

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

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 June 30, 2020, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period 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 June 30, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and Bank of Thailand’s regulation.

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.

Emphasis of Matter

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

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 expected credit loss The allowance for expected credit loss (“ECL”) on loans to customers and provisions for loan commitments and financial guarantee contracts are considered to be a matter of most significance as they require the application of judgment, estimation and the use of subjective assumptions by management of the Bank and subsidiaries. Starting from January 1, 2020, the Thai Financial Reporting Standard No. 9 - Financial Instruments (“TFRS 9”) and related Bank of Thailand (the “BOT”)’s regulation were applied. This standard requires the Bank and subsidiaries to recognize impairment loss based on expected credit loss. The ECL is measured based forward-looking information basis by calculating on a probability-weighted credit losses with respective risk of expected cash shortfalls either based on credit events arising in the 12 months from the reporting date or based on credit events arising over the lifetime of the financial instrument; depending on the significant increase in credit risk (“SICR”) since initial recognition.	Based on our risk assessment, we established an audit approach including controls and substantive testing as a basis for our opinion. Accordingly, we have performed the following procedures amongst others. Our procedures includes: We have assessed the design and implementation of the controls related to the process and policy of methodology, calculation and post model adjustment of the ECL and; we have assessed the control system in this process, including automated controls in the IT systems. In respect of the first-time adoption of TFRS 9, our procedures for assessing the appropriateness of the implementation of the new standard included, among other things, the following procedures: • Assessment of the consideration of the adjustments made to the opening balance on January 1, 2020. • Assessment of the completeness and appropriateness of disclosures, including those related to the first-time adoption of TFRS 9, as well as quantitative and qualitative requirements, in particular with respect to credit risk of loans to customers, loan commitments and financial guarantee contracts.

Key Audit Matters	Audit Responses
Accounting policy for the allowance for expected credit loss, detail of allowance for expected credit loss and related the BOT's regulation were disclosed in Notes 4.7, 7.9 and 7.40 to the financial statements, respectively.	We collectively and individually assessed loans to customers on those related to the first-time adoption of TFRS 9 and at the reporting date as follows: • For the collectively assessed loans to customers, we have performed, among the others, the following procedures: • With the involvement of our internal specialist, we have analyzed the applied methodology for estimating ECL, including the adequacy of risk parameters applied, post model adjustment and compliance with the requirements of TFRS 9 and the BOT's regulation. • Independent recalculation by our internal specialist on sample basis of the value of ECL for selected portfolios in the collective assessment method. • For the individually assessed loans to customers, we have performed, among the others, the following procedures: • We have assessed the appropriateness of the process of identifying indicators of impairment: • We assessed the appropriateness of estimation of allowances for a selected sample of exposures with identified evidence of impairment with respect to the appropriateness of the assumed collateral values and assumptions concerning other cash flows. • Our audit procedures included reconciliation of the data used in the ECL calculation to confirm the accuracy and completeness of the recognition of loans to customers, loan commitments and financial guarantee contracts that are the basis for the calculation of impairment losses and provision, as well as the value of these ECL and provisions for loan commitments and financial guarantee contracts. • For the IT systems and individual data processing systems used in the ECL calculation, we have assessed the relevant effectiveness of application controls and general IT controls with the involvement of our internal IT specialists.

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 Bank of Thailand's regulation, 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited for the three-month period ended June 30, 2020, and the notes to the financial statements ("interim financial information"). The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting" and Bank of Thailand's regulation. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

BANGKOK
August 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 JUNE 30, 2020

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ASSETS					
CASH		29,211,708	33,830,336	28,263,309	32,784,600
INTERBANK AND MONEY MARKET ITEMS, NET	7.3	418,337,954	331,431,378	411,316,848	325,689,873
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.4	2,807,110	-	2,801,249	-
CLAIM ON SECURITY		-	9,611,500	-	9,611,500
DERIVATIVES ASSETS	7.5	27,852,845	21,841,044	28,133,350	21,896,417
INVESTMENTS, NET	7.6	144,713,936	118,340,121	138,522,631	117,908,466
INVESTMENTS IN SUBSIDIARIES					
AND JOINT VENTURES, NET	7.7	12,601,292	11,952,177	60,448,692	59,956,092
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.8	1,791,062,650	1,754,976,035	1,643,494,207	1,612,854,454
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		-	299,089	-	299,089
PROPERTIES FOR SALE, NET	7.10	3,108,080	3,500,200	2,299,081	2,394,813
PREMISES AND EQUIPMENT, NET	7.11	31,589,982	29,029,494	29,092,361	27,075,050
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.12	17,008,381	16,902,975	4,281,208	4,199,366
DEFERRED TAX ASSETS	7.13	4,680,159	4,479,273	314,497	-
OTHER ASSETS, NET	7.14	26,933,838	23,397,974	22,316,341	20,055,709
TOTAL ASSETS		2,509,907,935	2,359,591,596	2,371,283,774	2,234,725,429

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 JUNE 30, 2020

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
LIABILITIES AND EQUITY					
DEPOSITS	7.15	1,698,705,684	1,566,884,776	1,691,644,879	1,558,780,159
INTERBANK AND MONEY MARKET ITEMS	7.16	275,741,960	252,121,143	261,827,680	252,076,777
LIABILITY PAYABLE ON DEMAND		5,004,831	3,802,060	5,004,565	3,801,985
LIABILITY TO DELIVER SECURITY		-	9,611,500	-	9,611,500
DERIVATIVES LIABILITIES	7.5	29,459,938	23,326,062	29,683,662	23,325,475
DEBT ISSUED AND BORROWINGS	7.17	167,344,782	175,667,180	136,015,439	139,003,569
BANK'S LIABILITY UNDER ACCEPTANCE		-	299,089	-	299,089
PROVISIONS	7.18	12,838,158	9,717,481	10,335,164	8,165,452
DEFERRED TAX LIABILITIES	7.13	799,320	1,823,357	-	803,296
OTHER LIABILITIES	7.19	40,010,507	44,223,303	24,639,532	27,148,687
TOTAL LIABILITIES		2,229,905,180	2,087,475,951	2,159,150,921	2,023,015,989
EQUITY					
SHARE CAPITAL	7.23				
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		4,044,185	4,312,103	4,865,582	5,326,327
RETAINED EARNINGS					
Appropriated					
Legal reserve		6,870,800	6,870,800	6,870,800	6,870,800
Unappropriated		141,188,497	133,170,675	73,960,104	73,075,946
TOTAL BANK'S EQUITY		278,539,849	270,789,945	212,132,853	211,709,440
NON-CONTROLLING INTEREST		1,462,906	1,325,700	-	-
TOTAL EQUITY		280,002,755	272,115,645	212,132,853	211,709,440
TOTAL LIABILITIES AND EQUITY		2,509,907,935	2,359,591,596	2,371,283,774	2,234,725,429

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 THREE-MONTH PERIOD ENDED JUNE 30, 2020
"UNAUDITED"

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2020	2019	2020	2019
INTEREST INCOME	7.31	27,271,409	27,445,313	19,280,177	20,440,993
INTEREST EXPENSES	7.32	6,853,006	8,682,957	6,209,602	8,115,808
INTEREST INCOME, NET		20,418,403	18,762,356	13,070,575	12,325,185
FEES AND SERVICE INCOME		5,579,717	7,308,715	3,069,365	3,814,013
FEES AND SERVICE EXPENSES		1,649,199	1,897,567	1,128,360	1,420,249
FEES AND SERVICE INCOME, NET	7.33	3,930,518	5,411,148	1,941,005	2,393,764
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.34	886,227	-	941,457	-
GAINS ON TRADING AND FOREIGN EXCHANGE					
TRANSACTIONS, NET	7.34	-	1,045,408	-	1,062,663
GAINS (LOSSES) ON INVESTMENTS, NET	7.35	11,986	402,270	11,986	(107,730)
SHARE OF PROFIT FROM INVESTMENT USING					
EQUITY METHOD		310,180	411,564	-	-
DIVIDEND INCOME		94,887	64,784	94,572	2,165,394
BAD DEBTS RECOVERIES		1,621,551	1,530,156	518,020	424,115
OTHER OPERATING INCOME		413,620	412,324	426,874	324,786
TOTAL OPERATING INCOME		27,687,372	28,040,010	17,004,489	18,588,177
OTHER OPERATING EXPENSES					
Employee's expenses		6,396,141	6,512,149	4,569,111	4,504,423
Directors' remuneration		16,336	15,347	14,679	13,248
Premises and equipment expenses		1,918,398	1,926,514	1,583,205	1,571,814
Taxes and duties		633,065	708,834	435,826	495,929
Others		2,613,352	3,296,922	1,623,409	1,872,052
Total other operating expenses		11,577,292	12,459,766	8,226,230	8,457,466
EXPECTED CREDIT LOSS	7.36	7,845,170	-	5,689,048	-
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.36	-	6,725,391	-	4,587,964
PROFIT FROM OPERATING BEFORE					
INCOME TAX EXPENSES		8,264,910	8,854,853	3,089,211	5,542,747
INCOME TAX EXPENSES	7.37	1,674,708	1,737,561	558,965	727,516
NET PROFIT		6,590,202	7,117,292	2,530,246	4,815,231

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain on investments in debt instruments at fair value					
through other comprehensive income		72,675	-	72,675	-
Gain on cash flow hedges		335,443	-	335,443	-
Loss on remeasuring available-for-sale investments		-	(69,511)	-	(69,511)
Loss arising from translating the financial statements					
of foreign operation		(666,138)	(325,793)	-	-
Income tax relating to components of					
other comprehensive income	7.38	36,110	70,583	(81,623)	13,902
Items that will not be reclassified subsequently to profit or loss:					
Gain on investments designated at fair value					
through other comprehensive income		594,740	-	622,595	-
Income tax relating to components of					
other comprehensive income	7.38	(118,948)	-	(124,519)	-
Total other comprehensive income, net		253,882	(324,721)	824,571	(55,609)
TOTAL COMPREHENSIVE INCOME		6,844,084	6,792,571	3,354,817	4,759,622
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		6,507,731	7,010,190	2,530,246	4,815,231
Non-controlling interest		82,471	107,102	-	-
		6,590,202	7,117,292	2,530,246	4,815,231
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		6,763,516	6,685,469	3,354,817	4,759,622
Non-controlling interest		80,568	107,102	-	-
		6,844,084	6,792,571	3,354,817	4,759,622
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.88	0.95	0.34	0.65
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. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2020	2019	2020	2019
INTEREST INCOME	7.31	57,089,274	54,933,715	40,650,046	39,996,636
INTEREST EXPENSES	7.32	14,337,856	16,759,474	12,933,017	15,606,942
INTEREST INCOME, NET		42,751,418	38,174,241	27,717,029	24,389,694
FEES AND SERVICE INCOME		12,104,680	14,618,658	6,736,341	7,693,058
FEES AND SERVICE EXPENSES		3,619,875	3,911,897	2,547,225	2,906,333
FEES AND SERVICE INCOME, NET	7.33	8,484,805	10,706,761	4,189,116	4,786,725
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.34	2,485,361	-	2,645,517	-
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	7.34	-	2,204,886	-	2,236,650
GAINS (LOSSES) ON INVESTMENTS, NET	7.35	48,169	9,072,915	(671,831)	4,956,800
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		703,748	603,337	-	-
DIVIDEND INCOME		164,528	107,445	864,428	3,307,815
BAD DEBTS RECOVERIES		3,281,306	3,129,904	1,044,830	812,506
OTHER OPERATING INCOME		710,062	786,430	726,489	680,725
TOTAL OPERATING INCOME		58,629,397	64,785,919	36,515,578	41,170,915
OTHER OPERATING EXPENSES					
Employee's expenses		12,707,991	14,463,606	9,166,539	10,008,521
Directors' remuneration		32,195	30,155	29,134	26,862
Premises and equipment expenses		3,896,165	4,004,103	3,176,411	3,141,076
Taxes and duties		1,346,831	1,459,041	923,517	990,101
Others		6,283,264	6,724,338	3,949,239	3,699,001
Total other operating expenses		24,266,446	26,681,243	17,244,840	17,865,561
EXPECTED CREDIT LOSS	7.36	17,355,160	-	12,213,585	-
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.36	-	13,074,038	-	8,756,411
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		17,007,791	25,030,638	7,057,153	14,548,943
INCOME TAX EXPENSES	7.37	3,328,020	5,098,578	1,323,658	2,383,527
NET PROFIT		13,679,771	19,932,060	5,733,495	12,165,416

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain on investments in debt instruments at fair value					
through other comprehensive income		162,001	-	162,001	-
Loss on cash flow hedges		(111,601)	-	(111,601)	-
Gain on remeasuring available-for-sale investments		-	485,840	-	485,840
Gain (Loss) arising from translating the financial statements					
of foreign operation		232,663	(513,876)	-	-
Income tax relating to components of					
other comprehensive income	7.38	(48,583)	(5,201)	(10,080)	(97,168)
Items that will not be reclassified subsequently to profit or loss:					
Loss on investments designated at fair value					
through other comprehensive income		(689,534)	-	(660,086)	-
Income tax relating to components of					
other comprehensive income	7.38	137,907	-	132,017	-
Total other comprehensive income, net		(317,147)	(33,237)	(487,749)	388,672
TOTAL COMPREHENSIVE INCOME		13,362,624	19,898,823	5,245,746	12,554,088
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		13,540,318	19,746,936	5,733,495	12,165,416
Non-controlling interest		139,453	185,124	-	-
		13,679,771	19,932,060	5,733,495	12,165,416
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		13,225,373	19,713,699	5,245,746	12,554,088
Non-controlling interest		137,251	185,124	-	-
		13,362,624	19,898,823	5,245,746	12,554,088
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	1.84	2.68	0.78	1.65
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. Seiichiro Akita)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

CONSOLIDATED FINANCIAL STATEMENTS												
Notes	Owners of the Bank										Non-	Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves					Retained Earnings		Total	Controlling Interest	
			Asset	Revaluation	Foreign	Cash Flow	Deficit from Business	Appropriated	Unappropriated	Bank's		
			Appraisal	Surplus	Currency	Hedging	Combination under	Legal		Equity		
			Surplus	on Investments	Translation	Reserve	Common Control	Reserve				
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	-	-	(109,554)	-	-	-	-	-	109,554	-	-	-
Dividend payment	7.23.2	-	-	-	-	-	-	-	(3,310,093)	(3,310,093)	(135,194)	(3,445,287)
Total comprehensive income	-	-	-	388,672	(421,909)	-	-	-	19,746,936	19,713,699	185,124	19,898,823
Balance as of June 30, 2019	73,557,618	52,878,749	7,786,100	298,720	(858,978)	-	(5,217,755)	5,890,800	124,705,412	259,040,666	1,131,157	260,171,823
Balance as of January 1, 2020 as previously reported	73,557,618	52,878,749	10,626,464	(82,382)	(1,014,224)	-	(5,217,755)	6,870,800	133,170,675	270,789,945	1,325,700	272,115,645
Effect of change in accounting policies	3	-	-	191,554	-	-	-	-	(2,291,679)	(2,100,125)	(45)	(2,100,170)
Balance as of January 1, 2020 as adjusted	73,557,618	52,878,749	10,626,464	109,172	(1,014,224)	-	(5,217,755)	6,870,800	130,878,996	268,689,820	1,325,655	270,015,475
Change in revaluation surplus	-	-	(144,527)	-	-	-	-	-	144,527	-	-	-
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	(65,251)	(65,251)	-	(65,251)
Dividend payment	7.23.2	-	-	-	-	-	-	-	(3,310,093)	(3,310,093)	-	(3,310,093)
Total comprehensive income	-	-	-	(419,825)	194,161	(89,281)	-	-	13,540,318	13,225,373	137,251	13,362,624
Balance as of June 30, 2020	73,557,618	52,878,749	10,481,937	(310,653)	(820,063)	(89,281)	(5,217,755)	6,870,800	141,188,497	278,539,849	1,462,906	280,002,755

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 SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS									
	Notes	Issued and	Premium	Other reserves			Retained Earnings		Total
		Paid-up	on Share	Asset	Revaluation	Cash Flow	Appropriated	Unappropriated	
		Share	Capital	Appraisal	Surplus	Hedging	Legal		
		Capital		Surplus	on Investments	Reserve	Reserve		
Balance as of January 1, 2019		73,557,618	52,878,749	7,895,654	(89,952)	-	(5,217,755)	5,890,800	195,928,987
Change in revaluation surplus		-	-	(109,554)	-	-	-	109,554	-
Dividend payment	7.23.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income		-	-	-	388,672	-	-	12,165,416	12,554,088
Balance as of June 30, 2019		73,557,618	52,878,749	7,786,100	298,720	-	(5,217,755)	5,890,800	205,172,982
Balance as of January 1, 2020 as previously reported		73,557,618	52,878,749	10,626,464	(82,382)	-	(5,217,755)	6,870,800	211,709,440
Effect of change in accounting policies	3	-	-	-	171,531	-	-	(1,521,205)	(1,349,674)
Balance as of January 1, 2020 as adjusted		73,557,618	52,878,749	10,626,464	89,149	-	(5,217,755)	71,554,741	210,359,766
Change in revaluation surplus		-	-	(144,527)	-	-	-	144,527	-
Fair value through other comprehensive income		-	-	-	-	-	-	(162,566)	(162,566)
Dividend payment	7.23.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income		-	-	-	(398,468)	(89,281)	-	5,733,495	5,245,746
Balance as of June 30, 2020		73,557,618	52,878,749	10,481,937	(309,319)	(89,281)	(5,217,755)	6,870,800	212,132,853

