

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANGKOK BANK PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bangkok Bank Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2020, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and subsidiaries and of Bangkok Bank Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and the Bank of Thailand’s regulations.

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 3.1 to the financial statements, the Bank and subsidiaries have adopted the new accounting policies regarding the financial instruments which are in accordance with Group of Financial Instruments Standards and recognized the cumulative effect of initially applying such Standards as the adjustments to the beginning balances of retained earnings and other reserves as at January 1, 2020, which are presented in the aforementioned note to the financial statements, to be in accordance with the new accounting policies. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and Bank’s financial statements of the current period. This matter was 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 this matter.

Key Audit Matter	Audit Responses
<p>Allowance for expected credit loss</p> <p>The allowance for expected credit loss for loans to customers is considered to be the key audit matter as it requires the use of various assumptions and judgment including forward economic looking and post model adjustments and it is recognized in accordance with Thai Financial Reporting Standard No. 9 - Financial Instruments (“TFRS 9”) and the relevant regulations of the Bank of Thailand which has been applied since January 1, 2020. TFRS 9 requires the Bank and subsidiaries to recognize impairment based on expected credit loss (“ECL”). We focused our audit on the following areas of allowance for expected credit loss for loans to customers specifically relating to:</p> <ul style="list-style-type: none"> ● Accounting interpretations and modelling assumptions used to build the models that the Bank used to calculate the ECL which involves determining Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); 	<p>Key audit procedures included</p> <ul style="list-style-type: none"> ● Assessing the adjustments made to the opening balances on January 1, 2020, resulted from the first time adoption of TFRS 9. ● Reviewing management written policies, which were collaborated from the Bank’s management’s experts, and procedures to derive the allowance for expected credit loss estimate. Determining whether the policies and procedures for the estimation are incorporate with the requirements of TFRS 9 and properly approved by the appropriate level of management.

Key Audit Matter	Audit Responses
<ul style="list-style-type: none"> ● Completeness and accuracy of data used to calculate the ECL; ● Inputs and assumptions used to estimate the impact of multiple economic scenarios; ● Classification of loans to customers to stage 1, 2 and 3 using criteria in accordance with TFRS 9 and the relevant regulations of the Bank of Thailand; ● Indicators that will significantly reduce the ability to pay the debt or the increase in credit risk including quantitative and qualitative information and also forward-looking analysis both events that have already occurred and may occur in the future; and ● Completeness and valuation of post model adjustments. <p>Accounting policy for allowance for expected credit loss and detail of allowance for expected credit loss were disclosed in Note 3.1 and Note 7.9, respectively.</p>	<ul style="list-style-type: none"> ● Understanding and testing design and operating effectiveness of key controls across the processes relevant to the ECL. This included the classification of assets into stages, data accuracy and completeness, credit monitoring, multiple economic scenarios, and individual provisions. ● Involvement of our internal specialists to assess the model documentation and model validation reports. This included assessing the appropriateness of model design, assumptions, inputs, formulas used and post model adjustments. We tested the data used in the ECL calculation by reconciling to source systems and recalculating the allowance for expected credit loss for a sample of models. ● Evaluating relevant inputs and assumptions used by management in each stage of the expected credit loss calculation by considering whether the inputs and assumption appear reasonable, considering the historical loss experience and adjust this for current observable data and considering the relationship between those assumptions and forecast of reasonable and supportable future economic conditions. ● Performing an overall assessment of the ECL provision levels to determine if they were reasonable considering the Bank and subsidiaries' portfolio, risk profile, credit risk management practices and the macroeconomic factors. We considered trends in the economy and industries to which the Bank and subsidiaries are exposed.

Key Audit Matter	Audit Responses
	<ul style="list-style-type: none"> ● Considering the criteria used to classify an asset to stage 1, 2 and 3 in accordance with TFRS 9 and the relevant regulations of the Bank of Thailand. Testing sample of assets in stage 1, 2 and 3 to verify that they were classified to the appropriate stage. This also included considering the internal credit risk rating system of the Bank and also external credit risk grading. ● Assessing the adequacy and appropriateness of the disclosure in accordance with Group of Financial Instruments Standards and the BOT's Notification.

Other Information

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

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

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

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

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 the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of the 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' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries and the Bank 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' and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's 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 and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and 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.

Deloitte Touche Tohmatsu Jaiyos Audit

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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 matter. We describe this matter 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.

Nisakorn Songmanee

Certified Public Accountant (Thailand)

Registration No. 5035

BANGKOK

February 23, 2021

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
ASSETS					
CASH	7.2	73,886,309	58,090,112	70,013,515	58,012,561
INTERBANK AND MONEY MARKET ITEMS, NET	7.4	519,036,028	472,349,351	374,778,755	442,584,108
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.5	57,936,242	-	69,359,414	-
DERIVATIVES ASSETS	7.6	67,560,232	49,807,012	66,143,443	49,687,316
INVESTMENTS, NET	7.7	758,482,179	647,696,626	670,444,629	610,535,400
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	7.8	911,321	1,737,450	144,589,329	38,414,900
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.9	2,189,102,088	1,891,046,281	1,896,205,127	1,836,721,735
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROPERTIES FOR SALE, NET	7.10	9,753,914	9,362,849	7,754,245	8,368,141
PREMISES AND EQUIPMENT, NET	7.11	65,049,861	40,753,955	55,460,373	39,504,853
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.12	32,307,811	1,760,117	1,451,391	1,673,358
DEFERRED TAX ASSETS	7.13	7,939,617	4,542,443	2,082,884	3,360,374
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		12,833,047	17,506,277	12,699,962	17,419,107
OTHER ASSETS, NET		28,161,036	20,463,750	13,977,916	16,975,764
TOTAL ASSETS		3,822,959,685	3,216,743,095	3,384,960,983	3,123,361,339

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2020

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2020	2019	2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	7.14	2,810,862,624	2,370,792,167	2,485,596,798	2,316,034,607
INTERBANK AND MONEY MARKET ITEMS	7.15	219,149,193	134,346,323	162,499,180	129,277,274
LIABILITY PAYABLE ON DEMAND		7,257,360	5,523,288	6,702,768	5,488,403
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.16	19,256,663	-	19,056,520	-
DERIVATIVES LIABILITIES	7.6	57,127,821	37,837,421	56,212,287	37,370,815
DEBT ISSUED AND BORROWINGS	7.17	136,176,779	144,680,567	133,963,539	144,315,507
BANK'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROVISIONS	7.21	27,305,660	18,701,528	25,065,453	18,428,103
DEFERRED TAX LIABILITIES	7.13	2,447,583	2,364,416	2,588,682	2,158,732
OTHER LIABILITIES	7.23	93,128,867	72,754,204	53,792,151	51,721,099
TOTAL LIABILITIES		3,372,712,550	2,788,626,786	2,945,477,378	2,704,898,262
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Registered share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		47,256,838	34,471,457	52,849,874	40,383,596
RETAINED EARNINGS					
Appropriated					
Legal reserve	7.26 , 7.27	25,000,000	24,000,000	25,000,000	24,000,000
Others		111,500,000	106,500,000	111,500,000	106,500,000
Unappropriated		189,822,190	187,345,092	174,699,070	172,144,820
TOTAL BANK'S EQUITY		449,013,689	427,751,210	439,483,605	418,463,077
NON-CONTROLLING INTEREST		1,233,446	365,099	-	-
TOTAL SHAREHOLDERS' EQUITY		450,247,135	428,116,309	439,483,605	418,463,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,822,959,685	3,216,743,095	3,384,960,983	3,123,361,339

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvam Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
INTEREST INCOME	7.35	112,523,517	112,565,219	94,695,292	108,129,726
INTEREST EXPENSES	7.36	35,477,057	41,493,764	27,805,781	39,874,777
NET INTEREST INCOME		77,046,460	71,071,455	66,889,511	68,254,949
FEES AND SERVICE INCOME	7.37	34,167,918	39,280,197	26,795,044	33,873,573
FEES AND SERVICE EXPENSES	7.37	9,456,915	10,775,642	8,800,699	10,581,567
NET FEES AND SERVICE INCOME		24,711,003	28,504,555	17,994,345	23,292,006
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.38	11,057,904	-	9,651,307	-
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	7.39	-	7,847,526	-	7,251,972
GAINS ON INVESTMENTS	7.40	2,512,154	19,764,691	2,177,491	19,102,850
SHARE OF PROFIT (LOSS) FROM INVESTMENT USING EQUITY METHOD		(14,492)	92,582	-	-
GAINS ON DISPOSAL OF ASSETS		734,126	2,134,552	721,912	1,031,659
DIVIDEND INCOME		2,039,396	3,769,070	3,597,669	6,632,283
OTHER OPERATING INCOME		641,626	561,599	382,131	406,089
TOTAL OPERATING INCOME		118,728,177	133,746,030	101,414,366	125,971,808
OTHER OPERATING EXPENSES					
Employee's expenses		30,959,431	26,725,848	24,848,414	24,141,378
Directors' remuneration		186,931	166,742	128,220	126,540
Premises and equipment expenses		14,165,327	11,788,808	12,034,242	11,053,997
Taxes and duties		2,928,889	3,364,301	2,880,048	3,313,109
Others		17,733,376	12,917,335	14,578,533	11,584,279
TOTAL OTHER OPERATING EXPENSES		65,973,954	54,963,034	54,469,457	50,219,303
EXPECTED CREDIT LOSS	7.41	31,195,868	-	27,888,515	-
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	7.41	-	32,351,077	-	31,744,338
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		21,558,355	46,431,919	19,056,394	44,008,167
INCOME TAX EXPENSES	7.42	4,013,619	10,219,204	3,418,355	9,220,175
NET PROFIT		17,544,736	36,212,715	15,638,039	34,787,992

