

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the consolidated financial statements of Bank of Ayudhya Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bank of Ayudhya Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2019, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and its subsidiaries and of Bank of Ayudhya Public Company Limited as at December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and Bank's financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
Allowance for doubtful accounts The allowance for doubtful accounts is considered to be a matter of most significance as it requires the application of judgment and use of subjective assumptions by management of the Bank and subsidiaries. The Bank and subsidiaries recognized both general and specific allowances of loans to customers, in accordance with the Bank of Thailand (the "BOT")'s notifications. The specific allowances used the specific percentage on loan classification based on collateralized approach on fair value of collateral whether its valuation is evaluated appropriately. The general allowances used the qualitative factors in assessment the ability to pay of debtors, including deteriorating economic and industry. Accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in Notes 5.5 and 8.7 to the financial statements, respectively.	• Understood whether there were any changes in accounting policies and procedures regarding allowance for credit losses. If any, assessed the reasonableness of the changes and identified the impact of the changes. • Tested the design and operating effectiveness of the controls over loan classification, collateral value, right in collateral and loan credit review. • Tested the accuracy of loan classification and calculation of the specific allowance based on the specific percentage according to the BOT's notifications. For the valuation of collateral, the appraisal method and amount evaluated by independent authorized appraiser was approved by the Bank's appraisal committee and complied with the BOT's regulation. The appraisal date was in a period of time determined in the BOT's notification. • Tested the adequacy of allowance and the appropriateness of management assumption on general provision and analysis the economic and industry. Tested the loan impairment methodology calculated the expected loss of the loan portfolio by segmentation based on historical data to assess the adequacy of allowance.

Other Information

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

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Bank.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BANGKOK
February 26, 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 DECEMBER 31, 2019

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
ASSETS					
CASH		33,830,336	34,679,453	32,784,600	33,467,518
INTERBANK AND MONEY MARKET ITEMS, NET	8.2	331,431,378	245,553,368	325,689,873	239,262,061
CLAIM ON SECURITY		9,611,500	12,739,466	9,611,500	12,739,466
DERIVATIVES ASSETS	8.3	21,841,044	14,114,996	21,896,417	14,118,477
INVESTMENTS, NET	8.4	118,340,121	134,749,046	117,908,466	134,432,727
INVESTMENTS IN SUBSIDIARIES					
AND JOINT VENTURES, NET	8.5	11,952,177	2,619,961	59,956,092	58,261,091
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	8.6				
Loans to customers		1,909,361,537	1,749,254,185	1,740,676,696	1,612,370,410
Accrued interest receivables		4,483,645	4,325,799	2,480,939	2,534,581
Total loans to customers and accrued					
interest receivables		1,913,845,182	1,753,579,984	1,743,157,635	1,614,904,991
<u>Less</u> Deferred revenue		(91,484,915)	(77,236,147)	(78,905,829)	(64,003,015)
<u>Less</u> Allowance for doubtful accounts	8.7	(65,709,913)	(59,790,567)	(51,242,656)	(45,696,125)
<u>Less</u> Revaluation allowance for debt restructuring	8.8	(1,674,319)	(1,569,084)	(154,696)	(100,722)
Net loans to customers and accrued interest receivables		1,754,976,035	1,614,984,186	1,612,854,454	1,505,105,129
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		299,089	564,690	299,089	564,690
PROPERTIES FOR SALE, NET	8.9	3,500,200	3,478,358	2,394,813	2,188,153
PREMISES AND EQUIPMENT, NET	8.10	29,029,494	26,238,751	27,075,050	24,246,855
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	8.11	16,902,975	16,642,318	4,199,366	3,767,460
DEFERRED TAX ASSETS	8.12	4,479,273	4,273,990	-	256,391
ASSETS CLASSIFIED AS HELD FOR SALE	8.13	-	39,536,149	-	2,413,540
OTHER ASSETS, NET	8.14	23,397,974	23,447,652	20,055,709	19,077,999
TOTAL ASSETS		2,359,591,596	2,173,622,384	2,234,725,429	2,049,901,557

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
LIABILITIES AND EQUITY					
DEPOSITS	8.15	1,566,884,776	1,426,348,223	1,558,780,159	1,420,893,299
INTERBANK AND MONEY MARKET ITEMS, NET	8.16	252,121,143	244,097,059	252,076,777	246,253,800
LIABILITY PAYABLE ON DEMAND		3,802,060	5,990,667	3,801,985	5,990,573
LIABILITY TO DELIVER SECURITY		9,611,500	12,739,466	9,611,500	12,739,466
DERIVATIVES LIABILITIES	8.3	23,326,062	13,539,514	23,325,475	13,542,540
DEBT ISSUED AND BORROWINGS	8.17	175,667,180	155,649,788	139,003,569	115,987,549
BANK'S LIABILITY UNDER ACCEPTANCE		299,089	564,690	299,089	564,690
PROVISIONS	8.18	9,717,481	7,763,695	8,165,452	6,867,642
DEFERRED TAX LIABILITIES	8.12	1,823,357	3,765	803,296	-
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	8.13	-	13,783,913	-	-
OTHER LIABILITIES	8.20	44,223,303	49,423,317	27,148,687	31,133,011
TOTAL LIABILITIES		2,087,475,951	1,929,904,097	2,023,015,989	1,853,972,570
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		4,312,103	2,150,878	5,326,327	2,587,947
RETAINED EARNINGS					
Appropriated					
Legal reserve					
		6,870,800	5,890,800	6,870,800	5,890,800
Unappropriated					
		133,170,675	108,159,015	73,075,946	61,013,873
TOTAL BANK'S EQUITY		270,789,945	242,637,060	211,709,440	195,928,987
NON-CONTROLLING INTEREST		1,325,700	1,081,227	-	-
TOTAL EQUITY		272,115,645	243,718,287	211,709,440	195,928,987
TOTAL LIABILITIES AND EQUITY		2,359,591,596	2,173,622,384	2,234,725,429	2,049,901,557

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seichiro 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 THE YEAR ENDED DECEMBER 31, 2019

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	8.30	110,455,442	107,131,778	80,945,599	74,597,475
INTEREST EXPENSES	8.31	34,032,364	31,803,439	31,698,784	29,635,978
INTEREST INCOME, NET		76,423,078	75,328,339	49,246,815	44,961,497
FEES AND SERVICE INCOME		29,652,171	28,999,346	15,854,858	15,447,471
FEES AND SERVICE EXPENSES		7,875,668	7,751,461	5,902,397	5,292,126
FEES AND SERVICE INCOME, NET	8.32	21,776,503	21,247,885	9,952,461	10,155,345
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	8.33	4,349,796	4,736,450	4,467,865	4,718,472
GAINS (LOSSES) ON INVESTMENTS, NET	8.34	9,232,109	374,038	5,115,997	(25,962)
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		1,409,261	391,199	-	-
DIVIDEND INCOME		210,418	202,052	5,382,141	7,232,737
BAD DEBTS RECOVERIES		6,483,470	5,994,398	1,787,065	1,297,357
GAINS ON SALE PROPERTIES FOR SALE		608,101	263,856	531,779	138,606
OTHER OPERATING INCOME		1,115,249	1,040,936	812,058	880,229
TOTAL OPERATING INCOME		121,607,985	109,579,153	77,296,181	69,358,281
OTHER OPERATING EXPENSES					
Employee's expenses		27,648,472	26,286,521	19,667,798	17,425,801
Directors' remuneration		59,172	59,390	52,488	53,172
Premises and equipment expenses		7,922,336	8,419,599	6,306,892	6,285,022
Taxes and duties		2,871,176	2,789,060	1,949,059	1,828,903
Others		13,667,558	14,186,040	7,463,511	7,768,628
Total other operating expenses		52,168,714	51,740,610	35,439,748	33,361,526
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	8.35	28,202,962	26,180,100	18,625,240	15,768,699
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		41,236,309	31,658,443	23,231,193	20,228,056
INCOME TAX EXPENSES	8.36	8,104,797	6,467,289	3,645,617	2,562,530
NET PROFIT		33,131,512	25,191,154	19,585,576	17,665,526

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (Loss) on remeasuring available-for-sale investments		9,462	(1,223,637)	9,462	(1,223,637)
Loss arising from translating the financial statements of a foreign operation		(701,842)	(139,134)	-	-
Income tax relating to components of other comprehensive income	8.37	122,795	272,003	(1,892)	244,727
Items that will not be reclassified subsequently to profit or loss:					
Change in assets revaluation surplus		3,821,640	-	3,821,640	-
Actuarial gain (loss) on defined benefit plans		(1,031,120)	67,783	(772,010)	(38,672)
Share of other comprehensive income of joint venture		(9,412)	6,331	-	-
Income tax relating to components of other comprehensive income	8.37	(558,084)	(13,689)	(609,926)	7,734
Total other comprehensive income, net		<u>1,653,439</u>	<u>(1,030,343)</u>	<u>2,447,274</u>	<u>(1,009,848)</u>
TOTAL COMPREHENSIVE INCOME		<u>34,784,951</u>	<u>24,160,811</u>	<u>22,032,850</u>	<u>16,655,678</u>
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		32,748,508	24,812,637	19,585,576	17,665,526
Non-controlling interest		<u>383,004</u>	<u>378,517</u>	<u>-</u>	<u>-</u>
		<u>33,131,512</u>	<u>25,191,154</u>	<u>19,585,576</u>	<u>17,665,526</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		34,405,408	23,782,175	22,032,850	16,655,678
Non-controlling interest		<u>379,543</u>	<u>378,636</u>	<u>-</u>	<u>-</u>
		<u>34,784,951</u>	<u>24,160,811</u>	<u>22,032,850</u>	<u>16,655,678</u>
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	4.45	3.37	2.66	2.40
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seichiro 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 YEAR ENDED DECEMBER 31, 2019

BAHT : '000

CONSOLIDATED FINANCIAL STATEMENTS											
Notes	Owners of the Bank									Non-Controlling Interest	Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total Bank's Equity		
			Asset Appraisal Surplus	Revaluation Surplus on Investments	Foreign Currency Translation	Deficit from Business Combination under Common Control	Appropriated Legal Reserve	Unappropriated			
Balance as of January 1, 2018	73,557,618	52,878,749	8,148,936	888,958	(323,533)	(5,217,755)	5,006,800	90,190,736	225,130,509	856,717	225,987,226
Change in revaluation surplus	-	-	(253,282)	-	-	-	-	253,282	-	-	-
Dividend payment	8.22.2	-	-	-	-	-	-	(6,252,397)	(6,252,397)	(114,714)	(6,367,111)
Increase in legal reserve	-	-	-	-	-	-	884,000	(884,000)	-	-	-
Total comprehensive income	-	-	-	(978,910)	(111,859)	-	-	24,872,944	23,782,175	378,636	24,160,811
Change in shareholding in subsidiaries company	-	-	-	-	(1,677)	-	-	(21,550)	(23,227)	(39,412)	(62,639)
Balance as of December 31, 2018	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
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	-	-	(326,502)	-	-	-	-	326,502	-	-	-
Dividend payment	8.22.2	-	-	-	-	-	-	(6,252,397)	(6,252,397)	(135,196)	(6,387,593)
Increase in legal reserve	-	-	-	-	-	-	980,000	(980,000)	-	-	-
Total comprehensive income	-	-	3,057,312	7,570	(577,155)	-	-	31,917,681	34,405,408	379,543	34,784,951
Change in shareholding in subsidiaries company	-	-	-	-	-	-	-	(126)	(126)	126	-
Balance as of December 31, 2019	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

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS								
Notes	Issued and	Premium	Other reserves			Retained Earnings		Total
	Paid-up	on Share	Asset	Revaluation	Deficit from Business	Appropriated	Unappropriated	
	Share	Capital	Appraisal	Surplus	Combination under	Legal		
	Capital		Surplus	on Investments	Common Control	Reserve		
Balance as of January 1, 2018	73,557,618	52,878,749	8,148,936	888,958	(5,217,755)	5,006,800	50,262,400	185,525,706
Change in revaluation surplus	-	-	(253,282)	-	-	-	253,282	-
Dividend payment	8.22.2	-	-	-	-	-	(6,252,397)	(6,252,397)
Increase in legal reserve	-	-	-	-	-	884,000	(884,000)	-
Total comprehensive income	-	-	-	(978,910)	-	-	17,634,588	16,655,678
Balance as of December 31, 2018	<u>73,557,618</u>	<u>52,878,749</u>	<u>7,895,654</u>	<u>(89,952)</u>	<u>(5,217,755)</u>	<u>5,890,800</u>	<u>61,013,873</u>	<u>195,928,987</u>
Balance as of January 1, 2019	73,557,618	52,878,749	7,895,654	(89,952)	(5,217,755)	5,890,800	61,013,873	195,928,987
Change in revaluation surplus	-	-	(326,502)	-	-	-	326,502	-
Dividend payment	8.22.2	-	-	-	-	-	(6,252,397)	(6,252,397)
Increase in legal reserve	-	-	-	-	-	980,000	(980,000)	-
Total comprehensive income	-	-	3,057,312	7,570	-	-	18,967,968	22,032,850
Balance as of December 31, 2019	<u>73,557,618</u>	<u>52,878,749</u>	<u>10,626,464</u>	<u>(82,382)</u>	<u>(5,217,755)</u>	<u>6,870,800</u>	<u>73,075,946</u>	<u>211,709,440</u>

Notes to the consolidated and the Bank's financial statements form an integral part of these 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 YEAR ENDED DECEMBER 31, 2019

