accounting policies due to the adoption of new financial reporting standards as described in Note 6 to the consolidated financial statements.

9.14.2 Income tax

The Bank has complied with its tax management policy to correctly operate tax payment, tax filing and tax benefit utilisation according to the legal regulations.

The Bank has considered tax effects both current and future of benefit from carrying amount of assets or settlement of carrying amount of liabilities. If there is probable that the Bank will get benefits from carrying amount of assets or settlement of carrying amount of liabilities, the Bank will pay higher future income tax (or lower) on the basis of amounts expected to be paid. Such the consideration is based on estimations, assumptions, regulation changes that may occur, legal interpretation and historical experience. In the future, if events change, which resulted in Bank to change its decision on the sufficiency of accrued income tax, any changes in accrued income tax will affect to income tax in the period that the changes occur.

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	2,708	10,353	1,134	8,721
Deferred tax:				
Relating to temporary differences and reversal of temporary differences	1,733	(3,120)	1,650	(3,143)
Income tax expenses reported in profit or loss	4,441	7,233	2,784	5,578

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on surplus from revaluation of assets	105	(36)	32	(36)
Deferred tax on gains (losses) from hedge accounting	52	-	52	-
Deferred tax on gains (losses) from the changes in value of investments in debt instruments measured at fair value through other comprehensive income	188	-	189	-
Deferred tax on gains (losses) from the changes in value of investments in equity instruments designated at fair value through other comprehensive income	(364)	-	(364)	-
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	-	317	-	321
Deferred tax on actuarial gains and losses	(161)	(198)	(153)	(173)
	<u>(180)</u>	<u>83</u>	<u>(244)</u>	<u>112</u>

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	23,880	39,370	16,076	31,904
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	4,776	7,874	3,215	6,381
Effects of non-taxable revenue and non-deductible expenses - net	(335)	(641)	(431)	(803)
Income tax expenses reported in profit or loss	<u>4,441</u>	<u>7,233</u>	<u>2,784</u>	<u>5,578</u>

9.15 Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Prepaid expenses	1,380	1,332	1,074	1,118
Suspense debtors	3,917	5,906	4,040	5,896
Collateral under Credit Support Annex				
Contract and Cash Margin Debtors	16,490	6,975	16,490	6,975
Settlement account between the Bank and other financial institutions	627	968	627	968
Receivables from sale of securities	3,401	5,413	3,401	5,413
Other assets	9,066	6,421	9,038	6,341
Total	34,881	27,015	34,670	26,711
Less: Allowance for impairment	(3,566)	(3,173)	(3,566)	(3,156)
Other assets - net	31,315	23,842	31,104	23,555

As at 31 December 2020 and 2019, other assets included defaulted debtors from convertible preferred shares contracts of Baht 998 million and Baht 998 million, respectively, which the Bank has set up an allowance for impairment at the same amount (Note 9.42.1 to the consolidated financial statements).

9.16 Deposits

9.16.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Demand deposits	104,371	84,692	104,375	84,705
Saving deposits	1,826,080	1,493,162	1,828,935	1,495,080
Time of deposits	532,774	578,011	533,470	578,675
Total	2,463,225	2,155,865	2,466,780	2,158,460

9.16.2 Classified by customers currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,409,212	16,413	2,425,625	2,112,824	17,011	2,129,835
US Dollar	19,991	12,691	32,682	14,217	6,824	21,041
Other currencies	2,661	2,257	4,918	2,621	2,368	4,989
Total	2,431,864	31,361	2,463,225	2,129,662	26,203	2,155,865

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,412,767	16,413	2,429,180	2,115,419	17,011	2,132,430
US Dollar	19,991	12,691	32,682	14,217	6,824	21,041
Other currencies	2,661	2,257	4,918	2,621	2,368	4,989
Total	2,435,419	31,361	2,466,780	2,132,257	26,203	2,158,460

9.17 Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	261	13,538	13,799	598	24,156	24,754
Commercial banks	3,617	133,553	137,170	383	92,620	93,003
Specialised financial institutions	3,318	51,525	54,843	3,565	29,964	33,529
Other financial institutions	47,703	19,029	66,732	38,443	20,138	58,581
Total domestic items	54,899	217,645	272,544	42,989	166,878	209,867
Foreign						
US Dollar	384	1,376	1,760	289	5,428	5,717
Euro	106	-	106	79	-	79
Other currencies	156	-	156	160	-	160
Total foreign items	646	1,376	2,022	528	5,428	5,956
Total	55,545	219,021	274,566	43,517	172,306	215,823

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	261	13,538	13,799	598	24,156	24,754
Commercial banks	475	130,554	131,029	686	86,633	87,319
Specialised financial institutions	3,318	51,525	54,843	3,565	29,964	33,529
Other financial institutions	47,703	19,029	66,732	38,443	18,239	56,682
Total domestic items	51,757	214,646	266,403	43,292	158,992	202,284
Foreign						
US Dollar	384	1,376	1,760	289	5,428	5,717
Euro	106	-	106	79	-	79
Other currencies	156	-	156	160	-	160
Total foreign items	646	1,376	2,022	528	5,428	5,956
Total	52,403	216,022	268,425	43,820	164,420	208,240

9.18 Debt issued and borrowings

As at 31 December 2020 and 2019, debt issued and borrowings are classified as follows:

(Unit: Million Baht)