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on investments in debt instruments at fair value					
through other comprehensive income		2,964,758	-	1,839,100	-
Losses on remeasuring available-for-sale investment		-	(2,208,474)	-	(2,230,950)
Gains on cash flow hedges		260,583	-	260,583	-
Gains (losses) arising from translating the financial statements of					
foreign operations		4,115,474	(5,705,941)	4,671,025	(3,092,634)
Share of other comprehensive income of associates		-	1,969	-	-
Income tax relating to components of other comprehensive					
income (losses)		(231,478)	487,574	15,270	495,650
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		14,524,289	-	13,987,474	-
Losses on investment in equity instruments designated at					
fair value through other comprehensive income		(6,067,116)	-	(5,340,383)	-
Gains on financial liabilities designated at fair value					
through profit or loss		958,884	-	958,884	-
Actuarial losses on defined benefit plans		(428,401)	(1,695,259)	(284,680)	(1,703,714)
Share of other comprehensive income of associates		1,962	-	-	-
Income tax relating to components of other comprehensive					
income (losses)		(3,233,984)	337,942	(3,324,295)	339,678
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		12,864,971	(8,782,189)	12,782,978	(6,191,970)
TOTAL COMPREHENSIVE INCOME		30,409,707	27,430,526	28,421,017	28,596,022
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		17,180,582	35,816,094	15,638,039	34,787,992
Non-controlling interest		364,154	396,621	-	-
		17,544,736	36,212,715	15,638,039	34,787,992
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		30,056,376	27,029,364	28,421,017	28,596,022
Non-controlling interest		353,331	401,162	-	-
		30,409,707	27,430,526	28,421,017	28,596,022
BASIC EARNINGS PER SHARE (BAHT)		9.00	18.76	8.19	18.22
WEIGHTED AVERAGE NUMBER					
OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvam Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED											Total Equity Attributable to the Bank's Shareholders	Non-controlling Interest	Total	
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves							Retained Earnings					
				Land Appraisal Surplus	Premises Appraisal Surplus	Revaluation Surplus on Investments	Cash flow Hedge Reserve	Own Credit Risk Revaluation Reserve	Foreign Currency Translation	Others	Appropriated					Unappropriated
											Legal Reserve	Others				
Balance as at January 1, 2019		19,088,429	56,346,232	16,829,619	6,541,158	29,855,575	-	-	(10,384,055)	470	23,000,000	101,500,000	170,036,820	412,814,248	344,643	413,158,891
Appropriation for previous year																
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)	(200,703)	(8,570,951)
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Appropriation for current year																
Dividend paid		-	-	-	-	-	-	-	-	-	-	-	(3,722,154)	(3,722,154)	(180,003)	(3,902,157)
Legal reserve		-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Total comprehensive income		-	-	-	-	(1,720,503)	-	-	(5,705,941)	1,575	-	-	34,454,233	27,029,364	401,162	27,430,526
Transfer to retained earnings		-	-	(5,607)	(940,834)	-	-	-	-	-	-	-	946,441	-	-	-
Balance as at December 31, 2019		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,824,012</u>	<u>5,600,324</u>	<u>28,135,072</u>	<u>-</u>	<u>-</u>	<u>(16,089,996)</u>	<u>2,045</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>187,345,092</u>	<u>427,751,210</u>	<u>365,099</u>	<u>428,116,309</u>
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,824,012	5,600,324	28,135,072	-	-	(16,089,996)	2,045	24,000,000	106,500,000	187,345,092	427,751,210	365,099	428,116,309
Impact of adopting new financial reporting standard No.9		-	-	-	-	1,043,207	356,384	(2,196,285)	-	-	-	-	2,953,889	2,157,195	1,321	2,158,516
Balance as at January 1, 2020 after adjustment		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,824,012</u>	<u>5,600,324</u>	<u>29,178,279</u>	<u>356,384</u>	<u>(2,196,285)</u>	<u>(16,089,996)</u>	<u>2,045</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>190,298,981</u>	<u>429,908,405</u>	<u>366,420</u>	<u>430,274,825</u>
Appropriation for previous year																
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)	(175,469)	(9,719,683)
Legal reserve	7.26, 7.27	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Appropriation for current year																
Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-	-	(187,503)	(187,503)
Legal reserve		-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Total comprehensive income		-	-	6,250,241	5,386,899	(2,088,913)	208,466	767,107	4,135,677	1,570	-	-	15,395,329	30,056,376	353,331	30,409,707
Transfer to retained earnings		-	-	-	(1,024,698)	(54,274)	-	-	-	-	-	-	1,078,972	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	(1,406,878)	(1,406,878)	876,667	(530,211)
Balance as at December 31, 2020		<u>19,088,429</u>	<u>56,346,232</u>	<u>23,074,253</u>	<u>9,962,525</u>	<u>27,035,092</u>	<u>564,850</u>	<u>(1,429,178)</u>	<u>(11,954,319)</u>	<u>3,615</u>	<u>25,000,000</u>	<u>111,500,000</u>	<u>189,822,190</u>	<u>449,013,689</u>	<u>1,233,446</u>	<u>450,247,135</u>

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	THE BANK										Total	
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves						Retained Earnings			Unappropriated
				Land Appraisal Surplus	Premises Appraisal Surplus	Revaluation Surplus on Investments	Cash flow Hedge Reserve	Own Credit Risk Revaluation Reserve	Foreign Currency Translation	Appropriated			
										Legal Reserve	Others		
Balance as at January 1, 2019		19,088,429	56,346,232	16,765,473	6,512,228	29,771,751	-	-	(6,894,911)	23,000,000	101,500,000	155,870,255	401,959,457
Appropriation for previous year													
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)
Legal reserve	7.26 , 7.27	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Appropriation for current year													
Dividend paid		-	-	-	-	-	-	-	-	-	-	(3,722,154)	(3,722,154)
Legal reserve		-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Others		-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Total comprehensive income		-	-	-	-	(1,735,300)	-	-	(3,092,634)	-	-	33,423,956	28,596,022
Transfer to retained earnings		-	-	(5,607)	(937,404)	-	-	-	-	-	-	943,011	-
Balance as at December 31, 2019		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,759,866</u>	<u>5,574,824</u>	<u>28,036,451</u>	<u>-</u>	<u>-</u>	<u>(9,987,545)</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>172,144,820</u>	<u>418,463,077</u>
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,759,866	5,574,824	28,036,451	-	-	(9,987,545)	24,000,000	106,500,000	172,144,820	418,463,077
Impact of adopting new financial reporting standard No.9		-	-	-	-	877,277	356,384	(2,196,285)	-	-	-	3,277,003	2,314,379
Balance as at January 1, 2020 after adjustment		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,759,866</u>	<u>5,574,824</u>	<u>28,913,728</u>	<u>356,384</u>	<u>(2,196,285)</u>	<u>(9,987,545)</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>175,421,823</u>	<u>420,777,456</u>
Appropriation for previous year													
Dividend paid	7.27	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)
Legal reserve	7.26 , 7.27	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Appropriation for current year													
Legal reserve		-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Others		-	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Total comprehensive income		-	-	6,044,614	5,145,365	(2,374,085)	208,466	767,107	4,671,025	-	-	13,958,525	28,421,017
Transfer to retained earnings		-	-	-	(979,420)	(54,170)	-	-	-	-	-	1,033,590	-
Others		-	-	-	-	-	-	-	-	-	-	(170,654)	(170,654)
Balance as at December 31, 2020		<u>19,088,429</u>	<u>56,346,232</u>	<u>22,804,480</u>	<u>9,740,769</u>	<u>26,485,473</u>	<u>564,850</u>	<u>(1,429,178)</u>	<u>(5,316,520)</u>	<u>25,000,000</u>	<u>111,500,000</u>	<u>174,699,070</u>	<u>439,483,605</u>

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Note	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		21,558,355	46,431,919	19,056,394	44,008,167
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		5,545,356	4,127,314	4,494,384	3,924,659
Expected credit loss		31,195,868	-	27,888,515	-
Bad debt and doubtful accounts		-	31,208,166	-	30,601,427
Losses on debt restructuring		-	1,142,911	-	1,142,911
Gains on foreign exchange of long-term borrowings		(830,663)	(9,038,049)	(830,663)	(9,038,049)
Amortization of premium on investment in debt securities		1,199,165	208,974	1,140,896	368,642
Unrealized losses on financial instruments measured at fair value through profit or loss		4,938,476	-	6,242,749	-
Unrealized gain on revaluation of trading securities		-	(270,285)	-	(17,068)
Gains on investments		(2,512,154)	-	(2,177,491)	-
Gains on disposal of securities for investments		-	(20,272,149)	-	(19,610,308)
Losses on impairment of investments		-	507,458	-	507,458
Share of profit (loss) from investment using equity method		14,492	(92,582)	-	-
Losses on impairment of properties for sale		1,124,720	909,267	1,061,250	514,489
Gain on disposal of premises and equipment		(356,255)	(64,089)	(356,493)	(64,280)
Gain on revaluation of land and premises		(196,180)	-	(196,180)	-
Loss on impairment of other assets (reversal)		368,892	(46,722)	254,704	(46,751)
Provision expenses		1,392,950	984,145	752,667	906,373
Net interest income		(77,046,460)	(71,071,455)	(66,889,511)	(68,254,949)
Dividend income		(2,039,396)	(3,769,070)	(3,597,669)	(6,632,283)
Proceeds from interest income		111,778,327	113,718,086	93,345,665	109,327,492
Interest expenses paid		(40,860,836)	(40,865,236)	(33,042,463)	(39,015,108)
Proceeds from dividend income		2,039,396	3,767,549	1,899,134	3,592,262
Income tax paid		(6,566,399)	(9,630,583)	(5,638,459)	(8,040,620)
(Increase) decrease in other accrued receivables		(4,054)	(637,904)	31,380	(657,998)
Increase (decrease) in other accrued expenses		1,289,301	101,084	417,606	(44,177)
Profit from operating before changes in operating assets and liabilities		52,032,901	47,348,749	43,856,415	43,472,289
(Increase) decrease in operating assets					
Interbank and money market items		21,975,455	(20,810,795)	68,282,173	(37,778,031)
Financial assets measured at fair value through profit or loss		(6,058,883)	-	(25,396,647)	-
Investment in short-term securities		-	373,514	-	2,704,971
Loans to customers		(91,771,656)	10,715,732	(76,751,199)	11,443,470
Properties for sale		642,208	1,803,018	719,896	1,331,449
Other assets		(16,147,080)	(38,638,815)	(9,835,598)	(41,367,622)