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	41,236,309	31,658,443	23,231,193	20,228,056
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	4,008,244	3,945,241	3,088,799	2,939,162
Interest expenses from finance lease	19,229	10,444	15,280	8,927
Impairment loss on loans and debt securities	28,202,962	26,180,100	18,625,240	15,768,699
Gain on translation in foreign currencies	(7,886,392)	(1,343,344)	(7,886,392)	(1,343,344)
Unrealized gain from revaluation of derivatives	(407,031)	(1,956,249)	(462,536)	(1,945,389)
Share of profit from investment using equity method	(1,409,261)	(391,199)	-	-
(Gain) loss on investments	(9,232,109)	(374,038)	(5,115,997)	25,962
Increase (decrease) in discount on investments	(362,965)	29,879	(362,965)	29,879
Gain on sales of properties for sale	(608,101)	(263,856)	(531,779)	(138,606)
(Gain) loss on sales of premises and equipment	5,087	(2,066)	20,970	14,805
Loss on impairment of properties for sale	207,063	624,508	179,286	275,391
Loss on impairment of premises and equipment (reversal)	(16,579)	1,873	(44,813)	-
Loss on impairment of other assets (reversal)	(268,358)	(61,247)	93,417	75,456
Increase in other reserves	1,933,937	211,743	511,427	256,884
Interest income, net	(76,423,078)	(75,328,339)	(49,246,815)	(44,961,497)
Income tax refunded	-	1,789	-	-
Interest received	110,348,970	106,745,694	81,027,221	74,352,560
Interest paid	(32,564,054)	(30,054,466)	(30,175,882)	(27,952,453)
Dividend income	(210,418)	(202,052)	(5,382,141)	(7,232,737)
Dividends received	210,419	202,982	207,503	202,634
Increase in other accrued expenses	62,814	840,926	1,003,044	1,070,316
Income tax paid	(7,092,662)	(6,928,428)	(3,595,096)	(2,616,868)
Income from operations before changes in				
operating assets and liabilities	49,754,026	53,548,338	25,198,964	29,057,837
(Increase) decrease in operating assets				
Interbank and money market items	(90,106,276)	85,650,809	(91,097,781)	85,260,469
Current investments - securities for trading	(469,204)	(1,632,762)	(468,670)	(1,630,764)
Loans to customers	(169,144,808)	(191,342,613)	(144,541,881)	(142,989,302)
Properties for sale	17,265,071	11,586,122	15,042,778	8,734,929
Other assets	(1,940,387)	(3,368,167)	(2,223,800)	(4,224,706)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	146,438,864	107,601,941	143,954,239	104,671,122
Interbank and money market items	20,671,955	(32,593,024)	18,470,848	(35,192,447)
Liability payable on demand	(2,057,335)	(255,324)	(2,057,316)	(255,374)
Other liabilities	(7,709,459)	6,089,209	(6,254,925)	4,049,148
Net cash from operating activities	<u>(37,297,553)</u>	<u>35,284,529</u>	<u>(43,977,544)</u>	<u>47,480,912</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	80,975,763	70,212,435	80,964,068	70,212,435
Cash paid for purchases of investments in securities	(62,414,530)	(121,251,286)	(62,288,029)	(121,168,725)
Cash received from sales of investment in subsidiaries	8,027,466	-	8,027,466	-
Cash paid for investment in subsidiaries and joint venture	(855,001)	(62,638)	(2,755,001)	(3,205,025)
Dividend received from subsidiaries and joint venture	950,100	-	5,174,639	7,031,033
Proceeds from sales of premises and equipment	118,238	(495,818)	1,970	18,327
Cash paid for purchases of premises and equipment	(1,493,277)	(2,182,631)	(1,001,362)	(1,199,787)
Cash paid for purchases of other assets	(1,709,516)	(1,341,369)	(1,390,154)	(1,048,438)
Net cash from investing activities	<u>23,599,243</u>	<u>(55,121,307)</u>	<u>26,733,597</u>	<u>(49,360,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	67,247,978	63,282,494	48,153,749	29,000,000
Cash paid for repayment of debts issued and borrowings	(47,221,668)	(38,269,675)	(25,137,729)	(25,007,329)
Cash paid for repayment of liabilities under finance lease agreements	(188,945)	(76,726)	(150,698)	(67,617)
Dividend payment	(6,387,593)	(6,367,112)	(6,252,397)	(6,252,397)
Net cash from financing activities	<u>13,449,772</u>	<u>18,568,981</u>	<u>16,612,925</u>	<u>(2,327,343)</u>
Total	<u>(248,538)</u>	<u>(1,267,797)</u>	<u>(631,022)</u>	<u>(4,206,611)</u>
Effect arising from translating the financial statements of a foreign operations	(499,656)	(66,015)	-	-
Effect of exchange rate change on cash	<u>(51,896)</u>	<u>3,124</u>	<u>(51,896)</u>	<u>3,124</u>
Net decrease in cash and cash equivalents	<u>(800,090)</u>	<u>(1,330,688)</u>	<u>(682,918)</u>	<u>(4,203,487)</u>
Cash and cash equivalents as at January 1,	<u>40,370,459</u>	<u>41,701,147</u>	<u>33,467,518</u>	<u>37,671,005</u>
Cash and cash equivalents as at December 31,	<u><u>39,570,369</u></u>	<u><u>40,370,459</u></u>	<u><u>32,784,600</u></u>	<u><u>33,467,518</u></u>

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 December 31, 2019 and 2018, the Bank has 21 subsidiaries and joint ventures and 20 subsidiaries and joint ventures, respectively as follows:

- 1.1 Ayudhya Development Leasing Company Limited was incorporated in Thailand on July 25, 1991, and is located at 550, Krungsri Ploenchit Tower, 14th Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.2 Ayudhya Capital Auto Lease Public Company Limited was incorporated in Thailand on November 27, 1995, and is located at 550, Krungsri Ploenchit Tower, 16th Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ayudhya Capital Services Company Limited was incorporated in Thailand on November 9, 1994, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.4 General Card Services Limited was incorporated in Thailand on January 24, 1995, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.5 Krungsriayudhya Card Company Limited was incorporated in Thailand on August 29, 1996, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.6 Siam Realty and Services Security Company Limited was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is car rental services and personnel services.
- 1.7 Total Services Solutions Public Company Limited was incorporated as a public company limited in Thailand on May 19, 1997, and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary’s main business is collection services.

- 1.8 Krungsri Asset Management Company Limited was incorporated in Thailand on December 19, 1996, and is located at 898, Ploenchit Tower Building, 1st-2nd Floor zone A, 12th and 18th Floor zone B, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.9 Krungsri Ayudhya AMC Limited was incorporated in Thailand on August 18, 2000, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.
- 1.10 Krungsri Securities Public Company Limited was incorporated in Thailand on April 16, 2004, and is located at 898, Ploenchit Tower, 3rd Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities business.
- 1.11 Krungsri Nimble Company Limited (formerly Krungsri Factoring Company Limited), was incorporated in Thailand on February 1, 2007, and is located at 1222, Bank of Ayudhya, 21st Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring and information technology services.
- 1.12 Krungsri Life Assurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.
- 1.13 Krungsri General Insurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.
- 1.14 Krungsri Finnovate Company Limited was incorporated in Thailand on March 27, 2017, and is located at 1222, 21st Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is venture capital.
- 1.15 Krungsri Leasing Services Company Limited, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014, and is located at 355, Unit 12, Kamphengmeung Road, Phonethan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.
- 1.16 Hattha Kaksekar Limited was incorporated in Cambodia in November 1996, and is located at 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is providing loans, deposits and other financial services.

1.17 Hattha Services Company Limited was incorporated in Cambodia in October 8, 2019, and is located at 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is lease real estate.

1.18 Ngern Tid Lor Company Limited was incorporated in Thailand on October 24, 2006, and is located at 428 Ari Hills Building 9th-15th Floor, Phahonyothin Road, Sam Sen Nai Subdistrict, Phaya Thai District, Bangkok. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.

On February 28, 2019, the Bank sold 50% of investment in Ngern Tid Lor Company Limited, reducing its ownership interest to 50%. As a result, investment in Ngern Tid Lor Company Limited is classified as investment in joint ventures.

1.19 Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited) which is 49.99% owned by Ayudhya Capital Services Company Limited, the Bank's joint ventures, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is service.

1.20 Tesco Life Assurance Broker Limited which is 99.99% owned by Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited), the Bank's joint ventures, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.

1.21 Tesco General Insurance Broker Limited which is 99.99% owned by Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited), the Bank's joint ventures, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.

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

2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions, the regulation of the Thai Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET"), where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2018) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of a Financial Group dated December 4, 2015.

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

The 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 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 financial statements in English language, by translating from the Thai version.

Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective in 2019

Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020.

On September 21, 2018, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards that are relevant to financial instruments, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, 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

On March 15, 2019, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRS) No. 16 “Leases”, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

Thai Financial Reporting Standards (TFRSs) Revised 2019

46 numbers of Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standards Interpretation (Revised 2019) have been announced in the Royal Gazette on September 24, 2019 without material change in key concept, which will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The management of the Bank and its subsidiaries will adopt such TFRSs in the Bank and subsidiaries’ financial statements when it becomes effective.

The management of the Bank and its subsidiaries have assessed the impact of these TFRSs which does not have any significant impact on the financial statements of the Bank and its subsidiaries in the period of initial application.

In addition, the management of the Bank and its subsidiaries have assessed the impact of these TFRSs especially for the Thai Financial Reporting Standards relating No. 9 (TFRS 9): Financial instruments. The Bank and its subsidiaries will adopt TFRS 9 which introduces new requirements such as 1) Classification and Measurement of financial assets and liabilities, 2) Impairment loss, 3) Hedge accounting.

Therefore, the cumulative impact of 1st time adoption for TFRS 9 will be adjusted to Retain Earnings or Other Comprehensive Income on January 1, 2020. From initial assessment impact of TFRS 9, the total impact to the consolidated and the Bank's financial statements would be less than 1% of total shareholders' equity.

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 December 31, 2019	2018
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
Ngern Tid Lor Company Limited ⁽¹⁾	Hire-purchase and motorcycle loans	Thailand	-	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 (formerly Krungsri Factoring Company Limited)	Factoring and information technology services	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽²⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture Capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited ⁽³⁾	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 ⁽⁴⁾	Lease real estate	Cambodia	100.00	-

⁽¹⁾ On February 28, 2019, the Bank sold 50% of investment in Ngern Tid Lor Company Limited, reducing its ownership interest to 50%. As a result, investment in Ngern Tid Lor Company Limited is classified as investment in joint ventures.

⁽²⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

⁽³⁾ Indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%.

⁽⁴⁾ 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 REVISED THAI FINANCIAL REPORTING STANDARDS

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

In 2019, the Bank and its subsidiaries have adopted the revised financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries' financial statements.

4. CHANGES IN ACCOUNTING POLICIES

The Bank changed its accounting policy for the recognition of the purchase and sale of investments in debt securities from the trade date to the settlement date basis for management purposes.

The Bank does not apply retrospectively to the consolidated and the Bank's financial statements since the change in this accounting policy does not have any significant impact on the Bank and its subsidiaries' financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

5.2 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

- 5.2.1 Derivatives for trading are recorded at fair value and profit or loss from the price appraisal as income or expense in the statements of profit or loss and other comprehensive income.
- 5.2.2 Derivatives for hedging are recorded a profit or loss from the price appraisal as income or expense based on the accrual basis in line with the underlying transactions.

5.3 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of Financial Group dated December 4, 2015, requiring the bank to present the investments as investments, net and investments in subsidiaries, associates and joint ventures, net.

Investments are initially recognized on the trade date. Since November 18, 2019, investments in debt securities have been initially recognized on the settlement date. (see Note 4)

Trading securities represent securities acquired with the intention to hold short-term to benefit from the anticipated changes in market value. Trading securities are carried at fair value. Realized gains or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the statements of profit or loss and other comprehensive income. Interest earned and dividends received from trading securities are recognized using the accrual basis of accounting as interest income and dividend income, respectively.

Debt securities which the Bank and subsidiaries have the intention and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the disposition or a permanent decline in value occurs on such securities. Gain or loss on disposal or loss on impairment is recognized in the statements of profit or loss and other comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associates and joint ventures are accounted for by the equity method. In the Bank's financial statements, investments in subsidiaries and associates are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of profit or loss and other comprehensive income.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of profit or loss and other comprehensive income.

Cost of securities sold during the year is computed by using the weighted average method. Realized gains or losses from sales of debt and equity securities are included in the statements of profit or loss and other comprehensive income.

5.4 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivables and finance lease receivables are carried at contract amount plus initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract and finance lease are presented in deferred revenue and amortized by the effective interest rate method.

Initial direct cost is amortized by the effective interest rate method.

5.5 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT's regulations. The Bank and its subsidiaries categorize their loan portfolio and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds from disposal of the collateralized assets which exclude collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables of the Bank and its subsidiaries are calculated by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans to customers are written-off in the year that they are determined to be irrecoverable. Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debts and doubtful accounts are shown as expenses in the statements of profit or loss and other comprehensive income.

Bad debt recovery is recorded as income in the statements of profit or loss and other comprehensive income when received.

5.6 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and etc. are recognized as expenses in the statements of profit or loss and other comprehensive income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted rate at market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of profit or loss and other comprehensive income.

The Bank has recalculated the fair value of restructured debts in every month based on the discounted rate at market interest rate as of the processing date and based on the discounted rate at market interest rate as of the financial statements date that shown every quarter, except for commercial loan, the recalculation based on the discounted rate at contractual rate. The Bank adjusts the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables incurred prior to January 1, 2013, that are subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of profit or loss and other comprehensive income for the year and classified investments in receivables as loans in accordance with the BOT's criteria.

5.7 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in Note 7.3. Losses on impairment of properties for sale are shown as an expense in the statements of profit or loss and other comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of profit or loss and other comprehensive income.

5.8 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of profit or loss and other comprehensive income for the decrease in value below original cost.

The Bank's suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank's usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50 years
Equipment, furniture, fixtures, office equipment and vehicles	2 - 10 years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expenses in the statements of profit or loss and other comprehensive income.

5.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 3 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the straight-line method over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of profit or loss and other comprehensive income.

5.10 Assets classified as held for sale

Assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and deferred tax assets. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in the statements of profit or loss and other comprehensive income.

5.11 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on finance lease and hire-purchase contract is recognized by the effective interest rate method.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income from debtors when more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investments in receivables and loans by using the market interest rate plus a risk premium that represents the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivables and loans on a cash basis.

The hire-purchase business recognizes income for finance leases and hire-purchase contracts by the effective interest rate method.

Fees and Service income - the Bank and its subsidiaries recognize revenues from contracts with customers in the amount of consideration it expects to receive upon the control of service. The timing of recognition is dependent on whether the Bank and its subsidiaries satisfy a performance obligation by providing service to a customer over time or at a point in time.

5.12 Recognition of expenses

The Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

5.13 Employee benefits

The Bank and subsidiaries have 4 types of employee benefits as follows:

5.13.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act B.E. 2530. The fund is managed by a financial institution which is an authorized fund manager.

Member is required to make contribution at the rate of not less than 3% of salary.

The Bank and its subsidiaries will contribute as follows:

Service periods	Contribution rate (%)
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of profit or loss and other comprehensive income.

5.13.2 Post-employment benefit obligations

- Pension plan

The employees who were permanently employed prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the Bank. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

- Special retirement allowance

The employee will receive "Special Retirement Allowance" additional to legal severance payment plan upon resignation in accordance with the Bank's policy.

The obligations of these plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee's expenses in the statement of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognized as an employee's expense in the statements of profit or loss and other comprehensive income when the plan amendment is effective.

Actuarial gains (losses) are recognized in other comprehensive income.

5.13.3 Benefit from carry forward leave

The benefit from cumulative carry forward leave is recognized as a liability in the statements of financial position and employee's expenses in the statements of profit or loss and other comprehensive income when the employees render the service.

5.13.4 Other benefit

The employee of a subsidiary will receive “other benefit” upon resignation or retirement in accordance with the subsidiary’s policy.

The cumulative of other benefit is recognized as a provision in the statement of financial position.

The expense is categorized as defined contribution plan and recorded as employee’s expenses in the statements of profit or loss and other comprehensive income.

5.14 Contributions to the Financial Institutions and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of profit or loss and other comprehensive income.

5.15 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per point.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

5.16 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

5.16.1 Current tax

The current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

5.16.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Bank and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Bank and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

The Bank and its subsidiaries measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Deferred tax assets and liabilities must offset when the Bank and its subsidiaries have legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Bank and its subsidiaries present income tax expenses or income related to profit or loss in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income in equity.

5.17 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the year.

5.18 Foreign currency transactions

5.18.1 Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

5.18.2 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rate at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under equity.

5.19 Business combination

Business combination which is not under common control

The Bank recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree separately from goodwill at fair value.

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition as at the date of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other costs have been recognized as expenses in the statements of profit or loss and other comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of profit or loss and other comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

Business combination under common control

The Bank recognizes the business combination under common control similar to pooling of interests in accordance with the accounting guidance "Business Combination Under Common Control". The assets and liabilities of the acquiree are recognized using the net book value at the date of business combination. The difference between the cost of business combination and the interest of the Bank in the acquiree's net book value is recognized as premium (deficit) from business combination under common control presented under the Bank's equity in the statement of financial position.