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 SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	17,007,791	25,030,638	7,057,153	14,548,943
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	2,554,642	1,983,602	2,163,123	1,508,534
Expected credit loss	17,355,160	-	12,213,585	-
Impairment loss on loans and debt securities	-	13,074,038	-	8,756,411
Interest expenses from finance lease	42,878	9,072	31,041	7,880
Gain on translation in foreign currencies	(2,035,728)	(5,698,228)	(2,035,728)	(5,698,228)
Unrealized loss from revaluation of derivatives	5,867,451	3,169,065	5,856,521	3,141,421
Share of profit from investment using equity method	(703,748)	(603,337)	-	-
(Gain) loss on investments	(48,169)	(9,072,915)	671,831	(4,956,800)
Increase (decrease) in discount on investments	34,572	(156,002)	34,572	(156,002)
(Gain) loss on sales of properties for sale	6,573	(447,834)	(86,915)	(358,476)
Loss on sales of premises and equipment	46,878	6,052	44,633	12,340
Loss on impairment of properties for sale	179,710	43,353	145,863	9,291
Loss on impairment of other assets (reversal)	54,702	(115,430)	46,386	51,788
Increase in other reserves	415,134	1,446,472	313,309	1,148,517
Interest income, net	(42,751,418)	(38,174,241)	(27,717,029)	(24,389,694)
Interest received	53,689,274	54,863,428	38,083,124	40,007,210
Interest paid	(16,292,712)	(15,954,331)	(14,844,784)	(14,757,985)
Dividend income	(164,528)	(107,445)	(864,428)	(3,307,815)
Dividends received	164,555	107,445	164,239	105,076
Decrease in other accrued expenses	(2,804,340)	(215,584)	(523,725)	(1,371,503)
Income tax paid	(1,545,905)	(2,723,294)	(1,122,454)	(1,057,319)
Income from operations before changes in				
operating assets and liabilities	31,072,772	26,464,524	19,630,317	13,243,589
(Increase) decrease in operating assets				
Interbank and money market items	(81,837,146)	(35,605,076)	(81,838,269)	(36,615,268)
Financial assets measured at fair value through profit or loss	(136,003)	-	(133,115)	-
Current investments - securities for trading	-	(775,740)	-	(776,796)
Loans to customers	(63,068,052)	(85,225,081)	(51,396,190)	(80,243,270)
Properties for sale	11,274,490	7,371,793	10,177,609	6,249,100
Other assets	(1,080,744)	(4,403,848)	(76,458)	(1,418,324)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	128,609,774	74,510,434	129,653,586	72,078,556
Interbank and money market items	18,274,446	8,528,565	4,404,533	8,221,000
Liability payable on demand	1,220,665	2,029,160	1,220,474	2,028,978
Other liabilities	(4,672,632)	(500,909)	(3,843,813)	(830,531)
Net cash from operating activities	<u>39,657,570</u>	<u>(7,606,178)</u>	<u>27,798,674</u>	<u>(18,062,966)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	71,463,665	23,865,047	71,463,665	23,865,047
Cash paid for purchases of investments in securities	(101,080,040)	(30,340,261)	(95,418,060)	(30,238,088)
Cash received from sales of investment in subsidiaries	-	8,027,466	-	8,027,466
Cash paid for investment in subsidiaries	-	-	(1,212,600)	(1,100,000)
Dividend received from subsidiaries	-	-	700,215	3,202,739
Proceeds from sales of premises and equipment	80,562	47,177	12,379	1,364
Cash paid for purchases of premises and equipment	(775,126)	(369,090)	(615,671)	(168,697)
Cash paid for purchases of other assets	(599,388)	(709,601)	(417,955)	(563,749)
Net cash from investing activities	<u>(30,910,327)</u>	<u>520,738</u>	<u>(25,488,027)</u>	<u>3,026,082</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	28,631,242	36,044,694	7,124,650	33,927,700
Cash paid for repayment of debts issued and borrowings	(37,003,384)	(28,136,980)	(10,164,331)	(19,000,164)
Cash paid for repayment of liabilities under finance lease agreements	(681,812)	(84,923)	(549,940)	(78,137)
Dividend payment	(3,310,093)	(3,445,287)	(3,310,093)	(3,310,093)
Net cash from financing activities	<u>(12,364,047)</u>	<u>4,377,504</u>	<u>(6,899,714)</u>	<u>11,539,306</u>
Total	<u>(3,616,804)</u>	<u>(2,707,936)</u>	<u>(4,589,067)</u>	<u>(3,497,578)</u>
Effect arising from translating the financial statements of a foreign operations	212,902	(360,006)	-	-
Effect of exchange rate change on cash	<u>67,776</u>	<u>(46,009)</u>	<u>67,776</u>	<u>(46,009)</u>
Net decrease in cash and cash equivalents	<u>(3,336,126)</u>	<u>(3,113,951)</u>	<u>(4,521,291)</u>	<u>(3,543,587)</u>
Cash and cash equivalents as at January 1,	<u>39,570,369</u>	<u>40,370,459</u>	<u>32,784,600</u>	<u>33,467,518</u>
Cash and cash equivalents as at June 30,	<u>36,234,243</u>	<u>37,256,508</u>	<u>28,263,309</u>	<u>29,923,931</u>

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
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020

NOTE	CONTENT	PAGE
1.	General information	1
2.	Basis for preparation of the consolidated and the Bank's financial statements	4
3.	Adoption of new and revised Thai Financial Reporting Standards	6
4.	Significant accounting policies	13
5.	Risk management	36
6.	Estimates and assumptions	49
7.	Additional information	
7.1	Additional information of cash flows	53
7.2	Classification of financial assets and financial liabilities	54
7.3	Interbank and money market items, net (Asset)	56
7.4	Financial assets measured at fair value through profit or loss	56
7.5	Derivatives	57
7.6	Investments, net	60
7.7	Investments in subsidiaries and joint ventures, net	62
7.8	Loans to customers and accrued interest receivables, net	66
7.9	Allowance for expected credit loss	71
7.10	Properties for sale, net	74
7.11	Premises and equipment, net	75
7.12	Goodwill and other intangible assets, net	78
7.13	Deferred tax	80
7.14	Other assets, net	81
7.15	Deposits	82
7.16	Interbank and money market items (Liability)	83
7.17	Debt issued and borrowings	83
7.18	Provisions	84
7.19	Other liabilities	87
7.20	Advances received from electronic transactions	87
7.21	Net offsetting financial assets and financial liabilities	88
7.22	Fair value of financial assets and financial liabilities	89
7.23	Share capital	96
7.24	Assets with obligations and restrictions	96
7.25	Contingencies	97
7.26	Related party transactions	98
7.27	Management compensation	110
7.28	Lease liabilities	111
7.29	Operating segments	111
7.30	Position and results of operations classified by domestic and foreign business	113
7.31	Interest income	117
7.32	Interest expenses	118
7.33	Fees and service income, net	119
7.34	Gains on financial instruments measured at fair value through profit or loss	120
7.35	Gains (Losses) on investments, net	121
7.36	Expected credit loss	122
7.37	Income tax expenses	123
7.38	Income tax relating to components of other comprehensive income	124
7.39	Event after the reporting period	125

NOTE	CONTENT	PAGE
7.40	The relief measures to alleviate the impact of COVID-19 outbreak on households and businesses announced by Bank of Thailand (BOT)	126
7.41	Approval of financial statements	127

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020

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 June 30, 2020 and December 31, 2019, the Bank has 22 subsidiaries and joint ventures and 21 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, Patumwan 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 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 Krungsri Non-Deposit Taking Microfinance Institution Co.,Ltd., which is owned by Krungsri Leasing Services Company Limited of 99.99%, the Bank's subsidiary, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 7, 2020, and is located at 197, Unit 12, Kamphengmeung Road, Phonethan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is non-deposit taking microfinance.
- 1.17 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.
- 1.18 Hattha Services Company Limited which is 99.99% owned by Hattha Kaksekar Limited, the Bank's subsidiary, 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.
- 1.19 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.

- 1.20 Tesco Lotus Money Services Limited which is 49.99% 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 joint venture's main business is credit cards and personal loans.
- 1.21 Tesco Life Assurance Broker Limited which is 99.99% owned by Tesco Lotus Money Services Limited, the Bank's joint venture, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The joint venture's main business is as a life insurance broker.
- 1.22 Tesco General Insurance Broker Limited which is 99.99% owned by Tesco Lotus Money Services Limited, the Bank's joint venture, was incorporated in Thailand on March 2, 2007, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The joint venture'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") and the Bank of Thailand ("BOT")'s requirement, where the form of financial statements is based on Thai Accounting Standard No. 1 "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with BOT Notification Sor.Nor.Sor. 21/2561 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of a Financial Group dated October 31, 2018.

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

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

The Bank prepares its 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.

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 June 30, 2020	December 31, 2019
Ayudhya Development Leasing Company Limited	Hire-purchase and Leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Thailand	100.00	100.00
Total Service Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	99.84	99.84
Krungsri Nimble Company Limited	Factoring and information technology services	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited ⁽¹⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽¹⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture Capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited ⁽²⁾	Hire-purchase, leasing and sales finance	Lao PDR	100.00	100.00
Krungsri Non-Deposit Taking Microfinance Institution Co., Ltd ⁽³⁾	Micro finance	Lao PDR	99.99	-
Hattha Kaksekar Limited	Micro finance	Cambodia	100.00	100.00
Hattha Services Company Limited ⁽⁴⁾	Lease real estate	Cambodia	100.00	100.00

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

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

⁽³⁾ Indirectly holding via Krungsri Leasing Services Company Limited of 99.99% which invested on April 20, 2020.

⁽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

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

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

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Group of Financial Instruments Standards introduce new requirements for:

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

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

1) Classification and measurement of financial instruments:

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

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

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

2) Impairment:

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

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

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

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

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS								Unit: Million Baht
	Previous Category	Carrying amounts December 31, 2019 As previously reported	Reclassifi- cation	ECL	Remeasurement Fair valuation	Others	Carrying amounts January 1, 2020	Category January 1, 2020
ASSETS								
Cash	Cost	33,830	-	-	-	-	33,830	Amortised Cost
Interbank and money market items, net	Cost less impairment	331,431	-	114	-	-	331,545	Amortised Cost
Claim on security	-	9,612	-	-	-	(9,612)	-	-
Derivatives assets	FVTPL and accrual basis	21,841	-	-	29	-	21,870	FVTPL, accrual basis and hedging
Financial assets measured at fair value through profit or loss	-	-	2,843	-	(172)	-	2,671	FVTPL
Investments, net	Trading, AFS, HTM and GI	118,340	(3,042)	-	395	-	115,693	Amortised Cost and FVOCI
Investments in subsidiaries and joint ventures, net	-	11,952	-	-	-	(55)	11,897	-
Loans to customers and accrued interest receivables, net	Cost less impairment	1,754,976	(524)	(246)	(2,527)	-	1,751,679	Amortised Cost
Customers liabilities under acceptance	-	299	-	-	-	(299)	-	-
Deferred tax assets	-	4,479	-	-	-	200	4,679	-
Other assets, net	Cost less impairment	23,398	(1)	-	2,527	(1)	25,923	Amortised Cost
LIABILITIES								
Deposits	Cost	1,566,885	-	-	-	-	1,566,885	Amortised Cost
Interbank and money market items	Cost	252,121	-	-	-	-	252,121	Amortised Cost
Liability payable on demand	Cost	3,802	-	-	-	-	3,802	Amortised Cost
Liability to deliver security	-	9,612	-	-	-	(9,612)	-	-
Derivatives liabilities	FVTPL and accrual basis	23,326	-	-	28	-	23,354	FVTPL, accrual basis and hedging
Debt issued and borrowings	Cost	175,667	-	-	-	-	175,667	Amortised Cost
Bank's liability under acceptance	-	299	-	-	-	(299)	-	-
Provisions	-	9,717	-	2,670	-	-	12,387	-
Deferred tax liabilities	-	1,823	-	-	-	(330)	1,493	-
Other liabilities	Cost	44,223	(724)	-	-	(3)	43,496	Amortised Cost
EQUITY								
Other reserves	-	4,312	-	15	224	(48)	4,503	-
Unappropriated retained earnings	-	133,171	-	(2,817)	-	525	130,879	-

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							Category January 1, 2020
	Previous	Carrying amounts	Reclassifi	Remeasurement			Carrying	
	Category	December 31,	-cation	ECL	Fair	Others	amounts	
		2019			valuation		January 1,	
		As previously reported					2020	
ASSETS								
Cash	Cost	32,785	-	-	-	-	32,785	Amortised Cost
Interbank and money market items, net	Cost less impairment	325,690	-	111	-	-	325,801	Amortised Cost
Claim on security	-	9,612	-	-	-	(9,612)	-	-
Derivatives assets	FVTPL and accrual basis	21,896	-	-	29	-	21,925	FVTPL, accrual basis and hedging
Financial assets measured at fair value through profit or loss	-	-	2,840	-	(172)	-	2,668	FVTPL
Investments, net	Trading, AFS, HTM and GI	117,908	(3,039)	-	370	-	115,239	Amortised Cost and FVOCI
Loans to customers and accrued interest receivables, net	Cost less impairment	1,612,854	200	(142)	(2,305)	-	1,610,607	Amortised Cost
Customers liabilities under acceptance	-	299	-	-	-	(299)	-	-
Other assets, net	Cost less impairment	20,056	(1)	-	2,305	-	22,360	Amortised Cost
LIABILITIES								
Deposits	Cost	1,558,780	-	-	-	-	1,558,780	Amortised Cost
Interbank and money market items	Cost	252,077	-	-	-	-	252,077	Amortised Cost
Liability payable on demand	Cost	3,802	-	-	-	-	3,802	Amortised Cost
Liability to deliver security	-	9,612	-	-	-	(9,612)	-	-
Derivatives liabilities	FVTPL and accrual basis	23,325	-	-	38	-	23,363	FVTPL, accrual basis and hedging
Debt issued and borrowings	Cost	139,004	-	-	-	-	139,004	Amortised Cost
Bank's liability under acceptance	-	299	-	-	-	(299)	-	-
Provisions	-	8,165	-	1,845	-	-	10,010	-
Deferred tax liabilities	-	803	-	-	-	(336)	467	-
Other liabilities	Cost	27,149	-	-	-	(2)	27,147	Amortised Cost
EQUITY								
Other reserves	-	5,326	-	15	199	(42)	5,498	-
Unappropriated retained earnings	-	73,076	-	(1,891)	(10)	380	71,555	-

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

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

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

Thai Financial Reporting Standard No. 16 “Leases”

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

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

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

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

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

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

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

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

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

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

The Federation of Accounting Professions has announced 2 Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, with the following details :

- 1) Accounting Treatment Guidance “The temporary relief measures for entities supporting their debtors who are effected from the situations that affected Thailand’s economy”

This Accounting Treatment Guidance is intended to be temporary that provides assistance to debtors who are effected by the situations that affected the Thailand’s economy by providing assistance to the debtor during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance with such changes.

The Bank and subsidiaries have adopted such Accounting Treatment Guidance in the preparation of the interim financial statements for the three-month and six-month periods ended June 30, 2020.

In this regard, the application of Accounting Treatment Guidance is disclosed in the note 7.40 The relief measures to alleviate the impact of COVID-19 outbreak on households and businesses announced by Bank of Thailand (BOT).

- 2) Accounting Treatment Guidance “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This Accounting Treatment Guidance provides an alternative for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Due to the preparation of financial statements during the period of high uncertainty at the end of the during COVID-19 situation, may result in the management of the Bank using the critical judgment in the estimation or the measurement and recognition of accounting transactions. The objective of this Accounting Treatment Guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The Bank can apply this Accounting Treatment Guidance for the preparation of financial statements with the reporting period from January 1, 2020 to December 31, 2020.

The Bank and subsidiaries have not adopted such Accounting Treatment Guidance in the preparation of the interim financial statements for the three-month and six-month periods ended June 30, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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. 21/2561 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated October 31, 2018.

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.

4.2 Financial Assets

Classification and measurement

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

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

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

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

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

1. Debt instruments

1.1 Debt instruments at amortised cost

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

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

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

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

1.2 Debt instruments at FVOCI

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

Subsequent to initial recognition, debt instruments at FVOCI are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, interest income and foreign exchange gains or losses are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income is calculated using the effective interest method. Except investments in unit trust of fixed income which are recorded as investment designated at fair value through other comprehensive income, the cumulative gain or loss previously recognised in other comprehensive income is not be reclassified subsequently to profit or loss according to BOT’s notification Sor.Nor.Sor. 6/2563 regarding the investment in unit trust of fixed income fund for enhance the liquidity of the money market dated March 25, 2020.

1.3 Debt instruments at FVTPL

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

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

2. Equity instruments

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

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

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

Reclassifications

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

Modification and derecognition of financial assets

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

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

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

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

Offsetting

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

4.3 Derivatives

Since January 1, 2020, The Bank and its subsidiaries enter into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk.

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

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

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

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

For derivatives embedded in financial liabilities and non-financial host contracts, embedded derivatives will be separated from the host contract and accounted for as derivatives when the following conditions are met:

1. the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract
2. a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
3. the hybrid instrument is not measured at fair value with changes in fair value recognised in profit and loss

If embedded derivatives are separated, the host contract will be accounted for according to the appropriate Standard. The embedded derivative will be recognised at fair value on the statement of financial position with changes to fair value being recognised in profit and loss.

If embedded derivatives are required to be separated but the fair value of the embedded derivative cannot be determined either at acquisition or at a subsequent financial reporting date, the entire hybrid contract will have to be recognised at fair value through profit and loss.

Prior to January 1, 2020, the Bank and its subsidiaries have recognized derivatives transactions as follows:

- 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.
- 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.

4.4 Hedge accounting

General hedge

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

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

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank and its subsidiaries actually hedge and the quantity of the hedging instrument that the Bank and its subsidiaries actually use to hedge that quantity of hedged item.

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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

Hedges of net investments in foreign operations

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

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

Derivatives that do not qualify for hedge accounting

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

Dynamic risk management

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

4.5 Investments

Since January 1, 2020, investments consist of:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income
- 3) Equity instruments designated at fair value through other comprehensive income

Investments in debt instruments and equity instruments have been initially recognized on the settlement date and trade date, respectively.

Prior to January 1, 2020, 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. 21/2561 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of Financial Group dated October 31, 2018, 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. 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 period 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.

4.6 Loans to customers

Since January 1, 2020, loan to customers are initially recognised at fair value, plus transaction fees and costs and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit loss, which are presented as 'Loans to customers and accrued interest receivables, net.'

Overdrafts are stated at the drawn amounts including interest.

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

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

Prior to January 1, 2020, 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.

4.7 Allowance for expected credit loss

Since January 1, 2020, the Bank and its subsidiaries recognise a loss allowance for expected credit loss ("ECL") on financial assets measured at amortised cost or measured at fair value through other comprehensive income. No impairment loss is recognised on equity instruments measured at fair value through other comprehensive income.

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

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

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

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

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

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

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

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

Credit-impaired financial assets

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

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

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

Definition of default

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

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

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

Significant increase in credit risk

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

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

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

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

Purchased or originated credit-impaired financial assets

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

Write-off

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

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

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

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

Prior to January 1, 2020, 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.