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Increase (decrease) in operating liabilities					
Deposits		193,025,477	44,322,627	169,562,191	53,544,229
Interbank and money market items		32,197,568	(2,515,800)	33,221,906	882,869
Liability payable on demand		1,168,013	(1,699,853)	1,214,364	(1,710,983)
Short-term borrowings		(677,549)	223,516	(8,086)	(14,541)
Other liabilities		30,075,396	15,068,983	17,747,643	17,563,391
Net cash from operating activities		<u>216,461,850</u>	<u>56,190,876</u>	<u>222,613,058</u>	<u>50,071,491</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities measured at fair value through other comprehensive income		(473,224,079)	-	(445,490,013)	-
Purchase of available-for-sale securities		-	(580,621,168)	-	(565,635,275)
Proceeds from disposal of investment securities measured at fair value through other comprehensive income		369,398,464	-	343,276,461	-
Proceeds from disposal of available-for-sale securities		-	507,543,770	-	497,030,202
Purchase of investment securities measured at amortized cost		(108,871,614)	-	(20,846,462)	-
Purchase of held-to-maturity debt securities		-	(87,451,141)	-	(10,352,832)
Proceeds from redemption of investment securities measured at amortized cost		105,105,900	-	28,323,094	-
Proceeds from redemption of held-to-maturity debt securities		-	84,472,790	-	5,723,379
Purchase of general investments		-	(9,304,111)	-	(8,357,583)
Proceeds from disposal of general investments		-	2,242,534	-	2,137,272
Purchase of investments in subsidiaries and associate		(77,195,676)	(124,267)	(105,263,739)	(1,124,267)
Proceeds from dividend income from subsidiaries and associates		41,512	89,212	1,698,535	3,038,500
Purchase of premises and equipment		(2,308,393)	(1,715,299)	(925,775)	(1,582,812)
Proceeds from disposal of premises and equipment		753,477	100,007	537,155	76,499
Net cash from investing activities		<u>(186,300,409)</u>	<u>(84,767,673)</u>	<u>(198,690,744)</u>	<u>(79,046,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from issuance of subordinated notes	7.3	23,755,703	36,727,413	23,755,703	36,727,413
Cash paid for senior unsecured notes extinguishment	7.3	(25,620,963)	-	(24,964,624)	-
Increase (decrease) in long-term borrowings	7.3	(1,363,569)	143,207	(107,063)	143,207
Cash paid for lease liabilities		(1,275,888)	-	(1,106,844)	-
Dividend paid		(9,544,214)	(12,092,402)	(9,544,214)	(12,092,402)
Dividend paid to non-controlling interest		(362,972)	(380,706)	-	-
Net cash from financing activities		<u>(14,411,903)</u>	<u>24,397,512</u>	<u>(11,967,042)</u>	<u>24,778,218</u>
Effect on cash due to changes in the exchange rates		46,659	(124,694)	45,682	(119,519)
Net increase (decrease) in cash		15,796,197	(4,303,979)	12,000,954	(4,316,727)
Cash as at January 1,		58,090,112	62,394,091	58,012,561	62,329,288
Cash as at December 31,		<u><u>73,886,309</u></u>	<u><u>58,090,112</u></u>	<u><u>70,013,515</u></u>	<u><u>58,012,561</u></u>

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

Bangkok Bank Public Company Limited is a public company limited registered in the Kingdom of Thailand and registered in the Stock Exchange of Thailand with its head office located at 333 Silom Road, Bangrak, Bangkok. The Bank's main business is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and some major parts of the world.

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand ("BOT"). Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance sheet items calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgment by the BOT about components, risk weightings and other factors. The Bank believes that as at December 31, 2020 and 2019, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

2.1 The consolidated and the Bank's statutory financial statements are in the Thai language and prepared in accordance with Thai Financial Reporting Standards, accounting treatment guidance promulgated by the Federation of Accounting Professions ("TFAC"), accounting practices generally accepted in Thailand including the Regulations of The Securities and Exchange Commission, The Stock Exchange of Thailand and relevant BOT's Notifications.

The consolidated and the Bank's financial statements are prepared in accordance with Thai Accounting Standard No. 1 regarding Presentation of Financial Statements; and relevant official regulations, and presented in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated October 31, 2018, which is required to apply to the financial statements beginning on or after January 1, 2020 onwards. The consolidated and the Bank's financial statements for the year ended December 31, 2019, which are the comparative figures are still presented in the format as announced by the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated December 4, 2015.

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

The preparation of the financial statements in conformity with Thai Financial Reporting Standards also requires the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The actual results may differ from those estimates. The use of accounting judgments and estimates that are of significance are disclosed in Note 6. Further information about methods and key assumptions are set out in the relevant notes.

2.2 New or Revised Thai Financial Reporting Standards

2.2.1 The Bank and subsidiaries have adopted the new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations, issued by the TFAC and announced in the Royal Gazette, applying for the financial statements of the periods beginning on or after January 1, 2020 onward, with no material impact on the Bank and subsidiaries' financial statements.

For the new Thai Financial Reporting Standards which have been adopted, such as Group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 regarding Leases, the effects are disclosed in Note 3 and Note 4.

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

- 1) Accounting Treatment Guidance on “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 temporarily support for entities 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.

In this regard, the application of Accounting Treatment Guidance is disclosed in Note 7.43 the Coronavirus Disease 2019 Pandemic (COVID-19).

- 2) Accounting Treatment Guidance on “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 on COVID-19 situation at the end of reporting period, this may result in the fact that the management of the Bank uses 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 has not adopted such Accounting Treatment Guidance in the preparation of the financial statements for the year ended December 31, 2020.

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

The Federation of Accounting Professions has issued the Notifications regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The amendment includes: guidance on measurement, de-recognition, presentation and disclosure in Conceptual Framework for Financial Reporting, the definition of “Business” in Thai Financial Reporting Standard No. 3 regarding Business Combinations, the definition of “Materiality” in Thai Accounting Standard No. 1 regarding Presentation of Financial Statements and Thai Accounting Standard No. 8 regarding Accounting Policies, Changes in Accounting Estimates and Errors, and Interest Rate Benchmark Reform in Thai Financial Reporting Standards No. 7 regarding Financial Instruments: Disclosures (IFRS 7) and Thai Financial Reporting Standards No. 9 regarding Financial Instruments (IFRS 9).

Moreover, there is announcement to revise Thai Financial Reporting Standards No. 16 regarding Leases (IFRS 16). To apply a practical expedient for a lessee for rent concessions that occur as a consequence of the COVID-19 pandemic reflecting the rent concessions directly to lease contracts, which is effective for annual reporting periods beginning on or after June 1, 2020 with earlier application permitted. In addition, the revised IFRS 16 also add the requirements for the temporary

exception: arising from interest rate benchmark reform to reflect the interest rate benchmark reform directly to lease contracts, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The above amendments do not have a significant impact to the Bank and subsidiaries' financial statements, except for Interest Rate Benchmark Reform where impact is being monitored and assessed.

- 2.3 The consolidated financial statements for the years ended December 31, 2020 and 2019, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang Securities Public Company Limited, Bangkok Bank (China) Company Limited and Bualuang Ventures Limited.

The consolidated financial statements for the year ended December 31, 2020, also included PT Bank Permata Tbk that the Bank acquired on May 20, 2020 to be the subsidiary company and BSL Leasing Company Limited was changed from the associated company to be the subsidiary company on September 17, 2020.

In addition, the consolidated financial statements for the years ended December 31, 2020 and 2019, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad, Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited.

The consolidated financial statements for the year ended December 31, 2020, also included PT Sahabat Finansial Keluarga, the 99.99% owned subsidiary of PT Bank Permata Tbk.

All subsidiaries of the Bank were incorporated in the Kingdom of Thailand except for BBL (Cayman) Limited which was incorporated in the Cayman Islands British West Indies, Bangkok Bank Berhad which was incorporated in Malaysia, Bangkok Bank (China) Company Limited which was incorporated in the People's Republic of China and PT Bank Permata Tbk which was incorporated in Indonesia. For associates, all were incorporated in the Kingdom of Thailand.

- 2.4 The Bank's financial statements for the years ended December 31, 2020 and 2019, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

The Bank applies accounting policies and calculation methods to the financial statements for the year ended December 31, 2020 consistent with those used in the financial statements for the year ended December 31, 2019, except for the adoption of the new Thai Financial Reporting standards in Group of Financial Instruments Standards and the Thai Financial Reporting Standard No. 16 regarding Leases with the following significant accounting policies.

3.1 Group of Financial Instruments Standards, which are Thai Accounting Standards No.32 regarding Financial Instruments: Presentation, Thai Financial Reporting Standards No.7 regarding Financial Instruments: Disclosures and No.9 regarding Financial Instruments and Thai Financial Reporting Interpretations No.16 regarding Hedges of a Net Investment in a Foreign Operation and No.19 regarding Extinguishing Financial Liabilities with Equity Instruments.

1. Recognition of income

Applied from January 1, 2020

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

The Bank calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net carrying amount of the financial assets. If the asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

For Purchased or Originated Credit-Impaired (POCI) financial assets, the Bank calculates interest income by calculating the credit-adjusted EIR and applying that rate to the net carrying amount of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the net carrying amount of the POCI financial assets.

Fee income

Unless included in the EIR calculation, the Bank recognizes fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

Applied before January 1, 2020

The Bank recognizes interest and fee income on an accrual basis, except for interest from lending which was accrued over three months, such interest is recognized when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis.

2. Recognition of expenses

Applied from January 1, 2020

The Bank recognizes interest expenses by using the effective interest method. Unless included in the effective interest calculation, fee expenses are recognized on an accrual basis.

Applied before January 1, 2020

The Bank recognizes interest and fee expenses on an accrual basis.

3. Financial instruments

Applied from January 1, 2020

The Bank applied the classification and measurement requirements for financial instruments under Thai Financial Reporting Standards No.9 regarding Financial Instruments for the year ended December 31, 2020. The 2019 comparative period was not restated, and the requirements under the previous accounting standards were applied. The key changes are the classification and impairment requirements.

1) Recognition of financial instruments

The Bank recognizes financial assets or financial liabilities when the Bank becomes a party to the contractual provisions of the instrument, which is generally on settlement date. Loans and receivables are recognized when cash is advanced (or settled) to the borrowers.

2) Classification of financial assets

Financial assets - Debt instruments

The Bank has classified its financial assets - debt instrument as subsequently measured at either amortized cost or fair value in accordance with the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows :

- Financial assets measured at amortized cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value and subsequently measured at amortized cost. The measurement of credit impairment is based on the expected credit loss model described in Impairment of financial assets paragraph.

- A financial asset measured at Fair Value through Other Comprehensive Income (FVOCI) if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value and subsequently measured at fair value. The unrealized gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realized, after which such gains or losses on disposal of the instruments will be recognized in profit or loss. The measurement of credit impairment is based on the expected credit loss model.

- A financial asset measured at Fair Value through Profit or Loss (FVTPL) unless the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value and are subsequently measured at fair value. Unrealized gain and losses from change in fair value, and gains and losses on disposal of instruments are recognized as gains (losses) on financial instruments measured at fair value through profit or loss.

Investments in equity instruments

All equity investments are measured at fair value in the statement of financial position. The Bank has classified equity investments not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial asset measured at FVOCI, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Amounts presented in other comprehensive income are not reclassified subsequently to profit or loss except for dividends.

3) Classification of financial liabilities

The Bank measures financial liabilities, other than loan commitments and financial guarantees, at amortized cost or at FVTPL when they are held for trading or the fair value designation is applied.

Financial liabilities measured at amortized cost are initially recognized at fair value and subsequently measured at amortized cost.

