

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED**

We have reviewed the consolidated statement of financial position of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's statement of financial position of Bank of Ayudhya Public Company Limited as at March 31, 2020, and the related consolidated and Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and the condensed notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting" and Bank of Thailand's regulation. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting" and Bank of Thailand's regulation.

Emphasis of Matter

We draw attention to Note 3 to the interim financial statements that Bank of Ayudhya Public Company Limited and its subsidiaries have adopted group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 “Leases” which become effective for fiscal years beginning on or after January 1, 2020. The Bank and its subsidiaries elected to recognize the cumulative effect of initially applying such Standards as an adjustment to the beginning balance of retained earnings and other reserves of the current reporting period. Our conclusion is not modified in respect of this matter.

BANGKOK
May 12, 2020

Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2020

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		"UNAUDITED"		"UNAUDITED"	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
ASSETS					
CASH		32,955,882	33,830,336	32,045,159	32,784,600
INTERBANK AND MONEY MARKET ITEMS, NET		388,574,142	331,431,378	383,879,704	325,689,873
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	8.3	12,947,482	-	12,940,850	-
CLAIM ON SECURITY		-	9,611,500	-	9,611,500
DERIVATIVES ASSETS		46,161,504	21,841,044	46,439,397	21,896,417
INVESTMENTS, NET	8.4	131,406,467	118,340,121	125,220,068	117,908,466
INVESTMENTS IN SUBSIDIARIES					
AND JOINT VENTURES, NET	8.5	12,291,112	11,952,177	60,448,692	59,956,092
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	8.6	1,803,657,249	1,754,976,035	1,662,080,191	1,612,854,454
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		-	299,089	-	299,089
PROPERTIES FOR SALE, NET		3,341,061	3,500,200	2,425,120	2,394,813
PREMISES AND EQUIPMENT, NET		31,176,625	29,029,494	29,520,115	27,075,050
GOODWILL AND OTHER INTANGIBLE ASSETS, NET		17,089,466	16,902,975	4,223,188	4,199,366
DEFERRED TAX ASSETS		4,525,620	4,479,273	150,912	-
OTHER ASSETS, NET		30,288,499	23,397,974	25,447,334	20,055,709
TOTAL ASSETS		2,514,415,109	2,359,591,596	2,384,820,730	2,234,725,429

The condensed noted to the financial statements form an integral part of these interim financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2020

BAHT: '000

	CONSOLIDATED		THE BANK'S		
	Notes	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		"UNAUDITED"		"UNAUDITED"	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
LIABILITIES AND EQUITY					
DEPOSITS		1,667,371,188	1,566,884,776	1,658,632,902	1,558,780,159
INTERBANK AND MONEY MARKET ITEMS		308,937,456	252,121,143	300,490,136	252,076,777
LIABILITY PAYABLE ON DEMAND		4,087,899	3,802,060	4,087,813	3,801,985
LIABILITY TO DELIVER SECURITY		-	9,611,500	-	9,611,500
DERIVATIVES LIABILITIES		35,736,390	23,326,062	35,942,473	23,325,475
DEBT ISSUED AND BORROWINGS	8.7	166,750,335	175,667,180	136,142,323	139,003,569
BANK'S LIABILITY UNDER ACCEPTANCE		-	299,089	-	299,089
PROVISIONS	8.8	12,842,468	9,717,481	10,357,084	8,165,452
DEFERRED TAX LIABILITIES		935,081	1,823,357	-	803,296
OTHER LIABILITIES		44,670,749	44,223,303	30,367,967	27,148,687
TOTAL LIABILITIES		2,241,331,566	2,087,475,951	2,176,020,698	2,023,015,989
EQUITY					
SHARE CAPITAL					
Authorized share capital					
7,574,143,747 ordinary shares of					
Baht 10 each		75,741,437	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital					
7,355,761,773 ordinary shares of					
Baht 10 each		73,557,618	73,557,618	73,557,618	73,557,618
PREMIUM ON ORDINARY SHARES		52,878,749	52,878,749	52,878,749	52,878,749
OTHER RESERVES		3,861,215	4,312,103	4,113,680	5,326,327
RETAINED EARNINGS					
Appropriated					
Legal reserve		6,870,800	6,870,800	6,870,800	6,870,800
Unappropriated		134,532,778	133,170,675	71,379,185	73,075,946
TOTAL BANK'S EQUITY		271,701,160	270,789,945	208,800,032	211,709,440
NON-CONTROLLING INTEREST		1,382,383	1,325,700	-	-
TOTAL EQUITY		273,083,543	272,115,645	208,800,032	211,709,440
TOTAL LIABILITIES AND EQUITY		2,514,415,109	2,359,591,596	2,384,820,730	2,234,725,429

The condensed noted to the financial statements form an integral part of these interim financial statements

(Mr. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2020	2019	2020	2019
INTEREST INCOME	8.16	29,817,865	27,488,402	21,369,869	19,555,643
INTEREST EXPENSES	8.17	7,484,850	8,076,517	6,723,415	7,491,134
INTEREST INCOME, NET		22,333,015	19,411,885	14,646,454	12,064,509
FEES AND SERVICE INCOME		6,524,963	7,309,943	3,666,976	3,879,045
FEES AND SERVICE EXPENSES		1,970,676	2,014,330	1,418,865	1,486,084
FEES AND SERVICE INCOME, NET		4,554,287	5,295,613	2,248,111	2,392,961
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		1,599,134	1,159,478	1,704,060	1,173,987
GAINS (LOSSES) ON INVESTMENTS, NET		36,183	8,670,645	(683,817)	5,064,530
SHARE OF PROFIT FROM INVESTMENT USING					
EQUITY METHOD		393,568	191,773	-	-
DIVIDEND INCOME		69,641	42,661	769,856	1,142,421
BAD DEBTS RECOVERIES		1,659,755	1,599,748	526,810	388,391
GAINS ON SALE PROPERTIES FOR SALE		15,574	224,249	85,384	189,476
OTHER OPERATING INCOME		280,868	149,857	214,231	166,463
TOTAL OPERATING INCOME		30,942,025	36,745,909	19,511,089	22,582,738
OTHER OPERATING EXPENSES					
Employee's expenses		6,311,850	7,951,457	4,597,428	5,504,098
Directors' remuneration		15,859	14,808	14,455	13,614
Premises and equipment expenses		1,977,767	2,077,589	1,593,206	1,569,262
Taxes and duties		713,766	750,207	487,691	494,172
Others		3,669,912	3,427,416	2,325,830	1,826,949
Total other operating expenses		12,689,154	14,221,477	9,018,610	9,408,095
EXPECTED CREDIT LOSS		9,509,990	-	6,524,537	-
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES		-	6,348,647	-	4,168,447
PROFIT FROM OPERATING BEFORE					
INCOME TAX EXPENSES		8,742,881	16,175,785	3,967,942	9,006,196
INCOME TAX EXPENSES		1,653,312	3,361,017	764,693	1,656,011
NET PROFIT		7,089,569	12,814,768	3,203,249	7,350,185

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain on investments in debt instruments at fair value					
through other comprehensive income		89,326	-	89,326	-
Loss on cash flow hedges		(447,044)	-	(447,044)	-
Gain on remeasuring available-for-sale investments		-	555,351	-	555,351
Gain (Loss) arising from translating the financial statements					
of foreign operation		898,801	(188,083)	-	-
Income tax relating to components of other comprehensive income		(84,693)	(75,784)	71,543	(111,070)
Items that will not be reclassified subsequently to profit or loss:					
Loss on investments designated at fair value					
through other comprehensive income		(1,284,274)	-	(1,282,681)	-
Income tax relating to components of other comprehensive income		256,855	-	256,536	-
Total other comprehensive income, net		(571,029)	291,484	(1,312,320)	444,281
TOTAL COMPREHENSIVE INCOME		6,518,540	13,106,252	1,890,929	7,794,466
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		7,032,587	12,736,746	3,203,249	7,350,185
Non-controlling interest		56,982	78,022	-	-
		7,089,569	12,814,768	3,203,249	7,350,185
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		6,461,857	13,028,230	1,890,929	7,794,466
Non-controlling interest		56,683	78,022	-	-
		6,518,540	13,106,252	1,890,929	7,794,466
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.96	1.73	0.44	1.00
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

The condensed notes to the financial statements form an integral part of these interim financial statements

(Mr. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

BAHT : '000

CONSOLIDATED FINANCIAL STATEMENTS												
Notes	Owners of the Bank									Non-	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves					Retained Earnings		Total		Controlling Interest
			Asset Appraisal Surplus	Revaluation Surplus on Investments	Foreign Currency Translation	Cash Flow Hedging Reserve	Deficit from Business Combination under Common Control	Appropriated Legal Reserve	Unappropriated	Bank's Equity		
Balance as of January 1, 2019	73,557,618	52,878,749	7,895,654	(89,952)	(437,069)	-	(5,217,755)	5,890,800	108,159,015	242,637,060	1,081,227	243,718,287
Change in revaluation surplus	-	-	(46,728)	-	-	-	-	-	46,728	-	-	-
Total comprehensive income	-	-	-	444,281	(152,797)	-	-	-	12,736,746	13,028,230	78,022	13,106,252
Balance as of March 31, 2019	73,557,618	52,878,749	7,848,926	354,329	(589,866)	-	(5,217,755)	5,890,800	120,942,489	255,665,290	1,159,249	256,824,539
Balance as of January 1, 2020 as previously reported	73,557,618	52,878,749	10,626,464	(82,382)	(1,014,224)	-	(5,217,755)	6,870,800	133,170,675	270,789,945	1,325,700	272,115,645
Effect of change in accounting policies	3	-	-	191,512	-	-	-	-	(2,291,679)	(2,100,167)	-	(2,100,167)
Balance as of January 1, 2020 as adjusted	73,557,618	52,878,749	10,626,464	109,130	(1,014,224)	-	(5,217,755)	6,870,800	130,878,996	268,689,778	1,325,700	270,015,478
Change in revaluation surplus	-	-	(71,858)	-	-	-	-	-	71,858	-	-	-
Fair value through other comprehensive income	-	-	-	188	-	-	-	-	(140,570)	(140,382)	-	(140,382)
Dividend payment	8.9	-	-	-	-	-	-	-	(3,310,093)	(3,310,093)	-	(3,310,093)
Total comprehensive income	-	-	-	(955,660)	742,566	(357,636)	-	-	7,032,587	6,461,857	56,683	6,518,540
Balance as of March 31, 2020	73,557,618	52,878,749	10,554,606	(846,342)	(271,658)	(357,636)	(5,217,755)	6,870,800	134,532,778	271,701,160	1,382,383	273,083,543

The condensed notes to the financial statements form an integral part of these interim financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
"UNAUDITED"