4.8 Troubled debt restructuring

Since January 1, 2020, a trouble debt restructuring ("TDR") is a loan that has been modified in response to a customer who are temporarily in financial distress and are unable to meet their original contractual repayment terms. TDR can be initiated by the client, the Bank or a third party including government sponsored programmes. TDR may include the reduction of principal and accrued interest and other forms such as modifications of terms, asset transfers, equity securities transfers, and etc or any other criteria as specified by the Bank of Thailand. TDR loan that has been modified, and not derecognised, on terms that are not consistent with those readily available in the market or the conditions specify by BOT are considered credit impaired if there is a detrimental impact on cash flows. TDR loan is subjected to modification gain or loss calculation. The amount of modification gain or loss arises from the difference between the gross carrying amount before modification and the present value of the expected future cash flow discounted by the original effective interest rate. The modification gain or loss is recognized in the statement of profit or loss and other comprehensive income with a corresponding increase or decrease in gross carrying value of the asset.

Prior to January 1, 2020, 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.

4.9 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 6.4. 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.

4.10 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.

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.

4.11 Lease

Short-term leases and leases of low-value assets

Since January 1, 2020, the Bank and its subsidiaries assess whether a contract is or contains a lease, at inception of the contract. The Bank and its subsidiaries recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with the underlying asset value not exceed Baht 150,000). For these leases, the Bank and its subsidiaries recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use asset

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

The right-of-use asset is presented in premises and equipment, net in the statement of financial position.

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

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

Lease liability

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

Lease liability is presented in other liabilities in the statement of financial position. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

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

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

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

Prior to 1 January 2020, 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.

4.12 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.

4.13 Financial Liabilities

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

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

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

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

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

4.14 Recognition of income

Since January 1, 2020, interest income for all financial instruments except for those measured or designated as at FVTPL are recognised as interest income in profit or loss using the effective interest method.

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

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

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

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

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

Since January 1, 2020 fee and service income other than those that are an integral part of EIR, is recognised based on contracts with customers in the amount of consideration that the Bank and its subsidiaries expected to receive upon service providing. The timing of recognition depends on whether the Bank and its subsidiaries satisfy a performance obligation by providing services to a customer over time or at a point in time.

Prior to January 1, 2020, 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.

4.15 Recognition of expenses

Since January 1, 2020, interest expenses are recognised by using the effective interest method.

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

Other expenses are recognised on an accrual basis.

Prior to January 1, 2020, the Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

4.16 Employee benefits

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

4.16.1 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.

4.16.2 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.

4.16.3 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.

4.16.4 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.

4.17 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.

4.18 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.

4.19 Taxation

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

4.19.1 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.

4.19.2 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.

4.20 Earnings per share

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

4.21 Foreign currency transactions

4.21.1 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.

4.21.2 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.

4.22 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.

5. RISK MANAGEMENT

5.1 Market Risk

1) Objective and Market Risk Management Policy

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.

The Bank places great importance on effective market risk management and controls by establishing market risk management policy. We control market risk under the risk appetite approved by the Board of Directors (BOD). It also reviews risk limits to ensure it is commensurate with the scope, volume and complexity of its transactions and the changing businesses and market situations. In addition, the Bank has the Internal Capital Adequacy Assessment Process (ICAAP). Under this framework the Bank assesses all material risks in order to develop comprehensive risk management guidelines, and maintain an appropriate level of capital for both normal and stressed business conditions. This is to achieve sustainable growth and returns for shareholders.

2) Organization and Structure

The BOD has delegated to management through the Risk Management Committee (RMC) and the Asset and Liability Management Committee (ALCO) the authority to manage and control market risk in a manner consistent with policy. The ALCO establishes guidelines for appropriate management of assets, liabilities, and off-balance sheet items. The organizational structure clearly segregates the duties and responsibilities of the units responsible for transaction execution, operations, and risk management to avoid conflicts of interest.

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 executes strategic risk options for more effective market risk management under risk limits approved by the Board.

3) Market Risk Management Framework

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 Benchmark Transition Project for LIBOR Discontinuation etc.

To effectively control market risk, the Bank classified the market risk exposures into two main portfolios based on the nature and purpose of a transaction, namely trading book and banking book

- **A trading book** consists of positions in financial instruments held either for trading or hedging other elements of the trading book.
- **A banking book** consists of positions in financial instruments or other transactions not intended for trading, or financial instruments meant to be held for a long period or until reaching maturity.

Market Risk Factors and Risk Management

The Bank's transactions are exposed to interest rate risk, foreign exchange risk, and equity price risk, all of which may affect income and/or shareholders' equity.

Interest Rate Risk refers to the risk arising from changes in interest rates that cause the loss or 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 and frequency.

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 (VaR) tool is employed for the trading book position to estimate the Bank's potential maximum loss.

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 BOD 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.

Equity 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 VaR Method to manage the equity price risk.

Measurements of Market Risk in Trading Book

Market Risk Exposures in Trading Book as at 30 June 2020

Financial Business Group: Value-at-Risk (VaR)

Financial Business Group: VaR (Trading book) as at 30 June 2020

Unit : Million Baht	
	VaR*
Overall	295
Interest rate risk	99
Foreign currency risk	280
Equity risk	0

Remark: *Confident level 99% Holding period 10 Days

The Bank: Sensitivity Analysis

Bank's Sensitivity analysis (Trading book) as at 30 June 2020

Unit : Million Baht	
	Estimated profit (loss)
Interest Rate	
1: Parallel shift in yield curve 100 bps	(208.3)
2: Non-parallel shift in yield curve:	
• For tenor within 1 year, no change in interest rate. For tenor over 1 year, interest rate increase 50 bps	(124.1)
FX	
3: USD/THB exchange rate increase 1%	32.7
Equity	
4: All equities price decrease for 10%	0.0

Measurements of Interest Rate Risk in Banking Book

Interest Rate Risk Exposures in Banking Book as at 30 June 2020

Financial Business Group: Net Interest Income Sensitivity
(Earnings Perspective)

Unit : Million Baht

Currency	NII Impact*
THB	(1,358)
Other Foreign Currencies	(515)
Total Impact	(1,873)
% of Total Net Interest Income	(2.40%)

Short-term effect analysis:
assesses the potential impact on net interest income (NII Impact) as earnings perspective.

*The changes in increase interest rates of 100 bps.

Financial Business Group: Book Value of Equity Sensitivity
(Economic Value Perspective)

Unit : Million Baht

Currency	BVE Impact*
THB	(8,060)
Other Foreign Currencies	(227)
Total Impact	(8,287)
% of Total Capital Fund	(2.56%)

Long-term effect analysis:
analyzing the sensitivity of the economic value of shareholder equity (BVE Impact) as economic value perspective.

*The changes in increase interest rate of 100 bps.

Financial Business Group: Structure of Assets and Liabilities based on Next Repricing
as at 30 June 2020

Unit: Million Baht

	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	Over 5 Years	NPL	Non- Interest bearing	Total
Financial assets							
Interbank and money market items - net	337,765	2,718	4,401	-	-	73,454	418,338
Investments - net	29,839	30,087	69,092	150	-	15,546	144,714
Loans to customers	874,075	307,395	504,858	54,534	48,014	65,862	1,854,738
Financial liabilities							
Deposits	1,175,899	399,366	81,603	22	-	41,816	1,698,706
Interbank and money market items	216,820	33,188	22,768	146	-	2,820	275,742
Debt issued and borrowings	9,385	29,291	65,655	62,996	-	18	167,345

Financial assets
consist of interbank and money market items, investments, and loans to customers.

Financial liabilities
consist of deposits, interbank and money market items, debt issued, and borrowings.

The Bank: Structure of Assets and Liabilities based on Next Repricing as at 30 June 2020.

Unit: Million Baht						
	0 - 3 Months	More than 3 - 12 Months	More than 1 - 5 Years	Over 5 Years	NPL	Non- Interest bearing Total
Financial assets						
Interbank and money market items - net	334,540	2,489	4,401	-	-	69,887
Investments - net	29,839	30,087	69,092	150	-	9,355
Loans to customers	864,792	278,393	453,351	52,358	39,734	4,483
Financial liabilities						
Deposits	1,177,614	392,306	79,345	-	-	42,380
Interbank and money market items	215,816	31,639	11,396	146	-	2,831
Debt issued and borrowings	1	27,204	48,000	60,810	-	-

Financial assets
consist of interbank and money market items, investments, and loans to customers.

Financial liabilities
consist of deposits, interbank and money market items, debt issued, and borrowings.

5.2 Liquidity Risk

1) Objective and Liquidity Risk Management Policy

Liquidity risk arises from failure to repay debts and contingent liabilities by the due date because of an inability to convert assets into cash; it also relates to failure to obtain sufficient funds or higher-than-expected funding costs, thus adversely affecting income and capital funds.

The Bank controls liquidity risk under the risk appetite approved by the Board of Directors. We place great importance on effective liquidity risk management and controls by establishing liquidity risk management policy and emergency contingency plan. We maintain liquid assets, in compliance with the Bank of Thailand's regulations and emphasize on management of excess liquidity at an acceptable level and controls liquidity risk consistent with the Bank's risk appetite and appropriate operating costs. Bank maintains an excess liquidity cushion at a level commensurate with the economic situation. We seek to ensure that there is adequate cash for both the Bank's and subsidiaries' business operations. Liquidity management utilizes qualitative and quantitative approaches to ensure appropriate risk diversification.

2) Organization and Structure

The Board of Directors delegates the authority to manage and control liquidity risk consistent with the Bank's policies to the relevant committees. The Bank also reviews risk policies and limits to ensure that they are commensurate with changing business and market conditions.

Liquidity risk is overseen by the Risk Management Committee (RMC) and managed by Asset and Liability Management Committee (ALCO). The Bank's organizational structure clearly segregates the responsibilities and duties of the units responsible for executing transactions and risk management to avoid conflicts of interest.

The Market Risk Management Division provides strategic risk management options, while the Global Markets Group analyses the Bank's and competitors' balance sheet management, including our liquidity risk and funding strategic options, and manages daily liquidity positions under risk limits approved by the Board of Directors.

3) Liquidity Risk Management Framework

To ensure the efficiency of the liquidity risk management to generate sufficient liquidity for debt repayment and various obligations upon maturity or being called under normal and extreme circumstances, the Bank has clearly established the liquidity risk management framework to be able to manage and control such risk in accordance with its policy and strategy and maintain such risk within its liquidity risk tolerance approved by the Board of Directors.

Liquidity Risk Factors

The Bank's sources of funds are from short-term deposits which are almost less than one year including non-maturity deposits, while uses of funds for lending have maturity date longer than the deposits. The Bank's liquidity risk factors are from the structure of sources and uses of funds.

Liquidity Risk Measurements

The Bank realizes the importance of adequate measuring tools for the size and complexity of transactions both on- and off-balance sheet. With this in mind, and effective internal risk management, the Bank conducts liquidity gap analysis covering both normal business and crisis situations that may adversely affect the Bank's liquidity position. A manageable level of maturity mismatches of cash flows from assets, liabilities and off-balance sheet shall then be consistently maintained and regularly monitored with liquidity stress testing, together with sufficient liquidity reserves.

We employ liquidity risk measurement tools from maturity mismatches of cash flows from assets, liabilities and off-balance sheet such as cash flow/liquidity projection and liquidity gap analysis by assets, liabilities, and contingent liabilities according to the remaining contractual maturity. In this regard, consideration is given both to normal and crisis situations, and the results are adjusted in accordance with behavioral maturity to align with the actual behavior.

Additionally, the Liquidity Coverage Ratio (LCR) is applied to short-term liquidity management to ensure maintenance of adequate liquid assets, while the Net Stable Funding Ratio (NSFR) is applied to long-term liquidity management to ensure maintenance of stable funding.

To manage and control liquidity risk from Funding Sources & Concentration

The Bank analyses funding concentration to ensure that funding sources are well-diversified by customer type, deposit type, and maturity. To control risks from funding concentration, the Bank has set up a concentration trigger level which defines the maximum funding exposure for the Top 1 and Top 20 of customer groups.

Main Source of Funding & Funding Structure

The Bank's major funding source is customer deposits stimulated by various deposit campaigns and mobile banking services. In addition, the Bank encourages customers to make use of relationship and operational services to boost deposit volume and thus comply with BOT regarding LCR guidelines.

Financial Business Group: Financial Liabilities based on remaining contractual maturity as at 30 June 2020

Unit: Million Baht

Financial Liabilities	Contractual Maturity					Total
	At call	Within 1 Year	Over 1 Year but within 5 years	Over 5 Years	No maturity	
Deposits	745,471	871,407	81,806	22	-	1,698,706
Interbank and Money Market Items	15,697	232,236	23,026	4,783	-	275,742
Liability Payable on Demand	5,005	-	-	-	-	5,005
Derivatives Liabilities	-	11,535	9,737	8,188	-	29,460
Debt Issued and Borrowings	-	36,548	66,993	63,804	-	167,345
Total	766,173	1,151,726	181,562	76,797	-	2,176,258

The Bank: Financial Liabilities based on remaining contractual maturity as at 30 June 2020

Unit: Million Baht

Financial Liabilities	Contractual Maturity					Total
	At call	Within 1 Year	Over 1 Year but within 5 years	Over 5 Years	No maturity	
Deposits	752,083	860,013	79,549	-	-	1,691,645
Interbank and Money Market Items	16,707	228,945	11,396	4,780	-	261,828
Liability Payable on Demand	5,005	-	-	-	-	5,005
Derivatives Liabilities	-	11,535	9,737	8,412	-	29,684
Debt Issued and Borrowings	-	25,042	48,000	62,973	-	136,015
Total	773,795	1,125,535	148,682	76,165	-	2,124,177

4) Maintenance of Liquidity Coverage Ratio (LCR)

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	30 June 2020
Date of disclosure	Within 4 months after the period end date as indicated in the BOT's notification
Location of disclosure	https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/liquidity-coverage-ratio.html

5.3 Credit risk

Credit Risk refers to the possibility of the Bank and its subsidiaries facing a loss caused by a decline or complete loss of asset value (including off-balance assets), resulting from deterioration in a borrower's financial conditions and a subsequent failure to meet financial obligation, or an event of default. Such development could negatively impact both capital and loan loss reserve adequacy.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The Bank's strategy for managing credit risk is developed according to risk appetite of the Bank. To identify clear goals for practitioners, the Bank establishes policies and operational plans for reference in accordance with our strategy - credit policies, credit risk management policies, and credit rating policies etc. Customer risk is managed under the Bank's strategy based on international standards and conforming to the Bank of Thailand's rules and regulations.

The Bank has developed models to support the quantification of the credit risk. These rating and scoring models are in use for all key credit portfolios and form the basis for measuring default risks.

Commercial Credit Risk Management

The commercial credit risk is managed through our internal credit risk management framework that is enhanced continuously to meet international standards. The internal credit rating of are developed and used to assign risk rating for customers at origination or acquisition, are reassessed annually, and are adjusted to changes in credit quality over the life of the exposure through our credit review process. In assessing the risk rating of a loan or lending-related commitment, we consider factors that could potentially impact customer debt capacity including customer earnings and repayment sources, management's ability and track record, and the industry and location of the customer. We acknowledge that each customer is different, and thus the source of information used to evaluate debt repayment capacity must be tailored to each type of customer. Such evaluation and rating assignment would be based on financial statements, also accounting for other quantitative and qualitative factors to reflect business capacity and potential for growth.

The credit risk exposure of Commercial credit portfolio can be shown as follows:

Table of credit risk exposure by credit rating as at 30 June 2020

Risk Rating	Unit : Million Baht		
	ECL Staging		
	Stage 1	Stage 2	Stage 3
Investment Grade	625,857	178	-
Medium Risk	282,614	47,859	1,739
High Risk	-	44	15,196
Gross Carrying Amount	908,471	48,081	16,935
Expected Credit Loss	7,719	5,464	9,265

Table of related collaterals as at 30 June 2020

Unit : Million Baht			
Credit Impaired Asset (stage 3)	GCA	ECL	Collateral Value*
Lage Corporate	7,487	3,458	4,311
Small & Meduim Enterprise	9,448	5,807	5,878

* Value of collateral allocated to on balance sheet and available undrawn item.

Consumer Credit Risk Management

Consumer portfolios are managed at the portfolio or homogeneous-pool level. The consumer credit risk management establishes product program criteria and proposal for approval by the Bank's Board of Directors or delegate authorities. For effective risk control and consistency in credit decisions, the Bank and its subsidiaries leverage risk technology and digitalization in the credit decision process. The credit risk assessment model is developed in accordance with the Bank of Thailand's regulations and international standards.

The credit risk exposure of Consumer credit portfolio can be shown as follows:

Table of credit risk exposure by products as at 30 June 2020

Unit : Million Baht			
Portfolio	ECL Staging		
	Stage 1	Stage 2	Stage 3
Business Banking	28,966	8,866	4,241
Mortgage	243,777	17,356	11,951
P-Loan	12,323	5,226	1,087
Auto Business	369,040	52,196	8,329
Krungsri Consumer	101,841	11,994	5,257
Others*	4,728	1,032	911
Gross Carrying Amount	760,675	96,670	31,776
Expected Credit Loss	18,385	13,727	16,986

* Foreign subsidiaries, Asset management, Securities, Insurance brokers, consolidated elimination etc.

Table of related collaterals as at 30 June 2020

Unit : Million Baht			
Credit Impaired Asset (stage 3)	GCA	ECL	Collateral Value*
Business Banking	4,241	1,784	2,308
Mortgage	11,951	4,806	7,444
P-Loan	1,087	1,051	-
Auto Business	8,329	5,188	-
Krungsri Consumer	5,257	3,399	-
Others**	912	757	n.a.

* Value of collateral allocated to on balance sheet and available undrawn item.

** Foreign subsidiaries, Asset management, Securities, Insurance brokers, consolidated elimination ect.

Measuring Credit Risk

In measuring credit risk of loans and advances at a counterparty level, the Bank considers three components: (i) the “Probability of Default” (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the “Exposure at Default” (EAD); and (iii) the likely recovery ratio on the defaulted obligations or the “Loss Given Default” (LGD). The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimize their effectiveness.

These credit risk measurements are required and served as the foundation to determined expected credit loss (ECL) under TFRS 9.