The Bank classifies financial liabilities as held for trading when they have been issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held for trading liabilities are initially recognized at fair value, with transaction costs recognized in the statement of profit or loss as incurred. Subsequently, they are measured at fair value and any gains and losses are recognized in the statement of profit or loss as they arise.

Financial liabilities may be designated as FVTPL under of the following criteria :

- The designation eliminates or significantly reduces an accounting mismatch
- A group of financial liabilities or financial assets and liabilities is managed and its performance is evaluated on a fair value basis
- The liabilities contain one or more embedded derivatives

Change in the liability's own credit risk is presented separately in other comprehensive income as an own credit reserve except it would create or enlarge an accounting mismatch in profit or loss. All changes in fair value on that liability, including the effects of changes in the credit risk are presented in 'Gains (losses) on financial instruments measured at fair value through profit or loss'.

The movement in fair value attributable to changes in own credit risk is calculated from the difference between the current fair value and the difference between the current and initial credit risk.

Amounts presented in the own credit reserve will not be subsequently transferred to profit or loss. When these instruments are derecognized, the related cumulative amount in the own credit reserve is transferred to retained earnings.

4) Financial derivatives

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

Embedded derivatives

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

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

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

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

5) Modifications of financial instrument not measured at fair value

a) Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are different from those at the original financial assets significantly. The original financial asset is derecognized and a new financial asset is recognized at fair value. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognized in profit or loss as a part of expected credit loss.

If the cash flows of the modified asset carried at amortized cost are not substantially different, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss which is presented as expected credit loss.

b) Financial liabilities

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

If the cash flows of the modified liability are not substantially different, the carrying amount of the liability is adjusted to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognizes the amount arising from adjusting the carrying amount as a modification gain or loss.

6) Offsetting

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

7) Derecognition of financial instruments

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

A financial liability is derecognized from the statement of financial position when the Bank has discharged its obligation or the contract is cancelled or expires.

8) Write-off

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

Applied before January 1, 2020

Derivatives

Derivatives are initially recorded at fair value at the date on which a derivative contract is entered into (Trade Date) and are subsequently measured at fair value. The changes in fair value are recognized as gains (losses) on tradings and foreign exchange transactions.

The Bank makes use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net positions or cash flow. Upon meeting specified criteria for hedge accounting, the Bank applies hedge accounting for the aforementioned derivatives and the same basis (accrual basis) of accounting for the hedged items.

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

The Bank discontinues using hedge accounting when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. Derivative is then remeasured at fair value and the difference between the carrying value under accrual method and the fair value of derivative is amortized and recognized in profit or loss in line with the hedged items.

An embedded derivative is a component of a hybrid or combined instrument that consists of a non-derivative host contract. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to the specified variable. The Bank recognizes, classifies and accounts for the embedded derivative in accordance with the BOT's Notification. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following criteria are met, namely that the embedded derivative has economic characteristics and risks that are not closely related to that of the host contract, and which when separated from the host contract would still meet the definition of a derivative, and where the hybrid instrument is not measured and recognized at fair value with changes in fair value recognized in profit or loss. An embedded derivative that is separated from the host contract is classified as held for trading and is presented at fair value with changes in fair value recognized as gains (losses) on tradings and foreign exchange transactions. The related host contract is recognized, classified and measured according to the related accounting policy. An embedded derivative in a hybrid instrument which does not meet the aforementioned criteria is accounted for under the host contract.

Investments

The Bank and its subsidiaries classify debt securities, equity securities and investments in receivables as trading investments, available-for-sale investments, held-to-maturity debt securities, general investments and investments in subsidiaries and associates.

Investments are initially recognized on the settlement date at fair value.

Investments in debt securities or marketable equity securities with readily determinable market values that are acquired with the intent to hold for a short period of time in order to take advantage of anticipated changes in market values are classified as trading investments and carried at fair value. Unrealized gains and losses from changes in their fair value, and gains and losses on disposal of investments are recognized as gains (losses) on tradings and foreign exchange transactions.

Debt securities for which the Bank has the intent and the ability to hold until maturity are classified as held-to-maturity debt securities and carried at the amortized cost, net of valuation allowance for impairment (if any).

Debt securities, investments in receivables and marketable equity securities with readily determinable market values that are not classified as either held-to-maturity debt securities, or trading investments or investments in subsidiaries and associates are classified as available-for-sale investments and carried at fair value. The unrealized gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realized, after which such gains or losses on disposal of the investments will be recognized as gains (losses) on investments.

Non-marketable equity securities and listed securities with restriction on trading price are classified as general investments and carried at cost, net of valuation allowance for impairment (if any).

Cost of debt and equity securities disposed is computed based on the weighted-average method. Interest income on debt securities is recognized on an accrual basis. The amortization of premiums and accretion of discounts uses methods that produce a level yield and presents as interest income. Dividend is recognized on an accrual basis as other operating income.

Valuation allowance for impairment are established by recognizing an unrealized loss upon impairment of investments as per the Bank and its subsidiaries' assessment. The impairment loss for equity securities is reported as gains (losses) on investments and the impairment loss for debt securities is reported as impairment loss of loans and debt securities.

4. Impairment of financial assets

The Bank's accounting policy for impairment of financial assets changed significantly under TFRS 9, and the expected credit loss model was applied for the financial year ended December 31, 2020, replacing the methodology stipulated by BOT's guidelines. The comparative financial statements were not restated upon adoption of TFRS 9.

Applied from January 1, 2020

For impairment of financial assets the Bank applies Expected Credit Losses (ECL) model and management overlay for the factors which are not captured by the model for debt financial assets, together with loan commitments and financial guarantee contracts, measured at amortized cost and FVOCI by classifying financial assets into three stages based on the change in credit risk since initial recognition.

a) Stage 1: Performing

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the Bank recognizes portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.

b) Stage 2: Under-performing

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized.

c) Stage 3: Non-performing

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized.

Determining the stage for impairment

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Bank considers reasonable and supportable information. The Bank gives importance to the consideration of indicator that will significantly reduce the ability to pay the debt or the increase in credit risk. This includes quantitative and qualitative information and also, forward-looking analysis covering both events that have already occurred and may occur in the future. The Bank uses its internal credit risk rating system, external credit risk grading and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk rating, the date of initial recognition, manufacturing, geographical location of the borrower and other relevant factors.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, the Bank will classify it as performing assets.

Measurement of ECL

The expected credit loss is the present value of the entire amount that is not expected to be received throughout the expected life of the financial asset, weighted with a probability, discounted using at the original effective interest rate at the starting date, which is calculated from the estimation of risk positions in the event of default, multiplied by the probability of default and the percentage of damage that may occur when there is a default, discounted by the original effective interest rate at the start date, calculated under each possible situation.

- Probability of Default (PD): Estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.
- Loss Given Default (LGD): Estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including from the realization of any collateral.
- Exposure at Default (EAD): Estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments or the amount that is expected to be drawdowns on the remaining of committed facilities.

In measuring of ECL, the Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected credit loss, use of macroeconomic factors which major are include, but is not limited to, gross domestic product, unemployment rate and property price index.

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

The measurement of ECL for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The ECL for loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive.

Applied before January 1, 2020

The BOT allows banks to classify loans and set up the allowance for doubtful accounts on an account-by-account basis or on a customer basis. In this respect, the Bank has chosen to classify loans and set up the allowance for doubtful accounts on a customer basis, such that all loans extended to a customer are classified at the lowest quality category of such customer and the allowance for doubtful accounts is determined according to the loan classification. The Bank also performs qualitative reviews of loans and commitments in accordance with the guidelines of the BOT.

5. Hedge accounting

Applied from January 1, 2020

The Bank makes use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net position or cash flow. Upon meeting specified criteria for hedge accounting, the Bank applies hedge accounting for the aforementioned derivatives. The Bank designates certain derivatives as :

- Hedges of the fair value of recognized assets or liabilities or firm commitments .
- Hedges of highly probable future cash flows attributable to a recognized asset or liability, or a highly probable forecast transaction.
- Hedges of net investments in foreign operations.

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

The Bank applies an accrual basis for open portfolio hedge.

1) Fair value hedges

The cumulative changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with any cumulative changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The movement in fair value of the hedged item attributable to the hedged risk is made as an adjustment to the carrying value of the hedged asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortized to the statement of profit or loss on an effective yield basis. Where the hedged item is derecognized from the statement of financial position, the unamortized fair value adjustment is immediately recognized in the statement of profit or loss.

2) Cash flow hedges

The effective portion of the cumulative changes in the fair value of derivatives that are designated and qualify as cash flow hedges are directly recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. The reserve for cash flow hedges in equity are transferred to the statement of profit or loss in the period(s) in which the hedged item affects the statement of profit or loss.

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

3) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the foreign currency translation in equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss. Gains and losses accumulated in equity are transferred to the statement of profit or loss when the foreign operation is disposed.

3.2 Cash

Cash consists of cash on hand and cash in transit.

3.3 Investments in subsidiaries and associates, net

Subsidiaries are entities over which the Bank has the power to control the financial and operating policy in order to manage the relevant activities so as to obtain return on the Bank's interest.

Associates are entities over which the Bank has, directly or indirectly, the voting power of the entity which the Bank has significant influence, but not control, over the financial and operating policy decisions.

Investments in subsidiaries and associates in the Bank's financial statements are presented under the cost method, net of valuation allowance for impairment. Investments in associates in the consolidated financial statements are presented under the equity method, net of valuation allowance for impairment.

The Bank presents its investments transferred to a subsidiary as securities transferred to subsidiary, classified as available-for-sale investments. Cash received from the aforementioned transfer is presented as other liabilities in accordance with accounting treatment guidance for transfer and transferred financial assets.

3.4 Properties for sale

Properties for sale consist of immovable and movable properties which are stated at the lower of cost or market value at the date of acquisition. In the event where the Bank considers that there is a decline in net realizable value, the impairment is recognized as other operating expense.

Net realizable value is estimated based on the appraised value together with other factors which can affect the realizable value such as related selling expenses and future discounts expenses.

Gains or losses on disposal of such properties for sale are recognized as other operating income or expense on the date of disposal.

The Bank had complied with the BOT's Notification regarding the Immovable Properties for Sale, and the Rules of the Purchase and Holding of Immovable Properties to be used as Premises for Business of Commercial Banks or as Facilities for its Officers and Employees and the Accounting Rules for Financial Institutions in relation to the Sales of Properties for Sale.

3.5 Premises, equipment and depreciation

Land is stated at the new appraised value. Premises are stated at the new appraised value net of accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost net of accumulated depreciation and allowance for impairment (if any).