	Currency	Interest rate (%)	Maturity date	Consolidated financial statements					
				31 December 2020			31 December 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
<u>Long term bonds</u>									
2015	Baht	3.68 - 4.00	2022 - 2025	2,695	-	2,695	4,695	-	4,695
2016	Baht	2.12 - 4.00	2021 - 2026	13,825	-	13,825	14,600	-	14,600
2017	Baht	2.46 - 3.80	2022 - 2027	10,988	-	10,988	11,043	-	11,043
2018	Baht	2.35 - 3.83	2021 - 2028	5,327	-	5,327	9,065	-	9,065
2019	Baht	2.40 - 3.20	2021 - 2029	5,974	-	5,974	6,115	-	6,115
2020	Baht	1.93 - 2.65	2022 - 2030	3,462	-	3,462	-	-	-
<u>KTB subordinated debentures</u>									
No.1/2015	MYR	-	-	-	-	-	-	7,322	7,322
No.1/2017	Baht	3.40	2027	20,293	-	20,293	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			-	-	-	1	-	1
Total				86,564	-	86,564	89,519	7,322	96,841

(Unit: Million Baht)

	Currency	Interest rate (%)	Maturity date	Separate financial statements					
				31 December 2020			31 December 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
<u>KTB subordinated debentures</u>									
No.1/2015	MYR	-	-	-	-	-	-	7,322	7,322
No.1/2017	Baht	3.40	2027	20,293	-	20,293	20,000	-	20,000
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
<u>Others</u>									
Short-term bills of exchange (B/E) *									
	Baht			-	-	-	1	-	1
Total				44,293	-	44,293	44,001	7,322	51,323

* Include matured bills of exchange that its holder is still not redeemable.

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. The Bank redeemed the debentures on 6 July 2020.

Subordinated debentures

The Bank issued Baht 20,000 million of subordinated debenture No.1/2017, comprising 20 million units of Baht 1,000 each. 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 of Baht 1,000 each. 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.

9.19 Provisions

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Allowance for expected credit losses on loan commitments and financial guarantee contracts	4,588	-	4,588	-
Provisions for employee benefits	15,123	14,419	13,582	12,973
Provisions for contingent losses from legal case	570	698	570	687
Other provisions	6	123	-	116
Total provisions	20,287	15,240	18,740	13,776

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

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

(Unit: Million Baht)

	Consolidated and separate	
	financial statements	
	31 December 2020	
	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)	1,260,725	1,027
Financial assets where there has been a significant increase in credit risk (Under-Performing)	100,270	2,691
Financial assets that are credit-impaired (Non-Performing)	8,253	870
Total	1,369,248	4,588

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

(Unit: Million Baht)

	Consolidated and separate financial statements				Total
	31 December 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	
Beginning balance	-	-	-	116	116
Changes due to the adoption of new accounting standards ⁽¹⁾	744	663	223	(116)	1,514
	744	663	223	-	1,630
Changes due to staging of financial assets	192	(194)	2	-	-
Changes due to remeasurement of loss allowance	1	2,148	467	-	2,616
New issued obligations to grant credit/ guarantees	131	98	220	-	449
Derecognition of financial assets	(41)	(23)	(2)	-	(66)
Bad debt written-off	-	(1)	(40)	-	(41)
Ending balance	1,027	2,691	870	-	4,588

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulation. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated financial statements.

9.19.2 Provisions for employee benefits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Defined benefit obligation at the beginning of the years	14,419	10,988	12,973	9,904
Included in profit or loss:				
Current service cost	918	742	786	643
Interest cost	266	393	241	351
Past service cost	-	2,541	-	2,373
Included in other comprehensive income:				
Actuarial (gains) losses arising from:				
- Demographic assumptions changes	1	1,404	(1)	1,098
- Financial assumptions changes	375	2,011	399	1,844
- Experience adjustments	430	(2,426)	365	(2,076)
Benefits paid during the years	(1,286)	(1,234)	(1,181)	(1,164)
Defined benefit obligation at the end of the years	15,123	14,419	13,582	12,973

As at 31 December 2020 and 2019, the Bank and its subsidiaries expect to pay Baht 710 million and Baht 700 million, respectively, in long-term employee benefits during the next one year (separate financial statements: Baht 623 million and Baht 627 million, respectively).

The Principal Actuarial Assumptions

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate (Percent per annum)	1.28 - 1.79	1.63 - 1.96	1.51 - 1.60	1.88
Future salary increase rate (Percent per annum)	3.00 - 6.00	3.00 - 6.00	6.00	6.00
Average staff turnover rate (Percent per annum)	0.57 - 34.38	0.57 - 45.84	0.57 - 6.88	0.57 - 6.88
Age of retirement (Year)	55 - 60 years	55 - 60 years	60 years	60 years

Sensitivity Analysis of Principal Actuarial Assumptions

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in assumptions used for calculation. The actuarial assumptions may change based on changes in market conditions, changed in inflation condition, including demographic changes in the defined benefit plan. The following table shows the effect of changes in key assumptions.

The changes in assumptions occur separately.

(Unit: Million Baht)

	Increase (decrease) in the provisions			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate				
Increase 1%	(1,548)	(1,808)	(1,400)	(1,307)
Decrease 1%	1,854	2,191	1,682	1,563
Future salary increase rate				
Increase 1%	1,301	1,689	1,153	1,084
Decrease 1%	(1,118)	(1,443)	(988)	(934)

As at 31 December 2020 and 2019, the weighted average durations of the liabilities for long-term employee benefit obligation of the Bank and its subsidiaries are 8 - 16 years and 8.5 - 17 years, respectively (separate financial statements: 12 - 16 years and 16 years, respectively).