(i) Probability of Default

The Bank assesses the probability of default of individual counterparties or the collective group of customers that share similar risk characteristic using internal rating tools/scorecard tailored to the various categories of counterparty/portfolio. Such models have been developed internally and combine statistical analysis with risk management judgment. The rating/scoring methods are subject to an annual validation and recalibration so that they reflect the latest projection in the light of all observed defaults.

(ii) Exposure at Default

EAD is based on the amounts expected to be owed at the time of default.

(iii) Loss Given Default

Loss given default represents the Bank and its subsidiaries’ expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

Incorporation of forward-looking information

Where applicable, the Bank and its subsidiaries incorporate forward looking adjustment in credit risk factors in measuring the customer credit risk, considering the impact of multiple probability-weighted future forecast economic scenario. The three macro-economic scenarios are applied to reflect an unbiased probability weighted range of possible future outcomes; namely

- Base Scenario: Representing the most-likely condition that continue to prevail, and
- Upper and Lower Scenario: These scenarios are set in relative to base scenario and provide the outlook of better and worse case economic outlook based on subject matter expert best judgement.

In certain circumstance, where the incorporation of forward looking information cannot be explicitly reflected through the expected credit loss model or economic scenario, the Bank and its subsidiaries may set aside the additional provision based on the supporting rationale and such treatment shall not contradict with the applicable accounting standard and the Bank of Thailand regulations.

Credit Risk Management and Review

We rigorously monitor and review customer and portfolio risk in the following ways:

Reserve Adequacy

The adequacy of reserves is reviewed and approved by the Chief Risk Officer and the Chief Financial Officer. Specific reserves are allocated to portfolios as required, with regular stress tests conducted to ensure that reserves are adequate.

Credit Risk Audit

An independent central unit under the Internal Audit Group of the Bank is responsible for examining and reviewing all credit risk management operations, with scope and plans approved by the Audit Committee and the Board of Directors.

The audit and review scopes cover overall credit risk management, correctness of risk ratings, compliance with credit covenants, and compliance with the Bank's credit policies, along with relevant Bank of Thailand criteria.

Credit Information Monitoring and Management

We regularly report credit risk levels to the Board of Directors, relevant committees, and senior management. Our monthly credit portfolio report includes information on portfolio quality and segment trends by facility, ratings, location, industry, and delinquency. In addition, ad hoc reports are occasionally conducted in response to irregular situations that may affect the Bank's credit portfolio.

Stress Testing

The Bank and its subsidiaries conduct stress tests based on our stress test policy for both commercial and consumer portfolios. Stress tests use past historical trends as well as future macroeconomic projections to determine potential losses and their possible impact on the Bank's capital. Regulator-required stress test results are reported to the Capital Management Subcommittee, the Risk Management Committee, the Risk and Compliance Committee, and the Board. Internal stress test results are conducted periodically and reported to the Capital Management Subcommittee. We have strategies and action plans in place to prevent any adverse effects.

Subsidiary Management

Our subsidiaries maintain independent risk organizations headed by senior risk executives. The Bank's Chief Risk Officer supervises subsidiary risk management activities. These subsidiary risk management units must comply with our overall risk management strategy, ensure sufficient capacity with the required risk-related infrastructure, and comply with our risk appetite objectives and reporting requirements.

Non-Performing Loan Management

Non-Performing loans (NPLs) are managed by a dedicated unit of specialists experienced in handling past-due accounts. The unit manage all high-volume loans and determine the best approaches to optimize payment from customers so as to improve asset quality, minimize losses and maximize recovery. Such unit also conduct NPL sales based on guidance and approval from the Board of Directors.

5.4 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 June 30, 2020 and December 31, 2019, the Consolidated Supervision and the Bank's total capital funds and capital adequacy ratios can be categorized as follows:

Unit: Million Baht				
Basel III				
Consolidated Supervision				
	June 30,	December 31,		
	2020	2019		
Tier 1 capital				
Common Equity Tier 1 capital				
Issued and paid-up share capital	73,558	73,558		
Premium on share capital	52,879	52,879		
Legal reserve	6,871	6,871		
Cumulative profit after appropriation	130,564	121,496		
Other reserves				
Other comprehensive income	9,233	9,429		
Other items from owner changes	(5,218)	(5,218)		
Deduction items from Common Equity Tier 1 capital	(29,819)	(26,038)		
Total Common Equity Tier 1 capital	238,068	232,977		
Additional Tier 1 capital				
Non-Controlling interest	3,961	3,762		
Total Tier 1 capital	242,029	236,739		
Tier 2 capital				
Subordinated debentures	60,811	60,811		
General provision	19,809	19,458		
Non-Controlling interest	882	863		
Total Tier 2 capital	81,502	81,132		
Total capital fund	323,531	317,871		
Capital adequacy ratio (%)				
	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	June 30,	December 31,	June 30,	December 31,
	2020	2019	2020	2019
Total Common Equity Tier 1 capital /				
Total risk weighted assets	8.00	7.50	13.01	13.05
Total Tier 1 capital / Total risk weighted assets	9.50	9.00	13.23	13.26
Total capital / Total risk weighted assets	12.00	11.50	17.68	17.81
Capital after deducting capital add-on arising				
from Single Lending Limit (Million Baht)			323,531	317,871
Capital ratio after deducting capital add-on				
per risk weighted assets			17.68	17.81

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

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

Unit: Million Baht		
Basel III		
The Bank		
	June 30, 2020	December 31, 2019
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	6,871	6,871
Cumulative profit after appropriation	69,766	66,056
Other reserves		
Other comprehensive income	10,157	10,544
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(15,292)	(13,018)
Total Common Equity Tier 1 capital	192,721	191,672
Additional Tier 1 capital	-	-
Total Tier 1 capital	192,721	191,672
Tier 2 capital		
Subordinated debentures	60,811	60,811
General provision	18,381	14,526
Total Tier 2 capital	79,192	75,337
Total capital fund	271,913	267,009

Capital adequacy ratio (%)

	BOT regulatory Minimum requirement*		Basel III The Bank	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Total Common Equity Tier 1 capital /				
Total risk weighted assets	8.00	7.50	11.77	11.89
Total Tier 1 capital / Total risk weighted assets	9.50	9.00	11.77	11.89
Total capital / Total risk weighted assets	12.00	11.50	16.61	16.56
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			271,913	267,009
Capital ratio after deducting capital add-on per risk weighted assets			16.61	16.56

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

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

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

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

The disclosure as at June 30, 2020 will be provided on or before October 31, 2020 on the above Bank’s website as indicated in the BOT’s notification.

6. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles require 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:

6.1 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.

6.2 Allowance for expected credit loss

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

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

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

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

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

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

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

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

Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Bank and its subsidiaries uses market-observable data to the extent it is available. Where such Level 1 inputs are not available the Bank and its subsidiaries uses valuation models to determine the fair value of its financial instruments. Refer to Note 7.22 for more details on fair value measurement.

6.3 Allowance for doubtful accounts

Prior to January 1, 2020, 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.

6.4 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.

6.5 Goodwill

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

6.6 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.

6.7 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.

6.8 Provision for contingent liabilities

Since January 1, 2020, the Bank provides a provision for contingent liabilities for loan commitment and financial guarantee according to TFRS 9 applying the same methodology as determining allowance for expected credit losses for financial assets of the same debtor.

Prior to January 1, 2020, 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.

6.9 Significant judgement on classification of joint arrangement

Tesco Lotus Money 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 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.

The Bank holds 50% of ordinary shares of Ngern Tid Lor Company Limited. 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.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions for the six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2020	2019	2020	2019
Decrease in revaluation surplus on investments	(528)	(486)	(498)	(486)
Amortization of premises appraisal surplus transferred to retained earnings	(180)	(101)	(180)	(101)
Properties for sale debt repayment	11,064	6,818	10,136	5,840
Properties and premises transferred to be properties for sale	5	41	5	41

7.1.2 Changes in liabilities arising from financing activity for the six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30	
	2020	2019	2020	2019
Beginning balance	176,410	156,547	139,593	116,694
Effect from first time adoption of TFRS 16	2,364	-	2,707	-
Financing cash flows	(9,054)	4,378	(3,590)	11,539
Addition in the period	813	-	654	-
Other non-cash items	(2)	(4)	4	1
Ending balance	<u>170,531</u>	<u>160,921</u>	<u>139,368</u>	<u>128,234</u>

7.1.3 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.

7.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at June 30, 2020 consists of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2020					
	Financial instruments measured at fair value through profit or loss	Financial instrument measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instrument measured at amortised cost	Accrual basis for derivatives asset and derivatives liabilities	Total
Financial assets						
Cash	-	-	-	29,212	-	29,212
Interbank and money market items, net	-	-	-	418,338	-	418,338
Financial assets measured at fair value through profit or loss	2,807	-	-	-	-	2,807
Derivative assets	27,093	-	-	-	760	27,853
Investments, net	-	128,668	6,677	9,369	-	144,714
Loans to customers and accrued interest receivables, net	-	-	-	1,791,063	-	1,791,063
Others	2	354	-	2,936	-	3,292
Total	29,902	129,022	6,677	2,250,918	760	2,417,279
Financial liabilities						
Deposits	-	-	-	1,698,706	-	1,698,706
Interbank and money market items	-	-	-	275,742	-	275,742
Liability payable on demand	-	-	-	5,005	-	5,005
Derivative liabilities	26,696	-	-	-	2,764	29,460
Debt issued and borrowings	-	-	-	167,345	-	167,345
Provisions	-	-	-	3,230	-	3,230
Others	-	-	-	4,728	-	4,728
Total	26,696	-	-	2,154,756	2,764	2,184,216

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2020					
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investment in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Accrual basis for derivatives asset and liabilities	Total
Financial assets						
Cash	-	-	-	28,263	-	28,263
Interbank and money market items, net	-	-	-	411,317	-	411,317
Financial assets measured at fair value through profit or loss	2,801	-	-	-	-	2,801
Derivative assets	27,376	-	-	-	757	28,133
Investments, net	-	123,579	5,575	9,369	-	138,523
Loans to customers and accrued interest receivables, net	-	-	-	1,643,494	-	1,643,494
Others	2	354	-	2,237	-	2,593
Total	30,179	123,933	5,575	2,094,680	757	2,255,124
Financial liabilities						
Deposits	-	-	-	1,691,645	-	1,691,645
Interbank and money market items	-	-	-	261,828	-	261,828
Liability payable on demand	-	-	-	5,005	-	5,005
Derivative liabilities	26,920	-	-	-	2,764	29,684
Debt issued and borrowings	-	-	-	136,015	-	136,015
Provisions	-	-	-	2,387	-	2,387
Others	-	-	-	4,292	-	4,292
Total	26,920	-	-	2,101,172	2,764	2,130,856

7.3 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Domestic items				
Bank of Thailand and Financial Institution Development Fund	285,387	214,675	285,387	214,675
Commercial banks	40,351	21,591	39,220	20,026
Specialized financial institutions	19,378	12,032	19,378	12,032
Other financial institutions	24,966	25,620	24,964	25,615
Total	370,082	273,918	368,949	272,348
<u>Add</u> Accrued and undue interest receivables /				
Accrued interest receivables	37	61	37	61
<u>Less</u> Allowance for expected credit loss /				
Allowance for doubtful accounts	(218)	(331)	(218)	(331)
Total domestic items	369,901	273,648	368,768	272,078
Foreign items				
US Dollar	28,814	28,813	24,484	26,480
Yen	12,005	20,739	12,005	20,739
Euro	1,954	2,865	1,954	2,865
Other currencies	5,698	5,364	4,138	3,528
Total	48,471	57,781	42,581	53,612
<u>Add</u> Accrued and undue interest receivables /				
Accrued interest receivables	1	2	-	-
<u>Less</u> Allowance for expected credit loss /				
Allowance for doubtful accounts	(35)	-	(32)	-
Total foreign items	48,437	57,783	42,549	53,612
Total domestic and foreign items	418,338	331,431	411,317	325,690

7.4 Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss as at June 30, 2020 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020 Fair Value	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS June 30, 2020 Fair Value
Trading financial assets		
Government and state enterprise securities	2,801	2,801
Domestic marketable equity securities	6	-
Total	2,807	2,801

7.5 Derivatives

7.5.1 Derivatives - Trading

Fair value and the notional amount classified by type of risk as at June 30, 2020 are as follows:

Risk type	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2020			June 30, 2020		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	12,640	11,450	944,162	12,640	11,450	943,235
Interest rate	14,396	14,014	684,798	14,679	14,238	690,965
Other	-	-	6	-	-	-
Total	<u>27,036</u>	<u>25,464</u>	<u>1,628,966</u>	<u>27,319</u>	<u>25,688</u>	<u>1,634,200</u>

7.5.2 Derivatives - Hedging

7.5.2.1 Cash flow hedge

Fair value and the notional amount classified by type of risk as at June 30, 2020 are as follows:

Risk type	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2020			June 30, 2020		
	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	57	1,232	19,209	57	1,232	19,209
Interest rate	-	-	-	-	-	-
Total	<u>57</u>	<u>1,232</u>	<u>19,209</u>	<u>57</u>	<u>1,232</u>	<u>19,209</u>

The tables below summarise the derivatives designated as hedging instruments in qualifying cash flow hedge relationships as at June 30, 2020.

Cash flow hedges	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2020			For the six-month period ended June 30, 2020			
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognised in profit or loss	Line items in profit or loss that include hedge ineffectiveness
		Assets	Liabilities				
Foreign exchange risk - Cross Currency Interest Rate Swap	5,445	-	901	Derivative liabilities	359	25	Gain (loss) on financial instrument measured at FVTPL
Foreign exchange and Interest rate risk - Cross Currency Interest Rate Swap	12,665	57	327	Derivative assets / liabilities	23	4	Gain (loss) on financial instrument measured at FVTPL

The amounts relating to items designated as hedged items in qualifying cash flow hedge relationships to manage the exposure of the Bank and subsidiaries to interest rate and foreign currency risk for the six-month period ended June 30, 2020 were as follows:

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					Unit: Million Baht
For the six-month period ended June 30, 2020					
Cash flow hedges	Line item in the statement of financial position in which the hedged item is included	Changes in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	
Foreign exchange risk					
- Aggregated exposure of Borrowings and Foreign exchange swaps	Interbank and money market items (Liabilities)	(335)	335	-	
Foreign exchange and Interest rate risk					
- Debt issued and borrowings	Interbank and money market items (Liabilities)/Debt issued and borrowings	(19)	19	-	

The table below summarises the amounts that have affected the statement of comprehensive income as a result of applying cash flow hedge accounting for the six-month period ended June 30, 2020.

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						Unit: Million Baht
For the six-month period ended June 30, 2020						
Cash flow hedges	Change in the value of the hedging instrument recognised in cash flow hedge reserve	Change in the value of the hedging instrument recognised in cost of hedging reserve	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Cost of hedging amortised to profit or loss	Line item affected in profit or loss because of the reclassification
Foreign exchange risk	335	-	25	(176)	-	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense
Foreign exchange risk / Cross Currency Interest rate swap	19	-	4	(290)	-	1. Gain (loss) on financial instrument measured at FVTPL 2. Interest expense

The following table shows a reconciliation of the separate components of equity that relate to the Group's cash flow hedge relationships for the six-month period ended June 30, 2020.

	Unit: Million Baht
	CONSOLIDATED AND THE BANK'S
	FINANCIAL STATEMENTS
Cash flow hedges	Cash flow hedge reserve
Balance as at January 1, 2020	-
Cash flow hedge of Foreign exchange risk / Cross Currency Interest rate swap	-
Effective portion of changes in fair value of cross currency interest rate swaps	354
Amounts recycled from reserves to profit or loss	(466)
Income tax related to amounts transferred	23
Balance as at June 30, 2020	<u>(89)</u>

7.5.2.2 Dynamic risk hedge

Readjustment based on an accrual basis and the notional amount classified by type of risk as at June 30, 2020 are as follows:

	Unit: Million Baht		
	CONSOLIDATED FINANCIAL		
	STATEMENTS		
	June 30, 2020		
Risk type	Readjustment based on an accrual basis		Notional
	Assets	Liabilities	Amount
Exchange rate	760	2,764	170,735
Interest rate	-	-	-
Total	<u>760</u>	<u>2,764</u>	<u>170,735</u>

	Unit: Million Baht		
	THE BANK'S FINANCIAL		
	STATEMENTS		
	June 30, 2020		
Risk type	Readjustment based on an accrual basis		Notional
	Assets	Liabilities	Amount
Exchange rate	757	2,764	168,264
Interest rate	-	-	-
Total	<u>757</u>	<u>2,764</u>	<u>168,264</u>

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

	Unit: Million Baht		
	CONSOLIDATED FINANCIAL		
	STATEMENTS		
	December 31, 2019		
Risk type	Fair value /		Notional
	Readjustment based on an accrual basis		Amount
	Assets	Liabilities	Amount
Exchange rate	13,354	15,602	1,161,424
Interest rate	8,487	7,724	767,349
Total	<u>21,841</u>	<u>23,326</u>	<u>1,928,773</u>

	Unit: Million Baht		
	THE BANK'S FINANCIAL		
	STATEMENTS		
	December 31, 2019		
Risk type	Fair value /		Notional
	Readjustment based on an accrual basis		Amount
	Assets	Liabilities	Amount
Exchange rate	13,354	15,602	1,161,424
Interest rate	8,542	7,723	771,355
Total	<u>21,896</u>	<u>23,325</u>	<u>1,932,779</u>

7.6 Investments, net

Investments, net as at June 30, 2020 and December 31, 2019 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS June 30, 2020	
	Amortised Cost /Fair Value	Dividend	Amortised Cost /Fair Value	Dividend
Investment in Debt securities measured at amortised cost				
Private enterprise debt securities	9,370		9,370	
<u>Less</u> Allowance for expected credit loss	(1)		(1)	
Total	9,369		9,369	
Investment in debt securities measured at fair value through other comprehensive income				
Government and state enterprise securities	106,146		106,146	
Private enterprise debt securities	22,522		17,433	
Total	128,668		123,579	
Investment in equity securities designated at fair value through other comprehensive income				
Domestic marketable equity securities	5,220	140	5,220	140
Domestic non-marketable equity securities	562	24	353	24
Foreign non-marketable equity securities	895	-	2	-
Total	6,677	164	5,575	164
Total investments, net	144,714		138,523	

	Unit: Million Baht CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS For the six-month period ended June 30, 2020			
Investment in equity securities derecognition	Fair value as at derecognition	Dividend	Gain (loss) from derecognition	Reason for derecognition
Investment in equity securities designated at fair value through other comprehensive income				
Domestic marketable equity securities	572	1	(203)	Sale
Total	572	1	(203)	

As at June 30, 2020, investments in unit trust of fixed income funds in the consolidated and the Bank's financial statements of Baht 8,298 million and Baht 3,209 million, respectively, were recorded as investment designated at fair value through other comprehensive income that not be reclassified subsequently to profit or loss according to BOT's notification Sor.Nor.Sor. 6/2563 regarding the investment in unit trust of fixed income fund for enhance the liquidity of the money market dated March 25, 2020.