The land and premises reappraisal is done by independent appraisers according to the guidelines established by the BOT based on the market value method for land and the replacement cost method net of accumulated depreciation for premises, and such value is subject to review by price-approval committee. The increment resulting from the appraisal is recognized as part of shareholders' equity as unrealized increment per land and premises appraisal. Depreciation of the increment per premises appraisal is recognized as other operating expense and the unrealized increment per premises appraisal is amortized by transferring directly to retained earnings in an amount equal to such depreciation. Land and premises appraisal decrease is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as other operating expense. Upon disposal, any remaining related revaluation surplus of the land and premises is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets, as follows :

Premises-reappraised	20 - 30 years
Premises-newly constructed	20 years
Equipment	3 - 5 years

Depreciation of premises and equipment in foreign countries is at the legal rates applicable in each locality.

When land, premises and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gains or losses on disposal of land, premises and equipment are recognized as other operating income or expenses upon disposal.

3.6 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets and contingent liabilities acquired, the difference is recognized directly in the statement of profit or loss. Acquisition-related costs are expensed as incurred and included in other operating expenses in the statements of profit or loss and other comprehensive income. Non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets on an each business combination basis.

3.7 Goodwill and Intangible assets and amortization

Goodwill is stated at cost less impairment loss (if any). Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Intangible assets are stated at cost net of accumulated amortization and allowance for impairment (if any).

Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets. For computer software, the estimated useful lives are between 3 - 5 years.

Amortization of intangible assets in foreign countries is at the legal rates applicable in each locality.

When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

3.8 Leases

Applied from January 1, 2020

The Bank as tenants recognizes liabilities under rental contracts at the present value of the obligations under the lease agreements, and recognizes right-of-use assets with the value of lease liabilities plus the initial direct costs and the right-of-use is amortized over the straight-line method throughout the lease term.

Applied before January 1, 2020

Leaseholds

Leaseholds are stated at cost less amortization. Amortization charge is calculated by the straight-line method, based on the lease period, which ranges between 2 - 30 years.

3.9 Provisions

The Bank recognizes provisions in the statements of financial position when the Bank has obligations as a result of a past event and where it is probable that there will be an outflow of economic benefits to settle such obligations. The provisions, such as the provisions for off-balance sheet contingencies, the provision for the post-employment benefits (See Note 7.22), the probable loss on legal indemnity, and other provisions, have been recognized in the statements of financial position.

The Bank recognizes the provisions as other operating expenses and as provisions in the statements of financial position.

The Bank reviews the provisions on a regular basis, and recognizes the changes in the provisions as increase or decrease in other operating expenses.

3.10 Assets and liabilities in foreign currencies

3.10.1 Functional currency and presentation currency

Items in the financial statements of foreign operations are recorded at their functional currency.

The consolidated and the Bank's financial statements are presented in Baht as the presentation currency.

3.10.2 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the transaction dates.

At the reporting date, balances of monetary assets and liabilities are translated at the exchange rate as of the reporting date. Balances of non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction dates or exchange rate at the date when the fair value was determined.

Gains and losses on foreign currency trading and foreign currency translation are presented as gains (losses) on tradings and foreign exchange transactions.

3.10.3 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the items in the statement of financial position of the foreign operation which its functional currency is other than Baht by using the reference rates of BOT as of the reporting date and translates the items in the statement of profit or loss and other comprehensive income by using the reference rates of BOT at the end of each month.

Gains or losses on translation of the financial statements of foreign operations are recognized as a component of shareholders' equity through other comprehensive income.

3.11 Post-employment benefits

3.11.1 Defined contribution plans

The Bank and its domestic subsidiaries have the provident funds, which are managed by external fund managers, for their employees in accordance with the Provident Fund Act B.E. 2530 (1987). The Bank, its domestic subsidiaries and their employees contribute to the funds at the determined rates. The employees are entitled to benefits according to the Fund regulations.

The provident funds for overseas branches and overseas subsidiaries are established in accordance with each country's legal requirement and any withdrawal is made in compliance therewith.

The provident funds are considered defined contribution plans. The Bank and subsidiaries recognize their contributions to the provident funds as personnel expenses upon receiving the service from employees.

3.11.2 Defined benefit plans

The Bank and its subsidiaries provide the defined benefit plans for their employees under the employment agreements. The provision for the employee benefits is assessed by an actuary using the actuarial techniques called the Projected Unit Credit Method to determine the present value of cash flows of employee benefits to be paid in the future. Under this method, the determination is

based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors.

The Bank and its subsidiaries recognize the provision for defined benefit plans in the statements of financial position with the net total of the present value of defined benefits obligations minus the fair value of plan assets. The expense for defined benefit plans is recognized as personnel expenses in the statements of profit or loss and other comprehensive income. The actuarial gains (losses) are recognized in other comprehensive income.

3.12 Income taxes

Income taxes comprise of current tax and deferred tax.

Current tax is recognized at the amount expected to be paid or recovered from the tax authorities by calculating from taxable profit or loss for the period and using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognized on temporary differences arising between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss (tax base). The Bank recognized deferred tax assets and liabilities arising from such temporary differences at the amount of expected benefit to be received from the assets or paid for the liabilities in profit or loss except to the extent that it relates to items recognized in equity, which it is recognized directly in equity.

Deferred tax assets and liabilities are offset, if the Bank has a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be sufficiently available to allow the temporary differences to be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that the related tax benefit will be realized.

3.13 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Bank by the average number of common shares outstanding and issued during the period, weighted by the time and amount paid.

Diluted earnings per share are computed from adjusting the net income attributable to common shares and adjusting the number of common shares by the effect of dilutive potential common shares.

4. The impact of using Group of Financial Instruments Standards and Thai Financial Reporting Standard No.16 leases

4.1 The following table shows the impact of using Group of Financial Instruments Standards on the Bank's financial assets and financial liabilities as at December 31, 2019 and January 1, 2020 :

Million Baht

	Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	CONSOLIDATED Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
					FVTPL	FVOCI	Amortized cost			
Assets										
Cash		Amortized cost	Amortized cost	58,090	-	-	-	58,090	-	58,090
Interbank and money market items, net		Amortized cost	Amortized cost	472,349	-	-	-	472,349	1,092	473,441
Financial assets measured at FVTPL	1), 2), 3)	-	FVTPL	-	48,591	-	-	48,591	9,177	57,768
Derivative assets	4), 5), 6)	FVTPL / Accrual	FVTPL / Accrual	49,807	607	-	-	50,414	545	50,959
Investments, net		FVTPL	-	13,613	(10,993)	(2,620)	-	-	-	-
	7), 8),10), 11),12)	FVOCI	FVOCI	574,168	(7,931)	8,453	-	574,690	2,697	577,387
	9)	Amortized cost	Amortized cost	59,916	(30,274)	(5,833)	-	23,809	(8)	23,801
Investments in subsidiaries and associates, net				1,737	-	-	-	1,737	-	1,737

Million Baht

	Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	CONSOLIDATED Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
					FVTPL	FVOCI	Amortized cost			
Loans to customers and accrued interest receivables, net		Amortized cost	Amortized cost	1,891,046	-	-	-	1,891,046	5,284	1,896,330
Customer's liability under Acceptances		On-Balance Sheet	Off-Balance Sheet	1,627	-	-	(1,627)	-	-	-
Properties for sale, net				9,363	-	-	-	9,363	-	9,363
Premises and equipment, Net				40,754	-	-	-	40,754	-	40,754
Other intangible assets, net				1,760	-	-	-	1,760	-	1,760
Deferred tax assets				4,542	-	-	-	4,542	2,947	7,489
Collateral placed with financial counterparties				17,507	-	-	-	17,507	-	17,507
Other assets, Net				20,464	-	-	-	20,464	-	20,464
Total assets				3,216,743	-	-	(1,627)	3,215,116	21,734	3,236,850

Million Baht

	Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	CONSOLIDATED Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
					FVTPL	FVOCI	Amortized cost			
Liabilities										
Deposits		Amortized cost	Amortized cost	2,370,792	-	-	-	2,370,792	-	2,370,792
Interbank and money market items		Amortized cost	Amortized cost	134,347	-	-	-	134,347	-	134,347
Liabilities payable on demand		Amortized cost	Amortized cost	5,523	-	-	-	5,523	-	5,523
Financial liabilities measured at FVTPL	13)	-	FVTPL	-	8,930	-	-	8,930	11,176	20,106
Derivatives liabilities	4)	FVTPL / Accrual	FVTPL / Accrual	37,837	-	-	-	37,837	1,599	39,436
Debt issued and borrowing		Amortized cost	Amortized cost	144,681	(8,227)	-	-	136,454	-	136,454
Bank's liability under acceptances		On-Balance Sheet	Off-Balance Sheet	1,627	-	-	(1,627)	-	-	-
Provisions				18,702	-	-	-	18,702	5,758	24,460
Deferred tax liabilities				2,364	-	-	-	2,364	1,042	3,406
Other liabilities				72,754	(703)	-	-	72,051	-	72,051
Total liabilities				2,788,627	-	-	(1,627)	2,787,000	19,575	2,806,575

Million Baht

Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	CONSOLIDATED Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
				FVTPL	FVOCI	Amortized cost			
Shareholders' equity									
Issued and paid-up share capital									
			19,088	-	-	-	19,088	-	19,088
Premium on common share									
			56,346	-	-	-	56,346	-	56,346
Other reserves									
			34,472	(1,852)	112	-	32,732	943	33,675
Retained earning									
Appropriate									
	Legal reserve		24,000	-	-	-	24,000	-	24,000
	Others		106,500	-	-	-	106,500	-	106,500
Unappropriated									
			187,345	1,852	(112)	-	189,085	1,214	190,299
Total Bank's equity			427,751	-	-	-	427,751	2,157	429,908
Non-controlling interest			365	-	-	-	365	2	367
Total shareholders' equity			428,116	-	-	-	428,116	2,159	430,275
Total liabilities and shareholders' equity									
			3,216,743	-	-	(1,627)	3,215,116	21,734	3,236,850

Million Baht

	Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	THE BANK Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
					FVTPL	FVOCI	Amortized cost			
Assets										
Cash		Amortized cost	Amortized cost	58,013	-	-	-	58,013	-	58,013
Interbank and money market items, net		Amortized cost	Amortized cost	442,584	-	-	-	442,584	946	443,530
Financial assets measured at FVTPL	1), 2), 3)	-	FVTPL	-	43,324	-	-	43,324	9,483	52,807
Derivative assets	4), 5), 6)	FVTPL / Accrual	FVTPL/ Accrual	49,687	607	-	-	50,294	545	50,839
Investments, net	7), 8), 10),11)	FVTPL	-	8,518	(8,518)	-	-	-	-	-
	9)	FVOCI	FVOCI	556,797	(6,239)	5,817	-	556,375	2,619	558,994
		Amortized cost	Amortized cost	45,220	(29,174)	(5,817)	-	10,229	(6)	10,223
Investments in subsidiaries and associates, net				38,415	-	-	-	38,415	-	38,415
Loans to customers and accrued interest receivables, net		Amortized cost	Amortized cost	1,836,722	-	-	-	1,836,722	4,951	1,841,673
Customer's liability under acceptances		On-Balance Sheet	Off-Balance Sheet	104	-	-	(104)	-	-	-
Properties for sale, net				8,368	-	-	-	8,368	-	8,368