9.19.3 Provisions for litigation

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	Balance at the beginning of the years	698	685	687
Increase during the years	125	293	125	282
Utilised	(222)	(115)	(222)	(115)
Reversal of provisions	(31)	(165)	(20)	(165)
Balance at the end of the years	570	698	570	687

9.20 Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Accrued interest expenses	3,554	4,611	3,227	4,269
Accrued expenses	11,515	13,958	10,448	12,020
Interbranch account	135	911	135	911
Suspense account creditors	4,597	2,151	3,508	3,110
Tax payables	2,059	5,713	1,191	4,863
Deferred revenue for reward points	2,346	2,277	-	-
Settle account between the Bank and other financial institutions	993	132	531	132
Advanced account	6,805	5,717	6,715	5,717
Cheque in transit	5,939	1,745	5,939	1,745
Payables from trading securities	3,401	2,555	3,401	2,555
Other liabilities	12,023	16,255	10,946	12,918
Total	53,367	56,025	46,041	48,240

9.21 Share capital

9.21.1 Ordinary shares

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

9.21.2 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.

9.21.3 As at 31 December 2020, the Financial Institutions Development Fund holds 7,696,248,833 ordinary shares of the Bank or 55.05 percent of paid-up ordinary and preferred shares.

9.22 Other components of equity

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Surplus on revaluation of assets	10,725	10,258	10,361	10,258
Less: The effect of deferred tax liabilities	(2,145)	(2,052)	(2,072)	(2,052)
Net surplus on revaluation of assets	8,580	8,206	8,289	8,206
Revaluation surplus (deficit) on investments				
Debt securities	1,638	1,921	1,648	1,747
Equity securities	9,127	8,260	9,127	8,260
Expected credit loss	968	-	968	-
Total revaluation surplus (deficit) on investments	11,733	10,181	11,743	10,007
Add (less): The effect of deferred tax liabilities	(2,347)	(2,001)	(2,349)	(2,001)
Net revaluation surplus (deficit) on investments	9,386	8,180	9,394	8,006
Losses from reclassification of investments	-	(2)	-	(2)
Hedge reserves	223	-	223	-
Less: The effect of deferred tax liabilities	(45)	-	(45)	-
Net hedge reserves	178	-	178	-
Gains (losses) from translating the financial statements	(72)	(116)	(72)	(116)
Share of other comprehensive income of associated companies	14,107	16,738	-	-
Total	32,179	33,006	17,789	16,094

9.23 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 authorised share capital. The Bank has already set aside the full amount of its legal reserve.

9.24 Dividends

During the years ended 31 December 2020 and 2019, the Bank has dividends payments as follow:

(Unit: Million Baht)

Dividends	Approved by	Total dividends		Dividend per share		Payment date
		Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	
Interim dividends for the year 2019	Board of Directors Meeting on 25 March 2020	5	10,524	0.9075	0.753	23 April 2020
Dividends for the year 2018	Annual General Meeting of the Shareholders on 12 April 2019	5	10,035	0.8725	0.718	10 May 2019

9.25 Commitment and contingent liabilities

9.25.1 Leases and service commitment

As at 31 December 2020, the Bank and its subsidiaries have future rental and service charges under non-cancellable leases which have not yet effective, long term lease and long term service contracts as follows :

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Within	Over	Within	Over
	1 year	1 - 5 years	1 year	1 - 5 years
Non-cancellable lease which have not yet effective	1	1	-	-
Long term leases	137	8	3	2
Long term service contracts	888	604	249	195
Total	1,026	613	252	197

9.25.2 Contingent liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Avals to bills	5,614	8,128	5,614	8,128
Guarantees of loans	9	3,544	9	3,544
Liabilities under unmatured import bills	5,450	6,589	5,450	6,589
Letters of credit	30,993	53,244	30,993	53,244
Banks' liability under acceptances	22	-	22	-
Other contingencies				
Unused overdraft credit lines	180,307	153,649	180,307	153,649
Other guarantees	177,681	180,861	177,681	180,861
Others	180,768	6,417	6,525	6,417
Total	580,844	412,432	406,601	412,432

As at 31 December 2020 and 2019, the Bank has contingent liabilities relating to significant lawsuits brought against the Bank of Baht 17,311 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.

As at 31 December 2020 and 2019, the Bank has guarantees for transactions of the Bank of Baht 5,140 million and Baht 5,161 million, respectively.

9.26 Assets with obligations and restrictions

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Government and state enterprise bonds pledged as collateral		
Court collateral	447	518
Repurchase agreements	40,133	26,212
Collateral for Student Loan Fund	58	58
Properties for sale (subject to purchase or sell agreements with clients)	1,808	2,037
Properties for sale (debtor is granted the right to buy back or first right for this portion)	6,236	8,405
Total	<u>48,682</u>	<u>37,230</u>

9.27 Related party transactions

9.27.1 The Bank have the following related parties transactions with the Bank's executives (First Vice President and above) including related persons who together with these employees as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	31 December 2020	31 December 2019
Loans	163	130
Deposits	375	232

	(Unit: Million Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2020	2019
Interest income	5	5
Interest expenses	2	2

9.27.2 Interbank and money market items (assets), loans, obligations, derivatives, and other assets

The balances of interbank and money market items (assets), loans, obligations, derivatives, and other assets with related parties, which are under normal bank pricing policies, as at 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Interbank and money market items (assets)				
<u>Associated companies</u>				
Krungthai-AXA Life insurance Plc.	1	-	1	-
Krungthai Zmico Securities Co., Ltd.	431	605	431	605
<u>Less</u> Allowance for doubtful accounts	-	(6)	-	(6)
<u>Less</u> Allowance for expected credit losses	(62)	-	(62)	-
Total	370	599	370	599
Loans				
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 doubtful accounts	-	(3,141)	-	(3,141)
<u>Less</u> Allowance for expected credit losses	(4,736)	-	(4,736)	-
Total	3,675	5,350	3,675	5,350
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	7	8
KTB Computer Services Co., Ltd.	-	-	2,096	2,089
KTB Leasing Co., Ltd.	-	-	1,780	3,693
Krungthai Card Plc.	-	-	7,660	3,491
<u>Less</u> Allowance for doubtful accounts	-	-	-	(93)
<u>Less</u> Allowance for expected credit losses	-	-	(21)	-
Total	-	-	11,522	9,188
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	5,142	5,739	5,142	5,739
Krungthai Panich Insurance Plc.	-	1	-	1
<u>Less</u> Allowance for doubtful account	-	(57)	-	(57)
<u>Less</u> Allowance for expected credit losses	(26)	-	(26)	-
Total	5,116	5,683	5,116	5,683