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS									
	Notes	Issued and	Premium	Other reserves			Retained Earnings		Total
		Paid-up	on Share	Asset	Revaluation	Cash Flow	Appropriated	Unappropriated	
		Share	Capital	Appraisal	Surplus	Hedging	Legal		
		Capital		Surplus	on Investments	Reserve	Reserve		
Balance as of January 1, 2019		73,557,618	52,878,749	7,895,654	(89,952)	-	(5,217,755)	5,890,800	195,928,987
Change in revaluation surplus		-	-	(46,728)	-	-	-	46,728	-
Total comprehensive income		-	-	-	444,281	-	-	7,350,185	7,794,466
Balance as of March 31, 2019		<u>73,557,618</u>	<u>52,878,749</u>	<u>7,848,926</u>	<u>354,329</u>	<u>-</u>	<u>(5,217,755)</u>	<u>68,410,786</u>	<u>203,723,453</u>
Balance as of January 1, 2020 as previously reported		73,557,618	52,878,749	10,626,464	(82,382)	-	(5,217,755)	6,870,800	211,709,440
Effect of change in accounting policies	3	-	-	-	171,531	-	-	(1,521,205)	(1,349,674)
Balance as of January 1, 2020 as adjusted		73,557,618	52,878,749	10,626,464	89,149	-	(5,217,755)	6,870,800	210,359,766
Change in revaluation surplus		-	-	(71,858)	-	-	-	71,858	-
Fair value through other comprehensive income		-	-	-	-	-	-	(140,570)	(140,570)
Dividend payment	8.9	-	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income		-	-	-	(954,684)	(357,636)	-	3,203,249	1,890,929
Balance as of March 31, 2020		<u>73,557,618</u>	<u>52,878,749</u>	<u>10,554,606</u>	<u>(865,535)</u>	<u>(357,636)</u>	<u>(5,217,755)</u>	<u>71,379,185</u>	<u>208,800,032</u>

The condensed notes to the financial statements form an integral part of these interim financial statements

(Mr. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	8,742,881	16,175,785	3,967,942	9,006,196
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortisation	1,498,468	1,001,677	1,059,371	742,951
Expected credit loss	9,509,990	-	6,524,537	-
Impairment loss on loans and debt securities	-	6,348,647	-	4,168,447
Interest expenses from finance lease	21,852	4,617	15,726	4,006
Gain on translation in foreign currencies	(1,464,194)	(727,438)	(1,464,194)	(727,438)
Unrealized gain (loss) from revaluation of derivatives	3,090,667	(2,850,636)	3,064,707	(2,862,842)
Share of profit from investment using equity method	(393,568)	(191,773)	-	-
(Gain) loss on investments	(36,183)	(8,670,645)	683,817	(5,064,530)
Decrease in discount on investments	(59,632)	(68,566)	(59,632)	(68,566)
Gain on sales of properties for sale	(15,574)	(224,249)	(85,384)	(189,476)
(Gain) loss on sales of premises and equipment	412	(3,123)	4,167	1,960
Loss on impairment of properties for sale	278,401	64,787	254,285	17,464
Loss on impairment of other assets	40,224	42,258	40,346	30,753
Increase in other reserves	236,289	1,272,785	179,991	1,016,474
Interest income, net	(22,333,015)	(19,411,885)	(14,646,454)	(12,064,509)
Interest received	28,632,467	27,352,136	20,565,366	19,380,532
Interest paid	(9,747,392)	(9,337,358)	(9,044,514)	(8,654,256)
Dividend income	(69,641)	(42,661)	(769,856)	(1,142,421)
Dividends received	4,604	8,672	4,604	8,423
Decrease in other accrued expenses	(3,504,522)	(2,431,194)	(1,337,196)	(2,104,596)
Income tax paid	(383,640)	(399,963)	(83,621)	(131,959)
Income from operations before changes in operating assets and liabilities	14,048,894	7,911,873	8,874,008	1,366,613
(Increase) decrease in operating assets				
Interbank and money market items	(51,866,728)	(45,512,681)	(51,819,688)	(46,514,666)
Financial assets measured at fair value through profit or loss	(10,745,098)	-	(10,741,438)	-
Current investments - securities for trading	-	(8,355,775)	-	(8,354,000)
Loans to customers	(62,378,564)	(27,259,268)	(58,861,681)	(27,379,807)
Properties for sale	2,904,886	3,486,865	4,886,527	2,985,617
Other assets	(3,989,394)	1,008,853	(3,184,522)	2,407,096

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

"UNAUDITED"

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	91,983,131	40,322,008	91,349,461	39,730,582
Interbank and money market items	41,737,353	31,477,463	33,293,212	30,995,724
Liability payable on demand	227,180	975,859	227,170	975,911
Other liabilities	1,853,520	(4,864,881)	(34,423)	(3,234,836)
Net cash from operating activities	23,775,180	(809,684)	13,988,626	(7,021,766)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	35,144,791	13,107,452	35,143,658	13,107,453
Cash paid for purchases of investments in securities	(51,630,070)	(3,806,902)	(45,898,797)	(3,806,915)
Cash received from sales of investment in subsidiaries	-	8,027,466	-	8,027,466
Cash paid for investment in subsidiaries	-	-	-	(1,100,000)
Dividend received from subsidiaries	-	-	-	1,100,008
Proceeds from sales of premises and equipment	41,405	33,909	869	270
Cash paid for purchases of premises and equipment	(459,146)	(158,251)	(321,894)	(30,330)
Cash paid for purchases of other assets	(497,566)	(238,570)	(409,048)	(180,844)
Net cash from investing activities	(17,400,586)	16,965,104	(11,485,212)	17,117,108
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	27,253,760	1,964,212	7,000,000	-
Cash paid for repayment of debts issued and borrowings	(36,346,112)	(20,135,642)	(10,037,446)	(12,000,082)
Cash paid for repayment of liabilities under finance lease agreements	(380,841)	(46,327)	(282,414)	(40,692)
Net cash from financing activities	(9,473,193)	(18,217,757)	(3,319,860)	(12,040,774)
Total	(3,098,599)	(2,062,337)	(816,446)	(1,945,432)
Effect arising from translating the financial statements of a foreign operations	1,100,988	(121,739)	-	-
Effect of exchange rate change on cash	77,005	(19,306)	77,005	(19,306)
Net decrease in cash and cash equivalents	(1,920,606)	(2,203,382)	(739,441)	(1,964,738)
Cash and cash equivalents as at January 1,	39,570,369	40,370,459	32,784,600	33,467,518
Cash and cash equivalents as at March 31,	37,649,763	38,167,077	32,045,159	31,502,780

The condensed notes to the financial statements form an integral part of these interim financial statements

(Mr. Seichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
THE CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
THE CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (the “Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are MUFG Bank, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. As at March 31, 2020 and December 31, 2019, the Bank has 21 subsidiaries and joint ventures.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK’S FINANCIAL STATEMENTS

- 2.1 The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No. 34, “Interim Financial Reporting” and the regulation of the Thai Securities and Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”) and the Bank of Thailand (“BOT”)’s requirement, where the Presentation in accordance with the BOT’s Notification Sor.Nor.Sor. 21/2561 regarding the Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group dated October 31, 2018.

The interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The interim financial statements are presented in Thai Baht, which is the Bank’s functional currency. All financial information presented in Thai Baht has been rounded in the financial statements to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

The Bank prepares its interim financial statements in the Thai language in conformity with Thai Financial Reporting Standards (“TFRSs”) and the Notifications noted above. However, for convenience of readers, the Bank also prepares its interim financial statements in English language, by translating from the Thai version.

Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRSs, but which is not required for interim reporting purposes, has been omitted. In addition, the interim financial statements for the three-month period ended March 31, 2020 should be read in conjunction with the financial statements and notes thereto included in the audited financial statements for the year ended December 31, 2019.

The consolidated and the Bank's statements of financial position as at December 31, 2019, presented herein as comparative information, have been derived from the consolidated and the Bank's financial statements for the year then ended which had been audited.

The unaudited results of operations for the three-month period ended March 31, 2020 are not necessarily indicative of the operating results anticipated for the full year.

The preparation of interim financial statements in conformity with TFRSs also requires management to exercise judgment in order to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. The actual results may differ from such estimates.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries. These subsidiaries are as follows:

Subsidiaries	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			March 31, 2020	December 31, 2019
Ayudhya Development Leasing Company Limited	Hire-purchase and Leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Thailand	100.00	100.00
Total Service Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	99.84	99.84
Krungsri Nimble Company Limited	Factoring and information technology services	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited ⁽¹⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽¹⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture Capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited ⁽²⁾	Hire-purchase, leasing and sales finance	Lao PDR	100.00	100.00
Hattha Kaksekar Limited	Micro finance	Cambodia	100.00	100.00
Hattha Services Company Limited ⁽³⁾	Lease real estate	Cambodia	100.00	100.00

⁽¹⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

⁽²⁾ Indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%.

⁽³⁾ On November 1, 2019, the Bank held indirectly ordinary shares of Hattha Services Company Limited via Hattha Kaksekar Limited of 49%. However, the Bank has the power to participate in management and control over Hattha Services Company Limited. Accordingly, the voting power held by the Bank is 100%.

All material intercompany transactions and balances have been eliminated.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Bank and its subsidiaries have adopted the new and revised financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries financial statements, except the following financial reporting standards.

Financial reporting standards on group of financial instruments standards as follows:

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Group of Financial Instruments Standards introduce new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the consolidated and the Bank’s financial statements are described below.

1) Classification and measurement of financial instruments:

TFRS 9 requires financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The classification depends on the Bank and its subsidiaries’ business model for managing its financial assets and the contractual cash flow characteristics of the assets.

Financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, TFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss.

Changes in fair value attributable to the financial liability’s credit risk are not subsequently reclassified to profit or loss.

2) Impairment:

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Bank and its subsidiaries to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, TFRS 9 requires the Bank and its subsidiaries to recognise allowance for expected credit losses on:

- (1) Interbank and money market item
- (2) Debt investments measured subsequently at amortised cost or at FVOCI
- (3) Loans to customers
- (4) Loan commitments and financial guarantee contracts to which the impairment requirements of TFRS 9 apply
- (5) Trade receivables and contract assets

In particular, TFRS 9 requires the Bank and its subsidiaries to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Bank and its subsidiaries are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL.

The change in accounting of the Group of Financial Instruments Standards has been applied in accordance with the relevant transitional provisions set out in TFRS 9 in which the Bank and its subsidiaries have not applied retrospectively. Comparative periods have not been restated in accordance with the relevant transitional provisions set out in TFRSs.

Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption will be recognized in retained earnings and other reserves as at January 1, 2020.