Million Baht

Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	THE BANK Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
				FVTPL	FVOCI	Amortized cost			
	Premises and equipment, net		39,505	-	-	-	39,505	-	39,505
	Other intangible assets, net		1,673	-	-	-	1,673	-	1,673
	Deferred tax assets		3,360	-	-	-	3,360	2,886	6,246
	Collateral placed with financial counterparties		17,419	-	-	-	17,419	-	17,419
	Other assets, Net		16,976	-	-	-	16,976	-	16,976
	Total assets		3,123,361	-	-	(104)	3,123,257	21,424	3,144,681

Million Baht

	Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	THE BANK Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
					FVTPL	FVOCI	Amortized cost			
Liabilities										
Deposits		Amortized cost	Amortized cost	2,316,035	-	-	-	2,316,035	-	2,316,035
Interbank and money market items		Amortized cost	Amortized cost	129,277	-	-	-	129,277	-	129,277
Liabilities payable on demand		Amortized cost	Amortized cost	5,488	-	-	-	5,488	-	5,488
Financial liabilities measured at FVTPL	13)	-	FVTPL	-	8,227	-	-	8,227	11,176	19,403
Derivatives liabilities	4)	FVTPL / Accrual	FVTPL / Accrual	37,371	-	-	-	37,371	1,599	38,970
Debt issued and borrowing		Amortized cost	Amortized cost	144,316	(8,227)	-	-	136,089	-	136,089
Bank's liability under acceptances		On-Balance Sheet	Off-Balance Sheet	104	-	-	(104)	-	-	-
Provisions				18,428	-	-	-	18,428	5,291	23,719
Deferred tax liabilities				2,158	-	-	-	2,158	1,043	3,201
Other liabilities				51,721	-	-	-	51,721	-	51,721
Total liabilities				2,704,898	-	-	(104)	2,704,794	19,109	2,723,903

Million Baht

Notes	Original measurement category	New measurement under TFRS 9	Carrying amount as at December 31, 2019	THE BANK Reclassification (to) from			Carrying amount after reclassification	Re-measurement	TFRS 9 carrying amount as at January 1, 2020
				FVTPL	FVOCI	Amortized cost			
Shareholders' equity									
	Issued and paid-up share capital								
			19,088	-	-	-	19,088	-	19,088
<hr/>									
	Premium on common share								
			56,346	-	-	-	56,346	-	56,346
<hr/>									
	Other reserves								
			40,384	(1,817)	-	-	38,567	854	39,421
<hr/>									
	Retained earning								
	Appropriate								
	Legal reserve								
			24,000	-	-	-	24,000	-	24,000
	Others								
			106,500	-	-	-	106,500	-	106,500
	Unappropriated								
			172,145	1,817	-	-	173,962	1,461	175,423
<hr/>									
	Total Bank's equity								
			418,463	-	-	-	418,463	2,315	420,778
<hr/>									
	Total liabilities and shareholders' equity								
			3,123,361	-	-	(104)	3,123,257	21,424	3,144,681

Note :

- 1) Investment in debt securities and certain marketable equity securities that classified as trading investment under TFRS 9 have business model to realize through sale in the short term classified as measured at FVTPL.
- 2) Investment in debt securities and certain investments that classified as AFS equity securities or general investment have been reclassified as debt securities under TAS 32 which failed SPPI test and required to measure at FVTPL under TFRS 9.
- 3) Investments in non-marketable equity securities classified as general investments under TFRS 9, which will be classified as FVTPL.
- 4) Comprises of derivatives held for risk management previously measured on an accrual method for which these instruments will be classified and measured at FVTPL under TFRS 9.
- 5) Comprises of warrants that were previously classified as AFS equity securities. They have been reclassified to derivative assets and measured at FVTPL because they meet the definition of derivatives under TFRS 9.
- 6) Comprises of warrants that were previously classified as general investment under TFRS 9, which is derivative assets and measured at FVTPL.
- 7) Investment in debt securities that classified as an AFS under TFRS 9 were assessed to have a business model whose objective is achieved by both collecting contractual cash flows and selling. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Accordingly, these instruments are classified at FVOCI.
- 8) Certain investments in equity securities that classified as general investment have been reclassified as debt securities under TAS 32 and under TFRS 9, which is a business model of holding to collect contractual cash flows and sell. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Accordingly, these instruments will be accounted for at FVOCI.
- 9) Investments in debt securities that classified as HTM under TFRS 9, which is a business model of holding to collect contractual cash flows which comprise of solely payments of principal and interest. Accordingly, these instruments will be classified at amortized cost.
- 10) Investments in marketable equity securities classified as AFS under TFRS 9 for which the Bank has elected to apply the FVOCI.
- 11) Investments in non-marketable equity securities classified as general investments under TFRS 9 for which the Bank has elected to apply the FVOCI.
- 12) Investments in marketable equity securities that classified as trading under TFRS 9 choose to measure the FVOCI.
- 13) Debt securities issued under TFRS 9 are determined to be measured at FVTPL. In order to reduce the impact of inconsistent accounting measurement.

The impact of transition to TFRS 9 on other reserves and retained earnings is, as follows :

	CONSOLIDATED			Million Baht
	Revaluation surplus on investments	Other Reserves Cash flow hedge reserve	Own credit risk revaluation reserve	Retained earnings
Balance as at December 31, 2019	28,135	-	-	317,845
Impact as a result of reclassification and measurement	2,027	-	(2,745)	360
Impact as a result of applying hedge accounting	(1,505)	445	-	1,060
Recognition of expected credit losses for				
debt financial assets measured at FVOCI	610	-	-	-
Deferred tax in relation to the above	(89)	(89)	549	1,534
Balance as at January 1, 2020	<u>29,178</u>	<u>356</u>	<u>(2,196)</u>	<u>320,799</u>

	THE BANK			Million Baht
	Revaluation surplus on investments	Other Reserves Cash flow hedge reserve	Own credit risk revaluation reserve	Retained earnings
Balance as at December 31, 2019	28,036	-	-	302,645
Impact as a result of reclassification and measurement	1,852	-	(2,745)	764
Impact as a result of applying hedge accounting	(1,505)	445	-	1,060
Recognition of expected credit losses for				
debt financial assets measured at FVOCI	600	-	-	-
Deferred tax in relation to the above	(70)	(89)	549	1,454
Balance as at January 1, 2020	<u>28,913</u>	<u>356</u>	<u>(2,196)</u>	<u>305,923</u>

4.2 Thai Financial Reporting Standard No. 16 regarding Leases (TFRS 16), replace the existing lease accounting under Thai Accounting Standard No. 17 regarding Leases.

As at January 1, 2020, The Bank and subsidiaries have increased in total assets and liabilities due to the recognition of right-of-use assets and lease liabilities for the consolidated financial statement in the amount of Baht 4,733 million and Baht 4,236 million, respectively, and the Bank's financial statement in the amount of Baht 4,152 million and Baht 3,737 million, respectively.

5. RISK MANAGEMENT

5.1 Risk information of the Bank

The Bank's Risk Management Committee plays a significant role in prescribing the risk management policy, reviewing the sufficiency of the risk management policy and system, defining the strategy for risk management, and monitoring the Bank's risk to an appropriate level, in compliance with the Bank's risk management policy which has been approved by the Board of Directors based on the Risk Management Committee's recommendation. The objectives are to manage the relevant risks within designated boundaries, in particular the maintenance of capital in accordance with the revised capital adequacy requirements under the Basel III guidelines and to achieve an appropriate rate of return.

Important processes in the risk management system comprise the identification of significant risks which may potentially impact the Bank's business operations, the assessment of each type of risk, the monitoring of risks to be at an appropriate level under the Bank's policy, and the reporting of the status of each type of risk to relevant parties so as to enable them to manage and/or handle the risks in a timely manner.

The key principle of the risk management system is that business units shall be responsible for continuously managing their risk exposures in order to ensure that the risk is within the specified limits and in compliance with the overall risk management policy approved by the Board of Directors, while the Risk Management unit is responsible for monitoring and controlling the risks on a regular basis.

5.2 Credit risk

5.2.1 Credit risk management

Credit Risk is the risk that borrowers or counterparties fail to fulfill their obligations under contractual agreements arising from lending, investment and other contractual activities, such as the borrowers' failure to repay principal or interest as agreed in the contract, etc. The Bank's maximum exposure to credit risk is the net carrying amount of the financial assets or the amount which the Bank could have to pay if counterparties cannot meet such contractual obligations.

The Bank has established comprehensive credit underwriting processes which include the formulation of the credit policy, procedures for the assessment of credit risk ratings for customers, and the establishment of various levels of credit approval authority, based on the type of business and/or the size of the credit facilities. In general, credit facilities are extended based on the capacity to repay, which is assessed by evaluating the purpose of the loan, the projected operating cash flows, business feasibility and the capability of management. Collateral coverage is also taken into consideration as a contingency measure. Credit reviews including reviews of the credit risk ratings

are undertaken on a regular basis. Furthermore, the Bank also has established limits to be used as a tool to monitor and control credit risk.

5.2.2 Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for any financial instrument before deducting collateral as at December 31,2020.

The maximum exposure to credit risk of a financial asset is equal to the net book value. The maximum exposure to credit risk of a financial guarantee is the maximum amount the Bank will pay up to the guarantee obligation. For loan commitments the maximum exposure to credit risk is full value of credit limit.

	CONSOLIDATED 2020	Million Baht THE BANK 2020
Financial assets		
Interbank and money market items, net	519,036	374,779
Derivatives assets	67,560	66,143
Investments	680,902	594,127
Loan to customers	<u>2,189,102</u>	<u>1,896,205</u>
Total	<u>3,456,600</u>	<u>2,931,254</u>
Off Balance sheet		
Financial guarantees	199,100	161,786
Loan commitments	<u>421,290</u>	<u>376,969</u>
Total	<u>620,390</u>	<u>538,755</u>
Total credit risk exposure	<u><u>4,076,990</u></u>	<u><u>3,470,009</u></u>

5.2.3 Collateral obtained

The maximum exposure to credit risk arised from loans and advances to customers and financial guarantees and loan commitments. The Bank receives a sufficient amount of collateral and of an appropriate type. The main types are land, land with buildings, bonds, debentures, apartments, etc. including deposits, leasehold rights and various movable properties, etc.