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Loans (cont'd)				
Related parties with common directors or key management personnel	19,263	30,620	19,263	30,620
<u>Less</u> Allowance for doubtful accounts	-	(170)	-	(170)
<u>Less</u> Allowance for expected credit losses	(126)	-	(126)	-
Total	19,137	30,450	19,137	30,450
Commitments				
Related parties in which the Bank holds from 10 to 20 percent of paid-up capital in total	13	19	13	19
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	1	1	1	1
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	21	1
KTB Computer Services Co., Ltd.	-	-	5	5
KTB Leasing Co., Ltd.	-	-	1	1
Krungthai Card Plc.	-	-	1	1
<u>Associated companies</u>				
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 personnel	365	127	365	127
Derivatives (Notional amount)				
<u>Subsidiary</u>				
KTB Leasing Co., Ltd.	-	-	-	28
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	731	933	731	933
Krungthai-AXA Life Insurance Plc.	10,614	9,690	10,614	9,690

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Other assets				
Entities with related parents or with related directors or key management personnel				
	2,511	1,531	2,511	1,531
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	18	-
KTB Leasing Co., Ltd.	-	-	1	-
Krungthai Card Plc.	-	-	752	903
Krung Thai Asset Management Plc.	-	-	108	55
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	169	250	168	250
Krungthai Panich Insurance Plc.	29	32	29	32
Krungthai Zmico Securities Co., Ltd.	-	1	-	1

9.27.3 Deposits, interbank and money market items (liabilities) and other liabilities

The balances of deposits, interbank and money market items (liabilities) and other liabilities to related parties, which are under normal bank pricing policies, as at 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deposits				
<u>Parent company</u>				
Financial Institutions Development Fund	20	-	20	-
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	401	501
KTB General Services and Security Co., Ltd.	-	-	773	703
KTB Computer Services Co., Ltd.	-	-	350	276
KTB Leasing Co., Ltd.	-	-	257	190
KTB Advisory Co., Ltd.	-	-	3	44
Krungthai Card Plc.	-	-	1,469	881
Infinitas by Krungthai Co.,Ltd.	-	-	300	-

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deposits (cont'd)				
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	31	19	31	19
Krungthai Panich Insurance Plc.	245	401	245	401
Related parties with directors or key management personnel	10,198	7,410	10,198	7,410
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	622	239	622	239
Interbank and money market items (liabilities)				
<u>Subsidiary</u>				
Krung Thai Asset Management Plc.	-	-	158	303
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	4,789	6,581	4,789	6,581
Krungthai Zmico Securities Co., Ltd.	42	19	42	19
Other liabilities				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	344	240
KTB Computer Services Co., Ltd.	-	-	638	709
Krungthai Card Plc.	-	-	2	1
KTB Law Co., Ltd.	-	-	104	126
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	12	9	12	9
Krungthai-AXA Life Insurance Plc.	14	26	7	26
National ITMX Co., Ltd.	27	16	27	16

9.27.4 Income and expenses

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

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest income				
<u>Subsidiaries</u>				
KTB Computer Services Co., Ltd.	-	-	43	70
KTB Leasing Co., Ltd.	-	-	25	123
Krungthai Card Plc.	-	-	55	59
<u>Associated companies</u>				
Krungthai Zmico Securities Co., Ltd.	9	22	9	22
Krung Thai IBJ Leasing Co., Ltd.	68	71	68	71
Related parties with directors or key management personnel	201	740	201	740
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	34	39	34	39
Interest expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	3	4
KTB General Services and Security Co., Ltd.	-	-	4	5
Krungthai Card Plc.	-	-	2	2
Krung Thai Asset Management Plc.	-	-	1	1
KTB Computer Services Co., Ltd.	-	-	1	-
KTB Leasing Co., Ltd.	-	-	1	-
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	2	2	2	2
Krungthai-AXA Life Insurance Plc.	113	160	113	160
Krung Thai IBJ Leasing Co., Ltd.	2	-	2	-
Krungthai Zmico Securities Co., Ltd.	2	-	-	-
Related parties with directors or key management personnel	95	28	95	28
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	1	3	1	3

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Other income				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	9	5
KTB Leasing Co., Ltd.	-	-	8	21
Krung Thai Asset Management Plc.	-	-	816	651
Krungthai Card Plc.	-	-	222	268
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	7	8	7	8
Krungthai Zmico Securities Co., Ltd.	5	8	4	8
Krungthai Panich Insurance Plc.	327	191	305	191
Krungthai-AXA Life Insurance Plc.	2,226	2,203	2,110	2,203
Other expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	380	774
KTB General Services and Security Co., Ltd.	-	-	2,317	2,370
KTB Computer Services Co., Ltd.	-	-	3,618	3,676
Krungthai Card Plc.	-	-	6	7
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	12	36	-	36
Krungthai Zmico Securities Co., Ltd.	9	9	8	9
National ITMX Co., Ltd.	242	181	242	181
Krungthai-AXA Life Insurance Plc.	74	-	-	-
Krungthai Panich Insurance Plc.	18	-	-	-