The impact of adopting group of financial instruments financial reporting standards on the consolidated and the Bank's financial position are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	Previous Category	Carrying amounts December 31, 2019 As previously reported	Reclassification	ECL	Remeasurement Fair valuation	Others	Carrying amounts January 1, 2020	Category January 1, 2020
ASSETS								
Cash	Cost	33,830	-	-	-	-	33,830	Amortised Cost
Interbank and money market items, net	Cost less impairment	331,431	-	114	-	-	331,545	Amortised Cost
Claim on security	-	9,612	-	-	-	(9,612)	-	-
Derivatives assets	FVTPL and accrual basis	21,841	-	-	(5,055)	-	16,786	FVTPL, accrual basis and hedging
Financial assets measured at fair value through profit or loss	-	-	2,843	-	(172)	-	2,671	FVTPL
Investments, net	Trading, AFS, HTM and GI	118,340	(3,042)	-	395	-	115,693	Amortised Cost and FVOCI
Investments in subsidiaries and joint ventures, net	-	11,952	-	-	-	(55)	11,897	-
Loans to customers and accrued interest receivables, net	Cost less impairment	1,754,976	(524)	(246)	(2,527)	-	1,751,679	Amortised Cost
Customers liabilities under acceptance	-	299	-	-	-	(299)	-	-
Deferred tax assets	-	4,479	-	-	-	200	4,679	-
Other assets, net	Cost less impairment	23,398	(1)	-	2,527	(1)	25,923	Amortised Cost
LIABILITIES								
Deposits	Cost	1,566,885	-	-	-	-	1,566,885	Amortised Cost
Interbank and money market items	Cost	252,121	-	-	-	-	252,121	Amortised Cost
Liability payable on demand	Cost	3,802	-	-	-	-	3,802	Amortised Cost
Liability to deliver security	-	9,612	-	-	-	(9,612)	-	-
Derivatives liabilities	FVTPL and accrual basis	23,326	-	-	(5,056)	-	18,270	FVTPL, accrual basis and hedging
Debt issued and borrowings	Cost	175,667	-	-	-	-	175,667	Amortised Cost
Bank's liability under acceptance	-	299	-	-	-	(299)	-	-
Provisions	-	9,717	-	2,670	-	-	12,387	-
Deferred tax liabilities	-	1,823	-	-	-	(330)	1,493	-
Other liabilities	Cost	44,223	(724)	-	-	(3)	43,496	Amortised Cost
EQUITY								
Other reserves	-	4,312	-	15	224	(48)	4,503	-
Unappropriated retained earnings	-	133,171	-	(2,817)	-	525	130,879	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	Previous Category	Carrying amounts December 31, 2019 As previously reported	Reclassifi- cation	ECL	Remeasurement Fair valuation	Others	Carrying amounts January 1, 2020	Category January 1, 2020
ASSETS								
Cash	Cost	32,785	-	-	-	-	32,785	Amortised Cost
Interbank and money market items, net	Cost less impairment	325,690	-	111	-	-	325,801	Amortised Cost
Claim on security	-	9,612	-	-	-	(9,612)	-	-
Derivatives assets	FVTPL and accrual basis	21,896	-	-	(5,055)	-	16,841	FVTPL, accrual basis and hedging
Financial assets measured at fair value through profit or loss	-	-	2,840	-	(172)	-	2,668	FVTPL
Investments, net	Trading, AFS, HTM and GI	117,908	(3,039)	-	370	-	115,239	Amortised Cost and FVOCI
Loans to customers and accrued interest receivables, net	Cost less impairment	1,612,854	200	(142)	(2,305)	-	1,610,607	Amortised Cost
Customers liabilities under acceptance	-	299	-	-	-	(299)	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets, net	Cost less impairment	20,056	(1)	-	2,305	-	22,360	Amortised Cost
LIABILITIES								
Deposits	Cost	1,558,780	-	-	-	-	1,558,780	Amortised Cost
Interbank and money market items	Cost	252,077	-	-	-	-	252,077	Amortised Cost
Liability payable on demand	Cost	3,802	-	-	-	-	3,802	Amortised Cost
Liability to deliver security	-	9,612	-	-	-	(9,612)	-	-
Derivatives liabilities	FVTPL and accrual basis	23,325	-	-	(5,046)	-	18,279	FVTPL, accrual basis and hedging
Debt issued and borrowings	Cost	139,004	-	-	-	-	139,004	Amortised Cost
Bank's liability under acceptance	-	299	-	-	-	(299)	-	-
Provisions	-	8,165	-	1,845	-	-	10,010	-
Deferred tax liabilities	-	803	-	-	-	(336)	467	-
Other liabilities	Cost	27,149	-	-	-	(2)	27,147	Amortised Cost
EQUITY								
Other reserves	-	5,326	-	15	199	(42)	5,498	-
Unappropriated retained earnings	-	73,076	-	(1,891)	(10)	380	71,555	-

The following table reconciles the aggregate opening allowance for doubtful accounts of financial instruments, and provision for financial guarantee contracts as of December 31, 2019 to allowance for expected credit loss as of January 1, 2020 in accordance with TFRS 9.

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
	Allowance for doubtful accounts amounts December 31, 2019	Remeasurement	Allowance for ECL amounts January 1, 2020
Allowance for			
Interbank and money market items	334	(114)	220
Investments	2	(2)	-
Debt instruments measured at amortised cost	-	2	2
Debt instruments measured at FVOCI	-	15	15
Loans to customers and accrued interest receivables	67,384	(67,384)	-
Loans to customers measured at amortised cost	-	67,630	67,630
Provision for loan commitments and financial guarantee contracts	545	2,670	3,215

Unit: Million Baht			
THE BANK'S FINANCIAL STATEMENTS			
	Allowance for doubtful accounts amounts December 31, 2019	Remeasurement	Allowance for ECL amounts January 1, 2020
Allowance for			
Interbank and money market items	331	(111)	220
Investments	2	(2)	-
Debt instruments measured at amortised cost	-	2	2
Debt instruments measured at FVOCI	-	15	15
Loans to customers and accrued interest receivables	51,398	(51,398)	-
Loans to customers measured at amortised cost	-	51,540	51,540
Provision for loan commitments and financial guarantee contracts	545	1,845	2,390

Thai Financial Reporting Standard No. 16 “Leases”

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS superseded the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether an Arrangement contains a Lease”.

Under TFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

TFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases. TFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

At the commencement date of a lease, a lessee requires to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. Subsequently, the “right-of-use” asset is depreciated in accordance with principle in TAS 16: Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, TFRS 16 retains most of the requirements in TAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Bank and its subsidiaries applied TFRS 16 that is effective for annual periods that begin on or after January 1, 2020. The Bank and its subsidiaries have applied TFRS 16 using the cumulative catch-up approach.

The amount of adjustment for each financial statement line item only affected by the application TFRS 16 is as follows:

			Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at December 31, 2019	Effect from adoption TFRS 16	Balance as at January 1, 2020
Premises and equipment, net	697	2,370	3,067
Other assets, net	-	(6)	(6)
Other liabilities	738	2,364	3,102

			Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS			
	Balance as at December 31, 2019	Effect from adoption TFRS 16	Balance as at January 1, 2020
Premises and equipment, net	559	2,707	3,266
Other liabilities	590	2,707	3,297

4. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on accounting policies and method of computation consistent with those used in the annual financial statements for the year ended December 31, 2019, except the adoption of new and revised Thai Financial Reporting Standards as described in Note 3, the accounting policies which significantly changed are as follows:

4.1. Financial Assets

Classification and measurement

All financial assets are recognised under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction fees and costs, except for those financial assets classified as at fair value through profit or loss. Transaction fees and costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. The financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For the purpose of solely payments of principal and interest (“SPPI”) test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank and its subsidiaries determine the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on management’s intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The classification and measurement requirements for financial assets which include debt and equity instruments are described below:

1. Debt instruments

1.1 Debt instruments at amortised cost

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost.

Such debt instruments include debt securities and loans to customers are presented as “Investments, net”, and “Loans to customers and accrued interest receivables, net” in the statement of financial position, respectively.

Subsequent to initial recognition, these debt instruments are measured at amortised cost using the effective interest method. Gains and/or losses are recognised in profit or loss upon derecognition, reclassification or impairment, and through the amortisation process.

Interest income calculated using the effective interest method is recognised in profit or loss. A modification gain or loss is recognised in profit or loss when the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset.

1.2 Debt instruments at FVOCI

Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVOCI

Subsequent to initial recognition, debt instruments at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, interest income and foreign exchange gains or losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income is calculated using the effective interest method.

1.3 Debt instruments at FVTPL

Debt instruments measured at FVTPL are financial assets that do not meet the criteria for amortised cost or FVOCI which are presented as Financial assets measured at FVTPL in the statement of financial position.

After initial recognition, debt instruments at FVTPL are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in profits or loss.

2. Equity instruments

Equity instruments are subsequently measured at fair value through profit or loss which are presented as Financial assets measured at FVTPL in the statement of financial position.

Except where the Bank and its subsidiaries have elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI which is presented as “Investments, net” in the statement of financial position. When the election to FVOCI is made, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred to retained earnings.

Dividend income whilst holding the equity instruments classified at FVTPL is presented as dividend income in profit or loss.

Reclassifications

If the business model under which the Bank and its subsidiaries hold financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Bank and its subsidiaries renegotiate loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Modification without derecognition means the non-substantial modification arising from renegotiation or modification of the contractual cash flows of financial assets that has not resulted in derecognition (Modified financial assets). In this case, a modification gain or loss which is the difference between the existing gross carrying amount and the present value of the renegotiated or modified contractual cash flows discounted by the original effective interest rate ("OEIR") or the credit-adjusted effective interest rate for purchased or originated credit-impaired ("POCI") financial assets shall be recognised in the statement of profit or loss. Any costs of fees incurred as part of the modification shall be adjusted to the carrying amount of the modified financial assets and amortised over the remaining term of the modified financial asset.

4.2. Derivatives

The Bank and its subsidiaries enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Bank and its subsidiaries designate certain derivatives as either hedges of the fair value, cash flow, or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

4.3. Loans to customers

Loan to customers are initially recognised at fair value, plus transaction fees and costs and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit loss, which are presented as 'Loans to customers and accrued interest receivables, net.'

Overdrafts are stated at the drawn amounts including interest.

Other loans are stated at the principal amounts net of unearned interest income adjusted by unamortised transaction costs and fees, including deferred subsidy income on hire-purchase contract and finance lease, deferred first day gain or loss, modification gain or loss, FVOCI adjustment, and fair value hedge adjustment.

Accrued interest receivables is calculated using the contractual rate. Undue interest income is interest income calculated by using the effective interest method, deducted by accrued interest receivables.

4.4. Allowance for expected credit loss

The Bank and its subsidiaries recognise a loss allowance for expected credit loss (“ECL”) on financial assets measured at amortised cost or measured at fair value through other comprehensive income. No impairment loss is recognised on equity instruments measured at fair value through other comprehensive income.

With the exception of purchased or originated credit-impaired financial assets, which are considered separately below, ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows under the contract and the cash flows that the Bank and its subsidiaries expect to receive arising from the weighting of multiple future economic scenarios, discounted at the asset’s effective interest rate (“EIR”). The ECL is adjusted with a management overlay where considered appropriate.

For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows if the holder of the commitment draws down the loan and the cash flows that the Bank and its subsidiaries expect to receive if the loan is drawn down; and

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank and its subsidiaries expect to receive from the holder, the debtor or any other party.

The Bank and its subsidiaries measure ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's OEIR, regardless of whether it is measured on an individual basis or a collective basis.

In subsequent reporting period, if the credit quality of the financial assets and financial commitments improves so that there is no longer a significant increase in credit risk since initial recognition, then a loss allowance can be recognised based on 12-month ECL. The changes in the reversal of loss allowance are recognised in profit or loss as an impairment gain or loss.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

The Bank and its subsidiaries assess whether debt instruments measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank and its subsidiaries consider factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank and its subsidiaries consider the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Bank and its subsidiaries; or
- the borrower is unlikely to pay its credit obligations to the Bank and its subsidiaries in full.

Significant increase in credit risk

The Bank and its subsidiaries monitor all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank and its subsidiaries will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank and its subsidiaries compare the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank and its subsidiaries consider both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort, based on the Bank and its subsidiaries' historical experience and expert credit assessment.

As a back-stop when an asset becomes 30 days past due, the Bank and its subsidiaries consider that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank and its subsidiaries recognise all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. If it is a change in lifetime ECL is favorable, the impairment gain is recognised even if the lifetime ECL are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Write-off

The Bank and its subsidiaries directly reduce the gross carrying amount of a financial asset when the Bank and its subsidiaries have no reasonable expectations of recovering financial assets in their entirety or portion thereof. A write-off constitutes a derecognition event. Write-offs are recognised in the statement of profit or loss and other comprehensive income.

Bad debts recovered from written off receivables will be recognised in the Statement of profit or loss and other comprehensive income.