5.2.4 Offsetting financial assets and liabilities

The table below shows the amount of financial instruments that have not been offset in the statement of financial position but is subject to other applicable netting agreements or similar arrangements such as standard contracts and other applicable financial collateral as at December 31, 2020.

Million Baht

Types of Financial Instrument	Gross amounts	Amount offset on the statement of financial position	Net amounts reported on the statement of financial position	CONSOLIDATED 2020			Line item on the statement of financial position	Notes	Carrying amount on the statement of financial position	Carrying amount on the statement of financial position not in scope of offsetting
				Amounts not offset on the statement of financial position		Net amounts				
				Unqualified contractual offset amounts	Related financial collateral					
Financial assets										
Reverse repurchase agreements	13,761	-	13,761	-	(13,761)	-	Interbank and money market items (assets), net	7.4	519,036	505,275
Derivatives assets	37,685	-	37,685	(28,129)	(3,864)	5,692	Derivative assets	7.6	67,560	29,875
Total	<u>51,446</u>	<u>-</u>	<u>51,446</u>	<u>(28,129)</u>	<u>(17,625)</u>	<u>5,692</u>			<u>586,596</u>	<u>535,150</u>
Financial liabilities										
Repurchase agreements	2,000	-	2,000	-	(2,000)	-	Interbank and money market items (assets), net	7.15	219,149	217,149
Derivatives liabilities	44,788	-	44,788	(28,129)	(12,670)	3,989	Derivative liabilities	7.6	57,128	12,340
Total	<u>46,788</u>	<u>-</u>	<u>46,788</u>	<u>(28,129)</u>	<u>(14,670)</u>	<u>3,989</u>			<u>276,277</u>	<u>229,489</u>

Types of Financial Instrument	Gross amounts	Amount offset on the statement of financial position	Net amounts reported on the statement of financial position	THE BANK 2020		Net amounts	Line item on the statement of financial position	Notes	Carrying amount on the statement of financial position	Carrying amount on the statement of financial position not in scope of offsetting
				Amounts not offset on the statement of financial position						
				Unqualified contractual offset amounts	Related financial collateral					
Financial assets										
Reverse repurchase agreements	13,761	-	13,761	-	(13,761)	-	Interbank and money market items (assets), net	7.4	374,779	361,018
Derivatives assets	37,685	-	37,685	(28,129)	(3,864)	5,692	Derivative assets	7.6	66,143	28,458
Total	<u>51,446</u>	<u>-</u>	<u>51,446</u>	<u>(28,129)</u>	<u>(17,625)</u>	<u>5,692</u>			<u>440,922</u>	<u>389,476</u>
Financial liabilities										
Repurchase agreements	2,000	-	2,000	-	(2,000)	-	Interbank and money market items (assets), net	7.15	162,499	160,499
Derivatives liabilities	44,788	-	44,788	(28,129)	(12,670)	3,989	Derivative liabilities	7.6	56,212	11,424
Total	<u>46,788</u>	<u>-</u>	<u>46,788</u>	<u>(28,129)</u>	<u>(14,670)</u>	<u>3,989</u>			<u>218,711</u>	<u>171,923</u>

5.2.5 Credit quality of financial assets including loan commitments and financial guarantee contracts as at December 31, 2020.

	CONSOLIDATED 2020			Million Baht
	Performing	Under-performing	Non-performing	Total
Loans, financial guarantee and credit related commitments				
Strong	892,537	560	-	893,097
Satisfactory	1,581,390	7,699	-	1,589,089
High-risk	261,753	141,446	-	403,199
Credit impaired	-	-	108,888	108,888
Total	<u>2,735,680</u>	<u>149,705</u>	<u>108,888</u>	<u>2,994,273</u>
Interbank and money market items and investments in debt securities				
Strong	1,167,862	-	-	1,167,862
Satisfactory	21,953	1,244	-	23,197
High-risk	3,028	4,078	-	7,106
Credit impaired	-	-	1,518	1,518
Total	<u>1,192,843</u>	<u>5,322</u>	<u>1,518</u>	<u>1,199,683</u>
Grand total	<u><u>3,928,523</u></u>	<u><u>155,027</u></u>	<u><u>110,406</u></u>	<u><u>4,193,956</u></u>

	THE BANK 2020			Million Baht
	Performing	Under-performing	Non-performing	Total
Loans, financial guarantee and credit related commitments				
Strong	720,884	311	-	721,195
Satisfactory	1,460,469	7,673	-	1,468,142
High-risk	199,762	113,166	-	312,928
Credit impaired	-	-	96,230	96,230
Total	<u>2,381,115</u>	<u>121,150</u>	<u>96,230</u>	<u>2,598,495</u>
Interbank and money market items and investments in debt securities				
Strong	941,115	-	-	941,115
Satisfactory	19,029	595	-	19,624
High-risk	2,954	4,078	-	7,032
Credit impaired	-	-	1,505	1,505
Total	<u>963,098</u>	<u>4,673</u>	<u>1,505</u>	<u>969,276</u>
Grand total	<u><u>3,344,213</u></u>	<u><u>125,823</u></u>	<u><u>97,735</u></u>	<u><u>3,567,771</u></u>

Allowance for expected credit loss / Allowance for doubtful accounts that require credit impairment consideration according to relevant financial reporting standard consisted of the following as at December 31, 2020 and 2019 :

	CONSOLIDATED 2020	Million Baht THE BANK 2020
Expected credit losses for		
Interbank and money market items	400	367
Investment in debt securities	2,895	2,841
Loans to customers	185,567	163,534
Other off-balance sheet items	<u>9,006</u>	<u>7,473</u>
Total	<u><u>197,868</u></u>	<u><u>174,215</u></u>

	CONSOLIDATED 2020			Million Baht
	Allowance for expected credit loss			
	Performing	Under-performing	Non-performing	Total
Beginning balances	62,411	60,552	53,234	176,197
Changes due to re-measurement of loss allowance	1,609	22,629	48,388	72,626
De-recognition	(7,241)	(17,831)	(29,169)	(54,241)
Others	(254)	(145)	3,685	3,286
Ending balances	<u><u>56,525</u></u>	<u><u>65,205</u></u>	<u><u>76,138</u></u>	<u><u>197,868</u></u>

	THE BANK 2020			Million Baht
	Allowance for expected credit loss			
	Performing	Under-performing	Non-performing	Total
Beginning balances	59,077	60,276	52,662	172,015
Changes due to re-measurement of loss allowance	(4,876)	15,235	35,657	46,016
De-recognition	(5,933)	(16,437)	(23,769)	(46,139)
Others	35	(30)	2,318	2,323
Ending balances	<u><u>48,303</u></u>	<u><u>59,044</u></u>	<u><u>66,868</u></u>	<u><u>174,215</u></u>

	CONSOLIDATED 2019	Million Baht THE BANK 2019
Allowance for doubtful accounts		
Interbank and money market items	1,263	1,101
Loans to customers	<u>167,766</u>	<u>163,745</u>
Total	<u><u>169,029</u></u>	<u><u>164,846</u></u>

	CONSOLIDATED 2019						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balances	16,538	594	1,018	10,608	30,188	90,708	149,654
Doubtful accounts	(150)	257	341	(4,349)	9,515	25,575	31,189
Bad debt recovered	-	-	-	-	1,516	-	1,516
Bad debt written off	-	-	-	-	(11,132)	-	(11,132)
Others	-	-	-	-	-	(2,198)	(2,198)
Ending balances	16,388	851	1,359	6,259	30,087	114,085	169,029

	THE BANK 2019						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balances	16,015	590	1,018	10,513	29,865	87,771	145,772
Doubtful accounts	(50)	257	341	(4,817)	9,549	25,314	30,594
Bad debt recovered	-	-	-	-	1,456	-	1,456
Bad debt written off	-	-	-	-	(11,059)	-	(11,059)
Others	-	-	-	-	-	(1,917)	(1,917)
Ending balances	15,965	847	1,359	5,696	29,811	111,168	164,846

5.3 Market risk

Market risk is the risk of losses in on and off-balance sheet positions of the Bank arising from movements in market prices of assets, liabilities and contingent liabilities such as interest rates, foreign exchange rates, equity prices and commodity prices.

5.3.1 Market Risk in the Trading Book

Trading book position includes positions of financial instruments that the Bank holds for a short period with an intention to trade, resell, and benefit from the difference between the buying and selling prices; to benefit from arbitrage opportunities; or to hedge other positions in the trading book.

Interest rate risk in the trading book arises when the Bank holds interest rate-related financial instruments with an intention to trade, speculate for a short-term profit, or hedge other positions in the trading book. Changes in interest rates affect the fair value of these positions and may result in gains or losses for the Bank.

Foreign exchange risk arises when the Bank executes a foreign currency transaction which may lead to an overbought or oversold position in a particular currency. The Bank may incur gains or losses as a result of movements in foreign exchange rates.

The Bank manages traded market risk primarily through a series of limits, such as Value-at-Risk (VaR) Limit, Present Value of a Basis Point Change (PV01) Limit and Maximum Loss Limit. Risk exposures are monitored and reported to senior management, the Board of Executive Directors and the Risk Management Committee on a regular basis.

Value at Risk

Value at Risk or "VaR" is a statistical technique that estimates the maximum potential losses on risk exposures as a result of movements in market rates and prices over a specified time horizon and at a given level of confidence. The Bank uses a historical simulation approach at a 99% confidence level over a one-day holding period to measure VaR for our trading book positions. Historical Simulation VaR estimates the maximum potential losses assuming plausible future scenarios from the observed historical market movements.

For the trading book positions of the Bank and the BBL Group, the one-day VaR at a 99% confidence level as at December 31, 2020 was Baht 492 million and Baht 500 million, respectively.

The Bank also performs market risk stress testing on its trading book position on at least a quarterly basis to determine the potential losses from extreme market movements or crisis events. This stress testing enhances the Bank's understanding of its risk exposures and vulnerability as well as facilitating proactive risk management.

5.3.2 Market Risk in the Banking Book

5.3.2.1 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book normally arises when the repricing and/or maturity schedule of assets, liabilities and off-balance sheet positions are not matched, or when the movements of reference interest rates on assets and liabilities are not correlated, affecting net interest income (NII) and/or economic value of equity (EVE).

To control interest rate risk in the banking book, the Bank has established a NII Impact Limit (being the Cumulative NII Impact within one year) and an EVE Impact Limit, assuming interest rates rise and decrease immediately by 1%.