Unit: Million Baht

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

7.7 Investments in subsidiaries and joint ventures, net

Investments in subsidiaries and joint ventures, net as at June 30, 2020 and December 31, 2019 consist of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2020							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	7,800	50.00	3,818	9,353	-
Tesco Lotus Money Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock					
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	84	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	226	-
Investments in joint ventures, net					<u>4,858</u>	<u>12,601</u>	<u>-</u>

Unit: Million Baht

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

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Lotus Money Services Limited

THE BANK'S FINANCIAL STATEMENTS						Unit: Million Baht
June 30, 2020						
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	700
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	-
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Nimble Company Limited	Factoring and information technology services	Common stock	300	100.00	300	-
Krungsri Finnivate Company Limited	Venture capital	Common stock	1,500	100.00	1,500	-
Hattha Kaksekar Limited	Micro finance	Common stock	3,748	100.00	8,926	-
Investments in subsidiaries					63,313	700
Joint venture						
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	7,800	50.00	3,818	-
Investments in subsidiaries and joint venture					67,131	700
<u>Less</u> Allowance for impairment					(6,682)	-
Investments in subsidiaries and joint venture, net					60,449	700

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

On February 28, 2019, the Bank sold 50% of its interest in Ngern Tid Lor Company Limited (“NTL”), a subsidiary, reducing its ownership interest to 50%, and recognised profit on sales of the subsidiary of Baht 4,290 million and Baht 5,019 million in the consolidated financial statements and the Bank financial statements, respectively. The Bank had changed the classification of investment in NTL from subsidiary to joint venture. The fair value of the Bank’s retained interest 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	
	2020	2019
Cash flows from operating activities		
Income before income tax	26	16
Adjustments to reconcile income to cash provided (paid) from operating activities		
Loss on impairment of properties for sale	17	14
Gain on sales of properties for sale	(50)	(38)
Loss on impairment of other assets	9	-
Employment benefits expenses	2	12
Interest income, net	(25)	(35)
Interest received	25	35
Income tax paid	(3)	(11)
Income (loss) from operations before changes in operating assets and liabilities	1	(7)
Decrease in operating assets		
Investment in receivables	-	11
Properties for sale	231	114
Other assets	77	70
Decrease in operating liabilities		
Other liabilities	(59)	(19)
Net cash from operating activities	250	169
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	250	169
Cash and cash equivalents as at January 1,	2,049	1,729
Cash and cash equivalents as at June 30,	2,299	1,898

7.8 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2020 and December 31, 2019 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS June 30, 2020
Overdrafts	59,934	59,887
Loan against contract	949,609	896,842
Trade bill	343,679	349,031
Hire-purchase receivables	427,277	379,479
Lease contract receivables	7,443	2,954
Credit card receivables	60,883	-
Others	5,913	4,917
Total Loans to customers	1,854,738	1,693,110
<u>Add</u> Accrued and undue interest receivables	7,870	5,033
Loans to customers and accrued interest receivables	1,862,608	1,698,143
<u>Less</u> Allowance for expected credit loss	(71,545)	(54,649)
Loans to customers and accrued interest receivable, net	1,791,063	1,643,494

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

(2) Classified by residence of debtors

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Domestic	1,800,344	1,764,775	1,671,221	1,639,924
Foreign	54,394	53,102	21,889	21,847
Total	<u>1,854,738</u>	<u>1,817,877</u>	<u>1,693,110</u>	<u>1,661,771</u>

(3) Classified by type of classification

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS	
	June 30, 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Stage 1 Performing	1,669,146	26,102*
Stage 2 Under-performing	144,750	19,192
Stage 3 Non-performing	48,712	26,251
Total	<u>1,862,608</u>	<u>71,545</u>

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Stage 1 Performing	1,531,410	19,486*
Stage 2 Under-performing	126,727	14,890
Stage 3 Non-performing	40,006	20,273
Total	<u>1,698,143</u>	<u>54,649</u>

* The Bank and its subsidiaries manage excess reserves in accordance with the Bank of Thailand's guidelines, BOT. ForNorSor. (23) Wor. 1603/2562 by gradually reducing excess reserves on the first day within 5 years to be in compliance with TFRS 9 and as appropriate to be in line with the bank's business operations.

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

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

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

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

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

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

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2019

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

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

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

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

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

For the six-month period ended June 30, 2019, 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	
Book value	930
Net book value	633
Sale price	633

As at June 30, 2020, non-performing loans are defined as Stage 3 Non-performing loan accounts in accordance with the BOT's Notification Sor.Nor.Sor. 23/2561, regarding the "Classification and provision criteria of financial institution", dated October 31, 2018.

As at June 30, 2020, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

	Unit: Million Baht		
	June 30, 2020		
	The Bank	AMC	The Bank and AMC
Non-performing loans	39,734	414	40,148
Percentage of total loans	1.97	100.00	1.99

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

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

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries' non-performing loans are Baht 48,014 million and Baht 41,334 million, respectively.

(4) Restructured loans

Balances of non-performing restructured loans and the allowance for expected credit losses as at June 30, 2020 are as follows:

	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	
	June 30, 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Non-performing restructured loans	15,805	9,001

Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS
June 30, 2020

**Loans to customers
and accrued
interest receivables** **Allowance for
expected credit
loss**

Non-performing restructured loans	9,309	4,739
-----------------------------------	-------	-------

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

Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	111,561	336,335	75,751	523,647
<u>Less</u> Unearned interest income				(88,927)
Present value of the minimum lease payments				434,720
<u>Less</u> Allowance for expected credit loss				(22,378)
Total lease receivables, net				412,342

Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

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

Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS
June 30, 2020

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	87,856	302,951	69,695	460,502
<u>Less</u> Unearned interest income				(78,069)
Present value of the minimum lease payments				382,433
<u>Less</u> Allowance for expected credit loss				(18,408)
Total lease receivables, net				364,025

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2019

Amount due per agreements

	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	97,083	294,058	57,193	448,334
<u>Less</u> Unearned interest income				(78,865)
Present value of the minimum lease payments				369,469
<u>Less</u> Allowance for doubtful accounts				(11,073)
Total lease receivables, net				358,396

7.9 Allowance for expected credit loss

Allowance for expected credit loss as at June 30, 2020 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

Allowance for expected credit loss

Loans to customers measured at amortised cost	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Allowance for doubtful accounts	Total
Balance as at December 31, 2019	-	-	-	65,710	65,710
Impact of adoption of TFRS 9	22,030	19,622	25,978	(65,710)	1,920
Balance as at January 1, 2020	22,030	19,622	25,978	-	67,630
Transfer between stage	7,526	(12,012)	4,486	-	-
Net remeasurement of loss allowance	(6,516)	12,895	5,947	-	12,326
New financial assets originated or purchased	3,921	251	453	-	4,625
Financial assets that have been derecognised	(860)	(1,564)	(10,614)	-	(13,038)
Others	1	-	1	-	2
Balance as at June 30, 2020	26,102	19,192	26,251	-	71,545

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2020

Allowance for expected credit loss

Loans to customers measured at amortised cost	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-credit impaired	Allowance for doubtful accounts	Total
Balance as at December 31, 2019	-	-	-	51,243	51,243
Impact of adoption of TFRS 9	15,922	15,462	20,156	(51,243)	297
Balance as at January 1, 2020	15,922	15,462	20,156	-	51,540
Transfer between stage	5,751	(8,121)	2,370	-	-
Net remeasurement of loss allowance	(4,698)	8,577	5,310	-	9,189
New financial assets originated or purchased	2,935	131	438	-	3,504
Financial assets that have been derecognised	(424)	(1,159)	(8,001)	-	(9,584)
Balance as at June 30, 2020	19,486	14,890	20,273	-	54,649

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

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 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)
Others	(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							
THE BANK'S FINANCIAL STATEMENTS							
December 31, 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)
Others	-	-	-	-	-	(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>

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

	Allowance for expected credit loss* June 30, 2020	Unit: Million Baht Allowance for doubtful accounts** December 31, 2019
Consolidated financial statements	75,007	67,715
The Bank and Krungsri Ayudhya AMC Limited	57,517	52,016
The Bank's financial statements	57,249	51,729

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

**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 June 30, 2020 and December 31, 2019, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the disclosure of asset quality and related party transactions and the allowance for such loans as follows:

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
June 30, 2020			
Number	Outstanding Balance	Collateral	Allowance for Expected Credit Loss
Companies subject to be delisted by SET	<u>2</u>	<u>1</u>	<u>-</u>
Total	<u>2</u>	<u>-</u>	<u>-</u>

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
December 31, 2019			
Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	<u>2</u>	<u>1</u>	<u>-</u>
Total	<u>2</u>	<u>-</u>	<u>-</u>

7.10 Properties for sale, net

Properties for sale, net as at June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht

Type of Properties for Sale	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2020	Acquisition	Disposition	Balance as at June 30, 2020
1. Assets acquired from debt repayment				
1.1 Immovable	3,543	130	(311)	3,362
1.2 Movable	1,237	10,934	(10,978)	1,193
Total	4,780	11,064	(11,289)	4,555
2. Others	283	5	(46)	242
Total properties for sale	5,063	11,069	(11,335)	4,797
Less Provision for impairment	(1,563)	(3,913)	3,787	(1,689)
Total properties for sale	3,500	7,156	(7,548)	3,108

Unit: Million Baht

Type of Properties for Sale	CONSOLIDATED 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	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
Less Provision for impairment	(1,592)	(943)	972	(1,563)
Total properties for sale	3,478	15,942	(15,920)	3,500

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2020	Acquisition	Disposition	Balance as at June 30, 2020
1. Assets acquired from debt repayment				
1.1 Immovable	2,232	129	(87)	2,274
1.2 Movable	1,100	10,007	(10,045)	1,062
Total	3,332	10,136	(10,132)	3,336
2. Others	282	5	(46)	241
Total properties for sale	3,614	10,141	(10,178)	3,577
Less Provision for impairment	(1,219)	(3,368)	3,309	(1,278)
Total properties for sale	2,395	6,773	(6,869)	2,299

Unit: Million Baht				
THE BANK'S 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	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
<u>Less</u> Provision for impairment	(1,157)	(122)	60	(1,219)
Total properties for sale	2,188	14,775	(14,568)	2,395

Immovable assets for sale classified by external and internal appraisers as at June 30, 2020 and December 31, 2019 consist of the following:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020
Immovable assets-Foreclosed assets			
Appraised by external appraisers	1,394	1,394	1,339
Appraised by internal appraisers	1,968	2,149	935
Total	3,362	3,543	2,274

7.11 Premises and equipment, net

Premises and equipment, net as at June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2020	Effect from adoption TRFS16	Increase	Decrease	Other	Balance as at June 30, 2020
Land						
Cost	4,246	5	908	(2)	43	5,200
Appraisal increase (Year 2019)	9,434	-	-	(1)	-	9,433
Appraisal decrease (Year 2019)	(20)	-	-	-	-	(20)
Premises						
Cost	9,785	2,325	666	(62)	18	12,732
Appraisal increase (Year 2019)	16,305	-	-	(1)	-	16,304
Appraisal decrease (Year 2019)	(55)	-	-	-	-	(55)
Equipment	14,861	40	482	(416)	(144)	14,823
Leasehold improvement	3,375	-	173	(42)	2	3,508
Total	57,931	2,370	2,229	(524)	(81)	61,925
<u>Less</u> Accumulated depreciation						
Land	-	-	(1)	-	-	(1)
Premises						
- Cost	(4,987)	-	(682)	47	(27)	(5,649)
- Appraisal increase (Year 2019)	(12,456)	-	(180)	1	-	(12,635)
Equipment	(10,040)	-	(812)	316	(6)	(10,542)
Leasehold improvement	(2,093)	-	(142)	33	(2)	(2,204)
Total	(29,576)	-	(1,817)	397	(35)	(31,031)
Construction in progress	674	-	22	-	-	696
Premises and equipment, net	29,029					31,590

Unit: Million Baht	
June 30, 2020	June 30, 2019
Depreciation for the six-month periods	1,817
	1,275

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
<u>Less</u> 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					
December 31, 2019					
Depreciation for the year					2,605

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 9,867 million and Baht 9,577 million, respectively.

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries had equipment which are under right-of-use asset / finance leases, with the original costs amounting to Baht 3,909 million and Baht 1,090 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, 2020	Effect from adoption TRFS16	Increase	Decrease	Other	Balance as at June 30, 2020
Land						
Cost	4,246	5	(1)	(2)	43	4,291
Appraisal increase (Year 2019)	9,434	-	-	(1)	-	9,433
Appraisal decrease (Year 2019)	(20)	-	-	-	-	(20)
Premises						
Cost	9,785	1,930	486	(42)	31	12,190
Appraisal increase (Year 2019)	16,305	-	-	(1)	-	16,304
Appraisal decrease (Year 2019)	(55)	-	-	-	-	(55)
Equipment	10,797	772	309	(199)	(19)	11,660
Leasehold improvement	2,508	-	122	(29)	-	2,601
Total	53,000	2,707	916	(274)	55	56,404
<u>Less</u> Accumulated depreciation						
Land	-	-	(1)	-	-	(1)
Premises						
- Cost	(4,987)	-	(587)	32	(28)	(5,570)
- Appraisal increase (Year 2019)	(12,456)	-	(180)	1	-	(12,635)
Equipment	(7,735)	-	(729)	164	5	(8,295)
Leasehold improvement	(1,413)	-	(109)	20	-	(1,502)
Total	(26,591)	-	(1,606)	217	(23)	(28,003)
Construction in progress	666	-	25	-	-	691
Premises and equipment, net	27,075					29,092

Unit: Million Baht

	June 30, 2020	June 30, 2019
Depreciation for the six-month periods	1,606	1,027

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
December 31, 2019

Depreciation for the year	2,110
---------------------------	-------

As at June 30, 2020 and December 31, 2019, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,866 million and Baht 7,525 million, respectively.

As at June 30, 2020 and December 31, 2019, the Bank had equipment which are under right-of-use asset / finance leases, with the original costs amounting to Baht 3,171 million and Baht 892 million, respectively.

7.12 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2020 and December 31, 2019 are as follows:

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2020	Increase	Decrease	Other	Balance as at June 30, 2020
Cost					
Goodwill	12,355	-	-	59	12,414
Software	10,957	765	(53)	4	11,673
Other intangible assets	5,696	3	-	3	5,702
Total	29,008	768	(53)	66	29,789
Accumulated amortization					
Software	(7,057)	(642)	44	(2)	(7,657)
Other intangible assets	(5,028)	(75)	-	(1)	(5,104)
Total	(12,085)	(717)	44	(3)	(12,761)
Allowance for impairment	(20)	-	-	-	(20)
Goodwill and other intangible assets, net	16,903				17,008

		Unit: Million Baht
	June 30, 2020	June 30, 2019
Amortization for the six-month periods	717	618

					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
	December 31, 2019	
Amortization for the year	1,258	

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 4,522 million and Baht 3,774 million, respectively.

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2020	Increase	Decrease	Balance as at June 30, 2020
Cost				
Goodwill	1,054	-	-	1,054
Software	8,969	620	(1)	9,588
Other intangible assets	19	-	-	19
Total	10,042	620	(1)	10,661
Accumulated amortization				
Software	(5,829)	(538)	1	(6,366)
Other intangible assets	(14)	-	-	(14)
Total	(5,843)	(538)	1	(6,380)
Goodwill and other intangible assets, net	<u>4,199</u>			<u>4,281</u>
				Unit: Million Baht
				June 30, 2020 June 30, 2019
Amortization for the six-month periods				<u>538</u> <u>459</u>

				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	<u>3,767</u>			<u>4,199</u>
				Unit: Million Baht
				December 31, 2019
Amortization for the year				<u>928</u>

As at June 30, 2020 and December 31, 2019, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 3,774 million and Baht 3,072 million, respectively.