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- For loan commitments and financial guarantee contracts: as a provision; and where a financial instrument includes both a drawn and an undrawn component, and the Bank and its subsidiaries cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank and its subsidiaries present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

4.5. Financial Liabilities

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the liabilities are held at fair value through profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Bank and its subsidiaries become a party to the contractual provisions of the financial instrument. The financial liabilities measured at amortised cost, which is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Interest expense and EIR amortisation as well as foreign exchange gains or losses on financial liabilities measured at amortised cost are recognised in the statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

4.6. Right-of-use asset

The Bank and its subsidiaries assess whether a contract is or contains a lease, at inception of the contract. The Bank and its subsidiaries recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with the underlying asset value not exceed 150,000 THB). For these leases, the Bank and its subsidiaries recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

A lease that has a lease term of more than 12 months and for which the underlying asset exceeds Baht 150,000 shall be recognised for a right-of-use asset at cost which consists of the amount of the initial measurement of the lease liability (that is the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease), any lease payments made at or before the commencement date, any initial direct costs incurred, and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset (leased asset) to the condition required by the terms and conditions of the lease, less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest (effective interest rate) on the remaining balance of the liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

The Bank and its subsidiaries remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Depreciation of right-of-use assets is calculated based on the estimated useful lives in case the lease transfers ownership of the underlying asset; or calculated based on the shorter of the estimated useful lives or the lease term in case the lease does not transfer ownership of the underlying asset.

Impairment of right-of-use assets shall be determined using the TAS 36 Re: Impairment of Assets which explains how to review the carrying amount of its assets, how to determine the recoverable amount of an asset, and when an impairment loss is recognised or reversed.

4.7. Recognition of income

Interest income for all financial instruments except for those measured or designated as at FVTPL are recognised as interest income in profit or loss using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and costs paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any allowance for expected credit loss).

For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit-impaired, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest income also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk, the effective portion of fair value changes of the designated derivatives as well as the fair value changes of the designated risk of the hedged item are also included in interest income.

Fee and service income other than those that are an integral part of EIR, is recognised based on contracts with customers in the amount of consideration that the Bank and its subsidiaries expected to receive upon service providing. The timing of recognition depends on whether the Bank and its subsidiaries satisfy a performance obligation by providing services to a customer over time or at a point in time.

4.8. Recognition of expenses

Interest expenses are recognised by using the effective interest method.

Fee and service expenses with regards to services are accounted for as the services are received.

Other expenses are recognised on an accrual basis.

4.9. Hedge accounting

General hedge

The Bank and its subsidiaries designate certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate.

At the inception of the hedge relationship, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank and its subsidiaries document whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank and its subsidiaries actually hedge and the quantity of the hedging instrument that the Bank and its subsidiaries actually use to hedge that quantity of hedged item.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in OCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognised in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

Where hedging gains/losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Bank and its subsidiaries discontinue hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the effective interest method is used (i.e. debt instruments measured at amortised cost or at FVOCI) arising from the hedged risk is amortised to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognised in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Bank and its subsidiaries no longer expect the transaction to occur that amount is immediately reclassified to profit or loss.

The discontinuation is accounted for prospectively. Any gain/loss recognised in OCI and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified from equity to profit or loss in the same way as exchange differences relating to the foreign operation as described above.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

Dynamic risk management

The Bank and its subsidiaries enter into dynamic risk management which has the characteristics (a) risk management is undertaken for open portfolio(s), to which new exposures are frequently added and existing exposures mature; and (b) as the risk profile of the open portfolio(s) changes, risk management is updated on a timely basis in reaction to the changed net risk position. The derivatives under dynamic risk management are recognised on an accrual basis.

5. ESTIMATES AND ASSUMPTIONS

Allowance for expected credit loss

Significant increase of credit risk: ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank and its subsidiaries take into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank and its subsidiaries monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used: The Bank and its subsidiaries use various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Determination of life of revolving credit facilities: The Bank and its subsidiaries measures ECL considering the risk of default over the maximum contractual period. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Bank and its subsidiaries' contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank and its subsidiaries' exposure to credit losses to the contractual notice period. For such financial instruments the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario: When measuring ECL the Bank and its subsidiaries use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. In its measurement of ECL, the external and internal information are used to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data published by governmental bodies and monetary authorities.

The Bank and its subsidiaries use multiple scenarios to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Bank and its subsidiaries apply probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome. The Bank and its subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. In addition to the base case scenario the Group uses the probability weighting which is the base scenario has the highest weighting, since it is the most likely outcome and the weighting of the upside and downside scenarios depend on the probability of the scenario.

Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Bank and its subsidiaries uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank and its subsidiaries uses valuation models to determine the fair value of its financial instruments. Refer to Note 6 for more details on fair value measurement.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received from sell an asset or paid for transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most a liquid market where the Bank and its subsidiaries are able to access.

Fair value measurement of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date
- Level 2 - Quoted price in active market for similar assets or liabilities, the quoted price for identical or similar assets in inactive market and other valuation technique where significant inputs used to measure the fair value are observable
- Level 3 - Using techniques where significant inputs used to measure the fair value are unobservable

Financial assets and liabilities measured at fair value

Classification of financial assets and liabilities measured at fair value by the level of fair value hierarchy as at March 31, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					THE BANK'S FINANCIAL STATEMENTS				
	March 31, 2020				Carrying amount	March 31, 2020				Carrying amount
	Fair value					Fair value				
	Level 1	Level 2	Level 3	Total fair value		Level 1	Level 2	Level 3	Total fair value	
Financial assets measured at fair value through profit or loss										
- Trading financial assets	6	12,941	-	12,947	12,947	-	12,941	-	12,941	12,941
- Derivatives assets	-	38,320	-	38,320	38,320	-	38,598	-	38,598	38,598
Investments in debt securities measured at fair value through other comprehensive income	-	114,305	-	114,305	114,305	-	109,206	-	109,206	109,206
Investments in equity securities designated at fair value through other comprehensive income	4,698	-	1,399	6,097	6,097	4,698	-	312	5,010	5,010
Financial liabilities measured at fair value through profit or loss										
- Derivative liabilities	-	35,682	-	35,682	35,682	-	35,888	-	35,888	35,888

					Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS					THE BANK'S FINANCIAL STATEMENTS			
December 31, 2019					December 31, 2019			
Fair value			Carrying amount	Fair value			Carrying amount	
Level 1	Level 2	Total		Level 1	Level 2	Total		
fair value				fair value				
Derivatives assets								
- trading book	-	21,838	21,838	21,838	-	21,893	21,893	21,893
Investments - trading	3	2,199	2,202	2,202	-	2,199	2,199	2,199
Investments								
- available-for-sale	5,377	97,347	102,724	102,724	5,377	97,347	102,724	102,724
Derivative liabilities								
- trading book	-	19,221	19,221	19,221	-	19,221	19,221	19,221

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 for the three-month period ended March 31, 2020 and for the year ended December 31, 2019.

Valuation technique for financial assets and liabilities measured at fair value are as follows:

Derivatives - trading book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank may not receive the full market value of the transactions.

Investments

Investment in domestic debt securities listed in Thai Bond Market Association (“ThaiBMA”), discounted cash flow using ThaiBMA yield curve as the discounted rate to determine the fair value.

Equity securities traded in the SET, the fair value is determined by using the last bid price of SET.

Equity securities not listed in the SET, the fair value is determined by using the latest net book value of invested company.

Investment in unit trust not listed in SET, the fair value is determined by using the net asset value at the reporting date announced by the asset management company.

7. CAPITAL FUND

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the BOT and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Financial Business Group and the Bank.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BOT. The Bank is required to calculate its Capital Funds in accordance with Basel III. As at March 31, 2020 and December 31, 2019 the Consolidated Supervision and the Bank's total capital funds and capital adequacy ratios can be categorized as follows:

Unit : Million Baht				
Basel III				
Consolidated Supervision				
	March 31,	December 31,		
	2020	2019		
Tier 1 capital				
Common Equity Tier 1 capital				
Issued and paid-up share capital	73,558	73,558		
Premium on share capital	52,879	52,879		
Legal reserve	6,871	6,871		
Cumulative profit after appropriation	121,496	121,496		
Other reserves				
Other comprehensive income	9,318	9,429		
Other items from owner changes	(5,218)	(5,218)		
Deduction items from Common Equity Tier 1 capital	(27,219)	(26,038)		
Total Common Equity Tier 1 capital	231,685	232,977		
Additional Tier 1 capital				
Non-Controlling interest	3,909	3,762		
Total Tier 1 capital	235,594	236,739		
Tier 2 capital				
Subordinated debentures	60,811	60,811		
General provision	20,918	19,458		
Non-Controlling interest	896	863		
Total Tier 2 capital	82,625	81,132		
Total capital fund	318,219	317,871		
Capital adequacy ratio (%)				
	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	March 31,	December 31,	March 31,	December 31,
	2020	2019	2020	2019
Total Common Equity Tier 1 capital /				
Total risk weighted assets	8.00	7.50	12.13	13.05
Total Tier 1 capital / Total risk weighted assets	9.50	9.00	12.33	13.26
Total capital / Total risk weighted assets	12.00	11.50	16.66	17.81
Capital after deducting capital add-on arising				
from Single Lending Limit (Million Baht)			318,219	317,871
Capital ratio after deducting capital add-on				
arising from Single Lending Limit			16.66	17.81

* BOT requires the Bank to maintain higher capital for the conservation buffer at 2.5%.

BOT requires the Bank qualified as Domestic Systemically Important Banks ("D-SIBs") to maintain higher capital to better absorb losses from their operations and increase the Common Equity Tier 1 Ratio at 0.5% on January 1, 2019 and 1% on January 1, 2020.

Unit : Million Baht		
Basel III		
The Bank		
	March 31, 2020	December 31, 2019
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	6,871	6,871
Cumulative profit after appropriation	66,056	66,056
Other reserves		
Other comprehensive income	9,676	10,544
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(13,692)	(13,018)
Total Common Equity Tier 1 capital	190,130	191,672
Additional Tier 1 capital	-	-
Total Tier 1 capital	190,130	191,672
Tier 2 capital		
Subordinated debentures	60,811	60,811
General provision	19,537	14,526
Total Tier 2 capital	80,348	75,337
Total capital fund	270,478	267,009

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Total Common Equity Tier 1 capital /				
Total risk weighted assets	8.00	7.50	11.01	11.89
Total Tier 1 capital / Total risk weighted assets	9.50	9.00	11.01	11.89
Total capital / Total risk weighted assets	12.00	11.50	15.66	16.56
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			270,478	267,009
Capital ratio after deducting capital add-on arising from Single Lending Limit			15.66	16.56

* BOT requires the Bank to maintain higher capital for the conservation buffer at 2.5%.

BOT requires the Bank qualified as Domestic Systemically Important Banks ("D-SIBs") to maintain higher capital to better absorb losses from their operations and increase the Common Equity Tier 1 Ratio at 0.5% on January 1, 2019 and 1% on January 1, 2020.