6. RISK MANAGEMENT

6.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contractual notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

Market Risk

Market risk refers to the risk of loss caused by price fluctuations in the trading and banking books related to interest rates, exchange rates, equity instruments, and commodities.

Market risk management is overseen by the Risk Management Committee (RMC) and Asset and Liability Management Committee (ALCO). The Market Risk Management Division has provided strategic risk management options and reported risk exposure to the committee to manage and control market risk consistent with the Bank's policy. The Global Markets Group executes transactions and manages positions as well as provides analysis of the Bank's and competitors' balance sheet management and strategic risk options for more effective market risk management under risk limits approved by the Board.

The Bank has continuously conducted the forward-looking risk management and closely monitor to support the business expansion in potential financial products and services to meet more complicated and varieties customers' demand at the acceptable market risk level amid high volatility in global financial markets and tightening regulation from BOT. In addition, Bank has continued to study and make the preparation for the enhancement on market risk measurement to align with new international's framework such as Thai Financial Reporting Standards that are relevant to financial instruments which will be effective in 2020, etc.

1. Interest rate risk

Interest rate risk refers to the risk arising from changes in interest rates that have an adverse effect on the net interest earnings and the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from the mismatch of their repricing rates.

The Bank employs various tools and methods for the interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position while Value-at-Risk tool is employed for the trading book position to predict the Bank's potential maximum loss.

2. Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from the exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap the net foreign currency position. Most foreign currency transactions are mainly from products and services provided to the Bank's customers.

In addition, the Bank enters into forward foreign exchange contracts as part of the risk management strategy of the foreign exchange risk arising from the Bank's underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the relevant departments and Committees.

The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as one of the tools to manage the exchange rate risk.

3. Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purposed. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the positions.

For Trading Book, the Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations by the due dates because of an inability to convert liquid assets into cash, or its failure to procure enough fund, or, if it can, the fund comes with an exceptionally high cost that may affect income and capital fund now and in the future.

Liquidity risk management of the Bank is under the supervision of the ALCO and RMC including monitoring and controlling liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

The Bank also realizes the significance of adequate measurement tools for the size and complexity of transactions both on - and off - balance sheet as well as regulatory compliance. The Bank complies with Liquidity Coverage Ratio (LCR) at the minimum requirement of 90 percent in 2019 and will eventually be 100 percent on January 1, 2020 and Net Stable Funding Ratio (NSFR) guidelines with the minimum requirement of 100 percent, effective on July 1, 2018. Additionally, the Bank conducts liquidity gap analysis covering both normal business and crisis situations that may adversely affect the Bank's liquidity position. The liquidity contingency plan and guideline are formulated and regularly tested to ensure readiness to deal with crisis situations and successfully resume normal operations.

To comply with BOT Notification SorNorSor. 2/2561 regarding Liquidity Coverage Ratio Disclosure Standards dated January 25, 2018, the Bank has provided essential information on LCR to shareholders and investors for assessing the liquidity risk of the Bank and encouraging market discipline on the Bank's website with details as follows:

Information as at	June 30, 2019
Date of disclosure	October 31, 2019
Location of disclosure	https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/liquidity-coverage-ratio.html

The disclosure as at December 31, 2019 will be provided on or before April 30, 2020 on the above Bank's website as indicated in the BOT's notification.

Credit risk

Credit risk refers to the risk that customer or counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts (see Note 8.7), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position's financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position's financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for the on-statement of financial position's financial instruments. For interest rate swap and forward foreign exchange contracts, the contractual notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

6.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing as at December 31, 2019 and 2018 are summarized as follows:

CONSOLIDATED FINANCIAL STATEMENTS							Unit: Million Baht
2019							
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	279,911	2,709	4,152	-	-	44,659	331,431
Investments, net	41,550	49,637	19,451	863	-	6,839	118,340
Loans to customers	901,414	264,845	486,211	40,523	41,334	83,550	1,817,877
Financial liabilities							
Deposits	1,034,234	427,298	67,995	22	-	37,336	1,566,885
Interbank and money market items, net	177,888	65,356	5,667	156	-	3,054	252,121
Debt issued and borrowings	20,036	23,336	71,447	60,833	-	15	175,667

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
	2018						
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	171,721	2,148	5,500	-	-	66,184	245,553
Investments, net	19,818	45,041	63,872	540	-	5,478	134,749
Loans to customers	876,828	209,873	433,736	37,033	38,446	76,102	1,672,018
Financial liabilities							
Deposits	1,012,872	268,821	109,262	2	-	35,391	1,426,348
Interbank and money market items, net	152,498	82,377	5,449	420	-	3,353	244,097
Debt issued and borrowings	20,068	27,672	65,879	42,009	-	22	155,650

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
	2019						
	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	278,298	2,659	4,152	-	-	40,581	325,690
Investments, net	41,550	49,637	19,450	863	-	6,408	117,908
Loans to customers	903,626	237,077	441,543	36,971	35,542	7,012	1,661,771
Financial liabilities							
Deposits	1,033,262	420,993	66,246	-	-	38,279	1,558,780
Interbank and money market items, net	179,668	62,753	6,429	156	-	3,071	252,077
Debt issued and borrowings	10,036	12,157	56,000	60,811	-	-	139,004

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
	2018						
	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	170,300	2,098	5,500	-	-	61,364	239,262
Investments, net	19,818	45,041	63,872	540	-	5,162	134,433
Loans to customers	870,647	178,471	424,602	36,618	32,285	5,744	1,548,367
Financial liabilities							
Deposits	1,013,584	262,209	108,537	-	-	36,563	1,420,893
Interbank and money market items, net	156,211	82,377	3,877	420	-	3,369	246,254
Debt issued and borrowings	12,003	13,000	49,000	41,985	-	-	115,988

6.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the years ended December 31, 2019 and 2018.

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Average	Interest	Average	Average	Interest	Average
	Balance	Amount	Rate (%)	Balance	Amount	Rate (%)
Interest bearing financial assets						
Interbank and money market items	243,844	4,768	2.0	262,351	6,213	2.4
Investments	124,881	2,369	1.9	81,620	1,855	2.3
Loans to customers	1,740,410	103,318	5.9	1,622,585	99,064	6.1
Total	<u>2,109,135</u>	<u>110,455</u>		<u>1,966,556</u>	<u>107,132</u>	
Interest bearing financial liabilities						
Deposits	1,472,191	24,979	1.7	1,348,215	21,437	1.6
Interbank and money market items	240,810	4,168	1.7	246,658	5,534	2.2
Debt issued and borrowings	159,484	4,885	3.1	166,707	4,832	2.9
Total	<u>1,872,485</u>	<u>34,032</u>		<u>1,761,580</u>	<u>31,803</u>	

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	Average	Interest	Average	Average	Interest	Average
	Balance	Amount	Rate (%)	Balance	Amount	Rate (%)
Interest bearing financial assets						
Interbank and money market items	241,381	4,754	2.0	259,882	6,202	2.4
Investments	124,881	2,374	1.9	81,384	1,855	2.3
Loans to customers	1,598,928	73,818	4.6	1,478,309	66,540	4.5
Total	<u>1,965,190</u>	<u>80,946</u>		<u>1,819,575</u>	<u>74,597</u>	
Interest bearing financial liabilities						
Deposits	1,464,387	23,923	1.6	1,343,904	20,598	1.5
Interbank and money market items	241,053	3,940	1.6	249,611	5,500	2.2
Debt issued and borrowings	124,508	3,836	3.1	122,528	3,538	2.9
Total	<u>1,829,948</u>	<u>31,699</u>		<u>1,716,043</u>	<u>29,636</u>	

6.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at December 31, 2019 and 2018.

CONSOLIDATED FINANCIAL STATEMENTS								
2019								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	60,412	261,524	3,020	4,353	1,841	-	281	331,431
Investments, net	-	32,348	43,446	35,285	1,253	-	6,008	118,340
Loans to customers	101,732	272,402	331,889	743,181	327,339	41,334	-	1,817,877
Financial liabilities								
Deposits	637,322	434,000	427,542	67,999	22	-	-	1,566,885
Interbank and money market items, net	12,948	130,989	97,555	5,946	4,683	-	-	252,121
Debt issued and borrowings	-	20,091	21,116	71,505	62,943	-	12	175,667

CONSOLIDATED FINANCIAL STATEMENTS								
2018								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	68,883	166,017	2,944	5,954	1,537	-	218	245,553
Investments, net	-	4,499	31,990	92,221	539	-	5,500	134,749
Loans to customers	38,835	268,161	322,999	631,949	371,628	38,446	-	1,672,018
Financial liabilities								
Deposits	626,574	421,338	269,172	109,262	2	-	-	1,426,348
Interbank and money market items, net	12,838	143,018	82,434	5,387	420	-	-	244,097
Debt issued and borrowings	-	20,129	26,764	66,738	42,009	-	10	155,650

THE BANK'S FINANCIAL STATEMENTS								
2019								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	56,774	261,439	2,843	4,353	-	-	281	325,690
Investments, net	-	32,348	43,445	35,285	836	-	5,994	117,908
Loans to customers	101,164	249,229	272,130	684,232	319,474	35,542	-	1,661,771
Financial liabilities								
Deposits	641,395	430,146	420,989	66,250	-	-	-	1,558,780
Interbank and money market items, net	16,742	129,709	94,518	6,429	4,679	-	-	252,077
Debt issued and borrowings	-	10,036	10,046	56,000	62,922	-	-	139,004

THE BANK'S FINANCIAL STATEMENTS								Unit: Million Baht
2018								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	64,660	165,538	2,892	5,954	-	-	218	239,262
Investments, net	-	4,499	31,990	92,221	537	-	5,186	134,433
Loans to customers	38,096	237,177	261,341	609,333	370,135	32,285	-	1,548,367
Financial liabilities								
Deposits	632,059	418,088	262,209	108,537	-	-	-	1,420,893
Interbank and money market items, net	16,695	142,882	82,378	3,879	420	-	-	246,254
Debt issued and borrowings	-	12,001	13,000	49,002	41,985	-	-	115,988

6.5 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

A summary of carrying amount of financial assets and liabilities as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2019			2018		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	33,830	33,830	-	34,679	34,679
Interbank and money market items, net	-	331,431	331,431	-	245,553	245,553
Derivatives assets	21,838	3	21,841	14,037	78	14,115
Investments, net	104,926	13,414	118,340	118,029	16,720	134,749
Loans to customers and accrued interest receivables, net	-	1,754,976	1,754,976	-	1,614,984	1,614,984
Total	<u>126,764</u>	<u>2,133,654</u>	<u>2,260,418</u>	<u>132,066</u>	<u>1,912,014</u>	<u>2,044,080</u>
Financial liabilities:						
Deposits	-	1,566,885	1,566,885	-	1,426,348	1,426,348
Interbank and money market items, net	-	252,121	252,121	-	244,097	244,097
Liability payable on demand	-	3,802	3,802	-	5,991	5,991
Derivatives liabilities	19,221	4,105	23,326	11,075	2,464	13,539
Debt issued and borrowings	-	175,667	175,667	-	155,650	155,650
Total	<u>19,221</u>	<u>2,002,580</u>	<u>2,021,801</u>	<u>11,075</u>	<u>1,834,550</u>	<u>1,845,625</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2019			2018		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	32,785	32,785	-	33,468	33,468
Interbank and money market items, net	-	325,690	325,690	-	239,262	239,262
Derivatives assets	21,893	3	21,896	14,041	77	14,118
Investments, net	104,923	12,985	117,908	118,027	16,406	134,433
Loans to customers and accrued interest receivables, net	-	1,612,854	1,612,854	-	1,505,105	1,505,105
Total	<u>126,816</u>	<u>1,984,317</u>	<u>2,111,133</u>	<u>132,068</u>	<u>1,794,318</u>	<u>1,926,386</u>
Financial liabilities:						
Deposits	-	1,558,780	1,558,780	-	1,420,893	1,420,893
Interbank and money market items, net	-	252,077	252,077	-	246,254	246,254
Liability payable on demand	-	3,802	3,802	-	5,991	5,991
Derivatives liabilities	19,221	4,104	23,325	11,079	2,464	13,543
Debt issued and borrowings	-	139,004	139,004	-	115,988	115,988
Total	<u>19,221</u>	<u>1,957,767</u>	<u>1,976,988</u>	<u>11,079</u>	<u>1,791,590</u>	<u>1,802,669</u>

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 December 31, 2019 and 2018 are as follows:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	2019				2018			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	21,838	21,838	21,838	-	14,037	14,037	14,037
Investments - trading	3	2,199	2,202	2,202	2	929	931	931
Investments								
- available-for-sale	5,377	97,347	102,724	102,724	4,360	112,738	117,098	117,098
Derivative liabilities								
- trading book	-	19,221	19,221	19,221	-	11,075	11,075	11,075

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	2019				2018			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	21,893	21,893	21,893	-	14,041	14,041	14,041
Investments - trading	-	2,199	2,199	2,199	-	929	929	929
Investments								
- available-for-sale	5,377	97,347	102,724	102,724	4,360	112,738	117,098	117,098
Derivative liabilities								
- trading book	-	19,221	19,221	19,221	-	11,079	11,079	11,079

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 for the years ended December 31, 2019 and 2018.

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.

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.

Financial assets and liabilities not measured at fair value

Fair value of financial assets and liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS										
	2019					2018				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:										
Cash	-	-	33,830	33,830	33,830	-	-	34,679	34,679	34,679
Interbank and money market items, net	-	-	331,431	331,431	331,431	-	-	245,553	245,553	245,553
Derivatives assets - banking book	33	-	-	33	3	136	-	-	136	78
Held to maturity and general investments	-	12,663	774	13,437	13,414	-	15,996	720	16,716	16,720
Loans to customers and accrued interest receivables, net	-	-	1,754,976	1,754,976	1,754,976	-	-	1,614,984	1,614,984	1,614,984
Total	33	12,663	2,121,011	2,133,707	2,133,654	136	15,996	1,895,936	1,912,068	1,912,014
Financial liabilities:										
Deposits	1,569,337	-	-	1,569,337	1,566,885	1,426,892	-	-	1,426,892	1,426,348
Interbank and money market items, net	-	-	252,121	252,121	252,121	-	-	244,097	244,097	244,097
Liability payable on demand	-	-	3,802	3,802	3,802	-	-	5,991	5,991	5,991
Derivatives liabilities - banking book	4,184	-	-	4,184	4,105	2,285	-	-	2,285	2,464
Debt issued and borrowings	171,504	4,870	2,193	178,567	175,667	149,863	5,711	2	155,576	155,650
Total	1,745,025	4,870	258,116	2,008,011	2,002,580	1,579,040	5,711	250,090	1,834,841	1,834,550

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2019					2018				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:										
Cash	-	-	32,785	32,785	32,785	-	-	33,468	33,468	33,468
Interbank and money market items, net	-	-	325,690	325,690	325,690	-	-	239,262	239,262	239,262
Derivatives assets - banking book	33	-	-	33	3	136	-	-	136	77
Held to maturity and general investments	-	12,663	345	13,008	12,985	-	15,996	406	16,402	16,406
Loans to customers and accrued interest receivables, net	-	-	1,612,854	1,612,854	1,612,854	-	-	1,505,105	1,505,105	1,505,105
Total	33	12,663	1,971,674	1,984,370	1,984,317	136	15,996	1,778,241	1,794,373	1,794,318
Financial liabilities:										
Deposits	1,561,229	-	-	1,561,229	1,558,780	1,421,325	-	-	1,421,325	1,420,893
Interbank and money market items, net	-	-	252,077	252,077	252,077	-	-	246,254	246,254	246,254
Liability payable on demand	-	-	3,802	3,802	3,802	-	-	5,991	5,991	5,991
Derivatives liabilities - banking book	4,183	-	-	4,183	4,104	2,285	-	-	2,285	2,464
Debt issued and borrowings	139,709	-	2,193	141,902	139,004	116,031	-	2	116,033	115,988
Total	1,705,121	-	258,072	1,963,193	1,957,767	1,539,641	-	252,247	1,791,888	1,791,590

Valuation technique for financial assets and liabilities not measured at fair value are as follows:

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

Held to maturity and general investments

The carrying amount of held to maturity and general investments presented in the statement of financial position is the approximated fair value, except for investment in asset-backed security which fair value calculated based on discounted cash flows.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits is calculated based on discounted cash flows.