9.27.5 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)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	1,266	1,186	907	797
Post-employment benefits	49	63	29	27
Total	1,315	1,249	936	824

9.27.6 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 3,487 million and Baht 3,545 million for the years ended 31 December 2020 and 2019, respectively.
- 2) 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 131 million and Baht 131 million for the years ended 31 December 2020 and 2019, respectively.
- 3) 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 years ended 31 December 2020 and 2019 of Baht 165 million and Baht 590 million, respectively.
- 4) 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 years ended 31 December 2020 and 2019 were Baht 2,317 million and Baht 2,371 million, respectively.
- 5) The Bank incurred service charges provided by its subsidiaries [including fees mentioned in No.1) to 3)] totaling Baht 6,321 million and Baht 6,828 million for the years ended 31 December 2020 and 2019, respectively, at the rates as mutually agreed.
- 6) The Bank generated fee income from service with subsidiaries for the years ended 31 December 2020 and 2019, amounting to Baht 797 million and Baht 857 million, respectively.
- 7) The Bank generated premises rental income from subsidiaries of Baht 3 million and Baht 20 million for the years ended 31 December 2020 and 2019, respectively, at the

rate upon agreement.

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.

Associated companies

The Bank generated fee income under support service contracts of Baht 2,426 million and Baht 2,410 million for the years ended 31 December 2020 and 2019, respectively, at the rate upon agreement.

9.28 Significant financial position and operations classified by domestic and foreign business segment

9.28.1 Financial position classified by business segment

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2020				31 December 2019			
	Domestic business	Foreign branches business	Elimination	Total	Domestic business	Foreign branch business	Elimination	Total
Total assets	3,323,187	19,261	(14,668)	3,327,780	2,999,664	20,960	(8,408)	3,012,216
Interbank and money market items - net	508,031	8,761	-	516,792	329,785	8,986	-	338,771
Financial assets measured at fair value								
through profit or loss	13,724	-	-	13,724	-	-	-	-
Investments - net*	344,433	1,955	-	346,388	423,820	2,354	-	426,174
Loans to customers and accrued interest								
receivables - net	2,192,197	8,316	-	2,200,513	1,950,481	9,284	-	1,959,765
Deposits	2,458,740	4,485	-	2,463,225	2,151,130	4,735	-	2,155,865
Interbank and money market items	274,553	13	-	274,566	215,810	13	-	215,823
Debt issued and borrowings	86,564	-	-	86,564	89,519	7,322	-	96,841

* Includes investments in subsidiaries and associated companies.

(Unit: Million Baht)

Separate financial statements								
31 December 2020					31 December 2019			
	Domestic	Foreign	Elimination	Total	Domestic	Foreign	Elimination	Total
	business	branches				business		
	segment	segment			segment	segment		
Total assets	3,222,394	19,261	(14,668)	3,226,987	2,895,806	20,960	(8,408)	2,908,358
Interbank and money								
market items - net	507,560	8,761	-	516,321	329,288	8,986	-	338,274
Financial assets								
measured at fair								
value through profit								
or loss	14,188	-	-	14,188	-	-	-	-
Investments - net*	326,144	1,955	-	328,099	403,650	2,354	-	406,004
Loans to customers								
and accrued interest								
receivables - net	2,118,773	8,316	-	2,127,089	1,874,826	9,284	-	1,884,110
Deposits	2,462,295	4,485	-	2,466,780	2,153,725	4,735	-	2,158,460
Interbank and money								
market items	268,412	13	-	268,425	208,228	12	-	208,240
Debt issued and								
borrowings	44,292	-	-	44,292	44,001	7,322	-	51,323

* Includes investments in subsidiaries and associated companies.

9.28.2 Operations classified by business segment

(Unit: Million Baht)

Consolidated financial statements								
For the years ended 31 December								
2020					2019			
	Domestic	Foreign	Related	Total	Domestic	Foreign	Related	Total
	business	branches				business		
	segment	segment	party		segment	segment	party	
			transactions				transactions	
Interest income	112,323	884	(370)	112,837	122,160	2,890	(2,079)	122,971
Interest expenses	(24,425)	(439)	370	(24,494)	(34,552)	(2,182)	2,079	(34,655)
Interest income - net	87,898	445	-	88,343	87,608	708	-	88,316
Fees and service								
income - net	20,464	64	-	20,528	23,185	53	-	23,238
Other operating income	13,409	(32)	-	13,377	14,018	85	-	14,103
Other operating								
expenses and								
allowance for expected								
credit loss/impairment								
losses of loans and								
debt securities	(98,177)	(191)	-	(98,368)	(86,038)	(249)	-	(86,287)
Profit from operating								
before income tax								
expenses	23,594	286	-	23,880	38,773	597	-	39,370

(Unit: Million Baht)

Separate financial statements								
For the years ended 31 December								
2020				2019				
	Domestic business segment	Foreign branches business segment	Related party transactions	Total	Domestic business segment	Foreign branches business segment	Related party transactions	Total
Interest income	97,381	884	(370)	97,895	107,509	2,890	(2,079)	108,320
Interest expenses	(22,927)	(439)	370	(22,996)	(33,058)	(2,182)	2,079	(33,161)
Interest income - net	74,454	445	-	74,899	74,451	708	-	75,159
Fees and service income - net	16,309	64	-	16,373	18,516	53	-	18,569
Other operating income	10,225	(32)	-	10,193	11,072	85	-	11,157
Other operating expenses and allowance for expected credit loss/impairment losses of loans and debt securities	(85,198)	(191)	-	(85,389)	(72,732)	(249)	-	(72,981)
Profit from operating before income tax expenses	15,790	286	-	16,076	31,307	597	-	31,904

9.29 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 associated companies.