Disclosure of capital maintenance information of the Financial Business Group and the Bank under the BOT's Notification regarding the Disclosure of the Capital Requirement of the Financial Business Group and regarding the Disclosure of the Capital Requirement of Commercial Banks with details as follows:

Location of disclosure	www.krungsri.com
Date of disclosure	April 30, 2020
Information as at	December 31, 2019

8. ADDITIONAL INFORMATION

8.1 Additional information of cash flows

8.1.1 Non-cash transactions for the three-month periods ended March 31, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended March 31,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended March 31,	
	2020	2019	2020	2019
Increase (decrease) in revaluation surplus on investments	(1,195)	555	(1,193)	555
Amortization of premises appraisal surplus transferred to retained earnings	(90)	(58)	(90)	(58)
Properties for sale debt repayment	5,576	3,210	5,086	2,729

8.1.2 Changes in liabilities arising from financing activity for the three-month periods ended March 31, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended March 31,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended March 31,	
	2020	2019	2020	2019
Beginning balance	176,410	156,547	139,593	116,694
Effect from first time TFRS 16 adoption	2,355	-	2,876	-
Financing cash flows	(9,473)	(18,218)	(3,320)	(12,041)
Addition in the period	787	-	392	-
Other non-cash items	179	(1)	159	2
Ending balance	<u>170,258</u>	<u>138,328</u>	<u>139,700</u>	<u>104,655</u>

8.1.3 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

8.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at March 31, 2020 consist of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	March 31, 2020					
	Financial instruments measured at fair value through profit or loss	Financial instrument measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instrument measured at amortised cost	Accrual basis for derivatives asset and derivatives liabilities	Total
Financial assets						
Cash	-	-	-	32,956	-	32,956
Interbank and money market items, net	-	-	-	388,574	-	388,574
Financial assets measured at fair value through profit or loss	12,947	-	-	-	-	12,947
Derivative assets	38,320	-	-	-	7,842	46,162
Investments, net	-	114,305	6,097	11,004	-	131,406
Loans to customers and accrued interest receivables, net	-	-	-	1,803,657	-	1,803,657
Others	42	273	-	2,949	-	3,264
Total	51,309	114,578	6,097	2,239,140	7,842	2,418,966
Financial liabilities						
Deposits	-	-	-	1,667,371	-	1,667,371
Interbank and money market items	-	-	-	308,937	-	308,937
Liability payable on demand	-	-	-	4,088	-	4,088
Derivative liabilities	35,682	-	-	-	54	35,736
Debt issued and borrowings	-	-	-	166,750	-	166,750
Provisions	-	-	-	3,420	-	3,420
Others	-	-	-	5,407	-	5,407
Total	35,682	-	-	2,155,973	54	2,191,709

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	March 31, 2020					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Accrual basis for derivatives asset and liabilities	Total
Financial assets						
Cash	-	-	-	32,045	-	32,045
Interbank and money market items, net	-	-	-	383,880	-	383,880
Financial assets measured at fair value through profit or loss	12,941	-	-	-	-	12,941
Derivative assets	38,598	-	-	-	7,841	46,439
Investments, net	-	109,206	5,010	11,004	-	125,220
Loans to customers and accrued interest receivables, net	-	-	-	1,662,080	-	1,662,080
Others	42	273	-	2,280	-	2,595
Total	51,581	109,479	5,010	2,091,289	7,841	2,265,200
Financial liabilities						
Deposits	-	-	-	1,658,633	-	1,658,633
Interbank and money market items	-	-	-	300,490	-	300,490
Liability payable on demand	-	-	-	4,088	-	4,088
Derivative liabilities	35,888	-	-	-	54	35,942
Debt issued and borrowings	-	-	-	136,142	-	136,142
Provisions	-	-	-	2,548	-	2,548
Others	-	-	-	4,927	-	4,927
Total	35,888	-	-	2,106,828	54	2,142,770

8.3 Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss as at March 31, 2020 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020 Fair Value	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS March 31, 2020 Fair Value
Trading financial assets		
Government and state enterprise securities	12,941	12,941
Domestic marketable equity securities	6	-
Total	12,947	12,941

8.4 Investments, net

Investments, net as at March 31, 2020 and December 31, 2019 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS March 31, 2020	
	Amortised Cost /Fair Value	Dividend	Amortised Cost /Fair Value	Dividend
Investment in Debt securities measured at amortised cost				
Private enterprise debt securities	11,005		11,005	
<u>Less</u> Allowance for expected credit loss	(1)		(1)	
Total	11,004		11,004	
Investment in debt securities measured at fair value through other comprehensive income				
Government and state enterprise securities	91,683		91,683	
Private enterprise debt securities	22,622		17,523	
Total	114,305		109,206	
Investment in equity securities designated at fair value through other comprehensive income				
Domestic marketable equity securities	4,698	69	4,698	69
Domestic non-marketable equity securities	405	-	310	-
Foreign non-marketable equity securities	994	-	2	-
Total	6,097	69	5,010	69
Total investments, net	131,406		125,220	

	Unit: Million Baht CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS For the three-month period ended March 31, 2020			
Investment in equity securities derecognition	Fair value as at derecognition	Dividend	Gain (loss) from derecognition	Reason for derecognition
Investment in equity securities designated at fair value through other comprehensive income				
Domestic marketable equity securities	517	1	(176)	Sale
Total	517	1	(176)	

As at March 31, 2020, investments in unit trust of fixed income funds in the consolidated and the Bank's financial statements of Baht 8,298 million and Baht 3,200 million, respectively, were recorded as investment designated at fair value through other comprehensive income that not be reclassified subsequently to profit or loss according to BOT's notification Sor.Nor.Sor. 6/2563 regarding the investment in unit trust of fixed income fund for enhance the liquidity of the money market.

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	December 31, 2019				December 31, 2019			
	Cost/ Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortised Cost	Unrealized Gains	Unrealized Losses	Fair Value
Unit: Million Baht								
Securities for Trading								
Government and state enterprise securities	2,193	6	-	2,199	2,193	6	-	2,199
Domestic marketable equity securities	3	-	-	3	-	-	-	-
	2,196	6	-	2,202	2,193	6	-	2,199
<u>Add</u> Revaluation allowance	6			-	6			-
Total	2,202			2,202	2,199			2,199
Securities Available-for-Sale								
Government and state enterprise securities	84,655	143	(3)	84,795	84,655	143	(3)	84,795
Private sector's debt securities	11,809	274	-	12,083	11,809	274	-	12,083
Domestic marketable equity securities	6,366	350	(867)	5,849	6,366	350	(867)	5,849
	102,830	767	(870)	102,727	102,830	767	(870)	102,727
<u>Less</u> Revaluation allowance	(103)			-	(103)			-
<u>Less</u> Allowance for impairment	(3)			(3)	(3)			(3)
Total	102,724			102,724	102,724			102,724
Securities Held-to-Maturity								
Private sector's debt securities	12,640				12,640			
Investment in accounts receivable	199				199			
	12,839				12,839			
<u>Less</u> Allowance for impairment	(2)				(2)			
Total	12,837				12,837			
Securities for General Investments								
Domestic non-marketable equity securities	743				314			
Foreign non-marketable equity securities	1				1			
	744				315			
<u>Less</u> Allowance for impairment	(167)				(167)			
Total	577				148			
Total Investments, net	118,340				117,908			

8.5 Investments in subsidiaries and joint ventures, net

Investments in subsidiaries and joint ventures, net as at March 31, 2020 and December 31, 2019 consist of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
March 31, 2020							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	7,800	50.00	3,818	9,217	-
Tesco Lotus Money Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,770	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	80	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	224	-
Investments in joint ventures, net					<u>4,858</u>	<u>12,291</u>	<u>-</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2019							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	7,800	50.00	3,818	8,911	950
Tesco Lotus Money Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,741	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	77	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	223	-
Investments in joint ventures, net					<u>4,858</u>	<u>11,952</u>	<u>950</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Lotus Money Services Limited

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
March 31, 2020						
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	700
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	-
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Nimble Company Limited	Factoring and information technology services	Common stock	300	100.00	300	-
Krungsri Finnovate Company Limited	Venture capital	Common stock	1,500	100.00	1,500	-
Hattha Kaksekar Limited	Micro finance	Common stock	3,748	100.00	8,926	-
Investments in subsidiaries					63,313	700
Joint venture						
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	} 7,800	50.00	3,818	-
Investments in subsidiaries and joint venture					67,131	700
Less Allowance for impairment					(6,682)	-
Investments in subsidiaries and joint venture, net					60,449	700

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 2019						
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	2,682
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	443
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Nimble Company Limited	Factoring and information technology services	Common stock	300	100.00	300	-
Krungsri Finnivate Company Limited	Venture capital	Common stock	1,500	100.00	1,500	-
Hattha Kaksekar Limited	Micro finance	Common stock	2,536	100.00	7,713	-
Investments in subsidiaries					62,100	3,125
Joint venture						
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	7,800	50.00	3,818	2,050
Investments in subsidiaries and joint venture					65,918	5,175
Less Allowance for impairment					(5,962)	-
Investments in subsidiaries and joint venture, net					59,956	5,175

On February 28, 2019, the Bank sold 50% of its interest in Ngern Tid Lor Company Limited (“NTL”), a subsidiary, reducing its ownership interest to 50%, and recognised profit on sales of the subsidiary of Baht 4,290 million, and Baht 5,019 million in the consolidated financial statements and the Bank financial statements, respectively. The Bank had changed the classification of investment in NTL from subsidiary to joint venture. The fair value of the Bank's retained interested in joint venture at the date when control was changed was Baht 8,027 million, which became the carrying value of the Bank's interest in the joint venture at that date in the consolidated financial statements. The difference of fair value was recognised as a profit on the change of control of a subsidiary of Baht 4,335 million which is included in "Gain on investments, net" in the consolidated statements of profit or loss and other comprehensive income.

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”

Unit: Million Baht

	2020	2019
Cash flows from operating activities		
Income before income tax	26	10
Adjustments to reconcile income to cash provided (paid) from operating activities		
Loss on impairment of properties for sale	1	-
Gain on sales of properties for sale	(36)	(11)
Loss on impairment of other assets	9	-
Employment benefits expenses	1	11
Interest income, net	(15)	(26)
Interest received	15	26
Income tax paid	(3)	-
Income (loss) from operations before changes in operating assets and liabilities	(2)	10
(Increase) decrease in operating assets		
Investment in receivables	-	8
Properties for sale	148	28
Other assets	35	61
Increase (decrease) in operating liabilities		
Other liabilities	(26)	2
Net cash from operating activities	155	109
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	155	109
Cash and cash equivalents as at January 1,	2,049	1,729
Cash and cash equivalents as at March 31,	2,204	1,838

8.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at March 31, 2020 and December 31, 2019 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS March 31, 2020
Overdrafts	70,265	70,222
Loan against contract	949,640	896,540
Trade bill	351,365	363,652
Hire-purchase receivables	425,229	377,171
Lease contract receivable	7,925	3,200
Credit card receivables	61,222	-
Others	4,316	3,426
Total Loans to customers	1,869,962	1,714,211
<u>Add</u> Accrued and undue interest receivables	5,707	3,323
Loans to customers and accrued interest receivables	1,875,669	1,717,534
<u>Less</u> Allowance for expected credit loss	(72,012)	(55,454)
Loans to customers and accrued interest receivable, net	1,803,657	1,662,080

	CONSOLIDATED FINANCIAL STATEMENTS December 31, 2019	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS December 31, 2019
Overdrafts	71,413	71,364
Loan against contract	921,151	873,821
Trade bill	322,302	342,969
Hire-purchase receivables	503,174	444,735
Lease contract receivables	12,579	3,599
Credit card receivables	73,302	-
Others	5,441	4,189
Total	1,909,362	1,740,677
<u>Less</u> Deferred revenue	(91,485)	(78,906)
Loans to customers after deferred revenue, net	1,817,877	1,661,771
<u>Add</u> Accrued interest receivables	4,483	2,481
Loans to customers and accrued interest receivable after deferred revenue, net	1,822,360	1,664,252
<u>Less</u> Allowance for doubtful accounts		
1) BOT requirement :		
- Individual approach	(29,826)	(25,515)
- Collective approach	(13,125)	(11,202)
2) Surplus reserve	(22,759)	(14,526)
<u>Less</u> Revaluation allowance for debt restructuring	(1,674)	(155)
Total loans to customers, net	1,754,976	1,612,854

(2) Classified by residence of debtors

	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
	March 31, 2020	March 31, 2020
Domestic	1,811,464	1,690,655
Foreign	58,498	23,556
Total	<u>1,869,962</u>	<u>1,714,211</u>

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	December 31, 2019			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,737,212	10,055	1,747,267	1,612,361	8,904	1,621,265
US Dollar	25,505	32,374	57,879	25,505	8,673	34,178
Other currencies	2,058	10,673	12,731	2,058	4,270	6,328
Total	<u>1,764,775</u>	<u>53,102</u>	<u>1,817,877</u>	<u>1,639,924</u>	<u>21,847</u>	<u>1,661,771</u>

(3) Classified by type of classification

	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	
	March 31, 2020	
	Loans to customers and accrued interest receivable	Allowance for expected credit loss
Performing	1,677,901	23,284*
Under-performing	149,719	20,520
Non-performing	48,049	28,208
Total	<u>1,875,669</u>	<u>72,012</u>

	Unit: Million Baht	
	THE BANK'S FINANCIAL STATEMENTS	
	March 31, 2020	
	Loans to customers and accrued interest receivable	Allowance for expected credit loss
Performing	1,545,721	17,193*
Under-performing	132,323	16,126
Non-performing	39,490	22,135
Total	<u>1,717,534</u>	<u>55,454</u>

* The Bank and its subsidiaries manage excess reserves in accordance with the Bank of Thailand's guidelines, BOT. ForNorSor. (23) Wor. 1603/2562 by gradually reducing excess reserves on the first day within 5 years to be in compliance with TFRS9 and as appropriate to be in line with the bank's business operations.