Interbank and money market items (liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices and subordinated long-term senior securities and other borrowing of foreign subsidiary which fair value calculated based on discounted cash flows.

Derivatives - banking 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 and its subsidiaries may not receive the full market value of the transactions.

6.6 Capital funds

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 December 31, 2019 and 2018, 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			
	2019		2018	
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		5,891
Cumulative profit after appropriation		121,496		95,768
Other reserves				
Other comprehensive income		9,429		7,281
Other items from owner changes		(5,218)		(5,218)
Deduction items from Common Equity Tier 1 capital		(26,038)		(22,188)
Total Common Equity Tier 1 capital		232,977		207,971
Additional Tier 1 capital				
Non-Controlling interest		3,762		1,040
Total Tier 1 capital		236,739		209,011
Tier 2 capital				
Subordinated debentures		60,811		41,985
General provision		19,458		18,235
Non-Controlling interest		863		249
Total Tier 2 capital		81,132		60,469
Total capital fund		317,871		269,480
Capital adequacy ratio (%)				
	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	2019	2018	2019	2018
Total Common Equity Tier 1 capital /				
Total risk weighted assets	7.50	6.375	13.05	12.46
Total Tier 1 capital / Total risk weighted assets	9.00	7.875	13.26	12.52
Total capital / Total risk weighted assets	11.50	10.375	17.81	16.15
Capital after deducting capital add-on arising				
from Single Lending Limit (Million Baht)			317,871	269,480
Capital ratio after deducting capital add-on				
arising from Single Lending Limit			17.81	16.15

* The additional capital maintenances are required to gradually reserve at 0.625% per year, starting from January 1, 2016 to January 1, 2019. (At that time, the total increasing of capital fund would be 2.5%).

The Domestic Systemically Important Banks ("D-SIBs") will be required to hold additional core capital of 0.5% from January 1, 2019 and 1% from January 1, 2020.

Unit: Million Baht			
Basel III			
The Bank			
	2019	2018	
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	5,891	
Cumulative profit after appropriation	66,056	53,786	
Other reserves			
Other comprehensive income	10,544	7,805	
Other items from owner changes	(5,218)	(5,218)	
Deduction items from Common Equity Tier 1 capital	(13,018)	(13,324)	
Total Common Equity Tier 1 capital	191,672	175,377	
Additional Tier 1 capital	-	-	
Total Tier 1 capital	191,672	175,377	
Tier 2 capital			
Subordinated debentures	60,811	41,985	
General provision	14,526	11,614	
Total Tier 2 capital	75,337	53,599	
Total capital fund	267,009	228,976	

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	2019	2018	2019	2018
Total Common Equity Tier 1 capital /				
Total risk weighted assets	7.50	6.375	11.89	11.59
Total Tier 1 capital / Total risk weighted assets	9.00	7.875	11.89	11.59
Total capital / Total risk weighted assets	11.50	10.375	16.56	15.13
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			267,009	228,976
Capital ratio after deducting capital add-on arising from Single Lending Limit			16.56	15.13

* The additional capital maintenances are required to gradually reserve at 0.625% per year, starting from January 1, 2016 to January 1, 2019. (At that time, the total increasing of capital fund would be 2.5%).

The Domestic Systemically Important Banks ("D-SIBs") will be required to hold additional core capital of 0.5% from January 1, 2019 and 1% from 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	October 30, 2019
Information as at	June 30, 2019

The disclosure for the years ended December 31, 2019 will be provided on or before April 30, 2020 on the above Bank's website as indicated in the BOT's notification.

7. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumptions affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements which may differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

7.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

7.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its subsidiaries estimate an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions, and the ability to repay loans and accrued interest receivable. The Bank and its subsidiaries consider the value of collateral when deemed the primary source of repayment comes from the sales of the collateral.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

7.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

7.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

7.5 Impairment of assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statements date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.

7.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

7.7 Provision for contingent liabilities

The Bank provides a provision for contingent liabilities with high credit risk such as loan guarantees, avals or non cancellable contingent liabilities at the same provision rate as that provided for the same debtor on the statement of financial position.

7.8 Significant judgement on classification of joint arrangement

Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited) is a company that Ayudhya Capital Services Company Limited (a subsidiary of the Bank) holds 50% of ordinary shares. The decision relating to operation is subject to the approval of the joint venture. The Bank and its subsidiaries classified the investment as a joint venture under TFRS 11 and is accounted for using the equity method accordingly. For Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited, they are companies that Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited) wholly holds 100% of ordinary shares. Accordingly, Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited are classified as a joint venture of the Bank and its subsidiaries.

Ngern Tid Lor Company Limited, since February 28, 2019, the Bank holds 50% of ordinary shares. The decision relating to operation is subject to the approval of the joint venture. The Bank classified the investment as a joint venture under TFRS 11 and is accounted for using the equity method accordingly.

8. ADDITIONAL INFORMATION

8.1 Additional information of cash flows

8.1.1 Non-cash transactions for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Increase (decrease) in revaluation surplus on investments	10	(1,224)	10	(1,224)
Amortization of premises appraisal surplus transferred to retained earning	(296)	(291)	(296)	(291)
Increase in changes assets revaluation surplus	3,821	-	3,821	-
Properties for sale debt repayment	16,709	11,705	14,721	8,875
Properties and premises transferred to be properties for sale	176	96	176	96

8.1.2 Changes in liabilities arising from financing activity for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Beginning balance	156,547	142,890	116,694	112,005
Financing cash flows	19,837	18,569	22,865	(2,327)
Other non-cash items	26	945	34	764
Liabilities directly associated with assets classified as held for sale	-	(12,225)	-	-
Ending balance	<u>176,410</u>	<u>150,179</u>	<u>139,593</u>	<u>110,442</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 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	At Call	2019 Time	Total	At Call	2018 Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	5,520	209,155	214,675	10,951	118,609	129,560
Commercial banks	1,575	20,016	21,591	2,201	7,214	9,415
Specialized financial institutions	-	12,032	12,032	-	1,313	1,313
Other financial institutions	300	25,320	25,620	-	39,201	39,201
Total	7,395	266,523	273,918	13,152	166,337	179,489
<u>Add</u> Accrued interest receivables	-	61	61	-	82	82
<u>Less</u> Allowance for doubtful accounts	-	(331)	(331)	-	(448)	(448)
Total domestic items	7,395	266,253	273,648	13,152	165,971	179,123
Foreign items						
US Dollar	24,371	4,442	28,813	27,375	10,177	37,552
Yen	20,734	5	20,739	24,722	-	24,722
Euro	2,865	-	2,865	674	-	674
Other currencies	5,047	317	5,364	2,959	520	3,479
Total	53,017	4,764	57,781	55,730	10,697	66,427
<u>Add</u> Accrued interest receivables	-	2	2	1	2	3
Total foreign items	53,017	4,766	57,783	55,731	10,699	66,430
Total domestic and foreign items	60,412	271,019	331,431	68,883	176,670	245,553

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	At Call	2019 Time	Total	At Call	2018 Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	5,520	209,155	214,675	10,951	118,609	129,560
Commercial banks	140	19,886	20,026	157	7,084	7,241
Specialized financial institutions	-	12,032	12,032	-	1,313	1,313
Other financial institutions	300	25,315	25,615	-	39,197	39,197
Total	5,960	266,388	272,348	11,108	166,203	177,311
<u>Add</u> Accrued interest receivables	-	61	61	-	82	82
<u>Less</u> Allowance for doubtful accounts	-	(331)	(331)	-	(448)	(448)
Total domestic items	5,960	266,118	272,078	11,108	165,837	176,945
Foreign items						
US Dollar	23,837	2,643	26,480	25,850	8,647	34,497
Yen	20,734	5	20,739	24,722	-	24,722
Euro	2,865	-	2,865	674	-	674
Other currencies	3,378	150	3,528	2,306	118	2,424
Total	50,814	2,798	53,612	53,552	8,765	62,317
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
Total foreign items	50,814	2,798	53,612	53,552	8,765	62,317
Total domestic and foreign items	56,774	268,916	325,690	64,660	174,602	239,262

8.3 Derivatives

8.3.1 Fair value and the notional amount classified by type of risk as at December 31, 2019 and 2018 are as follows:

						Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS						
	2019			2018		
Risk type	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis		Amount	an accrual basis		Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	13,354	15,602	1,161,424	9,383	9,750	1,079,935
Interest rate	8,487	7,724	767,349	4,732	3,789	748,891
Total	21,841	23,326	1,928,773	14,115	13,539	1,828,826

						Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS						
Risk type	2019			2018		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	13,354	15,602	1,161,424	9,383	9,750	1,079,935
Interest rate	8,542	7,723	771,355	4,735	3,792	751,658
Total	21,896	23,325	1,932,779	14,118	13,542	1,831,593

8.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at December 31, 2019 and 2018 are as follows:

Counterparty	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
	Proportion (%)	Proportion (%)	Proportion (%)	Proportion (%)
Financial institution	51.08	54.11	50.97	54.03
Related company	18.07	17.20	18.24	17.33
Third party	30.85	28.69	30.79	28.64
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

8.4 Investments, net

Investments, net as at December 31, 2019 and 2018 consist of the following:

CONSOLIDATED FINANCIAL STATEMENTS								
Unit: Million Baht								
	2019				2018			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	2,193	6	-	2,199	929	1	(1)	929
Domestic marketable equity securities	3	-	-	3	3	(1)	-	2
	2,196	6	-	2,202	932	-	(1)	931
<u>Add (less) Revaluation allowance</u>	6			-	(1)			-
Total	2,202			2,202	931			931
Securities Available-for-Sale								
Government and state enterprise securities	84,655	143	(3)	84,795	100,571	20	(204)	100,387
Private sector's debt securities	11,809	274	-	12,083	11,451	189	(6)	11,634
Domestic marketable equity securities	6,366	350	(867)	5,849	5,193	613	(724)	5,082
	102,830	767	(870)	102,727	117,215	822	(934)	117,103
<u>Less Revaluation allowance</u>	(103)			-	(112)			-
<u>Less Allowance for impairment</u>	(3)			(3)	(5)			(5)
Total	102,724			102,724	117,098			117,098
Securities Held-to-Maturity								
Private sector's debt securities	12,640				16,000			
Investment in accounts receivable	199				311			
	12,839				16,311			
<u>Less Allowance for impairment</u>	(2)				(14)			
Total	12,837				16,297			
Securities for General Investments								
Domestic non-marketable equity securities	743				589			
Foreign non-marketable equity securities	1				1			
	744				590			
<u>Less Allowance for impairment</u>	(167)				(167)			
Total	577				423			
Total Investments, net	<u>118,340</u>				<u>134,749</u>			

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	2019				2018			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	2,193	6	-	2,199	929	1	(1)	929
	2,193	6	-	2,199	929	1	(1)	929
<u>Add</u> Revaluation allowance	6			-	-			-
Total	2,199			2,199	929			929
Securities Available-for-Sale								
Government and state enterprise securities	84,655	143	(3)	84,795	100,571	20	(204)	100,387
Private sector's debt securities	11,809	274	-	12,083	11,451	189	(6)	11,634
Domestic marketable equity securities	6,366	350	(867)	5,849	5,193	613	(724)	5,082
	102,830	767	(870)	102,727	117,215	822	(934)	117,103
<u>Less</u> Revaluation allowance	(103)			-	(112)			-
<u>Less</u> Allowance for impairment	(3)			(3)	(5)			(5)
Total	102,724			102,724	117,098			117,098
Securities Held-to-Maturity								
Private sector's debt securities	12,640				16,000			
Investment in accounts receivable	199				311			
	12,839				16,311			
<u>Less</u> Allowance for impairment	(2)				(14)			
Total	12,837				16,297			
Securities for General Investments								
Domestic non-marketable equity securities	314				275			
Foreign non-marketable equity securities	1				1			
	315				276			
<u>Less</u> Allowance for impairment	(167)				(167)			
Total	148				109			
Total Investments, net	<u>117,908</u>				<u>134,433</u>			

For the years ended December 31, 2019 and 2018, revaluation surplus (deficit) on investments presented in the equity consists of the following:

Unit: Million Baht		
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS		
	2019	2018
Beginning balance	(112)	1,111
Net amount transferred to profit or loss	(106)	(275)
Net change in fair value	115	(948)
Ending balance	<u>(103)</u>	<u>(112)</u>

As at December 31, 2018, the Bank and its subsidiaries had investments in general investments in the consolidated financial statements of 2 companies and the Bank's financial statements of 1 company, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

8.5 Investments in subsidiaries and joint ventures, net

Investments in subsidiaries and joint ventures, net as at December 31, 2019 and 2018 consist of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
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⁾ (formerly Tesco Card Services Limited)	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>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
2018							
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							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,333	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	67	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	220	-
Investments in joint ventures, net					<u>1,040</u>	<u>2,620</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited)

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
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 (formerly Krungsri Factoring 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’s 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.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
2018						
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	4,956
Ngern Tid Lor Company Limited ⁽¹⁾	Hire-purchase and motorcycle loans	Common stock	4,990	100.00	2,412	1,700
		Preferred stock			1	-
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	375
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 Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Krungsri Finnovate Company Limited	Venture capital	Common stock	700	100.00	700	-
Hattha Kaksekar Limited	Micro finance	Common stock	2,536	100.00	7,713	-
Investments in subsidiaries					63,713	7,031
<u>Less</u> Allowance for impairment					(5,452)	-
Investments in subsidiaries, net					<u>58,261</u>	<u>7,031</u>

⁽¹⁾ Investment in Ngern Tid Lor Company Limited was reclassified to assets held for sale 50% of cost value.