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, which is different from the accounting policy use for the preparation of financial statements, 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).

(Unit: Million Baht)

	Consolidated financial statements					
	For the years ended 31 December 2020					
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
Total operating income	50,538	28,815	6,481	42,861	(6,447)	122,248
Total expenses and tax expenses (excluding expected credit losses)	(30,625)	(6,334)	(2,330)	(24,794)	6,177	(57,906)
Expected credit losses	(12,735)	(25,292)	(1,051)	(5,755)	(70)	(44,903)
Net profit	7,178	(2,811)	3,100	12,312	(340)	19,439

(Unit: Million Baht)

	Consolidated financial statements					
	For the years ended 31 December 2019					
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
Total operating income	50,121	32,799	8,746	44,226	(10,234)	125,658
Total expenses and tax expenses (excluding impairment losses of loans and debt securities)	(32,550)	(16,305)	(2,849)	(24,632)	6,630	(69,706)
Impairment losses of loans and debt securities	(1,814)	(5,928)	(166)	(15,906)	-	(23,814)
Net profit	15,757	10,566	5,731	3,688	(3,604)	32,138

Assets and liabilities for segment of the Bank and its subsidiaries as at 31 December 2020 and 2019 are as follows.

(Unit: Million Baht)

	Consolidated financial statements					
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
As at 31 December 2020:						
Segment assets	988,351	1,208,867	943,799	187,601	(838)	3,327,780
Segment liabilities	1,711,923	839,087	200,543	239,613	(18,449)	2,972,717
As at 31 December 2019:						
Segment assets	934,786	1,076,578	857,030	148,926	(5,104)	3,012,216
Segment liabilities	1,570,438	671,319	228,333	196,987	(3,187)	2,663,890

Information about major customers

During the years ended 31 December 2020 and 2019, the Bank and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

9.30 Interest Income

Interest income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interbank and money market items	3,594	7,113	3,594	7,113
Investment and trading transactions	435	482	435	482
Investment in debt securities	4,251	4,943	4,266	4,953
Loans to customers *	104,307	109,784	89,533	95,569
Hire-purchase and finance leases	184	428	-	-
Others	66	221	66	203
Total interest income	112,837	122,971	97,894	108,320

* Interest income from loans to customers for the years ended 31 December 2020 and 2019, including payment from the auction of property, mortgage collateral, of one debtor, amounting to Baht 4,747 million and Baht 3,899 million (Note 9.42.1 to consolidated financial statements).

9.31 Interest expenses

Interest expenses for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deposits	13,765	17,861	13,775	17,873
Interbank and money market items	1,860	2,532	1,788	2,454
Contributions to Bank of Thailand (BOT)	5,450	9,766	5,450	9,766
Contributions to Deposit Protection Agency (DPA)	237	212	237	212
Debt issued				
- Subordinated debentures	1,655	2,655	1,655	2,655
- Others	1,411	1,407	-	-
Borrowings	4	3	1	2
Borrowing fees	10	20	-	-
Others	102	199	90	199
Total interest expenses	24,494	34,655	22,996	33,161

9.32 Fees and service income

Fees and service income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Fees and service income				
Acceptance, aval and guarantees	1,279	1,674	1,279	1,674
ATM and electronic banking services	11,886	11,988	11,886	11,988
Management fees and Bancassurance Product	5,949	5,287	3,827	3,621
Others	8,576	10,647	4,565	5,992
Total fees and service income	27,690	29,596	21,557	23,275
Fees and service expenses	(7,162)	(6,359)	(5,184)	(4,706)
Net fees and service income	20,528	23,237	16,373	18,569

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

(Unit: Million Baht)

For the years ended 31 December 2020

	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange and foreign exchange element of derivatives contracts	1,713	1,713
- Interest rate element of derivatives contracts	923	986
- Debt securities	(226)	(226)
- Others	735	735
Losses from hedge accounting - hedged items	(11)	(11)
Total	<u>3,134</u>	<u>3,197</u>

9.34 Gains on trading and foreign exchange transactions

(Unit: Million Baht)

For the years ended 31 December 2019

	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange and foreign exchange element of derivatives contracts	1,378	1,378
- Interest rate element of derivatives contracts	1,356	1,355
- Debt securities	1,246	1,246
- Others	(783)	(783)
Total	<u>3,197</u>	<u>3,196</u>

9.35 Gains on investments

Gains on investments for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	2020	2019	2020	2019
Gains on derecognition of				
- Investments in debt securities measured at fair value through other comprehensive income	951	-	951	-
- Available-for-sale securities	-	3,958	-	3,958
- General investments	-	47	-	47
- Investment in subsidiaries	-	410	-	410
Total	951	4,415	951	4,415
Reversal (losses) on impairment of				
- General investments	-	(43)	-	(43)
- Investments in subsidiaries	-	-	(10)	3
Total	-	(43)	(10)	(40)
Total gains on investments	951	4,372	941	4,375

9.36 Expected credit losses

Expected credit losses and gains or losses resulting from modification of terms for financial assets for the year ended 31 December 2020 are as follows:

(Unit: Million Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Interbank and money market items (assets)	1,102	1,102
Investments in debt securities measured at amortised cost	9	9
Investments in debt securities measured at fair value through other comprehensive income	869	869
Loans to customers and accrued interest receivables		
- Expected credit losses	39,660	33,185
- Losses from modification of contracts	305	305
Total	41,945	35,470
Loan commitments and financial guarantee contracts	2,958	2,958
Total	44,903	38,428