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Used for Calculation Allowance	% Used for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,718,385	1,135,386	1, 3	13,758
Special mention	62,641	46,068	2, 22	7,799
Substandard	12,257	8,585	55, 100	6,306
Doubtful	6,531	4,194	48, 100	3,217
Doubtful of loss	22,546	9,713	100	11,871
Total	<u>1,822,360</u>	<u>1,203,946</u>		42,951 ⁽¹⁾
2. Surplus Reserve				22,759 ⁽²⁾
Total				<u>65,710</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2019 of Baht 13,125 million.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2019 at the rate of 1% of Baht 69,137 million equal to Baht 691 million which are not eliminated but treated as surplus reserve in the consolidated financial statements.

⁽³⁾ % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.

⁽⁴⁾ Excluding revaluation allowance for debt restructuring as at December 31, 2019, of Baht 1,674 million and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2019 of Baht 331 million.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2019

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Used for Calculation Allowance	% Used for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,571,386	999,161	1	11,772
Special mention	57,323	41,004	2, 12	7,232
Substandard	9,319	5,694	50, 100	4,318
Doubtful	6,307	4,005	56, 100	3,074
Doubtful of loss	19,917	8,109	100	10,321
Total	<u>1,664,252</u>	<u>1,057,973</u>		36,717 ⁽¹⁾
2. Surplus Reserve				14,526 ⁽²⁾
Total				<u>51,243</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2019 of Baht 11,202 million.

⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at December 31, 2019 at the rate of 1% of Baht 69,137 million equal to Baht 691 million.

⁽³⁾ % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.

⁽⁴⁾ Excluding revaluation allowance for debt restructuring as at December 31, 2019 of Baht 155 million and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2019 of Baht 331 million.

As at March 31, 2020 and December 31, 2019, the Bank and Krungsri Ayudhya AMC Limited (“AMC”) had non-performing loans which included interbank and money market items as follows:

	Unit: Million Baht		
	March 31, 2020		
	The Bank	AMC	The Bank and AMC
Non-performing loans	39,299	429	39,728
Percentage of total loans	1.98	100.00	2.00

	Unit: Million Baht		
	December 31, 2019		
	The Bank	AMC	The Bank and AMC
Non-performing loans	35,542	432	35,974
Percentage of total loans	1.84	100.00	1.86

As at March 31, 2020 and December 31, 2019, the Bank and its subsidiaries’ non-performing loans are Baht 47,556 million and Baht 41,334 million, respectively.

(4) Restructured loans

Balances of non-performing restructured loans and the allowance for expected credit losses as at March 31, 2020 are as follows:

	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	
	March 31, 2020	
	Loans to customers and accrued interest receivable	Allowance for expected credit loss
Non-performing restructured loans	13,748	7,524

	Unit: Million Baht	
	THE BANK’S FINANCIAL STATEMENTS	
	March 31, 2020	
	Loans to customers and accrued interest receivable	Allowance for expected credit loss
Non-performing restructured loans	9,564	4,873

(5) Lease receivables (Included hire-purchase and finance lease receivables)

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
March 31, 2020				
Amount due per agreements				
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	114,854	336,772	75,241	526,867
<u>Less</u> Unearned interest income				(93,713)
Present value of the minimum lease payments				433,154
<u>Less</u> Allowance for expected credit loss				(21,514)
Total lease receivables, net				411,640

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2019				
Amount due per agreements				
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	122,617	326,983	66,153	515,753
<u>Less</u> Unearned interest income				(91,430)
Present value of the minimum lease payments				424,323
<u>Less</u> Allowance for doubtful accounts				(14,455)
Total lease receivables, net				409,868

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
March 31, 2020				
Amount due per agreements				
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	90,479	303,909	68,053	462,441
<u>Less</u> Unearned interest income				(82,070)
Present value of the minimum lease payments				380,371
<u>Less</u> Allowance for expected credit loss				(17,353)
Total lease receivables, net				363,018

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2019				
Amount due per agreements				
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	97,083	294,058	57,193	448,334
<u>Less</u> Unearned interest income				(78,865)
Present value of the minimum lease payments				369,469
<u>Less</u> Allowance for doubtful accounts				(11,073)
Total lease receivables, net				358,396

The Bank and its subsidiaries recorded allowance for expected credit loss* in the financial statements as follows:

Unit: Million Baht

March 31, 2020

Consolidated financial statements	75,663
The Bank and Krungsri Ayudhya AMC Limited	58,428
The Bank's financial statements	58,144

* Such allowance for expected credit loss consists of allowance for expected credit loss for loans to customers and accrued interest receivables, allowance for expected credit loss for interbank and money market items and allowance for expected credit loss for loan commitments and financial guarantee contracts.

The Bank and its subsidiaries recorded allowance for doubtful accounts** in the financial statements as follows:

Unit: Million Baht

December 31, 2019

Consolidated financial statements	67,715
The Bank and Krungsri Ayudhya AMC Limited	52,016
The Bank's financial statements	51,729

**Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

As at March 31, 2020 and December 31, 2019, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the disclosure of asset quality and related party transactions and the allowance for such loans as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

March 31, 2020

	Number	Outstanding Balance	Collateral	Allowance for Expected Credit Loss
Companies subject to be delisted by SET	2	1	-	-
Total	2	1	-	-

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

December 31, 2019

	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	2	1	-	-
Total	2	1	-	-

8.7 Debt issued and borrowings

Debt issued and borrowings as at March 31, 2020 and December 31, 2019 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	March 31, 2020			December 31, 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	60,811	-	60,811
	USD	7.50 - 10.92	2020-2027	-	353	353	-	357	357
Senior debentures	THB	0.00 - 2.99	2020-2026	100,015	-	100,015	109,820	-	109,820
	KHR	8.50	2021	-	771	771	-	710	710
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	-	-	-	-	-	35	-	35
Other borrowings	THB	0.00 - 7.15	2021-2024	43	966	1,009	46	969	1,015
	USD	0.00 - 7.59	2021-2027	-	3,790	3,790	-	2,918	2,918
				<u>160,870</u>	<u>5,880</u>	<u>166,750</u>	<u>170,713</u>	<u>4,954</u>	<u>175,667</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	March 31, 2020			December 31, 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	60,811	-	60,811
Senior debentures	THB	1.44 - 2.99	2020-2026	75,287	-	75,287	78,111	-	78,111
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	-	-	-	-	-	35	-	35
Other borrowings	THB	0.00	2023-2024	43	-	43	46	-	46
				<u>136,142</u>	<u>-</u>	<u>136,142</u>	<u>139,004</u>	<u>-</u>	<u>139,004</u>

Additional information on debts issued and borrowings is as follows:

- On August 11, 2016, the Bank issued subordinated debentures No. 1/2016 in amount of Baht 10,000 million for a 10-year and 6-month tenor at the fixed interest rate of 3.5% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.
- On May 24, 2017, the Bank issued subordinated debentures No. 1/2017 in amount of Baht 17,007 million for a 10-year and 6-month tenor at the fixed interest rate of 3.9% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.
- On November 17, 2017, the Bank issued subordinated debentures No. 2/2017 in the amount of Baht 14,978 million for a 10-year tenor at the fixed interest rate of 3.4% per annum, payable quarterly in February, May, August, and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.

4. On June 14, 2019, the Bank issued subordinated debentures No. 1/2019 in the amount of Baht 18,826 million for a 10-year tenor at the fixed interest rate of 3.8% per annum, payable quarterly in March, June, September, and December of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.

8.8 Provisions

Provisions for the three-month period ended March 31, 2020 and for the year ended December 31, 2019 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance at January 1, 2019	Increase (Decrease)	Balance at December 31, 2019	Effect from IFRS 9 adoption	Increase (Decrease)	Balance at March 31, 2020
Allowance for expected credit loss						
for loan commitments and						
financial guarantee contracts	1,343	(798)	545	2,670	205	3,420
Provision for post-employment						
benefits obligation	5,617	2,583	8,200	-	143	8,343
Others	804	168	972	-	107	1,079
Total	7,764	1,953	9,717	2,670	455	12,842

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	Balance at January 1, 2019	Increase (Decrease)	Balance at December 31, 2019	Effect from TFRS 9 adoption	Increase (Decrease)	Balance at March 31, 2020
Allowance for expected credit loss for loan commitments and financial guarantee contracts	1,343	(798)	545	1,845	158	2,548
Provision for post-employment benefits obligation	4,871	2,018	6,889	-	105	6,994
Others	654	77	731	-	84	815
Total	6,868	1,297	8,165	1,845	347	10,357

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 announced in the Royal Gazette and is effective on May 5, 2019 onwards. This new Thai labor law amend the amount of severance pay for an employee who has worked at least 20 years in accordance with the entity's working rules and regulations to be increased to 400 days at the employee's last wage rate which impact on the post-employee benefit plan. The Bank and its subsidiaries have considered to amend the post-employee benefit plan and recognize the increase of the post-employment benefit obligation as at the financial reporting date and the increase in such severance pay of Baht 1,125 million and Baht 918 million as the expense for the three-month period ended March 31, 2019, in the consolidated financial statements and the Bank's financial statements, respectively.

8.9 Dividend payment

The Annual General Meeting of Shareholders No. 107 held on April 25, 2019, approved the dividend payment for the six-month period ended December 31, 2018 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on May 23, 2019.

The Board of Directors' Meeting No. 8/2019 held on August 28, 2019, approved the interim dividend payment for the six-month period ended June 30, 2019 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 26, 2019.

The Board of Directors' Meeting No. 3/2020 held on March 25, 2020, approved the interim dividend payment for the six-month period ended December 31, 2019 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on April 23, 2020.

8.10 Assets with obligations and restrictions

As at March 31, 2020 and December 31, 2019, government and state enterprise securities with book value of Baht 10,316 million and Baht 38,828 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

8.11 Contingencies

Contingencies as at March 31, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Avals to bills	675	3,434	675	3,434
Guarantees of loans	2,734	2,513	2,734	2,513
Liability under unmatured import bills	2,098	1,216	2,098	1,216
Letters of credit	4,487	3,965	4,487	3,965
Other contingencies				
- Unused overdraft limit	5,167	5,107	5,167	5,107
- Unused credit line	37,028	39,623	40,489	42,994
- Other guarantees	54,979	53,297	54,979	53,297
- Others	58,101	68	58,101	68
Total	<u>165,269</u>	<u>109,223</u>	<u>168,730</u>	<u>112,594</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2025 with a local company. As at March 31, 2020 and December 31, 2019, the Bank and its subsidiaries have commitments to pay in the amounts of Baht 3,029 million and Baht 3,030 million, respectively.