The summarized financial information of joint ventures

Net profit and total comprehensive income of joint ventures for the years ended December 31, 2019 and 2018 are as follow:

Unit: Million Baht			
2019		2018	
Net profit	Total comprehensive income	Net profit	Total comprehensive income
Joint ventures	2,850	782	744

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit: Million Baht	
	2019	2018
Cash flows from operating activities		
Income (loss) before income tax	(2)	107
Adjustments to reconcile income to cash provided (paid) from operating activities		
Loss on impairment of properties for sale	20	48
Depreciation and amortization	1	1
Gain on sales of properties for sale	(72)	(102)
Provision for contingent liabilities	30	-
Employment benefits expenses	13	4
Interest income, net	(67)	(65)
Interest received	67	65
Income tax paid	(20)	(21)
Income (loss) from operations before changes in operating assets and liabilities	(30)	37
Decrease in operating assets		
Investment in receivables	12	21
Properties for sale	211	266
Other assets	162	19
Decrease in operating liabilities		
Other liabilities	(35)	(42)
Net cash from operating activities	320	301
Cash flows from investing activities		
Net cash from investing activities	-	(1)
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	320	300
Cash and cash equivalents as at January 1,	1,729	1,429
Cash and cash equivalents as at December 31,	2,049	1,729

8.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2019 and 2018 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Overdrafts	71,413	65,542	71,364	65,495
Loan against contract	921,151	862,481	873,821	862,019
Trade bill	322,302	293,963	342,969	296,299
Hire-purchase receivable	503,174	440,153	444,735	378,571
Lease contract receivable	12,579	13,276	3,599	4,428
Credit card receivable	73,302	66,923	-	-
Others	5,441	6,916	4,189	5,558
Total	1,909,362	1,749,254	1,740,677	1,612,370
<u>Less</u> Deferred revenue	(91,485)	(77,236)	(78,906)	(64,003)
Loans to customers after deferred revenue, net	1,817,877	1,672,018	1,661,771	1,548,367
<u>Add</u> Accrued interest receivables	4,483	4,326	2,481	2,535
Loans to customers and accrued interest receivable after deferred revenue, net	1,822,360	1,676,344	1,664,252	1,550,902
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(29,826)	(28,718)	(25,515)	(24,533)
- Collective approach	(13,125)	(11,332)	(11,202)	(9,549)
2) Surplus reserve	(22,759)	(19,741)	(14,526)	(11,614)
<u>Less</u> Revaluation allowance for debt restructuring	(1,674)	(1,569)	(155)	(101)
Total loans to customers, net	1,754,976	1,614,984	1,612,854	1,505,105

(2) Classified by currency and residence of debtors

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,737,212	10,055	1,747,267	1,582,019	10,703	1,592,722
US Dollar	25,505	32,374	57,879	41,178	30,949	72,127
Other currencies	2,058	10,673	12,731	990	6,179	7,169
Total	<u>1,764,775</u>	<u>53,102</u>	<u>1,817,877</u>	<u>1,624,187</u>	<u>47,831</u>	<u>1,672,018</u>

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,612,361	8,904	1,621,265	1,483,104	9,813	1,492,917
US Dollar	25,505	8,673	34,178	41,178	9,497	50,675
Other currencies	2,058	4,270	6,328	990	3,785	4,775
Total	<u>1,639,924</u>	<u>21,847</u>	<u>1,661,771</u>	<u>1,525,272</u>	<u>23,095</u>	<u>1,548,367</u>

(3) Classified by business type and classification

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
2019						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	20,869	1,097	156	152	798	23,072
Manufacturing and trading	394,877	13,237	2,809	1,357	9,980	422,260
Real estate and construction	126,066	3,058	382	365	1,740	131,611
Public utilities and services	162,576	9,653	198	238	1,871	174,536
Housing loans	256,781	4,243	1,882	1,426	5,780	270,112
Others	753,005	31,081	6,830	2,993	2,377	796,286
Total	1,714,174	62,369	12,257	6,531	22,546	1,817,877

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	21,970	1,027	140	118	836	24,091
Manufacturing and trading	381,543	10,617	2,178	1,268	10,810	406,416
Real estate and construction	106,983	3,406	451	260	1,704	112,804
Public utilities and services	162,620	12,416	222	138	1,797	177,193
Housing loans	240,703	3,255	1,414	1,008	4,104	250,484
Others	665,459	23,572	5,661	2,708	3,630	701,030
Total	1,579,278	54,293	10,066	5,500	22,881	1,672,018

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
2019						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	16,353	1,091	144	128	194	17,910
Manufacturing and trading	388,706	13,219	2,758	1,351	9,352	415,386
Real estate and construction	124,230	3,036	380	364	1,703	129,713
Public utilities and services	162,576	9,653	197	238	1,571	174,235
Housing loans	254,670	4,239	1,879	1,423	5,768	267,979
Others	622,523	25,932	3,961	2,803	1,329	656,548
Total	1,569,058	57,170	9,319	6,307	19,917	1,661,771

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	17,830	1,011	121	83	198	19,243
Manufacturing and trading	376,754	10,580	2,169	1,078	10,280	400,861
Real estate and construction	105,673	3,369	443	256	1,653	111,394
Public utilities and services	162,608	12,415	222	138	1,489	176,872
Housing loans	238,397	3,254	1,412	1,004	4,091	248,158
Others	565,962	18,229	3,189	2,417	2,042	591,839
Total	1,467,224	48,858	7,556	4,976	19,753	1,548,367

(4) Classified by type of classification

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
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>		<u>42,951 ⁽¹⁾</u>
2. Surplus Reserve				<u>22,759 ⁽²⁾</u>
Total				<u>65,710</u>

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2018				
	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	1,583,364	1,049,728	1, 2	12,418
Special mention	54,533	41,361	2, 18	6,375
Substandard	10,066	7,049	51, 100	5,148
Doubtful	5,500	3,753	46, 100	2,787
Doubtful of loss	22,881	11,488	100	13,322
Total	<u>1,676,344</u>	<u>1,113,379</u>		<u>40,050 ⁽¹⁾</u>
2. Surplus Reserve				<u>19,741 ⁽²⁾</u>
Total				<u>59,791</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2019 and 2018, of Baht 13,125 million and Baht 11,332 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2019 and 2018, at the rate of 1% of Baht 69,137 million and Baht 83,661 million equal to Baht 691 million and Baht 837 million, respectively, 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 and 2018, of Baht 1,674 million and Baht 1,569 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2019 and 2018, of Baht 331 million and Baht 448 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

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>		<u>36,717⁽¹⁾</u>
2. Surplus Reserve				<u>14,526⁽²⁾</u>
Total				<u>51,243</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2018

	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	1,469,613	944,802	1, 2	10,911
Special mention	49,004	36,184	2, 12	5,811
Substandard	7,556	4,565	49, 100	3,494
Doubtful	4,976	3,273	55, 100	2,409
Doubtful of loss	19,753	9,554	100	11,457
Total	<u>1,550,902</u>	<u>998,378</u>		<u>34,082⁽¹⁾</u>
2. Surplus Reserve				<u>11,614⁽²⁾</u>
Total				<u>45,696</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2019 and 2018, of Baht 11,202 million and Baht 9,549 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at December 31, 2019 and 2018, at the rate of 1% of Baht 69,137 million and Baht 83,661 million, equal to Baht 691 million and Baht 837 million, respectively.

⁽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 and 2018, of Baht 155 million and Baht 101 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2019 and 2018, of Baht 331 million and Baht 448 million, respectively.

For the years ended December 31, 2019 and 2018, the Bank entered into agreements to sell non-performing loans (NPLs) to the third parties as follows:

Unit: Million Baht		
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS		
	2019	2018
Book value	930	1,462
Net book value	633	974
Sale price	633	974

As at December 31, 2019 and 2018, the Bank and Krungsri Ayudhya AMC Limited (“AMC”) had non-performing loans which included interbank and money market items as follows:

Unit: Million Baht			
	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
Non-performing loans, net	17,829	308	18,137
Percentage of total loans, net	0.93	100.00	0.95

Unit: Million Baht			
	2018		
	The Bank	AMC	The Bank and AMC
Non-performing loans	32,285	445	32,730
Percentage of total loans	1.87	100.00	1.90
Non-performing loans, net	14,925	306	15,231
Percentage of total loans, net	0.87	100.00	0.89

As at December 31, 2019 and 2018, the Bank and its subsidiaries’ non-performing loans are Baht 41,334 million and Baht 38,446 million, respectively.

(5) Troubled debt restructuring

For the years ended December 31, 2019 and 2018, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	Number of Debtors	2019			2018			
		Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value	Number of Debtors	Amount of Debt Before Restructuring	Type of Assets Acquired	Fair Value
Modification of terms	25,546	5,661	-	-	22,315	5,143	-	-
Reduction of principal and interest	5,850	297	-	-	6,655	328	-	-
Various forms of restructuring	913	5,471	-	-	934	4,203	-	-
Total	32,309	11,429		-	29,904	9,674		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	2019				2018			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	3,658	3,998	-	-	2,119	2,576	-	-
Reduction of principal and interest	2	1	-	-	-	-	-	-
Various forms of restructuring	913	5,471	-	-	934	4,203	-	-
Total	4,573	9,470		-	3,053	6,779		-

For the years ended December 31, 2019 and 2018, the Bank and its subsidiaries calculated the net realizable value for the troubled debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Method	2019				2018			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	4.84	25,073	3,819	3,800	4.81	21,862	3,478	3,398
Fair value of collateral	7.82	473	1,842	1,839	8.45	453	1,665	1,663

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	2019				2018			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	4.94	3,216	2,156	2,139	5.15	1,679	911	894
Fair value of collateral	8.35	442	1,842	1,839	8.70	440	1,665	1,663

For the years ended December 31, 2019 and 2018, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of profit or loss and other comprehensive income as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2018
Losses on debt restructured	1,169	1,716	91
Interest received from debt restructured	1,336	990	919

As at December 31, 2019 and 2018, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the years ended December 31, 2019 and 2018, in the statements of financial position as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Balances of total debt restructured	25,071	22,399	20,605	17,697
Balances of debt restructured during the year	10,442	8,867	8,492	6,044

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

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS 2019			
	Within 1 Year	Amount due per agreements 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 CONSOLIDATED FINANCIAL STATEMENTS 2018			
	Within 1 Year	Amount due per agreements Greater than 1-5 Years Greater than 5 Years		Total
Minimum lease payments	98,837	245,971	108,621	453,429
<u>Less</u> Unearned interest income				(77,166)
Present value of the minimum lease payments				376,263
<u>Less</u> Allowance for doubtful accounts				(13,215)
Total lease receivables, net				363,048

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS 2019			
	Within 1 Year	Amount due per agreements 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

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
2018

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	71,522	210,930	100,547	382,999
<u>Less</u> Unearned interest income				(63,943)
Present value of the minimum lease payments				319,056
<u>Less</u> Allowance for doubtful accounts				(9,479)
Total lease receivables, net				<u>309,577</u>

8.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
2019

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	12,418	6,375	5,148	2,787	13,322	19,741	59,791
Doubtful accounts	1,496	3,276	7,990	5,921	5,294	3,186	27,163
Bad debts written off	(138)	(1,852)	(6,829)	(5,487)	(6,444)	(100)	(20,850)
Bad debts written off from sales of NPLs	-	-	-	-	(298)	-	(298)
Other	(18)	-	(3)	(4)	(3)	(68)	(96)
Ending balance	<u>13,758</u>	<u>7,799</u>	<u>6,306</u>	<u>3,217</u>	<u>11,871</u>	<u>22,759</u>	<u>65,710</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS
2018

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	11,863	2,998	5,938	3,902	11,020	18,452	54,173
Doubtful accounts	980	4,466	5,985	2,298	7,550	3,103	24,382
Bad debts written off	(66)	(1,023)	(6,335)	(3,410)	(4,738)	-	(15,572)
Bad debts written off from sales of NPLs	-	-	-	(1)	(509)	-	(510)
Transferred to assets held for sale	(359)	(66)	(439)	-	-	(1,810)	(2,674)
Other	-	-	(1)	(2)	(1)	(4)	(8)
Ending balance	<u>12,418</u>	<u>6,375</u>	<u>5,148</u>	<u>2,787</u>	<u>13,322</u>	<u>19,741</u>	<u>59,791</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
2019

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,911	5,811	3,494	2,409	11,457	11,614	45,696
Doubtful accounts	999	3,273	3,023	6,152	2,282	2,913	18,642
Bad debts written off	(138)	(1,852)	(2,199)	(5,487)	(3,120)	-	(12,796)
Bad debts written off from sales of NPLs	-	-	-	-	(298)	-	(298)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>11,772</u>	<u>7,232</u>	<u>4,318</u>	<u>3,074</u>	<u>10,321</u>	<u>14,526</u>	<u>51,243</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,549	2,287	3,731	3,425	8,984	9,518	38,494
Doubtful accounts	428	4,547	1,409	2,395	4,720	2,097	15,596
Bad debts written off	(66)	(1,023)	(1,646)	(3,410)	(1,738)	-	(7,883)
Bad debts written off from							
sales of NPLs	-	-	-	(1)	(509)	-	(510)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>10,911</u>	<u>5,811</u>	<u>3,494</u>	<u>2,409</u>	<u>11,457</u>	<u>11,614</u>	<u>45,696</u>

As at December 31, 2019 and 2018, the Bank and its subsidiaries estimated the minimum total allowance under the BOT Guidelines as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Allowance for doubtful accounts*	44,956	42,066	37,203	34,631

* 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.