7.13 Deferred tax

Deferred tax assets and deferred tax liabilities as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Deferred tax assets	4,680	4,479	314	-
Deferred tax liabilities	(799)	(1,823)	-	(803)
Net	<u>3,881</u>	<u>2,656</u>	<u>314</u>	<u>(803)</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2020	Effect from adoption TFRS 9 and TFRS 16	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at June 30, 2020
Deferred tax assets						
Impairment of assets	347	(34)	(31)	(1)	-	281
Loans to customers and accrued interest receivables, net	5,374	200	(13)	-	(2)	5,559
Provisions	1,807	369	136	-	-	2,312
Others	909	33	95	89	(40)	1,086
Total	<u>8,437</u>	<u>568</u>	<u>187</u>	<u>88</u>	<u>(42)</u>	<u>9,238</u>
Deferred tax liabilities						
Asset appraisal surplus	2,657	5	(36)	(4)	-	2,622
Investments	155	32	(1)	20	-	206
Others	2,969	1	(420)	(18)	(3)	2,529
Total	<u>5,781</u>	<u>38</u>	<u>(457)</u>	<u>(2)</u>	<u>(3)</u>	<u>5,357</u>
Deferred tax assets - net	<u>2,656</u>	<u>530</u>	<u>644</u>	<u>90</u>	<u>(39)</u>	<u>3,881</u>

	CONSOLIDATED FINANCIAL STATEMENTS				
	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>

					Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS					
	Balance at January 1, 2020	Effect from adoption TFRS 9 and TFRS 16	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2020
Deferred tax assets					
Impairment of assets	252	(34)	(1)	(1)	216
Loans to customers and accrued interest receivables, net	1,364	-	(100)	-	1,264
Provisions	1,493	369	91	-	1,953
Others	487	33	47	120	687
Total	<u>3,596</u>	<u>368</u>	<u>37</u>	<u>119</u>	<u>4,120</u>
Deferred tax liabilities					
Asset appraisal surplus	2,657	-	(36)	-	2,621
Investments	155	32	(1)	20	206
Others	1,587	-	(586)	(22)	979
Total	<u>4,399</u>	<u>32</u>	<u>(623)</u>	<u>(2)</u>	<u>3,806</u>
Deferred tax assets - net	<u>(803)</u>	<u>336</u>	<u>660</u>	<u>121</u>	<u>314</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	<u>3,636</u>	<u>(182)</u>	<u>142</u>	<u>3,596</u>	
Deferred tax liabilities					
Asset appraisal surplus	1,974	(81)	764	2,657	
Investments	165	1	(11)	155	
Others	1,241	346	-	1,587	
Total	<u>3,380</u>	<u>266</u>	<u>753</u>	<u>4,399</u>	
Deferred tax assets (liabilities) - net	<u>256</u>	<u>(448)</u>	<u>(611)</u>	<u>(803)</u>	

7.14 Other assets, net

Other assets, net as at June 30, 2020 and December 31, 2019 are as follows:

		Unit: Million Baht	
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020
Accrued income	2,294	2,733	1,499
Prepayment	1,362	1,754	853
Other receivables	9,154	10,982	6,267
Margin call to counterparty	10,089	6,344	10,089
Others	4,035	1,585	3,608
Total	<u>26,934</u>	<u>23,398</u>	<u>22,316</u>
			<u>20,056</u>

7.15 Deposits

Deposits as at June 30, 2020 and December 31, 2019 are as follows:

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current deposit	41,817	37,336	42,379	38,279
Savings deposit	703,857	599,989	709,907	603,120
Time deposit				
- Less than 6 months	359,745	370,607	359,919	371,897
- 6 months and less than 1 year	106,783	88,673	104,373	86,877
- 1 year and over	486,504	470,280	475,067	458,607
Total	<u>1,698,706</u>	<u>1,566,885</u>	<u>1,691,645</u>	<u>1,558,780</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2020			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,576,106	2,034	1,578,140	1,453,774	2,297	1,456,071
US Dollar	63,840	18,158	81,998	41,330	17,961	59,291
Other currencies	13,811	24,757	38,568	15,617	35,906	51,523
Total	<u>1,653,757</u>	<u>44,949</u>	<u>1,698,706</u>	<u>1,510,721</u>	<u>56,164</u>	<u>1,566,885</u>

	Unit: Million Baht					
	THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2020			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,586,807	1,729	1,588,536	1,463,525	2,012	1,465,537
US Dollar	63,840	1,849	65,689	41,330	2,263	43,593
Other currencies	13,811	23,609	37,420	15,617	34,033	49,650
Total	<u>1,664,458</u>	<u>27,187</u>	<u>1,691,645</u>	<u>1,520,472</u>	<u>38,308</u>	<u>1,558,780</u>

7.16 Interbank and money market items (Liability)

Interbank and money market items (liability) as at June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Domestic items				
Bank of Thailand and Financial Institution Development Fund	13,593	-	13,593	-
Commercial banks	49,329	41,830	45,326	38,825
Specialized financial institutions	24,672	5,244	16,804	5,244
Other financial institutions	13,425	10,575	17,541	18,370
Total domestic items	101,019	57,649	93,264	62,439
Foreign items				
US Dollar	168,291	188,952	166,770	187,716
Other currencies	6,432	5,520	1,794	1,922
Total foreign items	174,723	194,472	168,564	189,638
Total domestic and foreign items	275,742	252,121	261,828	252,077

7.17 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht									
CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	June 30, 2020			December 31, 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	60,811	-	60,811
	USD	7.50 - 10.92	2020-2027	-	256	256	-	357	357
Senior debentures	THB	0.00 - 2.44	2020-2023	97,747	-	97,747	109,820	-	109,820
	USD	2.99	2026	-	2,162	2,162	-	-	-
	KHR	8.50	2021	-	724	724	-	710	710
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	-	-	-	-	-	35	-	35
Other borrowings	THB	0.00 - 7.15	2021-2024	41	929	970	46	969	1,015
	USD	0.00 - 7.59	2021-2027	-	4,674	4,674	-	2,918	2,918
				158,600	8,745	167,345	170,713	4,954	175,667

Unit: Million Baht									
THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	June 30, 2020			December 31, 2019		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	60,811	-	60,811
Senior debentures	THB	1.44 - 2.37	2020-2023	73,000	-	73,000	78,111	-	78,111
	USD	2.99	2026	-	2,162	2,162	-	-	-
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	-	-	-	-	-	35	-	35
Other borrowings	THB	0.00	2023-2024	41	-	41	46	-	46
				133,853	2,162	136,015	139,004	-	139,004

Additional information on debts issued and borrowings is as follows:

1. 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.
2. 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.
3. 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.

7.18 Provisions

Provisions for the six-month period ended June 30, 2020 and for the year ended December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					Unit: Million Baht
	Balance at January 1, 2019	Increase (Decrease)	Balance at December 31, 2019	Effect from TFRS 9 adoption	Increase (Decrease)	Balance at June 30, 2020
Allowance for expected credit loss for loan commitments and financial guarantee contracts	1,343	(798)	545	2,670	15	3,230
Provision for post-employment benefits obligation	5,617	2,583	8,200	-	309	8,509
Others	804	168	972	-	127	1,099
Total	<u>7,764</u>	<u>1,953</u>	<u>9,717</u>	<u>2,670</u>	<u>451</u>	<u>12,838</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	Balance at January 1, 2019	Increase (Decrease)	Balance at December 31, 2019	Effect from TFRS 9 adoption	Increase (Decrease)	Balance at June 30, 2020
Allowance for expected credit loss for loan commitments and financial guarantee contracts	1,343	(798)	545	1,845	(3)	2,387
Provision for post-employment benefits obligation	4,871	2,018	6,889	-	236	7,125
Others	654	77	731	-	92	823
Total	6,868	1,297	8,165	1,845	325	10,335

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 six-month periods ended June 30, 2020 and 2019 are as follows:

Unit: Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2020	2019	2020	2019
Opening defined benefits obligation	8,200	5,617	6,889	4,871
Past service cost	-	1,125	-	918
Current service cost	329	258	258	206
Interest cost	67	91	56	78
Benefit paid	(87)	(66)	(78)	(62)
Closing defined benefit obligation	8,509	7,025	7,125	6,011

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 six-month period ended June 30, 2019, in the consolidated financial statements and the Bank's financial statements, respectively.

Actuarial losses are recognized in other comprehensive income as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Included in the retained earnings	<u>1,279</u>	<u>1,279</u>	<u>974</u>	<u>974</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2020	2019	2020	2019
Current service cost	164	129	129	103
Interest on obligation	<u>34</u>	<u>45</u>	<u>28</u>	<u>39</u>
	<u>198</u>	<u>174</u>	<u>157</u>	<u>142</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2020	2019	2020	2019
Past service cost	-	1,125	-	918
Current service cost	329	258	258	206
Interest on obligation	<u>67</u>	<u>91</u>	<u>56</u>	<u>78</u>
	<u>396</u>	<u>1,474</u>	<u>314</u>	<u>1,202</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS June 30, 2020	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS December 31, 2019
Financial assumptions		
Discount rate	1.7% - 2.8%	1.7% - 2.8%
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 June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Discount rate - 1% increase	(793)	(761)	(628)	(606)
Discount rate - 1% decrease	922	884	725	700
Salary increase rate - 1% increase	1,167	1,131	982	956
Salary increase rate - 1% decrease	(1,040)	(1,009)	(880)	(858)

7.19 Other liabilities

Other liabilities as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Accrued expenses	12,845	17,620	10,476	13,963
Tax payable	7,032	4,520	3,141	2,081
Deposit	3,276	2,954	992	1,126
Unearned income from customer				
loyalty program	3,132	3,079	-	-
Other payables	10,121	10,873	6,635	5,748
Margin call from counterparty	1,183	1,821	1,183	1,821
Others	2,422	3,356	2,213	2,410
Total	<u>40,011</u>	<u>44,223</u>	<u>24,640</u>	<u>27,149</u>

7.20 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 June 30, 2020 and December 31, 2019, the Bank had advances received from e-Money Services, presented as other liabilities, amounting to Baht 96 million and Baht 74 million, respectively.

The BOT Notification No. Sor. Nor. Chor. 2/2562 regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" dated December 20, 2019, the Bank is required to disclose cash advances received from electronic fund transfer transactions both liabilities and assets. As of June 30, 2020, the Bank had those cash advances received from aforementioned transactions, presented as liabilities payable on demand and also recoded received cash under cash with the same amounting to Baht 6 million.

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, the Bank had those advances received from electronic fund transfer transactions, presented as liabilities payable on demand amounting to Baht 5 million and other liabilities amounting to Baht 560 million.

7.21 Net offsetting financial assets and financial liabilities

(1) Net offsetting financial assets and financial liabilities as at June 30, 2020 are as follows:

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
Gross amount	Gross amounts offset in the statement of financial position	Net amount presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Unqualified contractual offset amounts	Related financial collateral amount	
Financial assets:					
Reverse sale-and-repurchase, securities borrowing and similar agreements	294,062	-	294,062	-	-
Derivatives assets	26,640	-	26,640	12,420	13,406
Total	320,702	-	320,702	12,420	13,406
Financial liabilities:					
Sale-and-repurchase, securities lending and similar agreements	42,420	-	42,420	-	-
Derivatives liabilities	26,596	-	26,596	12,420	8,973
Total	69,016	-	69,016	12,420	8,973

(2) Reconciliation of net offsetting transactions with line item in statement of financial position as at June 30, 2020 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
Net amount presented in the statement of financial position	Line item in the statement of financial position	Note of financial statements	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting disclosures
Financial assets:				
Reverse sale-and-repurchase, securities borrowing and similar agreements	Interbank and money market items, net (Asset)	7.3	418,338	124,276
Derivatives assets	Derivatives assets	7.5	27,853	1,213
Total			446,191	125,489
Financial liabilities:				
Sale-and-repurchase, securities lending and similar agreements	Interbank and money market items, net (Liability)	7.16	275,742	233,322
Derivatives liabilities	Derivatives liabilities	7.5	29,460	2,864
Total			305,202	236,186

THE BANK'S FINANCIAL STATEMENTS					Unit: Million Baht
	Net amount presented in the statement of financial position	Line item in the statement of statement of position	Note of financial statements	Carrying amount in the statement of financial position	Carrying amount of financial instruments not in scope of offsetting disclosures
Financial assets:					
Reverse sale-and-repurchase, securities borrowing and similar agreements	294,062	Interbank and money market items, net (Asset)	7.3	411,317	117,255
Derivatives assets	26,640	Derivatives assets	7.5	28,133	1,493
Total	<u>320,702</u>			<u>439,450</u>	<u>118,748</u>
Financial liabilities:					
Sale-and-repurchase, securities lending and similar agreements	42,420	Interbank and money market items, net (Liability)	7.16	261,828	219,408
Derivatives liabilities	26,596	Derivatives liabilities	7.5	29,683	3,087
Total	<u>69,016</u>			<u>291,511</u>	<u>222,495</u>

7.22 Fair value of Financial assets and Financial liabilities

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 June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2020			December 31, 2019		
	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	-	29,212	29,212	-	33,830	33,830
Interbank and money market items, net	-	418,338	418,338	-	331,431	331,431
Financial assets measured at fair value through profit or loss	2,807	-	2,807	-	-	-
Derivatives assets	27,093	760	27,853	21,838	3	21,841
Investments, net	135,345	9,369	144,714	104,926	13,414	118,340
Loans to customers and accrued interest receivables, net	-	1,791,063	1,791,063	-	1,754,976	1,754,976
Total	<u>165,245</u>	<u>2,248,742</u>	<u>2,413,987</u>	<u>126,764</u>	<u>2,133,654</u>	<u>2,260,418</u>
Financial liabilities:						
Deposits	-	1,698,706	1,698,706	-	1,566,885	1,566,885
Interbank and money market items	-	275,742	275,742	-	252,121	252,121
Liability payable on demand	-	5,005	5,005	-	3,802	3,802
Derivatives liabilities	26,696	2,764	29,460	19,221	4,105	23,326
Debt issued and borrowings	-	167,345	167,345	-	175,667	175,667
Total	<u>26,696</u>	<u>2,149,562</u>	<u>2,176,258</u>	<u>19,221</u>	<u>2,002,580</u>	<u>2,021,801</u>
Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2020			December 31, 2019		
	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	-	28,263	28,263	-	32,785	32,785
Interbank and money market items, net	-	411,317	411,317	-	325,690	325,690
Financial assets measured at fair value through profit or loss	2,801	-	2,801	-	-	-
Derivatives assets	27,376	757	28,133	21,893	3	21,896
Investments, net	129,154	9,369	138,523	104,923	12,985	117,908
Loans to customers and accrued interest receivables, net	-	1,643,494	1,643,494	-	1,612,854	1,612,854
Total	<u>159,331</u>	<u>2,093,200</u>	<u>2,252,531</u>	<u>126,816</u>	<u>1,984,317</u>	<u>2,111,133</u>
Financial liabilities:						
Deposits	-	1,691,645	1,691,645	-	1,558,780	1,558,780
Interbank and money market items	-	261,828	261,828	-	252,077	252,077
Liability payable on demand	-	5,005	5,005	-	3,802	3,802
Derivatives liabilities	26,920	2,764	29,684	19,221	4,104	23,325
Debt issued and borrowings	-	136,015	136,015	-	139,004	139,004
Total	<u>26,920</u>	<u>2,097,257</u>	<u>2,124,177</u>	<u>19,221</u>	<u>1,957,767</u>	<u>1,976,988</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 June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS					THE BANK'S FINANCIAL STATEMENTS					Unit: Million Baht
	June 30, 2020				Carrying amount	June 30, 2020				Carrying amount	
	Fair value					Fair value					
	Level 1	Level 2	Level 3	Total fair value		Level 1	Level 2	Level 3	Total fair value		
Financial assets measured at fair value through profit or loss	6	2,801	-	2,807	2,807	-	2,801	-	2,801	2,801	
Derivatives assets	-	27,093	-	27,093	27,093	-	27,376	-	27,376	27,376	
Investments in debt securities measured at fair value through other comprehensive income	-	128,668	-	128,668	128,668	-	123,579	-	123,579	123,579	
Investments in equity securities designated at fair value through other comprehensive income	5,220	-	1,457	6,677	6,677	5,220	-	355	5,575	5,575	
Derivative liabilities	-	26,696	-	26,696	26,696	-	26,920	-	26,920	26,920	

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

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 for the six-month period ended June 30, 2020 and for the year ended December 31, 2019.

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

Derivatives

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

Investments

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

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

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

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

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					THE BANK'S FINANCIAL STATEMENTS				
	June 30, 2020				Carrying amount	June 30, 2020				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	-	-	29,212	29,212	29,212	-	-	28,263	28,263	28,263
Interbank and money market items, net	-	-	418,338	418,338	418,338	-	-	411,317	411,317	411,317
Derivatives assets										
- dynamic hedge	993	-	-	993	760	770	-	-	770	757
Investments in debt securities measured at amortised cost	-	9,397	-	9,397	9,369	-	9,397	-	9,397	9,369
Loans to customers and accrued interest receivables, net	-	-	1,791,063	1,791,063	1,791,063	-	-	1,643,494	1,643,494	1,643,494
Total	993	9,397	2,238,613	2,249,003	2,248,742	770	9,397	2,083,074	2,093,241	2,093,200
Financial liabilities:										
Deposits	1,700,362	-	-	1,700,362	1,698,706	1,693,300	-	-	1,693,300	1,691,645
Interbank and money market items	-	-	275,742	275,742	275,742	-	-	261,828	261,828	261,828
Liability payable on demand	-	-	5,005	5,005	5,005	-	-	5,005	5,005	5,005
Derivatives liabilities										
- dynamic hedge	2,748	-	-	2,748	2,764	2,748	-	-	2,748	2,764
Debt issued and borrowings	160,205	6,445	2,205	168,855	167,345	135,395	-	2,205	137,600	136,015
Total	1,863,315	6,445	282,952	2,152,712	2,149,562	1,831,443	-	269,038	2,100,481	2,097,257

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					THE BANK'S FINANCIAL STATEMENTS				
	December 31, 2019					December 31, 2019				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 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	-	-	32,785	32,785	32,785
Interbank and money market items, net	-	-	331,431	331,431	331,431	-	-	325,690	325,690	325,690
Derivatives assets										
- banking book	33	-	-	33	3	33	-	-	33	3
Held to maturity and general investments	-	12,663	774	13,437	13,414	-	12,663	345	13,008	12,985
Loans to customers and accrued interest receivables, net	-	-	1,754,976	1,754,976	1,754,976	-	-	1,612,854	1,612,854	1,612,854
Total	33	12,663	2,121,011	2,133,707	2,133,654	33	12,663	1,971,674	1,984,370	1,984,317
Financial liabilities:										
Deposits	1,569,337	-	-	1,569,337	1,566,885	1,561,229	-	-	1,561,229	1,558,780
Interbank and money market items	-	-	252,121	252,121	252,121	-	-	252,077	252,077	252,077
Liability payable on demand	-	-	3,802	3,802	3,802	-	-	3,802	3,802	3,802
Derivatives liabilities										
- banking book	4,184	-	-	4,184	4,105	4,183	-	-	4,183	4,104
Debt issued and borrowings	171,504	4,870	2,193	178,567	175,667	139,709	-	2,193	141,902	139,004
Total	1,745,025	4,870	258,116	2,008,011	2,002,580	1,705,121	-	258,072	1,963,193	1,957,767

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.

Investments in debt securities measured at amortised cost

The carrying amount of investments in debt securities measured at amortised cost 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.

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

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.

7.23 Share capital

7.23.1 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.

7.23.2 Dividend payment

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

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

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

7.24 Assets with obligations and restrictions

As at June 30, 2020 and December 31, 2019, government and state enterprise securities with book value of Baht 31,747 million and Baht 38,828 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries had claim on security amounting to Baht 15,931 million and Baht 9,612 million, respectively.

7.25 Contingencies

Contingencies as at June 30, 2020 and December 31, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Avals to bills	915	3,434	915	3,434
Guarantees of loans	2,600	2,513	2,600	2,513
Liability under unmatured import bills	1,205	1,216	1,205	1,216
Letters of credit	4,336	3,965	4,336	3,965
Other contingencies				
- Unused overdraft limit	5,648	5,107	5,648	5,107
- Unused credit line	41,680	39,623	45,680	42,994
- Other guarantees	54,652	53,297	54,652	53,297
- Others	16,222	68	16,222	68
Total	<u>127,258</u>	<u>109,223</u>	<u>131,258</u>	<u>112,594</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2025 with a local company. As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries have commitments to pay in the amounts of Baht 2,742 million and Baht 3,030 million, respectively.