As at March 31, 2020 and December 31, 2019, the Bank and its subsidiaries have commitments to pay regarding the information technology services the amounts of Baht 1,529 million and Baht 1,366 million, respectively.

As at March 31, 2020 and December 31, 2019, the Bank has commitment payment amount of Baht 2,439 million and Baht 2,555 million as a result of entering to the construction agreement of the office building, respectively.

8.12 Related party transactions

The Bank has business transactions with subsidiaries, joint ventures and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which comply with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 12/2561 regarding the "Regulations on Risk Supervision of Financial Business Group" dated May 22, 2018, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall have the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management processes, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related party transactions are as follows:

8.12.1 Assets, liabilities and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned and the companies in which the directors and/or shareholders of the Bank have significant voting right either directly and indirectly, as at March 31, 2020 and December 31, 2019 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	67,947	-	-	3,783	4,001	-	189,932	7,512	1,391	512,271	3,669
<u>Less</u> Allowance for expected credit loss	(8)	-	-	-	-	-	-	-	-	-	-
Total	67,939	-	-	3,783	4,001	-	189,932	7,512	1,391	512,271	3,669
Joint ventures											
Ngern Tid Lor Company Limited	-	1,171	18,833	-	36	584	-	-	3	-	6
Tesco Lotus Money Services Limited	-	-	6,346	-	522	804	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	6	182	-	-	1	-	-
Tesco General Insurance Broker Limited	-	-	-	-	25	555	-	-	3	-	-
Total	-	1,171	25,179	-	589	2,125	-	-	10	-	6
<u>Less</u> Allowance for expected credit loss	-	-	(10)	-	-	-	-	-	-	-	-
Total	-	1,171	25,169	-	589	2,125	-	-	10	-	6
Related companies having joint major shareholders or directors	13	-	12,696	688	30	9,570	1,072	50	141	22,841	306
<u>Less</u> Allowance for expected credit loss	-	-	(66)	-	-	-	-	-	-	-	(1)
Total	13	-	12,630	688	30	9,570	1,072	50	141	22,841	305
Individual and related parties	-	-	418	-	22	2,431	-	-	863	-	-
<u>Less</u> Allowance for expected credit loss	-	-	(3)	-	-	-	-	-	-	-	-
Total	-	-	415	-	22	2,431	-	-	863	-	-
Total	67,952	1,171	38,214	4,471	4,642	14,126	191,004	7,562	2,405	535,112	3,980

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Total	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Joint ventures											
Ngern Tid Lor Company Limited	-	1,171	20,515	-	19	355	-	-	5	-	6
Tesco Lotus Money Services Limited	-	-	8,842	-	437	746	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	5	172	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	20	548	-	-	2	-	-
Total	-	1,171	29,357	-	481	1,821	-	-	10	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(293)	-	-	-	-	-	-	-	-
Total	-	1,171	29,064	-	481	1,821	-	-	10	-	6
Related companies having joint major shareholders or directors	9	-	11,417	817	14	6,953	259	17	26	17,138	308
<u>Less</u> Allowance for doubtful accounts	-	-	(97)	-	-	-	-	-	-	-	-
Total	9	-	11,320	817	14	6,953	259	17	26	17,138	308
Individual and related parties	-	-	505	-	-	2,090	-	-	998	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	(1)	-	-	-	-	-	-	-	-
Total	-	-	504	-	-	2,090	-	-	998	-	-
Total	24,593	1,171	40,888	2,990	1,648	10,864	181,497	3,164	2,514	474,423	3,296

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

March 31, 2020

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	67,947	-	-	3,783	4,001	-	189,932	7,512	1,391	512,271	3,669
<u>Less</u> Allowance for expected credit loss	(8)	-	-	-	-	-	-	-	-	-	-
Total	67,939	-	-	3,783	4,001	-	189,932	7,512	1,391	512,271	3,669
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	-	5,350	-	1	8	-	-	-	-	1
Ayudhya Capital Auto Lease Public Company Limited	-	-	4,778	-	272	1,618	-	-	226	-	-
Ayudhya Capital Services Company Limited	-	-	24,542	-	123	1,002	-	-	34	-	3
General Card Services Limited	-	-	8,418	-	14	539	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	6,151	-	104	709	-	-	17	-	1
Siam Realty and Services Security Company Limited	-	-	480	-	1	77	-	-	77	-	-
Total Services Solutions Public Company Limited	-	-	-	-	701	1,583	-	-	14	-	-
Krungsri Asset Management Company Limited	-	-	-	-	64	-	852	-	5	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	2,203	-	-	35	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	3	2,657	-	6	-	-
Krungsri Nimble Company Limited	-	-	-	-	19	146	-	-	70	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	506	-	-	1	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	427	-	-	-	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

March 31, 2020

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)											
Krungsri Leasing Services Company Limited	-	-	5,516	-	1	270	-	-	1	-	-
Hattha Kaksekar Limited	-	-	1,435	279	3	-	-	-	-	4,341	-
Krungsri Finnovate Company Limited	-	-	-	-	2	369	-	-	-	-	-
Total	-	-	56,670	279	1,308	9,460	3,509	-	488	4,341	40
<u>Less</u> Allowance for expected credit loss	-	-	(161)	-	-	-	-	-	-	-	(1)
Total	-	-	56,509	279	1,308	9,460	3,509	-	488	4,341	39
Joint ventures											
Ngern Tid Lor Company Limited	-	1,171	18,832	-	31	584	-	-	3	-	6
Tesco Lotus Money Services Limited	-	-	6,346	-	11	804	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	182	-	-	1	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	555	-	-	1	-	-
Total	-	1,171	25,178	-	42	2,125	-	-	8	-	6
<u>Less</u> Allowance for expected credit loss	-	-	(10)	-	-	-	-	-	-	-	-
Total	-	1,171	25,168	-	42	2,125	-	-	8	-	6
Related companies having joint major shareholders or directors	13	-	12,695	688	-	9,570	1,072	50	133	22,841	306
<u>Less</u> Allowance for expected credit loss	-	-	(66)	-	-	-	-	-	-	-	(1)
Total	13	-	12,629	688	-	9,570	1,072	50	133	22,841	305
Individual and related parties	-	-	352	-	22	2,209	-	-	600	-	-
Total	67,952	1,171	94,658	4,750	5,373	23,364	194,513	7,562	2,620	539,453	4,019

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2019

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Total	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	-	8,085	-	1	9	-	-	2	-	7
Ayudhya Capital Auto Lease Public Company Limited	-	-	6,494	-	296	1,127	-	-	304	-	-
Ayudhya Capital Services Company Limited	-	-	27,415	-	141	1,242	-	-	24	-	3
General Card Services Limited	-	-	13,762	-	70	606	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	6,802	-	576	1,221	-	-	18	-	1
Siam Realty and Services Security Company Limited	-	-	500	-	1	78	-	-	45	-	-
Total Services Solutions Public Company Limited	-	-	-	-	-	1,530	-	-	15	-	-
Krungsri Asset Management Company Limited	-	-	-	-	86	-	5,571	-	105	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	2,037	-	-	42	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	3	2,224	-	5	-	-
Krungsri Nimble Company Limited	-	-	-	-	8	169	-	-	28	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	407	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	313	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)											
Krungsri Leasing Services Company Limited	-	-	5,367	-	1	177	-	-	-	-	-
Hattha Kaksekar Limited	-	-	866	56	1,209	-	-	-	-	4,006	-
Krungsri Finnovate Company Limited	-	-	-	-	3	1,010	-	-	-	-	-
Total	-	-	69,291	56	2,395	9,929	7,795	-	591	4,006	46
<u>Less</u> Allowance for doubtful accounts	-	-	(691)	-	-	-	-	-	-	-	-
Total	-	-	68,600	56	2,395	9,929	7,795	-	591	4,006	46
Joint ventures											
Ngern Tid Lor Company Limited	-	1,171	20,514	-	19	355	-	-	5	-	6
Tesco Lotus Money Services Limited	-	-	8,842	-	32	746	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	172	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	548	-	-	1	-	-
Total	-	1,171	29,356	-	51	1,821	-	-	9	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(293)	-	-	-	-	-	-	-	-
Total	-	1,171	29,063	-	51	1,821	-	-	9	-	6
Related companies having joint major shareholders or directors	9	-	11,416	817	-	6,953	259	17	23	17,138	308
<u>Less</u> Allowance for doubtful accounts	-	-	(97)	-	-	-	-	-	-	-	-
Total	9	-	11,319	817	-	6,953	259	17	23	17,138	308
Individual and related parties	-	-	405	-	-	1,858	-	-	712	-	-
Total	24,593	1,171	109,387	3,046	3,599	20,561	189,292	3,164	2,815	478,429	3,342

As at March 31, 2020 and December 31, 2019, the Bank charges interest rates to related parties at 1.00% - 27.25% p.a. and 1.00% - 25.05% p.a., respectively.

As at December 31, 2019, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 691 million are not eliminated but treated as surplus reserve in the consolidated financial statements.

8.12.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 8.5 and has investments in related companies as at March 31, 2020 and December 31, 2019 are as follows:

Unit: Million Baht							
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
				March 31, 2020		December 31, 2019	
	Business Type	Registered Share Capital	Ownership (%)	Investment Fair Value	Dividend Amount	Investment Cost	Dividend Amount
Related company							
Allianz Ayudhya Capital	Investment	385	3.15	355	9	186	9
Public Company Limited	holding company						
<u>Less</u> Allowance for impairment				-	-	(3)	-
Investment in related company, net				<u>355</u>	<u>9</u>	<u>183</u>	<u>9</u>

8.12.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the three-month periods ended March 31, 2020 and 2019 are as follows:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	For the three-month period ended March 31, 2020				For the three-month period ended March 31, 2019			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd.	-	(2,622)	866	95	-	(1,873)	1,201	119
Total	-	(2,622)	866	95	-	(1,873)	1,201	119
Joint ventures								
Ngern Tid Lor Company Limited	147	36	-	4	59	3	-	2
Tesco Lotus Money Services Limited	47	154	-	(2)	37	125	-	(2)
Tesco Life Assurance Broker Company Limited	-	2	-	-	-	2	-	-
Tesco General Insurance Broker Limited	-	9	1	-	-	5	1	-
Total	194	201	1	2	96	135	1	-
Related companies having joint major shareholders or directors	62	(94)	13	72	57	73	18	70
Total	62	(94)	13	72	57	73	18	70
Individual and related parties	5	1	6	49	5	2	7	6
Total	261	(2,514)	886	218	158	(1,663)	1,227	195