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

Unit: Million Baht

	2019	2018
Consolidated financial statements	67,715	61,808
The Bank and Krungsri Ayudhya AMC Limited	52,016	46,532
The Bank's financial statements	51,729	46,245

* 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 December 31, 2019 and 2018, 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 Quality of Assets and Transactions with Related Parties and the allowance for doubtful accounts for such loans as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
2019

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

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
2018			
Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	2	-	-
Total	2	-	-

8.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
2019	2018	2019	2018
Beginning balance	1,569	101	48
Increase during the year	1,169	113	91
Amount written off	(1,064)	(59)	(38)
Ending balance	1,674	155	101

8.9 Properties for sale, net

Properties for sale, net as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties for Sale	Balance as at January 1, 2019	Acquisition	Disposition	Balance as at December 31, 2019
1. Assets acquired from debt repayment				
1.1 Immovable	3,702	232	(391)	3,543
1.2 Movable	1,208	16,477	(16,448)	1,237
Total	4,910	16,709	(16,839)	4,780
2. Others	160	176	(53)	283
Total properties for sale	5,070	16,885	(16,892)	5,063
<u>Less</u> Provision for impairment	(1,592)	(943)	972	(1,563)
Total properties for sale	3,478	15,942	(15,920)	3,500

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
Type of Properties for Sale	Balance as at January 1, 2018	Acquisition	Disposition	Transferred to assets held for sale	Balance as at December 31, 2018
1. Assets acquired from debt repayment					
1.1 Immovable	4,145	83	(526)	-	3,702
1.2 Movable	892	11,622	(11,212)	(94)	1,208
Total	5,037	11,705	(11,738)	(94)	4,910
2. Others	87	94	(21)	-	160
Total properties for sale	5,124	11,799	(11,759)	(94)	5,070
<u>Less</u> Provision for impairment	(1,439)	(1,543)	1,353	37	(1,592)
Total properties for sale	3,685	10,256	(10,406)	(57)	3,478

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2019	Acquisition	Disposition	Balance as at December 31, 2019
1. Assets acquired from debt repayment				
1.1 Immovable	2,210	226	(204)	2,232
1.2 Movable	975	14,495	(14,370)	1,100
Total	3,185	14,721	(14,574)	3,332
2. Others	160	176	(54)	282
Total properties for sale	3,345	14,897	(14,628)	3,614
Less Provision for impairment	(1,157)	(122)	60	(1,219)
Total properties for sale	2,188	14,775	(14,568)	2,395

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2018	Acquisition	Disposition	Balance as at December 31, 2018
1. Assets acquired from debt repayment				
1.1 Immovable	2,431	81	(302)	2,210
1.2 Movable	544	8,794	(8,363)	975
Total	2,975	8,875	(8,665)	3,185
2. Others	87	94	(21)	160
Total properties for sale	3,062	8,969	(8,686)	3,345
Less Provision for impairment	(974)	(245)	62	(1,157)
Total properties for sale	2,088	8,724	(8,624)	2,188

Immovable assets for sale classified by external and internal appraisers as at December 31, 2019 and 2018 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,394	1,400	1,339	1,345
Appraised by internal appraisers	2,149	2,302	893	865
Total	3,543	3,702	2,232	2,210

8.10 Premises and equipment, net

Premises and equipment, net as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at December 31, 2019
Land					
Cost	4,276	-	(30)	-	4,246
Appraisal increase (Year 2019)	7,061	2,485	(112)	-	9,434
Appraisal decrease (Year 2019)	(37)	-	17	-	(20)
Premises					
Cost	9,746	144	(75)	(30)	9,785
Appraisal increase (Year 2019)	11,624	4,917	(236)	-	16,305
Appraisal decrease (Year 2019)	(84)	-	29	-	(55)
Equipment	15,928	940	(1,944)	(63)	14,861
Leasehold improvement	3,191	218	(82)	48	3,375
Total	51,705	8,704	(2,433)	(45)	57,931
Less Accumulated depreciation					
Premises					
- Cost	(4,681)	(367)	53	8	(4,987)
- Appraisal increase (Year 2019)	(8,814)	(3,865)	224	(1)	(12,456)
Equipment	(10,256)	(1,681)	1,832	65	(10,040)
Leasehold improvement	(1,843)	(278)	72	(44)	(2,093)
Total	(25,594)	(6,191)	2,181	28	(29,576)
Construction in progress	128	548	-	(2)	674
Premises and equipment, net	26,239				29,029

Unit: Million Baht						
	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	Increase	Decrease	Transferred to assets held for sale	Other	Balance as at December 31, 2018
Land						
Cost	4,306	5	(35)	-	-	4,276
Appraisal increase (Year 2016)	7,086	-	(25)	-	-	7,061
Appraisal decrease (Year 2016)	(37)	-	-	-	-	(37)
Premises						
Cost	7,505	2,298	(57)	-	-	9,746
Appraisal increase (Year 2016)	11,641	-	(17)	-	-	11,624
Appraisal decrease (Year 2016)	(86)	-	2	-	-	(84)
Equipment	16,322	2,635	(2,453)	(569)	(7)	15,928
Leasehold improvement	3,892	578	(608)	(666)	(5)	3,191
Total	50,629	5,516	(3,193)	(1,235)	(12)	51,705
Less Accumulated depreciation						
Premises						
- Cost	(4,343)	(368)	30	-	-	(4,681)
- Appraisal increase (Year 2016)	(8,540)	(281)	7	-	-	(8,814)
Equipment	(11,123)	(1,720)	2,323	262	2	(10,256)
Leasehold improvement	(2,496)	(365)	593	425	-	(1,843)
Total	(26,502)	(2,734)	2,953	687	2	(25,594)
Construction in progress	2,274	330	(2,476)	-	-	128
Premises and equipment, net	26,401					26,239

Unit: Million Baht		
	2019	2018
Depreciation for the years	2,605	2,734

As at December 31, 2019 and 2018, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 9,577 million and Baht 10,568 million, respectively.

As at December 31, 2019 and 2018, the Bank and its subsidiaries had equipment which are under finance leases, with the original costs amounting to Baht 1,090 million and Baht 1,064 million, respectively.

Land and premises of the Bank was revalued in 2019 by the independent professional qualified appraisers. The basis of revaluation for land and premises are market value and depreciated replacement cost. The fair value of land and premises are determined as level 3 hierarchy.

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at December 31, 2019
Land					
Cost	4,276	-	(30)	-	4,246
Appraisal increase (Year 2019)	7,061	2,485	(112)	-	9,434
Appraisal decrease (Year 2019)	(37)	-	17	-	(20)
Premises					
Cost	9,746	144	(75)	(30)	9,785
Appraisal increase (Year 2019)	11,624	4,917	(236)	-	16,305
Appraisal decrease (Year 2019)	(84)	-	29	-	(55)
Equipment	11,900	423	(1,542)	16	10,797
Leasehold improvement	2,383	173	(56)	8	2,508
Total	46,869	8,142	(2,005)	(6)	53,000
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(4,682)	(367)	53	9	(4,987)
- Appraisal increase (Year 2019)	(8,815)	(3,865)	224	-	(12,456)
Equipment	(8,009)	(1,250)	1,528	(4)	(7,735)
Leasehold improvement	(1,239)	(214)	45	(5)	(1,413)
Total	(22,745)	(5,696)	1,850	-	(26,591)
Construction in progress	123	543	-	-	666
Premises and equipment, net	24,247				27,075

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	Increase	Decrease	Other	Balance as at December 31, 2018
Land					
Cost	4,306	5	(35)	-	4,276
Appraisal increase (Year 2016)	7,086	-	(25)	-	7,061
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,505	2,298	(57)	-	9,746
Appraisal increase (Year 2016)	11,641	-	(17)	-	11,624
Appraisal decrease (Year 2016)	(86)	-	2	-	(84)
Equipment	12,036	1,722	(1,858)	-	11,900
Leasehold improvement	2,423	176	(216)	-	2,383
Total	44,874	4,201	(2,206)	-	46,869
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(4,343)	(368)	29	-	(4,682)
- Appraisal increase (Year 2016)	(8,541)	(281)	7	-	(8,815)
Equipment	(8,622)	(1,223)	1,836	-	(8,009)
Leasehold improvement	(1,247)	(197)	205	-	(1,239)
Total	(22,753)	(2,069)	2,077	-	(22,745)
Construction in progress	2,223	294	(2,394)	-	123
Premises and equipment, net	24,344				24,247

Unit: Million Baht		
	2019	2018
Depreciation for the years	2,110	2,069

As at December 31, 2019 and 2018, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,525 million and Baht 8,258 million, respectively.

As at December 31, 2019 and 2018, the Bank had equipment which are under finance leases, with the original costs amounting to Baht 892 million and Baht 863 million, respectively.

8.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at December 31, 2019 and 2018 are as follows:

						Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at December 31, 2019	
Cost						
Goodwill	12,539	-	-	(184)	12,355	
Software	9,514	1,718	(266)	(9)	10,957	
Other intangible assets	5,741	3	(38)	(10)	5,696	
Total	27,794	1,721	(304)	(203)	29,008	
Accumulated amortization						
Software	(6,217)	(1,104)	257	7	(7,057)	
Other intangible assets	(4,915)	(154)	38	3	(5,028)	
Total	(11,132)	(1,258)	295	10	(12,085)	
Allowance for impairment	(20)	-	-	-	(20)	
Goodwill and other intangible assets, net	16,642				16,903	

							Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
	Balance as at January 1, 2018	Increase	Decrease	Transferred to assets held for sale	Other	Balance as at December 31, 2018	
Cost							
Goodwill	12,557	-	-	-	(18)	12,539	
Software	8,542	1,299	(2)	(324)	(1)	9,514	
Other intangible assets	5,757	3	(1)	(17)	(1)	5,741	
Total	26,856	1,302	(3)	(341)	(20)	27,794	
Accumulated amortization							
Software	(5,316)	(1,020)	3	115	1	(6,217)	
Other intangible assets	(4,764)	(152)	1	-	-	(4,915)	
Total	(10,080)	(1,172)	4	115	1	(11,132)	
Allowance for impairment	(20)	-	-	-	-	(20)	
Goodwill and other intangible assets, net	16,756					16,642	

		Unit: Million Baht
	2019	2018
Amortization for the years	1,258	1,172

As at December 31, 2019 and 2018, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 3,774 million and Baht 3,124 million, respectively.

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2019	Increase	Decrease	Balance as at December 31, 2019
Cost				
Goodwill	1,054	-	-	1,054
Software	7,851	1,368	(250)	8,969
Other intangible assets	57	-	(38)	19
Total	8,962	1,368	(288)	10,042
Accumulated amortization				
Software	(5,147)	(924)	242	(5,829)
Other intangible assets	(48)	(4)	38	(14)
Total	(5,195)	(928)	280	(5,843)
Goodwill and other intangible assets, net	3,767			4,199

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2018	Increase	Decrease	Balance as at December 31, 2018
Cost				
Goodwill	1,054	-	-	1,054
Software	6,883	968	-	7,851
Other intangible assets	57	-	-	57
Total	7,994	968	-	8,962
Accumulated amortization				
Software	(4,317)	(830)	-	(5,147)
Other intangible assets	(47)	(1)	-	(48)
Total	(4,364)	(831)	-	(5,195)
Goodwill and other intangible assets, net	3,630			3,767

		Unit: Million Baht
	2019	2018
Amortization for the years	928	831

As at December 31, 2019 and 2018, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 3,072 million and Baht 2,465 million, respectively.

8.12 Deferred tax

Deferred tax assets and deferred tax liabilities as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Deferred tax assets	4,479	4,274	-	256
Deferred tax liabilities	(1,823)	(4)	(803)	-
Net	<u>2,656</u>	<u>4,270</u>	<u>(803)</u>	<u>256</u>

Movements of deferred tax assets and deferred tax liabilities during the years are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit: Million Baht
	Balance at January 1, 2019	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at December 31, 2019
Deferred tax assets					
Impairment of assets	335	13	-	(1)	347
Loans and accrued interest receivables, net	5,565	(186)	-	(5)	5,374
Provisions	1,421	180	206	-	1,807
Others	1,100	(276)	112	(27)	909
Total	<u>8,421</u>	<u>(269)</u>	<u>318</u>	<u>(33)</u>	<u>8,437</u>
Deferred tax liabilities					
Asset appraisal surplus	1,974	(81)	764	-	2,657
Investments	165	1	(11)	-	155
Others	2,012	959	-	(2)	2,969
Total	<u>4,151</u>	<u>879</u>	<u>753</u>	<u>(2)</u>	<u>5,781</u>
Deferred tax assets - net	<u>4,270</u>	<u>(1,148)</u>	<u>(435)</u>	<u>(31)</u>	<u>2,656</u>

	CONSOLIDATED FINANCIAL STATEMENTS					Unit: Million Baht
	Balance at January 1, 2018	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Transferred to assets held for sale	Others	Balance at December 31, 2018
Deferred tax assets						
Impairment of assets	373	(30)	-	(8)	-	335
Loans and accrued interest receivables, net	5,971	210	-	(616)	-	5,565
Provisions	1,576	(133)	(14)	(9)	1	1,421
Others	690	339	214	(93)	(50)	1,100
Total	<u>8,610</u>	<u>386</u>	<u>200</u>	<u>(726)</u>	<u>(49)</u>	<u>8,421</u>
Deferred tax liabilities						
Asset appraisal surplus	2,110	(136)	-	-	-	1,974
Investments	102	121	(58)	-	-	165
Others	1,681	410	-	(81)	2	2,012
Total	<u>3,893</u>	<u>395</u>	<u>(58)</u>	<u>(81)</u>	<u>2</u>	<u>4,151</u>
Deferred tax assets - net	<u>4,717</u>	<u>(9)</u>	<u>258</u>	<u>(645)</u>	<u>(51)</u>	<u>4,270</u>

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2019	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2019
Deferred tax assets				
Impairment of assets	262	(10)	-	252
Loans and accrued interest receivables, net	1,668	(304)	-	1,364
Provisions	1,233	105	155	1,493
Others	473	27	(13)	487
Total	3,636	(182)	142	3,596
Deferred tax liabilities				
Asset appraisal surplus	1,974	(81)	764	2,657
Investments	165	1	(11)	155
Others	1,241	346	-	1,587
Total	3,380	266	753	4,399
Deferred tax assets (liabilities) - net	256	(448)	(611)	(803)

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2018	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2018
Deferred tax assets				
Impairment of assets	268	(6)	-	262
Loans and accrued interest receivables, net	1,392	276	-	1,668
Provisions	1,312	(86)	7	1,233
Others	128	158	187	473
Total	3,100	342	194	3,636
Deferred tax liabilities				
Asset appraisal surplus	2,037	(63)	-	1,974
Investments	223	-	(58)	165
Others	944	297	-	1,241
Total	3,204	234	(58)	3,380
Deferred tax assets (liabilities) - net	(104)	108	252	256

8.13 Assets classified as held for sale and liabilities directly associated with assets classified as held for sale net

As at December 31, 2018, investment in Ngern Tid Lor Company Limited (“NTL”) is presented as assets classified as held for sale resulting from the following agreements 1) the sale and purchase of shares of NTL agreement by selling 50% of the ordinary shares in NTL to Siam Asia Credit Access PTE LTD, a company ultimately owned by a consortium led by CVC Capital Partners Asia Fund IV and Equity Partners Limited Group and 2) the shareholders agreement in relation to the shareholding in NTL. The disposal of NTL is accomplished on February 28, 2019.

Details of assets classified as held for sale and liabilities directly associated with assets held for sale as at December 31, 2018 are as follows:

Consolidated financial statements

Unit: Million Baht

	2018
Assets	
Cash	392
Interbank and money market items	319
Loan and accrued interest receivable, net	37,041
Properties for sale, net	57
Premises and equipment, net	548
Goodwill and other intangible assets, net	225
Deferred tax assets	645
Other assets	309
	<u>39,536</u>
Liabilities	
Debt issued and borrowings	12,225
Provision	75
Other liabilities	1,484
	<u>13,784</u>

For the period from January 1, 2019 to February 28, 2019 (disposal date) and for the year ended December 31, 2018, NTL contributed net profit of Baht 275 million and Baht 1,379 million, respectively.

The Bank’s financial statements

As at December 31, 2018, the Bank reclassified 50% of investment in NTL to assets classified as held for sale of Baht 2,414 million.