As at June 30, 2020 and December 31, 2019, the Bank and its subsidiaries have commitments to pay regarding the information technology services in the amount of Baht 1,602 million and Baht 1,366 million, respectively.

As at June 30, 2020 and December 31, 2019, the Bank has commitment payment in the amount of Baht 2,502 million and Baht 2,555 million as a result of entering to the construction agreement of the office building, respectively.

7.26 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:

- 7.26.1 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 June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	June 30, 2020										
	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	15,363	-	-	2,698	4,904	-	151,708	7,114	1,206	445,812	3,611
<u>Less</u> Allowance for expected credit loss	(2)	-	-	-	-	-	-	-	-	-	-
Total	15,361	-	-	2,698	4,904	-	151,708	7,114	1,206	445,812	3,611
Joint ventures											
Ngern Tid Lor Company Limited	-	1,160	10,632	-	35	4,432	-	-	4	-	6
Tesco Lotus Money Services Limited	-	-	6,811	-	233	495	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	2	187	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	10	523	-	-	3	-	-
Total	-	1,160	17,443	-	280	5,637	-	-	10	-	6
<u>Less</u> Allowance for expected credit loss	-	-	(6)	-	-	-	-	-	-	-	-
Total	-	1,160	17,437	-	280	5,637	-	-	10	-	6
Related companies having joint major shareholders or directors	6	-	13,219	796	29	25,839	1,656	84	252	23,389	362
<u>Less</u> Allowance for expected credit loss	-	-	(74)	-	-	-	-	-	-	-	-
Total	6	-	13,145	796	29	25,839	1,656	84	252	23,389	362
Individual and related parties	-	-	434	-	23	2,355	-	-	927	-	-
<u>Less</u> Allowance for expected credit loss	-	-	(4)	-	-	-	-	-	-	-	-
Total	-	-	430	-	23	2,355	-	-	927	-	-
Total	15,367	1,160	31,012	3,494	5,236	33,831	153,364	7,198	2,395	469,201	3,979

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

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

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS											
	June 30, 2020										
	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	15,363	-	-	2,698	4,904	-	151,708	7,114	1,206	445,812	3,611
Less Allowance for expected credit loss	(2)	-	-	-	-	-	-	-	-	-	-
Total	15,361	-	-	2,698	4,904	-	151,708	7,114	1,206	445,812	3,611
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	-	5,547	-	5	10	-	-	2	-	1
Ayudhya Capital Auto Lease Public Company Limited	-	-	495	-	580	3,777	-	-	301	-	-
Ayudhya Capital Services Company Limited	-	-	21,973	-	84	1,037	-	-	35	-	3
General Card Services Limited	-	-	8,479	-	32	472	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	1,100	-	272	733	-	-	22	-	1
Siam Realty and Services Security Company Limited	-	-	400	-	1	35	-	-	69	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	699	-	-	13	-	-
Krungsri Asset Management Company Limited	-	-	-	-	75	-	1,115	-	1	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	2,299	-	-	25	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	2	3,000	-	3	-	-
Krungsri Nimble Company Limited	-	-	-	-	26	205	-	-	28	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	546	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	457	-	-	1	-	-
Krungsri Leasing Services Company Limited	-	-	5,104	-	1	95	-	-	-	-	-
Hattha Kaksekar Limited	-	-	957	284	2	-	-	-	-	3,696	-
Krungsri Finnovate Company Limited	-	-	-	-	3	429	-	-	-	-	-
Krungsri Non-Deposit Taking Microfinance Institution Co.,Ltd.	-	-	-	-	-	27	-	-	-	-	-
Total	-	-	44,055	284	1,085	10,823	4,115	-	502	3,696	40
Less Allowance for expected credit loss	-	-	(41)	-	-	-	-	-	-	-	-
Total	-	-	44,014	284	1,085	10,823	4,115	-	502	3,696	40

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

	June 30, 2020										
	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Joint ventures											
Ngern Tid Lor Company Limited	-	1,160	10,630	-	30	4,432	-	-	4	-	6
Tesco Lotus Money Services Limited	-	-	6,811	-	16	495	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	187	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	523	-	-	-	-	-
Total	-	1,160	17,441	-	46	5,637	-	-	7	-	6
<u>Less</u> Allowance for expected credit loss	-	-	(6)	-	-	-	-	-	-	-	-
Total	-	1,160	17,435	-	46	5,637	-	-	7	-	6
Related companies having joint major shareholders or directors	6	-	13,218	796	-	25,839	1,656	84	243	23,388	362
<u>Less</u> Allowance for expected credit loss	-	-	(73)	-	-	-	-	-	-	-	-
Total	6	-	13,145	796	-	25,839	1,656	84	243	23,388	362
Individual and related parties	-	-	367	-	23	2,154	-	-	644	-	-
Total	15,367	1,160	74,961	3,778	6,058	44,453	157,479	7,198	2,602	472,896	4,019

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS											
December 31, 2019											
	Interbank and money market items (Assets)	Investment	Loans and accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Total	24,584	-	-	2,173	1,153	-	181,238	3,147	1,480	457,285	2,982
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	-	8,085	-	1	9	-	-	2	-	7
Ayudhya Capital Auto Lease Public Company Limited	-	-	6,494	-	296	1,127	-	-	304	-	-
Ayudhya Capital Services Company Limited	-	-	27,415	-	141	1,242	-	-	24	-	3
General Card Services Limited	-	-	13,762	-	70	606	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	6,802	-	576	1,221	-	-	18	-	1
Siam Realty and Services Security Company Limited	-	-	500	-	1	78	-	-	45	-	-
Total Services Solutions Public Company Limited	-	-	-	-	-	1,530	-	-	15	-	-
Krungsri Asset Management Company Limited	-	-	-	-	86	-	5,571	-	105	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	2,037	-	-	42	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	3	2,224	-	5	-	-
Krungsri Nimble Company Limited	-	-	-	-	8	169	-	-	28	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	407	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	313	-	-	1	-	-
Krungsri Leasing Services Company Limited	-	-	5,367	-	1	177	-	-	-	-	-
Hattha Kaksekar Limited	-	-	866	56	1,209	-	-	-	-	4,006	-
Krungsri Finnovate Company Limited	-	-	-	-	3	1,010	-	-	-	-	-
Total	-	-	69,291	56	2,395	9,929	7,795	-	591	4,006	46
Less Allowance for doubtful accounts	-	-	(691)	-	-	-	-	-	-	-	-
Total	-	-	68,600	56	2,395	9,929	7,795	-	591	4,006	46

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

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

As at June 30, 2020 and December 31, 2019, the Bank charges interest rates to related parties at 1.00% - 25.74% p.a. and 1.00% - 25.05% p.a., respectively.

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

7.26.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 7.7 and has investments in related companies as at June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
June 30, 2020					
	Business Type	Registered Share Capital	Ownership (%)	Investment Fair Value	Dividend Amount
Related company					
Allianz Ayudhya Capital Public Company Limited	Investment holding company	389	3.11	424	9
Less Allowance for impairment				-	-
Investment in related company, net				424	9

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

7.26.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the three-month period ended June 30, 2020				For the three-month period ended June 30, 2019				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
MUFG Bank, Ltd.	5	(718)	590	95	-	(1,395)	1,224	118
Total	5	(718)	590	95	-	(1,395)	1,224	118
Joint ventures								
Ngern Tid Lor Company Limited	178	(11)	4	-	179	26	-	1
Tesco Lotus Money Services Limited	38	123	-	(1)	37	128	-	(2)
Tesco Life Assurance Broker Company Limited	-	1	-	-	-	2	-	-
Tesco General Insurance Broker Limited	-	9	1	-	-	7	1	-
Total	216	122	5	(1)	216	163	1	(1)
Related companies having joint major shareholders or directors								
	58	141	18	49	61	223	19	37
Total	58	141	18	49	61	223	19	37
Individual and related parties								
	4	1	7	(11)	5	1	7	4
Total	283	(454)	620	132	282	(1,008)	1,251	158

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2020				For the six-month period ended June 30, 2019				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
MUFG Bank, Ltd.	5	(3,340)	1,456	190	-	(3,267)	2,424	237
Total	5	(3,340)	1,456	190	-	(3,267)	2,424	237
Joint ventures								
Ngern Tid Lor Company Limited	325	25	4	4	238	30	-	2
Tesco Lotus Money Services Limited	85	277	-	(3)	74	253	-	(4)
Tesco Life Assurance Broker Company Limited	-	3	-	-	-	3	1	-
Tesco General Insurance Broker Limited	-	18	2	-	-	12	2	-
Total	410	323	6	1	312	298	3	(2)
Related companies having joint major shareholders or directors								
	120	47	31	121	118	296	37	108
Total	120	47	31	121	118	296	37	108
Individual and related parties								
	9	2	13	38	10	3	13	10
Total	544	(2,968)	1,506	350	440	(2,670)	2,477	353

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the three-month period ended June 30, 2020				For the three-month period ended June 30, 2019			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd.	5	(718)	590	95	-	(1,394)	1,224	118
Total	5	(718)	590	95	-	(1,394)	1,224	118
Subsidiaries								
Ayudhya Development Leasing Company Limited	65	(22)	-	(13)	57	4	-	(2)
Ayudhya Capital Auto Lease Public Company Limited	50	347	2	183	72	378	1	236
Ngern Tid Lor Company Limited	-	-	-	-	-	-	-	-
Ayudhya Capital Services Company Limited	154	76	-	(7)	182	83	-	(17)
General Card Services Limited	44	8	-	(1)	68	9	-	-
Krungsriayudhya Card Company Limited	8	28	-	40	18	46	1	46
Siam Realty and Services Security Company Limited	2	1	-	69	4	2	-	135
Total Services Solutions Public Company Limited	-	-	2	12	-	-	5	12
Krungsri Asset Management Company Limited	-	208	1	6	-	228	19	4
Krungsri Ayudhya AMC Limited	-	2	-	-	-	-	-	(1)
Krungsri Securities Public Company Limited	-	4	3	1	-	5	7	-
Krungsri Nimble Company Limited	-	11	-	7	-	-	-	-
Krungsri Life Assurance Broker Limited	-	1	-	-	-	-	1	-
Krungsri General Insurance Broker Limited	-	1	-	-	-	-	2	-
Krungsri Leasing Services Company Limited	87	1	1	-	82	-	1	-
Hattha Kaksekar Limited	18	14	-	-	9	18	-	-
Krungsri Finnivate Company Limited	-	5	-	-	-	7	-	-
Total	428	685	9	297	492	780	37	413
Joint ventures								
Ngern Tid Lor Company Limited	178	-	4	-	179	8	-	1
Tesco Lotus Money Services Limited	38	7	-	(1)	37	8	-	(2)
Tesco Life Assurance Broker Limited	-	1	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	3	1	-	-	4	1	-
Total	216	11	5	(1)	216	20	1	(1)
Related companies having joint major shareholders or directors								
	58	122	18	32	61	214	19	17
Total	58	122	18	32	61	214	19	17
Individual and related parties								
	4	1	7	(11)	4	1	4	-
Total	711	101	629	412	773	(379)	1,285	547

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	For the six-month period ended June 30, 2020				For the six-month period ended June 30, 2019			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd.	5	(3,340)	1,456	190	-	(3,267)	2,424	237
Total	5	(3,340)	1,456	190	-	(3,267)	2,424	237
Subsidiaries								
Ayudhya Development Leasing Company Limited	121	10	-	(2)	113	9	-	(4)
Ayudhya Capital Auto Lease Public Company Limited	90	825	4	401	155	475	3	412
Ngern Tid Lor Company Limited	-	-	-	-	104	10	-	-
Ayudhya Capital Services Company Limited	323	161	-	(15)	352	163	1	(34)
General Card Services Limited	107	18	-	(2)	134	16	-	(1)
Krungsri Ayudhya Card Company Limited	24	50	-	67	27	84	6	90
Siam Realty and Services Security Company Limited	4	3	-	138	7	4	-	296
Total Services Solutions Public Company Limited	-	1	6	24	-	1	10	24
Krungsri Asset Management Company Limited	-	438	(91)	7	-	465	37	8
Krungsri Ayudhya AMC Limited	-	3	1	-	-	2	1	(2)
Krungsri Securities Public Company Limited	-	6	7	2	-	11	13	2
Krungsri Nimble Company Limited	-	22	-	15	-	-	-	-
Krungsri Life Assurance Broker Limited	-	1	1	-	-	1	2	-
Krungsri General Insurance Broker Limited	-	1	1	-	-	1	3	-
Krungsri Leasing Services Company Limited	178	1	2	-	164	-	1	-
Hattha Kaksekar Limited	36	238	-	-	18	32	-	-
Krungsri Finnovate Company Limited	-	12	-	-	-	9	-	-
Total	883	1,790	(69)	635	1,074	1,283	77	791
Joint ventures								
Ngern Tid Lor Company Limited	325	20	4	4	238	6	-	2
Tesco Lotus Money Services Limited	85	17	-	(3)	74	16	-	(4)
Tesco Life Assurance Broker Limited	-	1	-	-	-	1	1	-
Tesco General Insurance Broker Limited	-	8	2	-	-	6	2	-
Total	410	46	6	1	312	29	3	(2)
Related companies having joint major shareholders or directors								
	120	25	31	86	118	285	37	68
Total	120	25	31	86	118	285	37	68
Individual and related parties								
	9	2	13	38	9	3	8	-
Total	1,427	(1,477)	1,437	950	1,513	(1,667)	2,549	1,094

- 7.26.4 For the three-month and six-month periods ended June 30, 2020 and 2019, compensations paid to key management personnel under TAS 24 (Revised 2019) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2020	2019	2020	2019
Short-term employee benefits	514	518	327	337
Post-employment benefits	17	17	12	12
Other long-term benefits	1	-	-	-
Total	<u>532</u>	<u>535</u>	<u>339</u>	<u>349</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2020	2019	2020	2019
Short-term employee benefits	1,078	1,125	656	703
Post-employment benefits	34	33	23	23
Other long-term benefits	1	1	1	1
Total	<u>1,113</u>	<u>1,159</u>	<u>680</u>	<u>727</u>

- 7.26.5 For the six-month periods ended June 30, 2020 and 2019, related party transactions among subsidiaries included collection services and other services of Baht 379 million and Baht 473 million, respectively, and office and vehicle rental and facilities service of Baht 5 million and Baht 24 million, respectively.
- 7.26.6 For the six-month period ended June 30, 2020, subsidiaries have no related party transactions from the information technology services and for the six-month period ended June 30, 2019, subsidiaries had related party transactions from the information technology services of Baht 7 million, and for the six-month period ended June 30, 2020, a subsidiary had related party transactions with the Bank to provide the information technology services of Baht 84 million.
- 7.26.7 For the six-month periods ended June 30, 2020 and 2019, related party transactions among subsidiaries from other services were Baht 872 million and Baht 780 million, respectively.
- 7.26.8 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.

7.27 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 six-month periods ended June 30, 2020 and 2019, the subsidiary had sold assets to managements in the amount of Baht 2 million and Baht 2 million with the book value of Baht 2 million and Baht 2 million, respectively.

7.28 Lease liabilities

Lease liabilities as at June 30, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2020	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS June 30, 2020
Within one year	1,074	1,173
One year to five years	1,458	1,594
Over five years	654	586
Total	<u>3,186</u>	<u>3,353</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS December 31, 2019			Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS December 31, 2019		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	214	14	228	164	12	176
One year to five years	525	15	540	426	14	440
Total	<u>739</u>	<u>29</u>	<u>768</u>	<u>590</u>	<u>26</u>	<u>616</u>

7.29 Operating segments

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

The business segments are described below:

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

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

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

During the three-month and six-month periods ended June 30, 2020 and 2019, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by businesses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2020			
	Retail	Commercial	Others	Total
Interest income, net	15,135	6,200	(917)	20,418
Other operating income	6,105	1,600	(436)	7,269
Total operating income	21,240	7,800	(1,353)	27,687
Operating expenses	8,289	2,786	502	11,577
Expected credit loss	7,403	317	125	7,845
Profit (loss) before tax	5,548	4,697	(1,980)	8,265
Taxation	1,120	857	(302)	1,675
Net profit (loss)	4,428	3,840	(1,678)	6,590

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2019			
	Retail	Commercial	Others	Total
Interest income, net	13,483	5,271	8	18,762
Other operating income	7,799	2,085	(606)	9,278
Total operating income	21,282	7,356	(598)	28,040
Operating expenses	8,748	2,951	760	12,459
Impairment loss of loans and debt securities	5,480	817	429	6,726
Profit (loss) before tax	7,054	3,588	(1,787)	8,855
Taxation	1,330	666	(258)	1,738
Net profit (loss)	5,724	2,922	(1,529)	7,117

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2020			
	Retail	Commercial	Others	Total
Interest income, net	31,328	11,391	32	42,751
Other operating income	13,244	3,940	(1,306)	15,878
Total operating income	44,572	15,331	(1,274)	58,629
Operating expenses	17,910	5,532	824	24,266
Expected credit loss	15,390	1,844	121	17,355
Profit (loss) before tax	11,272	7,955	(2,219)	17,008
Taxation	2,087	1,489	(248)	3,328
Net profit (loss)	9,185	6,466	(1,971)	13,680

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2019				
	Retail	Commercial	Others	Total
Interest income, net	27,538	10,619	17	38,174
Other operating income	15,012	3,867	7,733	26,612
Total operating income	42,550	14,486	7,750	64,786
Operating expenses	18,542	6,122	2,017	26,681
Impairment loss of loans and debt securities	10,240	1,821	1,013	13,074
Profit before tax	13,768	6,543	4,720	25,031
Taxation	2,664	1,246	1,189	5,099
Net profit	11,104	5,297	3,531	19,932

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2020	988,241	1,631,995	(110,328)	2,509,908
As at December 31, 2019	980,900	1,516,186	(137,494)	2,359,592