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended March 31, 2020				For the three-month period ended March 31, 2019			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd.	-	(2,622)	866	95	-	(1,873)	1,201	119
Total	-	(2,622)	866	95	-	(1,873)	1,201	119
Subsidiaries								
Ayudhya Development Leasing Company Limited	56	32	-	11	56	6	-	(2)
Ayudhya Capital Auto Lease Public Company Limited	40	478	2	218	84	97	1	177
Ngern Tid Lor Company Limited	-	-	-	-	104	10	-	-
Ayudhya Capital Services Company Limited	169	85	-	(8)	170	81	-	(17)
General Card Services Limited	63	10	-	(1)	66	8	-	(1)
Krungsriayudhya Card Company Limited	16	22	-	27	9	38	5	43
Siam Realty and Services Security Company Limited	2	2	-	69	3	2	-	161
Total Services Solutions Public Company Limited	-	1	4	12	-	1	5	12
Krungsri Asset Management Company Limited	-	230	(92)	1	-	236	19	4
Krungsri Ayudhya AMC Limited	-	1	1	-	-	2	-	(1)
Krungsri Securities Public Company Limited	-	2	4	1	-	6	7	2
Krungsri Nimble Company Limited	-	11	-	8	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	1	-	-	-	1	-
Krungsri General Insurance Broker Limited	-	-	1	-	-	-	2	-
Krungsri Leasing Services Company Limited	91	-	1	-	82	-	-	-
Hattha Kaksekar Limited	18	224	-	-	9	14	-	-
Krungsri Finnivate Company Limited	-	7	-	-	-	2	-	-
Total	455	1,105	(78)	338	583	503	40	378
Joint ventures								
Ngern Tid Lor Company Limited	147	20	-	4	59	(2)	-	1
Tesco Lotus Money Services Limited	47	10	-	(2)	37	8	-	(2)
Tesco General Insurance Broker Limited	-	5	1	-	-	3	1	-
Total	194	35	1	2	96	9	1	(1)
Related companies having joint major shareholders or directors								
	62	(97)	13	54	57	72	18	51
Total	62	(97)	13	54	57	72	18	51
Individual and related parties								
	5	1	6	49	4	1	4	-
Total	716	(1,578)	808	538	740	(1,288)	1,264	547

- 8.12.4 For the three-month periods ended March 31, 2020 and 2019, compensations paid to key management personnel under TAS 24 “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended March 31,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended March 31,	
	2020	2019	2020	2019
Short-term employee benefits	563	607	329	366
Post-employment benefits	17	17	12	12
Other long term benefits	1	-	-	-
Total	<u>581</u>	<u>624</u>	<u>341</u>	<u>378</u>

- 8.12.5 For the three-month periods ended March 31, 2020 and 2019, related party transactions among subsidiaries included collection services and other services of Baht 255 million and Baht 233 million, respectively, and office and vehicle rental and facilities services of Baht 2 million and Baht 17 million, respectively.
- 8.12.6 For the three-month period ended March 31, 2020, subsidiaries have no related party transactions from the information technology services and for the three-month period ended March 31, 2019, subsidiaries had related party transactions from the information technology services of Baht 5 million, and for the three-month period ended March 31, 2020, a subsidiary had related party transactions with the Bank to provide the information technology services of Baht 42 million.
- 8.12.7 For the three-month periods ended March 31, 2020 and 2019, related party transactions among subsidiaries from other services were Baht 444 million and Baht 379 million, respectively.

8.13 Management compensation

The Bank and its subsidiaries have no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank and its subsidiaries did not sell, give or lease any properties to directors, executive officers, or their related parties, or did not purchase or lease any assets from those persons, except, for the three-month periods ended March 31, 2020 and 2019, the subsidiary had sold assets to managements in the amount of Baht 2 million and Baht 1 million with the book value of Baht 2 million and Baht 1 million, respectively.

8.14 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party. Transactions between segments are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the three-month periods ended March 31, 2020 and 2019, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by businesses for the three-month periods ended March 31, 2020 and 2019 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended March 31, 2020				
	Retail	Commercial	Others	Total
Interest income, net	16,193	5,191	949	22,333
Other operating income	7,139	2,340	(870)	8,609
Total operating income	23,332	7,531	79	30,942
Operating expenses	9,621	2,746	322	12,689
Expected credit loss	7,987	1,527	(4)	9,510
Profit (loss) before tax	5,724	3,258	(239)	8,743
Taxation	967	632	54	1,653
Net profit (loss)	4,757	2,626	(293)	7,090

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended March 31, 2019				
	Retail	Commercial	Others	Total
Interest income, net	14,055	5,349	8	19,412
Other operating income	7,213	1,781	8,340	17,334
Total operating income	21,268	7,130	8,348	36,746
Operating expenses	9,793	3,171	1,257	14,221
Impairment loss on loans and debt securities	4,760	1,005	584	6,349
Profit before tax	6,715	2,954	6,507	16,176
Taxation	1,334	580	1,447	3,361
Net profit	5,381	2,374	5,060	12,815

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Retail	Commercial	Others	Total
Total assets				
As at March 31, 2020	1,001,213	1,634,328	(121,126)	2,514,415
As at December 31, 2019	980,900	1,516,186	(137,494)	2,359,592

8.15 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

Position classified by domestic and foreign business as at March 31, 2020 and December 31, 2019 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
March 31, 2020				
	Domestic	Foreign	Elimination	Total
Total assets	2,467,025	58,847	(11,457)	2,514,415
Interbank and money market items, net (Assets)	381,714	6,860	-	388,574
Financial assets measured at fair value through profit or loss	12,947	-	-	12,947
Investments, net*	143,696	1	-	143,697
Loans to customers and accrued interest receivable, net	1,760,003	43,654	-	1,803,657
Deposits	1,646,895	20,476	-	1,667,371
Interbank and money market items (Liabilities)	295,093	13,844	-	308,937
Debt issued and borrowings	160,590	6,160	-	166,750

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2019				
	Domestic	Foreign	Elimination	Total
Total assets	2,316,521	54,802	(11,731)	2,359,592
Interbank and money market items, net (Assets)	323,273	8,158	-	331,431
Investments, net*	130,291	1	-	130,292
Loans to customers and accrued interest receivable, net	1,715,933	39,043	-	1,754,976
Deposits	1,546,159	20,726	-	1,566,885
Interbank and money market items (Liabilities)	240,075	12,046	-	252,121
Debt issued and borrowings	170,454	5,213	-	175,667

*Includes investments in subsidiaries and joint ventures, net

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
March 31, 2020				
	Domestic	Foreign	Elimination	Total
Total assets	2,381,248	7,804	(4,231)	2,384,821
Interbank and money market items, net (Assets)	380,655	3,225	-	383,880
Financial assets measured at fair value through profit or loss	12,941	-	-	12,941
Investments, net*	185,669	-	-	185,669
Loans to customers and accrued interest receivable, net	1,659,823	2,257	-	1,662,080
Deposits	1,656,355	2,278	-	1,658,633
Interbank and money market items (Liabilities)	299,260	1,230	-	300,490
Debt issued and borrowings	136,142	-	-	136,142

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2019				
	Domestic	Foreign	Elimination	Total
Total assets	2,230,734	8,101	(4,110)	2,234,725
Interbank and money market items, net (Assets)	321,811	3,879	-	325,690
Investments, net*	177,865	-	-	177,865
Loans to customers and accrued interest receivable, net	1,610,888	1,966	-	1,612,854
Deposits	1,556,087	2,693	-	1,558,780
Interbank and money market items (Liabilities)	250,836	1,241	-	252,077
Debt issued and borrowings	139,004	-	-	139,004

*Includes investments in subsidiaries and joint ventures, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month periods ended March 31, 2020 and 2019 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended				
March 31, 2020				
	Domestic	Foreign	Elimination	Total
Interest income	28,438	1,489	(109)	29,818
Interest expenses	6,948	646	(109)	7,485
Net interest income	21,490	843	-	22,333
Fees and service income, net	4,509	45	-	4,554
Other operating income	5,291	(32)	(1,204)	4,055
Other operating expenses	13,376	517	(1,204)	12,689
Profit from operating before expected credit loss and income tax	17,914	339	-	18,253

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended				
March 31, 2019				
	Domestic	Foreign	Elimination	Total
Interest income	26,353	1,226	(91)	27,488
Interest expenses	7,672	495	(91)	8,076
Net interest income	18,681	731	-	19,412
Fees and service income, net	5,255	41	-	5,296
Other operating income	13,102	18	(1,082)	12,038
Other operating expenses*	21,162	490	(1,082)	20,570
Profit from operating before tax	15,876	300	-	16,176

*Includes allowance for doubtful accounts

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
For the three-month period ended
March 31, 2020

	Domestic	Foreign	Elimination	Total
Interest income	21,335	35	-	21,370
Interest expenses	6,700	23	-	6,723
Net interest income	14,635	12	-	14,647
Fees and service income, net	2,244	4	-	2,248
Other operating income	3,819	1	(1,204)	2,616
Other operating expenses	10,209	14	(1,204)	9,019
Profit from operating before expected credit loss and income tax	10,489	3	-	10,492

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
For the three-month period ended
March 31, 2019

	Domestic	Foreign	Elimination	Total
Interest income	19,541	15	-	19,556
Interest expenses	7,489	2	-	7,491
Net interest income	12,052	13	-	12,065
Fees and service income, net	2,389	4	-	2,393
Other operating income	9,200	7	(1,082)	8,125
Other operating expenses*	14,634	25	(1,082)	13,577
Profit (loss) from operating before tax	9,007	(1)	-	9,006

*Includes allowance for doubtful accounts

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

8.16 Interest income

Interest income for the three-month periods ended March 31, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended March 31,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended March 31,	
	2020	2019	2020	2019
Interbank and money market items	967	1,054	963	1,050
Investment and trading transactions	19	20	19	20
Investment in debt securities	427	570	427	575
Loans to customers	18,876	18,207	12,432	12,386
Hire purchase and finance lease	9,507	7,620	7,507	5,508
Other	22	17	22	17
Total interest income	29,818	27,488	21,370	19,556

8.17 Interest expenses

Interest expenses for the three-month periods ended March 31, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended March 31,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended March 31,	
	2020	2019	2020	2019
Deposits	4,421	4,229	4,133	3,985
Interbank and money market items	876	1,060	661	1,038
Contributions to Financial Institution Development Fund and Deposit Protection Agency	946	1,718	946	1,718
Debt issued and borrowings				
- Subordinated debenture	567	394	558	375
- Other	638	632	403	349
Borrowing fee expense	8	16	1	2
Other	29	27	21	24
Total interest expenses	7,485	8,076	6,723	7,491

On April 9, 2020, the BOT announced to reduce the rate of contributions to Financial Institution Development Fund (FIDF) from 0.46% to 0.23% per year which is effective for the years 2020-2021. Therefore, the Bank has reduced FIDF fee with the rate of 0.23% per year for the three-month period ended March 31, 2020.

8.18 The relief measures to alleviate the impact of COVID-19 outbreak on households and businesses announced by Bank of Thailand (BOT)

On February 28, 2020, the BOT announced the relief measures to classify non-NPL debtors with quality loans. In case of the bank believes that the debtor is able to proceed with the debt restructuring plan or debtors without a significant increase in credit risk, it will be classified debtors as Loan Stage 1 which are considered as a preventative debt restructuring (Pre-emptive) not considered as a Troubled Debt Restructuring (TDR) in accordance with the time frame during January 1, 2020 to December 31, 2021 as schedule by the BOT. In addition, the BOT has reduced the rate of contribution from financial institutions to the FIDF “the FIDF fee” from 0.46% to 0.23% per year for a period of 2 years including the relief measures for Mutual Fund Liquidity Facility (MFLF) which has been attached to relevant disclosure.

To mitigate the impacts on business activities and reduce interest burdens for borrowers affected by the COVID-19 outbreak, the Bank cut its key lending rates on February 8, 2020 and March 24, 2020 and April 10, 2020, in line with the BOT’s policy rate cuts and offer other immediate relief measures for all customer segments included a grace period for principal and/or interest payments, a reduction of interest payment, as well as installment period extension. In particular, for SME customers, assistance as per the above-mentioned measures are being offered in addition to the BOT’s soft loan program.

As aforementioned, the Bank and subsidiaries are continuing to closely monitor and evaluate impact on the significant relief measures to alleviate the impact of COVID-19 outbreak announced by the BOT.

8.19 Approval of interim financial statements

These interim financial statements have been approved for issuing by the Executive Committee on May 12, 2020.