9.37 Impairment losses of loans and debt securities

(Unit: Million Baht)

	For the year ended 31 December 2019	
	Consolidated	Separate
	financial statements	financial statements
Interbank and money market items	(592)	(592)
Loans to customers	24,366	18,056
Losses from troubled debt restructuring	40	40
Total	23,814	17,504

9.38 Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to ordinary shareholders of the Bank (after deducting the preferred shares's portion and excluding other comprehensive income) by the weighted average number of ordinary shares issued during the years.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Profit for the years attributable to equity holders of the Bank (after deducting preferred shares' portion) (Million Baht)	16,728	29,280	13,288	26,322
Earnings per share (Baht/share)	1.20	2.09	0.95	1.88
Weighted average number of ordinary shares (Million shares)	13,976	13,976	13,976	13,976

9.39 Provident fund

The Bank, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 15 percent of their basic salaries, and the Bank and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year ended 31 December 2020, the Bank and its subsidiaries contributed Baht 1,518 million to the fund (separate financial statements: Baht 1,359 million)(2019: Baht 1,526 million in the consolidated financial statements and Baht 1,369 million in the separate financial statements).

9.40 Fair value of financial instruments

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

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value								
Financial assets								
Financial assets								
measured at fair value								
through profit or loss	792	12,932	-	13,724	-	-	-	-
Investments in debt								
securities measured at								
fair value through other								
comprehensive income	17,648	282,857	-	300,505	-	-	-	-
Investments in equity								
securities designated at								
fair value through other								
comprehensive income	13,583	655	505	14,743	-	-	-	-
Derivatives assets	-	74,507	-	74,507	-	55,811	-	55,811
Trading investments	-	-	-	-	18,489	29,763	-	48,252
Available-for-sale								
investments	-	-	-	-	48,355	295,843	-	344,198
Financial liabilities								
Derivatives liabilities	-	65,471	-	65,471	-	51,869	-	51,869

	Separate financial statements							
	31 December 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<u>Financial assets and liabilities measured at fair value</u>								
Financial assets								
Financial assets								
measured at fair value								
through profit or loss	792	13,396	-	14,188	-	-	-	-
Investments in debt								
securities measured at								
fair value through other								
comprehensive income	17,648	283,611	-	301,259	-	-	-	-
Investments in equity								
securities designated at								
fair value through other								
comprehensive income	13,583	652	505	14,740	-	-	-	-
Derivatives assets	-	74,507	-	74,507	-	55,811	-	55,811
Trading investments	-	-	-	-	18,489	29,763	-	48,252
Available-for-sale								
investments	-	-	-	-	48,355	296,501	-	344,856
Financial liabilities								
Derivatives liabilities	-	65,471	-	65,471	-	51,869	-	51,869

Since the majority of the Bank's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is assumed to approximate their book value in the statement of financial position.

Valuation techniques and inputs used for fair value measurement

- Cash - The fair value is assumed to approximate its book value in the statement of financial position.
- Interbank and money market items (asset) - The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature.
- Derivatives - 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. The information used in the valuation techniques is observable in the market, which is based on reliable sources, such as interest rates, exchange rates and volatilities etc. Moreover, in using valuation techniques, the Bank has adjusted valuation adjustment in order to appropriately reflect relevant risks such as credit valuation adjustment (CVA), market liquidity risk based on Bid-Offer spread and model risk used in the option pricing for SMEs insurance scheme etc.

Investments

- The fair value of marketable securities is based on the latest bid price of the last working day of the year.
- The fair value of domestic debt securities is determined using the yield rates quoted by the Thai Bond Market Association.
- The fair value of foreign debt securities is determined based on the latest published price obtained from reliable sources.
- The fair value of unit trusts is determined from their net asset value
- The fair value of investments in non-marketable equity securities is determined using their latest book value from the entity's financial statements.
- The Bank has adjusted valuation adjustment in order to appropriately reflect market liquidity risk based on Bid-Offer Spread Adjustment.

Loans to customers

- The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and allowance for debt restructuring.
- The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue.
- The fair value of fixed rate loans for which revenue recognition has discontinued is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale.

Land, premises and equipment - land

- The fair value of land is determined by using the market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.

Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Bank's announced interest rate for similar deposits.
Liability payable on demand	<ul style="list-style-type: none"> - The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate debt issues and borrowings with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current year, the Bank changed the fair value hierarchy as follows.

- | | |
|--|---|
| Fair value hierarchy from level 1 to level 2 | - The fair value of unit trusts is calculated from the net asset value of unit trusts received from the asset management company |
| | - The fair value of foreign currency corporate bond is calculated from the latest bid price at the end of business day from Bloomberg. |
| Fair value hierarchy from level 2 to level 3 | - The fair value of investments in non-marketable equity securities is determined using their latest book value from the entity's financial statements. |

9.41 Policies on business transactions within the financial business group and risk management policies in relation to 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 dated 11 April 2018, SOR NOR SOR. 12/2561 dated 22 May 2018, and SOR NOR SOR.11/2562 dated 7 May 2019 regarding the Consolidated Supervision Policy, require the Bank to disclose policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group as the compliance guidance to supervise business transactions within the financial business group, which is composed of the Bank and 19 companies (Note 9.7 excluding National ITMX Co., Ltd.and BCI (Thailand) Co., Ltd.), in terms of common standards and procedures in alignment to the BOT's consolidated supervision policy. The policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group had been 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 to the public with contract entitled by law and follow the Bank's corporate governance policy.

In cases of the Bank having business transactions with a company within the financial business group in which such company is deemed to be the Bank's business unit, the Bank will follow the lenient business transaction guideline as provided by BOT.