8.14 Other assets, net

Other assets, net as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Accrued income	2,733	1,862	1,317	344
Prepayment	1,754	1,120	825	679
Other receivables	10,982	14,871	10,191	12,630
Margin call to counterparty	6,344	3,406	6,344	3,406
Others	1,585	2,189	1,379	2,019
Total	<u>23,398</u>	<u>23,448</u>	<u>20,056</u>	<u>19,078</u>

8.15 Deposits

Deposits as at December 31, 2019 and 2018 are as follows:

(1) Classified by product

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Current deposit	37,336	35,391	38,279	36,563
Savings deposit	599,989	591,183	603,120	595,496
Time deposit				
- Less than 6 months	370,607	360,275	371,897	361,383
- 6 months and less than 1 year	88,673	127,892	86,877	126,490
- 1 year and over	470,280	311,607	458,607	300,961
Total	<u>1,566,885</u>	<u>1,426,348</u>	<u>1,558,780</u>	<u>1,420,893</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,453,774	2,297	1,456,071	1,351,999	2,231	1,354,230
US Dollar	41,330	17,961	59,291	41,662	15,198	56,860
Other currencies	15,617	35,906	51,523	9,931	5,327	15,258
Total	<u>1,510,721</u>	<u>56,164</u>	<u>1,566,885</u>	<u>1,403,592</u>	<u>22,756</u>	<u>1,426,348</u>

	Unit: Million Baht					
	THE BANK'S FINANCIAL STATEMENTS					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,463,525	2,012	1,465,537	1,362,001	1,904	1,363,905
US Dollar	41,330	2,263	43,593	41,663	1,844	43,507
Other currencies	15,617	34,033	49,650	9,931	3,550	13,481
Total	<u>1,520,472</u>	<u>38,308</u>	<u>1,558,780</u>	<u>1,413,595</u>	<u>7,298</u>	<u>1,420,893</u>

8.16 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2019			2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Commercial banks	591	41,239	41,830	1,548	27,802	29,350
Specialized financial institutions	-	5,244	5,244	2	5,686	5,688
Other financial institutions	9,406	1,169	10,575	10,359	1,368	11,727
Total domestic items	9,997	47,652	57,649	11,909	34,856	46,765
Foreign items						
US Dollar	2,268	186,684	188,952	-	195,903	195,903
Euro	-	-	-	74	-	74
Other currencies	683	4,837	5,520	855	500	1,355
Total foreign items	2,951	191,521	194,472	929	196,403	197,332
Total domestic and foreign items	12,948	239,173	252,121	12,838	231,259	244,097

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2019			2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Commercial banks	591	38,234	38,825	548	25,802	26,350
Specialized financial institutions	-	5,244	5,244	2	5,686	5,688
Other financial institutions	13,201	5,169	18,370	15,216	3,369	18,585
Total domestic items	13,792	48,647	62,439	15,766	34,857	50,623
Foreign items						
US Dollar	2,268	185,448	187,716	-	194,702	194,702
Euro	-	-	-	74	-	74
Other currencies	683	1,239	1,922	855	-	855
Total foreign items	2,951	186,687	189,638	929	194,702	195,631
Total domestic and foreign items	16,743	235,334	252,077	16,695	229,559	246,254

8.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2019 and 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	2019 Foreign	Total	Domestic	2018 Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	41,985	-	41,985
	USD	7.50 - 11.86	2020-2027	-	357	357	-	750	750
Senior debentures	THB	0.00 - 2.99	2020-2026	109,820	-	109,820	107,865	-	107,865
	KHR	8.50	2021	-	710	710	-	775	775
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	0.98 - 1.15	2020	35	-	35	-	-	-
Other borrowings	THB	0.00 - 7.15	2021-2024	46	969	1,015	2	251	253
	USD	0.00 - 8.11	2021-2024	-	2,918	2,918	-	4,021	4,021
				<u>170,713</u>	<u>4,954</u>	<u>175,667</u>	<u>149,853</u>	<u>5,797</u>	<u>155,650</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	2019 Foreign	Total	Domestic	2018 Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	41,985	-	41,985
Senior debentures	THB	1.72 - 2.99	2020-2026	78,111	-	78,111	74,000	-	74,000
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	0.98 - 1.15	2020	35	-	35	-	-	-
Other borrowings	THB	0.00	2023-2024	46	-	46	2	-	2
				<u>139,004</u>	<u>-</u>	<u>139,004</u>	<u>115,988</u>	<u>-</u>	<u>115,988</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.

8.18 Provisions

Provisions for the years ended December 31, 2019 and 2018 are as follows:

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2018	Increase (Decrease)	Balance at December 31, 2018	Increase (Decrease)	Balance at December 31, 2019
Provision for post-employment benefits obligation	5,321	296	5,617	2,583	8,200
Others	2,147	-	2,147	(630)	1,517
Total	<u>7,468</u>	<u>296</u>	<u>7,764</u>	<u>1,953</u>	<u>9,717</u>

					Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS					
	Balance at January 1, 2018	Increase (Decrease)	Balance at December 31, 2018	Increase (Decrease)	Balance at December 31, 2019
Provision for post-employment benefits obligation	4,531	340	4,871	2,018	6,889
Others	2,019	(22)	1,997	(721)	1,276
Total	<u>6,550</u>	<u>318</u>	<u>6,868</u>	<u>1,297</u>	<u>8,165</u>

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Opening defined benefits obligation	5,617	5,321	4,871	4,531
Past service cost	1,125	-	918	-
Current service cost	516	432	412	334
Interest cost	183	132	155	110
Actuarial (gains) losses				
- Experience	113	56	39	42
- Demographic assumptions	(46)	(126)	(35)	(32)
- Financial assumptions	964	2	768	29
Benefit paid	(269)	(186)	(238)	(169)
Transfer in (out) employee from subsidiaries	(3)	(2)	(1)	2
Transferred to liabilities directly associated with assets classified as held for sale	-	(36)	-	-
Other	-	24	-	24
Closing defined benefit obligation	<u>8,200</u>	<u>5,617</u>	<u>6,889</u>	<u>4,871</u>

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 year ended December 31, 2019, in the consolidated financial statements and the Bank's financial statements, respectively.

Actuarial (gains) losses are recognized in other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Included in retained earnings:				
As at 1 January	248	316	202	163
Recognized during the years	<u>1,031</u>	<u>(68)</u>	<u>772</u>	<u>39</u>
As at 31 December	<u>1,279</u>	<u>248</u>	<u>974</u>	<u>202</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Past service cost	1,125	-	918	-
Current service cost	516	432	412	334
Interest on obligation	<u>183</u>	<u>132</u>	<u>155</u>	<u>110</u>
	<u>1,824</u>	<u>564</u>	<u>1,485</u>	<u>444</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
Financial assumptions	2019	2018
Discount rate	1.7% - 2.8%	1.73% - 4.50%
Salary increase rate	6.0%	6.0%
Retirement age	55 and 60 years	55 and 60 years

Significant actuarial assumptions - Impact on increase (decrease) in defined benefit obligation as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Discount rate - 1% increase	(761)	(521)	(606)	(434)
Discount rate - 1% decrease	884	601	700	498
Salary increase rate - 1% increase	1,131	892	956	792
Salary increase rate - 1% decrease	(1,009)	(799)	(858)	(713)

Unit: Million Baht

8.19 Finance lease liabilities

Finance lease liabilities as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					
	2019			2018		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	214	14	228	116	13	129
One year to five years	525	15	540	775	38	813
Total	739	29	768	891	51	942

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2019			2018		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	164	12	176	65	9	74
One year to five years	426	14	440	642	31	673
Total	590	26	616	707	40	747

8.20 Other liabilities

Other liabilities as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Accrued expenses	17,620	16,600	13,963	12,359
Tax payable	4,520	3,994	2,081	2,174
Deposit	2,954	3,548	1,126	1,386
Unearned income from customer				
loyalty program	3,079	2,916	-	-
Other payables	10,873	5,505	5,748	3,999
Margin call from counterparty	1,821	3,246	1,821	3,246
Others	3,356	13,614	2,410	7,969
Total	44,223	49,423	27,149	31,133

Unit : Million Baht

8.21 Advances received from electronic transactions

According to BOT's Notification No. Sor. Nor. Chor. 7/2561 regarding the "Regulations on Service Business Relating to Electronic Money (e-Money) Services" dated April 16, 2018, the Bank is required to disclose advances received from e-Money Services. As at December 31, 2019 and 2018, the Bank had advances received from e-Money Services, presented as other liabilities, amounting to Baht 74 million and Baht 38 million, respectively.

The BOT Notification No. Sor. Nor. Chor. 8/2561 regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" dated April 16, 2018, the Bank is required to disclose advances received from electronic fund transfer transactions. As of December 31, 2019 and 2018, the Bank had those advances received from electronic fund transfer transactions, presented as liability payable on demand amounting to Baht 5 million and Baht 1 million and other liabilities amounting to Baht 560 million and Baht 1,911 million, respectively.

8.22 Share capital

8.22.1 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

8.22.2 Dividend payment

The Annual General Meeting of Shareholders No. 106 held on April 26, 2018, approved the dividend payment for the six-month period ended December 31, 2017 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 21, 2018.

The Board of Directors' Meeting No. 8/2018 held on August 22, 2018, approved the interim dividend payment for the six-month period ended June 30, 2018 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 20, 2018.

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.

8.23 Assets with obligations and restrictions

As at December 31, 2019 and 2018, government and state enterprise securities with book value of Baht 38,828 million and Baht 13,344 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

8.24 Contingencies

Contingencies as at December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Avals to bills	3,434	1,108	3,434	1,108
Guarantees of loans	2,513	2,432	2,513	2,432
Liability under unmatured import bills	1,216	1,955	1,216	1,955
Letters of credit	3,965	5,818	3,965	5,818
Other contingencies				
- Unused overdraft limit	5,107	5,266	5,107	5,266
- Unused credit line	39,623	34,693	42,994	39,694
- Other guarantees	53,297	54,895	53,297	54,895
- Others	68	210	68	210
Total	<u>109,223</u>	<u>106,377</u>	<u>112,594</u>	<u>111,378</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2023 with a local company. As at December 31, 2019 and 2018, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 3,030 million and Baht 3,720 million, respectively.

As at December 31, 2019 and 2018, the Bank and its subsidiaries have commitments to pay regarding the information technology services the amounts of Baht 1,366 million and Baht 2,409 million, respectively.

As at December 31, 2019 and 2018, the Bank has commitment payment amount of Baht 2,555 million and Baht 338 million as a result of entering to the construction agreement of the office building, respectively.

8.25 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:

- 8.25.1 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 December 31, 2019 and 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS												
2019												
	Interbank and money market items (Assets)	Investment	Loans	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	20,511	4	-	19	355	-	-	5	-	6
Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited)	-	-	8,821	21	-	437	746	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	5	172	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	20	548	-	-	2	-	-
Total	-	1,171	29,332	25	-	481	1,821	-	-	10	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(293)	-	-	-	-	-	-	-	-	-
Total	-	1,171	29,039	25	-	481	1,821	-	-	10	-	6
Related companies having joint major shareholders or directors	9	-	11,385	32	817	14	6,953	259	17	26	17,138	308
<u>Less</u> Allowance for doubtful accounts	-	-	(97)	-	-	-	-	-	-	-	-	-
Total	9	-	11,288	32	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	40,831	57	2,990	1,648	10,864	181,497	3,164	2,514	474,423	3,296

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS											
	2018										
	Interbank and money market items (Assets)	Loans	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.	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Joint ventures											
Tesco Card Services Limited	-	5,900	20	-	270	575	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	4	157	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	9	594	-	-	5	-	-
Total	-	5,900	20	-	283	1,326	-	-	8	-	-
<u>Less</u> Allowance for doubtful accounts	-	(59)	-	-	-	-	-	-	-	-	-
Total	-	5,841	20	-	283	1,326	-	-	8	-	-
Related companies having joint major shareholders or directors	19	9,365	27	447	26	9,878	180	6	26	19,229	680
<u>Less</u> Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-
Total	19	9,276	27	447	26	9,878	180	6	26	19,229	680
Individual and related parties	-	543	-	-	-	3,468	-	-	804	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-
Total	-	542	-	-	-	3,468	-	-	804	-	-
Total	27,699	15,659	47	3,975	694	14,672	195,440	1,360	4,203	394,474	3,417

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS												
	2019											
	Interbank and money market items (Assets)	Investment	Loans	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	-	-	8,083	2	-	1	9	-	-	2	-	7
Ayudhya Capital Auto Lease Public Company Limited	-	-	6,475	19	-	296	1,127	-	-	304	-	-
Ayudhya Capital Services Company Limited	-	-	27,315	100	-	141	1,242	-	-	24	-	3
General Card Services Limited	-	-	13,739	23	-	70	606	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	6,800	2	-	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 (formerly Krungsri Factoring 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)

	2019											
	Interbank and money market items (Assets)	Investment	Loans	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	-	-	5,364	3	-	1	177	-	-	-	-	-
Hattha Kaksekar Limited	-	-	861	5	56	1,209	-	-	-	-	4,006	-
Krungsri Finnovate Company Limited	-	-	-	-	-	3	1,010	-	-	-	-	-
Total	-	-	69,137	154	56	2,395	9,929	7,795	-	591	4,006	46
<u>Less</u> Allowance for doubtful accounts	-	-	(691)	-	-	-	-	-	-	-	-	-
Total	-	-	68,446	154	56	2,395	9,929	7,795	-	591	4,006	46
Joint ventures												
Ngern Tid Lor Company Limited	-	1,171	20,510	4	-	19	355	-	-	5	-	6
Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited)	-	-	8,821	21	-	32	746	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	-	172	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	-	548	-	-	1	-	-
Total	-	1,171	29,331	25	-	51	1,821	-	-	9	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(293)	-	-	-	-	-	-	-	-	-
Total	-	1,171	29,038	25	-	51	1,821	-	-	9	-	6
Related companies having joint major shareholders or directors												
	9	-	11,384	32	817	-	6,953	259	17	23	17,138	308
<u>Less</u> Allowance for doubtful accounts	-	-	(97)	-	-	-	-	-	-	-	-	-
Total	9	-	11,287	32	817	-	6,953	259	17	23	17,138	308
Individual and related parties												
	-	-	405	-	-	-	1,858	-	-	712	-	-
Total	24,593	1,171	109,176	211	3,046	3,599	20,561	189,292	3,164	2,815	478,429	3,342

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS											
2018											
	Interbank and money market items (Assets)	Loans	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.	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	6,623	3	-	3	13	-	-	2	-	236
Ayudhya Capital Auto Lease Public Company Limited	-	12,054	46	-	73	925	-	-	179	-	-
Ngern Tid Lor Company Limited	-	18,860	8	-	8	291	-	-	2	-	6
Ayudhya Capital Services Company Limited	-	26,841	90	-	109	1,323	-	-	25	-	3
General Card Services Limited	-	10,803	20	-	91	517	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	2,079	4	-	716	1,495	-	-	17	-	1
Siam Realty and Services Security Company Limited	-	560	-	-	1	58	-	-	52	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	1,484	-	-	6	-	-
Krungsri Asset Management Company Limited	-	-	-	-	90	-	4,522	-	56	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	1,729	-	-	76	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	2	2,336	-	2	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	190	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	735	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	839	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

	2018										
	Interbank and money market items (Assets)	Loans	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	-	5,377	4	-	2	122	-	-	-	-	-
Hattha Kaksekar Limited	-	464	5	4	3	-	-	4	-	2,767	-
Krungsri Finnovate Company Limited	-	-	-	-	2	401	-	-	-	-	-
Total	-	83,661	180	4	1,101	10,124	6,858	4	420	2,767	281
<u>Less</u> Allowance for doubtful accounts	-	(837)	-	-	-	-	-	-	-	-	-
Total	-	82,824	180	4	1,101	10,124	6,858	4	420	2,767	281
Joint ventures											
Tesco Card Services Limited	-	5,900	20	-	40	575	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	157	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	594	-	-	-	-	-
Total	-	5,900	20	-	40	1,326	-	-	3	-	-
<u>Less</u> Allowance for doubtful accounts	-	(59)	-	-	-	-	-	-	-	-	-
Total	-	5,841	20	-	40	1,326	-	-	3	-	-
Related companies having joint major shareholders or directors											
	19	9,366	27	447	-	9,878	180	6	24	19,229	680
<u>Less</u> Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-
Total	19	9,277	27	447	-	9,878	180	6	24	19,229	680
Individual and related parties	-	447	-	-	-	3,366	-	-	551	-	-
Total	27,699	98,389	227	3,979	1,526	24,694	202,298	1,364	4,363	397,241	3,698

As at December 31, 2019 and 2018, the Bank charges interest rates to related parties at 1.00% - 25.05 % p.a. and 0.95% - 23.82% p.a., respectively.