7.30 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 June 30, 2020 and December 31, 2019 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2020				
	Domestic	Foreign	Elimination	Total
Total assets	2,462,444	57,025	(9,561)	2,509,908
Interbank and money market items, net (Assets)	409,737	8,601	-	418,338
Financial assets measured at fair value through profit or loss	2,807	-	-	2,807
Investments, net*	157,284	31	-	157,315
Loans to customers and accrued interest receivable, net	1,751,331	39,732	-	1,791,063
Deposits	1,678,849	19,857	-	1,698,706
Interbank and money market items (Liabilities)	262,555	13,187	-	275,742
Debt issued and borrowings	160,586	6,759	-	167,345

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

*Includes investments in subsidiaries and joint ventures, net

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2020				
	Domestic	Foreign	Elimination	Total
Total assets	2,368,082	6,576	(3,374)	2,371,284
Interbank and money market items, net (Assets)	408,677	2,640	-	411,317
Financial assets measured at fair value through profit or loss	2,801	-	-	2,801
Investments, net*	198,971	-	-	198,971
Loans to customers and accrued interest receivable, net	1,641,446	2,048	-	1,643,494
Deposits	1,689,672	1,973	-	1,691,645
Interbank and money market items (Liabilities)	260,678	1,150	-	261,828
Debt issued and borrowings	136,015	-	-	136,015

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

*Includes investments in subsidiaries and joint ventures, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2020			
	Domestic	Foreign	Elimination	Total
Interest income	25,907	1,470	(106)	27,271
Interest expenses	6,317	642	(106)	6,853
Net interest income	19,590	828	-	20,418
Fees and service income, net	3,905	26	-	3,931
Other operating income	4,136	(10)	(788)	3,338
Other operating expenses	11,896	469	(788)	11,577
Profit from operating before tax expected credit loss and income tax	15,735	375	-	16,110

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2019			
	Domestic	Foreign	Elimination	Total
Interest income	26,245	1,291	(91)	27,445
Interest expenses	8,240	534	(91)	8,683
Net interest income	18,005	757	-	18,762
Fees and service income, net	5,374	37	-	5,411
Other operating income	4,976	24	(1,133)	3,867
Other operating expenses*	19,834	484	(1,133)	19,185
Profit from operating before tax	8,521	334	-	8,855

*Includes allowance for doubtful accounts

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2020			
	Domestic	Foreign	Elimination	Total
Interest income	54,346	2,958	(215)	57,089
Interest expenses	13,265	1,288	(215)	14,338
Net interest income	41,081	1,670	-	42,751
Fees and service income, net	8,415	70	-	8,485
Other operating income	9,428	(42)	(1,993)	7,393
Other operating expenses	25,273	986	(1,993)	24,266
Profit from operating before tax expected credit loss and income tax	33,651	712	-	34,363

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2019

	Domestic	Foreign	Elimination	Total
Interest income	52,598	2,517	(182)	54,933
Interest expenses	15,911	1,030	(182)	16,759
Net interest income	36,687	1,487	-	38,174
Fees and service income, net	10,630	77	-	10,707
Other operating income	18,077	42	(2,214)	15,905
Other operating expenses*	40,996	973	(2,214)	39,755
Profit from operating before tax	24,398	633	-	25,031

*Includes allowance for doubtful accounts

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2020

	Domestic	Foreign	Elimination	Total
Interest income	19,244	36	-	19,280
Interest expenses	6,187	23	-	6,210
Net interest income	13,057	13	-	13,070
Fees and service income, net	1,937	4	-	1,941
Other operating income	2,766	15	(788)	1,993
Other operating expenses	8,999	15	(788)	8,226
Profit from operating before tax expected credit loss and income tax	8,761	17	-	8,778

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2019

	Domestic	Foreign	Elimination	Total
Interest income	20,425	16	-	20,441
Interest expenses	8,112	4	-	8,116
Net interest income	12,313	12	-	12,325
Fees and service income, net	2,389	5	-	2,394
Other operating income	4,990	12	(1,133)	3,869
Other operating expenses*	14,161	17	(1,133)	13,045
Profit from operating before tax	5,531	12	-	5,543

*Includes allowance for doubtful accounts

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2020				
	Domestic	Foreign	Elimination	Total
Interest income	40,579	71	-	40,650
Interest expenses	12,888	45	-	12,933
Net interest income	27,691	26	-	27,717
Fees and service income, net	4,181	8	-	4,189
Other operating income	6,587	15	(1,992)	4,610
Other operating expenses	19,208	29	(1,992)	17,245
Profit from operating before tax expected credit loss and income tax	19,251	20	-	19,271

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2019				
	Domestic	Foreign	Elimination	Total
Interest income	39,967	30	-	39,997
Interest expenses	15,601	6	-	15,607
Net interest income	24,366	24	-	24,390
Fees and service income, net	4,779	8	-	4,787
Other operating income	14,190	18	(2,214)	11,994
Other operating expenses*	28,795	41	(2,214)	26,622
Profit from operating before tax	14,540	9	-	14,549

* Includes allowance for doubtful accounts

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

7.31 Interest income

Interest income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	Unit: Million Baht			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods		For the three-month periods	
	ended June 30,		ended June 30,	
	2020	2019	2020	2019
Interbank and money market items	612	1,382	608	1,379
Investment and trading transactions	17	22	18	22
Investment in debt securities	411	621	411	621
Loans to customers	17,570	17,858	11,359	12,644
Hire purchase and finance lease	8,654	7,544	6,877	5,757
Other	7	18	7	18
Total interest income	27,271	27,445	19,280	20,441

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2020	2019	2020	2019
Interbank and money market items	1,579	2,436	1,571	2,430
Investment and trading transactions	37	41	37	41
Investment in debt securities	838	1,191	838	1,196
Loans to customers	36,446	36,066	23,791	25,031
Hire purchase and finance lease	18,160	15,164	14,384	11,264
Other	29	35	29	35
Total interest income	<u>57,089</u>	<u>54,933</u>	<u>40,650</u>	<u>39,997</u>

7.32 Interest expenses

Interest expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the three-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the three-month periods	
	2020	2019	2020	2019
Deposits	3,933	4,664	3,654	4,394
Interbank and money market items	744	1,134	611	1,084
Contributions to Financial Institution				
Development Fund and Deposit				
Protection Agency	995	1,814	995	1,814
Debt issued and borrowings				
- Subordinated debenture	565	623	558	400
- Other	591	426	374	413
Borrowing fee expense	-	9	-	2
Other	25	13	18	9
Total interest expenses	<u>6,853</u>	<u>8,683</u>	<u>6,210</u>	<u>8,116</u>

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2020	2019	2020	2019
Deposits	8,354	8,894	7,787	8,380
Interbank and money market items	1,620	2,194	1,272	2,122
Contributions to Financial Institution				
Development Fund and Deposit				
Protection Agency	1,941	3,531	1,941	3,531
Debt issued and borrowings				
- Subordinated debenture	1,133	1,255	1,116	749
- Other	1,236	820	779	788
Borrowing fee expense	-	25	-	4
Other	54	40	38	33
Total interest expenses	<u>14,338</u>	<u>16,759</u>	<u>12,933</u>	<u>15,607</u>

On April 9, 2020, the BOT announced to reduce the rate of contributions to Financial Institution Development Fund (FIDF) from 0.46% to 0.23% per year which is effective for the years 2020-2021. Therefore, the Bank has reduced FIDF fee with the rate of 0.23% per year for the three-month and six-month periods ended June 30, 2020.

7.33 Fees and service income, net

Fees and service income, net for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2020	2019	2020	2019
Fees and service income				
- Acceptances, aval and guarantees	125	130	124	132
- Other	5,455	7,179	2,945	3,682
Total fees and service income	5,580	7,309	3,069	3,814
Fees and service expenses	1,649	1,898	1,128	1,420
Total fees and service income, net	3,931	5,411	1,941	2,394

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2020	2019	2020	2019
Fees and service income				
- Acceptances, aval and guarantees	249	261	249	262
- Other	11,856	14,358	6,487	7,431
Total fees and service income	12,105	14,619	6,736	7,693
Fees and service expenses	3,620	3,912	2,547	2,906
Total fees and service income, net	8,485	10,707	4,189	4,787

7.34 Gains on financial instruments measured at fair value through profit or loss

Gains on financial instruments measured at fair value through profit or loss for the three-month and six-month periods ended June 30, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three- month period ended June 30, 2020	For the six- month period ended June 30, 2020	For the three- month period ended June 30, 2020	For the six- month period ended June 30, 2020
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	693	2,642	750	2,775
- Derivative of interest rates	143	(213)	142	(191)
- Debt securities	40	32	40	32
- Equity securities	1	(8)	-	(2)
Total	877	2,453	932	2,614
Gains on financial instruments designated at FVTPL				
- Net change in fair value of other	-	5	-	5
Gains on hedge accounting	9	27	9	27
Total	886	2,485	941	2,646

Gains on trading and foreign exchange transactions, net for the three-month and six-month periods ended June 30, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three- month period ended June 30, 2019	For the six- month period ended June 30, 2019	For the three- month period ended June 30, 2019	For the six- month period ended June 30, 2019
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	1,206	2,370	1,209	2,377
- Derivative of interest rates	(178)	(182)	(164)	(156)
- Debt securities	11	12	11	12
- Equity securities	6	5	7	4
Total	1,045	2,205	1,063	2,237

7.35 Gains (losses) on investments, net

Gains (losses) on investments, net for the three-month and six-month periods ended June 30, 2020 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020
Gains on derecognition of investments				
- Debt securities measured at FVOCI	12	48	12	48
	<u>12</u>	<u>48</u>	<u>12</u>	<u>48</u>
Losses on impairments				
- Investments in subsidiaries	-	-	-	(720)
Total	<u>12</u>	<u>48</u>	<u>12</u>	<u>(672)</u>

Gains (losses) on investments, net for the three-month and six-month periods ended June 30, 2019 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month period ended June 30, 2019	For the six-month period ended June 30, 2019	For the three-month period ended June 30, 2019	For the six-month period ended June 30, 2019
Gains on sales of investments				
- Available-for-sale	402	448	402	448
- Investments in subsidiaries	-	8,625	-	5,019
	<u>402</u>	<u>9,073</u>	<u>402</u>	<u>5,467</u>
Losses on impairments				
- Investments in subsidiaries	-	-	(510)	(510)
Total	<u>402</u>	<u>9,073</u>	<u>(108)</u>	<u>4,957</u>

7.36 Expected credit loss

Expected credit loss for the three-month and six-month periods ended June 30, 2020 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month period ended June 30, 2020	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month period ended June 30, 2020
Interbank and money market items (reversal)	-	(2)
Investment in debt securities measured at fair value through other comprehensive income	2	2
Loans to customers and accrued interest receivable	8,032	5,849
Loan commitments and financial guarantees	(189)	(160)
Total	<u>7,845</u>	<u>5,689</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month period ended June 30, 2020	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month period ended June 30, 2020
Interbank and money market items (reversal)	42	39
Investment in debt securities measured at fair value through other comprehensive income	4	4
Investment in debt securities measured at amortized cost	(1)	(1)
Loans to customers and accrued interest receivable	17,296	12,175
Loan commitments and financial guarantees	14	(3)
Total	<u>17,355</u>	<u>12,214</u>

Impairment loss on loans and debt securities (reversal) for the three-month and six-month periods ended June 30, 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month period ended June 30, 2019	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month period ended June 30, 2019
Interbank and money market items (reversal)	(10)	(10)
Loans to customers	6,469	4,540
Loss on troubled debt restructuring	266	58
Total	<u>6,725</u>	<u>4,588</u>

	CONSOLIDATED FINANCIAL STATEMENTS	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS
	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2019
Interbank and money market items (reversal)	(25)	(25)
Loans to customers	12,521	8,711
Loss on troubled debt restructuring	578	70
Total	<u>13,074</u>	<u>8,756</u>

7.37 Income tax expenses

Income tax expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS
	For the three-month periods ended June 30, 2020 2019	For the three-month periods ended June 30, 2020 2019
Current tax for the periods	2,056 1,273	929 345
Deferred tax	(381) 465	(370) 383
Total income tax expenses	<u>1,675</u> <u>1,738</u>	<u>559</u> <u>728</u>

	CONSOLIDATED FINANCIAL STATEMENTS	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS
	For the six-month periods ended June 30, 2020 2019	For the six-month periods ended June 30, 2020 2019
Current tax for the periods	3,972 4,108	1,984 2,195
Deferred tax	(644) 991	(660) 189
Total income tax expenses	<u>3,328</u> <u>5,099</u>	<u>1,324</u> <u>2,384</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2020		2019		2020		2019	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>17,008</u>		<u>25,031</u>		<u>7,057</u>		<u>14,549</u>	
Income tax at the domestic tax rate	3,402	20.00	5,006	20.00	1,412	20.00	2,910	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	376	2.21	1,107	4.42	165	2.34	442	3.04
Less Tax effect of income and expense that are exempt for tax purposes	<u>(450)</u>	<u>(2.65)</u>	<u>(1,014)</u>	<u>(4.06)</u>	<u>(253)</u>	<u>(3.59)</u>	<u>(968)</u>	<u>(6.66)</u>
Income tax expenses as per statements of profit or loss and other comprehensive income	<u>3,328</u>	<u>19.56</u>	<u>5,099</u>	<u>20.36</u>	<u>1,324</u>	<u>18.75</u>	<u>2,384</u>	<u>16.38</u>

7.38 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
For the three-month periods ended June 30,						
	2020		2019			
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Item that will be reclassified subsequently to profit or loss						
Gains on investment in debt instruments at fair value through other comprehensive income	73	(15)	58	-	-	-
Gains on cash flow hedges	335	(67)	268	-	-	-
Loss on remeasuring available-for-sale investment	-	-	-	(69)	14	(55)
Loss arising from translating the financial statements of a foreign operation	(666)	118	(548)	(326)	57	(269)
Item that will not be reclassified subsequently to profit or loss						
Gains on remeasuring investment in equity Instruments designated at FVOCI	595	(119)	476	-	-	-
Other comprehensive income	337	(83)	254	(395)	71	(324)

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
For the six-month periods ended June 30,						
	2020		2019			
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Item that will be reclassified subsequently to profit or loss						
Gains on investment in debt instruments at fair value through other comprehensive income	162	(33)	129	-	-	-
Loss on cash flow hedges	(112)	23	(89)	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	486	(97)	389
Gains (losses) arising from translating the financial statements of a foreign operation	233	(38)	195	(514)	92	(422)
Item that will not be reclassified subsequently to profit or loss						
Loss on remeasuring investment in equity Instruments designated at FVOCI	(690)	138	(552)	-	-	-
Other comprehensive income	(407)	90	(317)	(28)	(5)	(33)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month periods ended June 30,

	2020			2019		
	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 on investment in debt instruments at fair value through other comprehensive income	73	(15)	58	-	-	-
Gains on cash flow hedges	335	(67)	268	-	-	-
Loss on remeasuring available-for-sale investment	-	-	-	(69)	14	(55)
Item that will not be reclassified subsequently to profit or loss						
Gains on remeasuring investment in equity Instruments designated at FVOCI	623	(124)	499	-	-	-
Other comprehensive income	1,031	(206)	825	(69)	14	(55)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month periods ended June 30,

	2020			2019		
	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 on investment in debt instruments at fair value through other comprehensive income	162	(33)	129	-	-	-
Loss on cash flow hedges	(112)	23	(89)	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	486	(97)	389
Item that will not be reclassified subsequently to profit or loss						
Loss on remeasuring investment in equity Instruments designated at FVOCI	(660)	132	(528)	-	-	-
Other comprehensive income	(610)	122	(488)	486	(97)	389

7.39 Event after the reporting period

The Annual General meeting of Shareholders No. 108 held on July 30, 2020 approved the Bank to offer to purchase 50% of total issued and paid up share capital of SB Finance Company Inc. ("SBF") from Security Bank Corporation ("SBC") for an estimated consideration of Philippine Peso 1,828.2 million or Baht 1,096.9 million. The actual consideration is subject to the change in actual equity book value as of the closing date. This transaction is also subject to satisfactory regulatory approvals from BOT, and/or other relevant regulators in Thailand and other countries.

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

The relief measures to alleviate the impact of COVID -19 Phase I

On February 28, 2020, the BOT announced the relief measures to classify non-NPL debtors with quality loans. In case of the bank believes that the debtor is able to proceed with the debt restructuring plan or debtors without a significant increase in credit risk, it will be classified debtors as Loan Stage 1 which are considered as a preventative debt restructuring (Pre-emptive) not considered as a Troubled Debt Restructuring (TDR) in accordance with the time frame during January 1, 2020 to December 31, 2021 as scheduled by the BOT.

In addition, the BOT has reduced the rate of contribution from financial institutions to the FIDF “the FIDF fee” from 0.46% to 0.23% per year for a period of 2 years including the relief measures for Mutual Fund Liquidity Facility (MFLF) as disclosed in Note 7.32 and 7.6, respectively.

The relief measures to alleviate the impact of COVID -19 Phase II

On June 19, 2020, the BOT announced the relief measures to alleviate the impact of COVID-19 Phase II as follows:

- 1) Interest ceiling cuts and reduce service fees and penalties (interest) related with credit cards and personal loans 2%-4% per annum, effective from August 1, 2020.
- 2) Extending the credit limit for debtors whose average monthly income is less than 30,000 baht from 1.5 times to 2 times temporarily from August 1, 2020 to 31 December 31, 2021.
- 3) Retail debtor relief measures phase II by expanding the scope and period of providing assistance to Non-NPL retail debtors as at March 1, 2020.

Corresponding to the Bank of Thailand’s policy rate cuts in support of customer relief measures and to alleviate the negative impacts on the economy due to COVID-19 outbreak, the Bank cut its key lending rates for four consecutive times on February 8, 2020, March 24, 2020, April 10, 2020, and May 21, 2020 in accordance with the BOT’s policy rate cuts and the other immediate relief measures for all customer segments included a grace period for principal and/or interest payments, a reduction of interest payment, as well as installment period extension. In particular, for SME customers, assistance as per the above-mentioned measures are being offered in addition to the BOT’s soft loan program.

As of June 30, 2020, the loans under the relief measure program accounted for approximately Baht 537 billion, of which 11% is granted to Corporate segment, 30% is granted to SME and Business Banking segment, and 59% is granted to Retail Segment. The SME which is the most affected segment received supportive on low-interest loan program of Baht 18 billion to increase their liquidity under the BOT and Government Saving Bank (GSB)’s soft loan programs.

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

7.41 Approval of financial statements

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