9.42 Others

9.42.1 The Bank has certain defaulting debtors in relation to convertible preferred shares sale and purchase agreement and lending facilities with the outstanding principal amounts according to the related sale and purchase agreements and facilities agreements, as of 31 December 2020 totaling Baht 9,745 million, exclusive of the default interests. In this regard, for such outstanding principal amounts, the Bank has fully made a provision for impairment and allowance for doubtful accounts according to the Bank of Thailand's criteria and it is currently in the execution process according to the orders of the Civil Court and the Bankruptcy Court.

In addition, such debtors together with other defendants were connected to a lawsuit of the Office of the Attorney General which was submitted to the Criminal Division for Persons Holding Political Positions of the Supreme Court's (the "Supreme Court"). The Supreme Court had ordered an acceptance of the complaint on 25 July 2012 and thereafter rendered a judgement on 26 August 2015 that all defendants shall be jointly liable for damages to the Bank. The Bank had submitted a letter to the Office of the Attorney General requesting the Department of Legal Execution, the Office of the Attorney General to execute a judgement for the Bank. In January 2016, the Office of the Attorney General had submitted a motion to the Supreme Court requesting for a writ of execution for appointing the executing officers and the Supreme Court ordered and appointed the executing officers. In this respect, the Bank had notified the public prosecutor of the result of a search for all judgment debtors' property. On 5 October 2016, the public prosecutor of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office (AMLO) and the Bank to consider the issues regarding the legal execution of the Supreme Court's judgement and to coordinate and exchange information. Each party will legally exercise its authority and the Supreme Court's order to enforce all defendants for the best interest of the Bank's benefits and legal rights.

On 17 August 2017, a defendant of the criminal case of the Persons Holding Political Positions, who was not a defaulting debtor of the civil case, had made a payment of Baht 1,636 million to the Bank for payment of partial damages according to such criminal case. The Bank accepted the payment and recorded such payment as other revenue from a lawsuit compensation, as well as issuing a letter to such defendant demanding for payment of the remaining damages together with all relevant defendants to the Bank according to such judgement.

At present, judgments of the criminal case, other bankruptcy and civil cases have been enforced for confiscation of the mortgaged collaterals according to the preferred mortgage in the Bank's civil case for public auction. The court had issued an order for the Bank to receive debt payment as a mortgagee from such mortgaged collaterals according to an application for repayment of the mortgaged debt submitted by the Bank. Thereafter, on 17 October 2018, the Legal Execution Department made an announcement of public auction and managed the proceedings of public auction for the mortgaged collaterals; whereby, a third party was the successful bidder for Baht 8,914 million. In 2019, the Bank has received the net amount of Baht 3,899 million 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 Baht 1 million, and the remaining amount of Baht 3,898 million after deduction of the Legal Execution Department's expenses was considered as interest payment according to the judgment of the Bank's civil case. In this respect, on 25 September 2019, a defendant of the criminal case has filed a civil lawsuit against the Bank to take the lawsuit amount to be recorded as the damages pursuant to the judgment of such criminal case in which the Bank submitted the defending response, affirming the Bank's action. In 2020, the Bank had received net payment from the Legal Execution Department for the mortgaged collaterals which had been sold in other bankruptcy cases in the amount of Baht 3,524 million. The Bank exercised the right pursuant to Thai laws by deducting expenses in relation to auction announcement of Baht 0.02 million, and the remaining amount of Baht 3,524 million was considered as interest payment according to the judgement of the Bank's civil case. For other civil cases, currently, the Bank has received the net amount of Baht 1,223 million from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under civil cases. The Bank exercised the right pursuant to Thai laws by deducting for interest in the amount of Baht 1,223 million according to the judgment of the Bank's civil case. On July 8, 2020, the Legal Execution Department made an announcement of public auction for the remaining 1 plot of land from the collateral in a criminal case, and managed the proceedings of public auction for such mortgaged collateral; whereby, a third party was the successful bidder for Baht 7.29 million, with the payment due date on 22 February 2021.

For the Bank's civil case, whereby the Bank was a plaintiff suing for the foreclosure of such mortgaged collaterals, the Civil Court had 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 28 September 2017. Thereafter, on 31 October 2018, the Court of Appeal had issued an appointment for the hearing of judgement, which upheld the judgment of the Civil Court. The defendant had filed a petition to the Supreme Court on 25 December 2018 and the Bank had filed an answer against such defendant's petition on 25 February 2019. Currently, the Supreme Court had rendered a judgement on 5 May 2020 which upheld the judgement of the Court of Appeal.

9.42.2 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, accounting for 50 percent of such financial institution's authorised shares capital, were under the Bank's name, the Bank had no control over this financial institution. The Bank received full repayment of the loan under the contract in July 2011 but had not yet transferred such pledged ordinary shares back to the company because the company must first seek a financial institution to be a new investor of such financial institution.

9.42.3 The Bank considers factors for closing certain branch in foreign country according to advice from its legal consultants. The assets, liabilities and operating performance of such branch are not material to the Bank's financial statements.

9.43 COVID-19

As a result of the COVID - 19 pandemic having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand has issued a series of measures, covering payment moratoriums, government guarantees as well as payment holidays to get bank helped affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. As at 31 December 2020, the outstanding balances of loans to customers that the Bank has assisted in accordance with the measures of the Bank of Thailand amounting to Baht 201 billion.

9.44 Events after the reporting period

On 10 February 2021, the Board of Directors of the Bank passed a resolution to approve in principle and to proceed for a 75.05 percent sale of investments in KTB Leasing Co., Ltd. to Krungthai Card Plc.

9.45 Approval of the financial statements

These financial statements were authorised for issue by the Board of Directors on 24 February 2021.