As at December 31, 2019 and 2018, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 691 million and Baht 837 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

8.25.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 8.5 and has investments in related companies as at December 31, 2019 and 2018 are as follows:

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

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
2018					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Related company					
Sri Ayudhya Capital Public Company Limited	Investment holding company	296	7.17	326	16
Less Allowance for impairment				(5)	-
Investment in related company, net				<u>321</u>	<u>16</u>

8.25.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	2019				2018			
	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.	-	(3,127)	4,534	482	13	2,226	4,463	490
Total	-	(3,127)	4,534	482	13	2,226	4,463	490
Joint ventures								
Ngern Tid Lor Company Limited	536	100	-	8	-	-	-	-
Tesco Lotus Money Services Limited (formerly Tesco Card Services Limited)	151	595	-	(9)	195	503	-	(4)
Tesco Life Assurance Broker Limited	-	6	1	-	-	6	1	-
Tesco General Insurance Broker Limited	-	34	4	-	-	26	4	-
Total	687	735	5	(1)	195	535	5	(4)
Related companies having joint major shareholders or directors								
Total	254	476	71	290	216	102	66	297
Individual and related parties	19	6	22	19	18	8	28	7
Total	960	(1,910)	4,632	790	442	2,871	4,562	790

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2019				2018			
	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.	-	(3,127)	4,534	482	13	2,226	4,463	490
Total	-	(3,127)	4,534	482	13	2,226	4,463	490
Subsidiaries								
Ayudhya Development Leasing Company Limited	236	19	-	(8)	230	19	-	(7)
Ayudhya Capital Auto Lease Public Company Limited	287	1,403	6	824	572	396	11	695
Ngern Tid Lor Company Limited	104	10	-	-	282	31	-	1
Ayudhya Capital Services Company Limited	729	368	1	(73)	690	321	1	(58)
General Card Services Limited	261	35	-	(1)	228	47	-	2
Krungsriayudhya Card Company Limited	53	162	7	208	162	227	9	197
Siam Realty and Services Security Company Limited	12	8	-	557	12	6	-	526
Total Services Solutions Public Company Limited	-	2	20	46	-	2	19	49
Krungsri Asset Management Company Limited	-	934	78	12	-	1,059	65	8
Krungsri Ayudhya AMC Limited	-	5	2	(4)	-	5	2	(3)
Krungsri Securities Public Company Limited	-	22	26	7	-	21	24	4
Krungsri Nimble Company Limited								
(formerly Krungsri Factoring Company Limited)	-	9	-	5	-	1	-	(1)
Krungsri Life Assurance Broker Limited	-	1	4	-	-	1	4	-
Krungsri General Insurance Broker Limited	-	1	5	-	-	1	5	-
Krungsri Leasing Services Company Limited	350	-	2	-	279	-	-	-
Hattha Kaksekar Limited	41	68	-	-	54	14	-	-
Krungsri Finnivate Company Limited	-	18	-	-	-	8	-	-
Total	2,073	3,065	151	1,573	2,509	2,159	140	1,413
Joint ventures								
Ngern Tid Lor Company Limited	536	42	-	8	-	-	-	-
Tesco Lotus Money Services Limited								
(formerly Tesco Card Services Limited)	151	33	-	(9)	195	34	-	(5)
Tesco Life Assurance Broker Limited	-	1	1	-	-	1	1	-
Tesco General Insurance Broker Limited	-	16	4	-	-	14	4	-
Total	687	92	5	(1)	195	49	5	(5)
Related companies having joint major shareholders or directors	254	468	71	214	216	94	66	222
Total	254	468	71	214	216	94	66	222
Individual and related parties	17	6	15	-	17	8	19	-
Total	3,031	504	4,776	2,268	2,950	4,536	4,693	2,120

- 8.25.4 For the years ended December 31, 2019 and 2018, compensations paid to key management personnel under TAS 24 (Revised 2018) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Short-term employee benefits	2,224	2,016	1,430	1,271
Post-employment benefits	68	59	46	38
Other long-term benefits	1	1	1	1
Total	<u>2,293</u>	<u>2,076</u>	<u>1,477</u>	<u>1,310</u>

- 8.25.5 For the years ended December 31, 2019 and 2018, related party transactions among subsidiaries included collection services and other services of Baht 954 million and Baht 954 million, respectively, and office and vehicle rental and facilities service of Baht 39 million and Baht 77 million, respectively.
- 8.25.6 For the years ended December 31, 2019 and 2018, subsidiaries had related party transactions from the information technology services of Baht 3 million and Baht 53 million, respectively, and for the year ended December 31, 2019, a subsidiary had related party transactions with the Bank to provide the information technology services of Baht 28 million.
- 8.25.7 For the years ended December 31, 2019 and 2018, related party transactions among subsidiaries from other services were Baht 1,778 million and Baht 1,509 million, respectively.
- 8.25.8 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and MUFG Bank, Ltd. (MUFG) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement, MUFG shall provide various services to the Bank as agreed between the Bank and MUFG prior to the transfer. Such services shall include existing services provided by MUFG to BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service to BTMU's Bangkok Branch's customers after the transfer of the assets. The Bank and MUFG will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date MUFG holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later), the Bank may request for MUFG to provide funding assistance to the Bank and MUFG shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If MUFG agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenor and interest rate of such assistance.

On January 5, 2015, the Bank has entered into the borrowing agreement with MUFG under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility. Total facility amount is JPY 900,000 million.

8.26 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, during the years ended December 31, 2019 and 2018, the subsidiary had sold assets to managements in the amount of Baht 5 million and Baht 8 million with the book value of Baht 4 million and Baht 6 million, respectively.

8.27 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental as at December 31, 2019 and 2018 which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit: Million Baht			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Land and/or premises and equipment	Within 1 year	1,182	1,191	1,230	853
	Greater than 1-5 years	1,326	1,223	1,604	1,034
	Greater than 5 years	746	147	651	44
	Total	<u>3,254</u>	<u>2,561</u>	<u>3,485</u>	<u>1,931</u>

8.28 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 years ended December 31, 2019 and 2018, 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 years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2019				
	Retail	Commercial	Others	Total
Interest income, net	55,816	20,565	42	76,423
Other operating income	31,088	7,662	6,435	45,185
Total operating income	86,904	28,227	6,477	121,608
Operating expenses	37,973	12,313	1,883	52,169
Impairment loss of loans and debt securities	22,483	2,818	2,902	28,203
Profit before tax	26,448	13,096	1,692	41,236
Taxation	5,065	2,478	561	8,104
Net profit	21,383	10,618	1,131	33,132
Total assets	980,900	1,516,186	(137,494)	2,359,592

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2018				
	Retail	Commercial	Others	Total
Interest income, net	53,568	21,711	49	75,328
Other operating income	27,322	8,230	(1,301)	34,251
Total operating income	80,890	29,941	(1,252)	109,579
Operating expenses	38,584	12,015	1,142	51,741
Impairment loss of loans and debt securities	20,274	4,009	1,897	26,180
Profit (loss) before tax	22,032	13,917	(4,291)	31,658
Taxation	4,411	2,612	(556)	6,467
Net profit (loss)	17,621	11,305	(3,735)	25,191
Total assets	936,252	1,397,667	(160,297)	2,173,622

8.29 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 December 31, 2019 and 2018 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
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, net (Liabilities)	240,075	12,046	-	252,121
Debt issued and borrowings	170,454	5,213	-	175,667

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2018				
	Domestic	Foreign	Elimination	Total
Total assets	2,146,407	46,304	(19,089)	2,173,622
Interbank and money market items, net (Assets)	237,901	7,652	-	245,553
Investments, net*	137,368	1	-	137,369
Loans to customers and accrued interest receivable, net	1,583,687	31,297	-	1,614,984
Deposits	1,408,643	17,705	-	1,426,348
Interbank and money market items, net (Liabilities)	237,017	7,080	-	244,097
Debt issued and borrowings	149,389	6,261	-	155,650

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
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, net (Liabilities)	250,836	1,241	-	252,077
Debt issued and borrowings	139,004	-	-	139,004

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2018				
	Domestic	Foreign	Elimination	Total
Total assets	2,047,725	7,577	(5,400)	2,049,902
Interbank and money market items, net (Assets)	235,613	3,649	-	239,262
Investments, net*	192,694	-	-	192,694
Loans to customers and accrued interest receivable, net	1,504,068	1,037	-	1,505,105
Deposits	1,418,767	2,126	-	1,420,893
Interbank and money market items, net (Liabilities)	246,252	2	-	246,254
Debt issued and borrowings	115,988	-	-	115,988

*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 years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2019				
	Domestic	Foreign	Elimination	Total
Interest income	105,559	5,289	(393)	110,455
Interest expenses	32,230	2,195	(393)	34,032
Net interest income	73,329	3,094	-	76,423
Fees and service income, net	21,615	162	-	21,777
Other operating income	27,833	58	(4,483)	23,408
Other operating expenses	82,845	2,010	(4,483)	80,372
Profit from operating before tax	39,932	1,304	-	41,236

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2018				
	Domestic	Foreign	Elimination	Total
Interest income	103,080	4,385	(333)	107,132
Interest expenses	30,381	1,766	(343)	31,804
Net interest income	72,699	2,619	10	75,328
Fees and service income, net	21,126	122	-	21,248
Other operating income	21,057	55	(8,109)	13,003
Other operating expenses	84,248	1,770	(8,097)	77,921
Profit (loss) from operating before tax	30,634	1,026	(2)	31,658

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2019				
	Domestic	Foreign	Elimination	Total
Interest income	80,854	92	-	80,946
Interest expenses	31,655	44	-	31,699
Net interest income	49,199	48	-	49,247
Fees and service income, net	9,935	17	-	9,952
Other operating income	22,543	37	(4,483)	18,097
Other operating expenses	58,468	80	(4,483)	54,065
Profit from operating before tax	23,209	22	-	23,231

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2018				
	Domestic	Foreign	Elimination	Total
Interest income	74,535	62	-	74,597
Interest expenses	29,626	10	-	29,636
Net interest income	44,909	52	-	44,961
Fees and service income, net	10,132	23	-	10,155
Other operating income	22,337	16	(8,111)	14,242
Other operating expenses	57,168	73	(8,111)	49,130
Profit from operating before tax	20,210	18	-	20,228

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.

8.30 Interest income

Interest income for the years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht			
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
2019	2018	2019	2018
Interbank and money market items	4,681	4,666	6,202
Investment and trading transactions	91	91	28
Investment in debt securities	2,279	2,284	1,827
Loans to customers	72,244	50,165	46,797
Hire purchase and finance lease	31,073	23,653	19,743
Other	87	87	-
Total interest income	110,455	80,946	74,597

8.31 Interest expenses

Interest expenses for the years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht			
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
2019	2018	2019	2018
Deposits	18,226	17,169	14,253
Interbank and money market items	4,168	3,940	5,500
Contributions to Financial Institution Development Fund and Deposit Protection Agency	7,089	7,089	6,720
Debt issued and borrowings			
- Subordinated debenture	2,447	1,514	1,523
- Other	1,968	1,917	1,635
Borrowing fee expense	74	23	1
Other	60	47	4
Total interest expenses	34,032	31,699	29,636

8.32 Fees and service income, net

Fees and service income, net for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Fees and service income				
- Acceptances, aval and guarantees	524	525	526	527
- Other	29,128	28,474	15,329	14,920
Total fees and service income	29,652	28,999	15,855	15,447
Fees and service expenses	7,875	7,751	5,903	5,292
Total fees and service income, net	21,777	21,248	9,952	10,155

8.33 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	4,232	4,345	4,216	4,327
- Derivative of interest rates	132	408	189	412
- Debt securities	69	5	69	5
- Equity securities	(83)	(26)	(6)	(26)
- Other	-	4	-	-
Total	4,350	4,736	4,468	4,718

8.34 Gains (losses) on investments, net

Gains (losses) on investments, net for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Gains on sales of investments				
- Available-for-sale	607	372	607	372
- General investments	-	2	-	2
- Subsidiaries	8,625	-	5,019	-
	9,232	374	5,626	374
Losses on impairments				
- Subsidiaries	-	-	(510)	(400)
Total	9,232	374	5,116	(26)

8.35 Impairment loss on loans and debt securities

Impairment loss on loans and debt securities (reversal) for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Interbank and money market items	(117)	82	(117)	82
Impairment loss on debt instrument (reversal)	(12)	-	(12)	-
Loans to customers	27,163	24,382	18,641	15,596
Loss on troubled debt restructuring	1,169	1,716	113	91
Total	<u>28,203</u>	<u>26,180</u>	<u>18,625</u>	<u>15,769</u>

8.36 Income tax expenses

Income tax expenses for the years ended December 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Current tax for the years	6,957	6,458	3,198	2,671
Deferred tax	1,148	9	448	(108)
Total income tax expenses	<u>8,105</u>	<u>6,467</u>	<u>3,646</u>	<u>2,563</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	2019		2018		2019		2018	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>41,236</u>		<u>31,658</u>		<u>23,231</u>		<u>20,228</u>	
Income tax at the domestic tax rate	8,247	20.00	6,332	20.00	4,646	20.00	4,046	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	1,575	3.82	2,218	7.01	457	1.97	143	0.71
Less Tax effect of income and expense that are exempt for tax purposes	<u>(1,717)</u>	<u>(4.17)</u>	<u>(2,083)</u>	<u>(6.58)</u>	<u>(1,457)</u>	<u>(6.28)</u>	<u>(1,626)</u>	<u>(8.05)</u>
Income tax expenses as per statements of profit or loss and other comprehensive income	<u>8,105</u>	19.65	<u>6,467</u>	20.43	<u>3,646</u>	15.69	<u>2,563</u>	12.66

8.37 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2019			2018		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	10	(2)	8	(1,224)	245	(979)
Gains (losses) arising from translating the financial statements of a foreign operation	(702)	125	(577)	(139)	27	(112)
Item that will not be reclassified subsequently to profit or loss						
Change in assets revaluation surplus	3,821	(764)	3,057	-	-	-
Actuarial gains (losses) on defined benefit plans	(1,031)	206	(825)	68	(14)	54
Share of other comprehensive income of joint venture	(10)	-	(10)	7	-	7
Other comprehensive income	2,088	(435)	1,653	(1,288)	258	(1,030)

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2019			2018		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	10	(2)	8	(1,224)	245	(979)
Item that will not be reclassified subsequently to profit or loss						
Change in assets revaluation surplus	3,821	(764)	3,057	-	-	-
Actuarial gains (losses) on defined benefit plans	(772)	154	(618)	(38)	7	(31)
Other comprehensive income	3,059	(612)	2,447	(1,262)	252	(1,010)

8.38 Reclassifications

Certain accounts in the statement of financial position as at December 31, 2018, which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements. The reclassifications are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	Current classifications	Previous classifications	Current classifications	Previous classifications
Accounts receivable for investments	-	805	-	805
Other assets, net	23,448	22,643	19,078	18,273
Accounts payable for investments	-	103	-	103
Other liabilities	49,423	49,320	31,133	31,030

8.39 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on February 26, 2020.