The impact of a 1% point increase in interest rate to NII of the Bank and the BBL Group as at December 31, 2020 and 2019 was as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
NII Impact	55	2,200	(725)	1,841

The Bank has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at December 31, 2020 and 2019 as follows :

	CONSOLIDATED 2020							Million Baht
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - performing Loans	Total
Financial Assets								
Interbank and money market items*	385,330	25,517	28,793	793	-	76,804	-	517,237
Financial assets measured at fair value through profit or loss	62	53	947	4,665	8,162	44,047	-	57,936
Investments in debt securities	15,822	83,044	157,728	324,562	97,098	68	-	678,322
Loans to customers	1,365,351	470,138	272,712	148,167	7,432	5,203	99,235	2,368,238
Financial Liabilities								
Deposits	1,788,428	382,141	498,079	24,697	-	117,518	-	2,810,863
Interbank and money market items	106,946	40,491	23,452	37,108	972	10,180	-	219,149
Liabilities payable on demand	-	-	-	-	-	7,257	-	7,257
Financial liabilities measured at fair value through profit or loss	-	200	-	-	19,057	-	-	19,257
Debt issued and borrowings	7	92	2,082	57,430	76,566	-	-	136,177

* Excluding allowance for expected credit loss / allowance for doubtful accounts and accrued interest receivables.

	CONSOLIDATED 2019								Million Baht
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total	
Financial Assets									
Interbank and money market items*	343,179	44,549	8,221	1,831	-	75,381	-	473,161	
Investments in debt securities	15,970	68,444	118,420	267,228	76,436	-	-	546,498	
Loans to customers	1,329,475	379,513	202,063	66,461	3,378	9,444	70,975	2,061,309	
Financial Liabilities									
Deposits	1,354,988	316,140	566,950	21,950	-	110,764	-	2,370,792	
Interbank and money market items	78,124	23,494	11,533	8,810	650	11,735	-	134,346	
Liabilities payable on demand	-	-	-	-	-	5,523	-	5,523	
Debt issued and borrowings	8	57	24,433	57,711	62,472	-	-	144,681	

	THE BANK 2020								Million Baht
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - performing Loans	Total	
Financial Assets									
Interbank and money market items*	288,557	13,976	18,350	754	-	53,418	-	375,055	
Financial assets measured at fair value through profit or loss	42	11	435	1,686	28,634	38,551	-	69,359	
Investments in debt securities	10,338	59,512	132,982	295,054	94,626	68	-	592,580	
Loans to customers	1,195,368	411,756	244,726	104,321	6,241	5,203	86,998	2,054,613	
Financial Liabilities									
Deposits	1,540,819	351,434	465,312	10,500	-	117,532	-	2,485,597	
Interbank and money market items	52,264	37,219	23,180	36,478	972	12,386	-	162,499	
Liabilities payable on demand	-	-	-	-	-	6,703	-	6,703	
Financial liabilities measured at fair value through profit or loss	-	-	-	-	19,057	-	-	19,057	
Debt issued and borrowings	-	-	10	57,388	76,566	-	-	133,964	

* Excluding allowance for expected credit loss / allowance for doubtful accounts and accrued interest receivables.

	THE BANK 2019								Million Baht
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total	
Financial Assets									
Interbank and money market items*	331,050	35,956	3,827	1,831	-	70,672	-	443,336	
Investments in debt securities	15,970	54,733	110,346	259,754	76,436	-	-	517,239	
Loans to customers	1,291,748	365,647	196,634	66,461	3,378	9,444	69,771	2,003,083	
Financial Liabilities									
Deposits	1,335,184	309,233	547,958	12,893	-	110,767	-	2,316,035	
Interbank and money market items	76,893	22,685	8,297	8,810	650	11,942	-	129,277	
Liabilities payable on demand	-	-	-	-	-	5,488	-	5,488	
Debt issued and borrowings	8	-	24,125	57,711	62,472	-	-	144,316	

5.3.2.2 Foreign Exchange in the Banking Book

Exchange rate risk in the banking book relates to the net investment position of foreign branches and subsidiaries. It is a risk arising from changes in exchange rates to investments and the net operating results of foreign entities. Whose functional currency is not Thai baht Foreign exchange risk is recognized through other comprehensive income as gain or loss on translation of the financial statements from overseas operations.

The Bank manages foreign exchange risk in its banking book to ensure that the impact of exchange rate changes on the Bank's total capital ratios is at acceptable levels as at December 31, 2020. The impact on the Bank's total capital ratio, due to the appreciation of the Thai Baht currency against foreign currencies of 5%, is approximately 0.02%.

* Excluding allowance for expected credit loss / allowance for doubtful accounts and accrued interest receivables.

5.4 Liquidity risk

Liquidity risk is the risk that the Bank is not able to meet financial obligations when they fall due. The purpose of the Bank's liquidity risk management is to maintain sufficient funds to meet present and future financial obligations while managing the use of the funds to generate an appropriate return in line with prevailing market conditions.

The Bank manages liquidity risk in accordance with policies and principles established internally by ALCO and with relevant regulatory requirements. The Treasury Division is in charge of managing the Bank's day-to-day cash flow and liquidity position, monitoring money market conditions and interest and exchange rate movements and forecasting rate trends, as well as executing liquidity management strategies in accordance with ALCO guidelines. The Market Risk unit of the Risk Management Division is responsible for identifying, assessing, monitoring, reporting and controlling liquidity risks against specified limits. The Market Risk unit reports to ALCO regularly, at least once a month.

The Bank has diversified funding sources. Its major funding source is customer deposits which are well diversified in terms of customer type, deposit type and maturity. Moreover, the Bank manages liquidity in major currencies such as the Thai baht and US dollar by using domestic and international money and capital markets, including swap and repurchase markets. The Bank aims to balance the cost of liquidity against liquidity risks as deemed appropriate, based on market conditions and acceptable risk levels. The Bank also closely manages short-term and long-term liquidity positions, including the consideration of foreign short-term and long-term borrowings to meet customers' foreign currency loan demands in both domestic and overseas operations, as well as planning for capital fundraising as market conditions permit. In addition to funding diversification, the Bank maintains high-quality liquid assets which can be liquidated or realized as needed in order to meet its financial obligations under both business-as-usual and crisis situations. The Bank maintains a liquidity reserve ratio in accordance with the requirements of the BOT and other regulatory authorities in the countries where it has an international presence, as well as in accordance with the ALCO guidelines.

	THE BANK 2020					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - performing Loans	Total
Financial Assets						
Interbank and money market items*	374,301	754	-	-	-	375,055
Financial assets measured at						
fair value through profit or loss	488	1,686	7,608	59,577	-	69,359
Derivatives assets	20,120	21,555	24,468	-	-	66,143
Investments	191,997	305,335	95,180	222,522	-	815,034
Loans to customers	730,047	748,304	484,061	-	92,201	2,054,613
Financial Liabilities						
Deposits	2,471,569	14,028	-	-	-	2,485,597
Interbank and money market items	119,059	42,468	972	-	-	162,499
Liabilities payable on demand	6,703	-	-	-	-	6,703
Financial liabilities measured at						
fair value through profit or loss	-	-	19,057	-	-	19,057
Derivatives liabilities	12,904	20,328	22,980	-	-	56,212
Debt issued and borrowings	10	57,388	76,566	-	-	133,964

	THE BANK 2019					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non -accrual Loans	Total
Financial Assets						
Interbank and money market items*	441,505	1,831	-	-	-	443,336
Derivatives assets	11,725	17,179	20,783	-	-	49,687
Investments	169,760	270,590	76,889	131,711	-	648,950
Loans to customers	823,739	686,962	422,611	-	69,771	2,003,083
Financial Liabilities						
Deposits	2,303,142	12,893	-	-	-	2,316,035
Interbank and money market items	115,307	13,320	650	-	-	129,277
Liabilities payable on demand	5,488	-	-	-	-	5,488
Derivatives liabilities	5,428	12,400	19,543	-	-	37,371
Debt issued and borrowings	24,133	57,711	62,472	-	-	144,316

* Excluding allowance for expected credit loss / allowance for doubtful accounts and accrued interest receivables.

5.5 Fair value of financial instruments

The following table presents the carrying amount and estimated fair value of financial instruments as at December 31, 2020 and 2019 :

	Million Baht			
	CONSOLIDATED			
	2020	2020	2019	2019
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	73,886	73,886	58,090	58,090
Interbank and money market items, net	519,036	519,036	472,349	472,349
Financial assets measured at fair value				
through profit or loss	57,936	57,936	-	-
Derivatives assets	67,560	65,831	49,807	50,315
Investments, net	759,394	789,633	649,434	651,479
Loans to customers and accrued interest				
receivables, net	<u>2,189,102</u>	<u>2,189,102</u>	<u>1,891,046</u>	<u>1,891,046</u>
Total	<u><u>3,666,914</u></u>	<u><u>3,695,424</u></u>	<u><u>3,120,726</u></u>	<u><u>3,123,279</u></u>
Financial Liabilities				
Deposits	2,810,863	2,810,863	2,370,792	2,370,792
Interbank and money market items	219,149	219,149	134,346	134,346
Liabilities payable on demand	7,257	7,257	5,523	5,523
Financial liabilities measured at fair value				
through profit or loss	19,257	19,257	-	-
Derivatives liabilities	57,128	55,429	37,837	39,413
Debt issued	135,769	146,243	144,208	162,138
Borrowings	<u>408</u>	<u>408</u>	<u>473</u>	<u>473</u>
Total	<u><u>3,249,831</u></u>	<u><u>3,258,606</u></u>	<u><u>2,693,179</u></u>	<u><u>2,712,685</u></u>

Million Baht

	THE BANK			
	2020	2020	2019	2019
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	70,014	70,014	58,013	58,013
Interbank and money market items, net	374,779	374,779	442,584	442,584
Financial assets measured at fair value				
through profit or loss	69,359	69,359	-	-
Derivatives assets	66,143	64,358	49,687	50,201
Investments, net	815,034	827,016	648,950	660,685
Loans to customers and accrued interest				
receivables, net	1,896,205	1,896,205	1,836,722	1,836,722
Total	3,291,534	3,301,731	3,035,956	3,048,205
Financial Liabilities				
Deposits	2,485,597	2,485,597	2,316,035	2,316,035
Interbank and money market items	162,499	162,499	129,277	129,277
Liabilities payable on demand	6,703	6,703	5,488	5,488
Financial liabilities measured at fair value				
through profit or loss	19,057	19,057	-	-
Derivatives liabilities	56,212	54,455	37,371	38,958
Debt issued	133,599	144,000	143,843	161,773
Borrowings	365	365	473	473
Total	2,864,032	2,872,676	2,632,487	2,652,004

For cash, deposits, interbank and money market items (liabilities), liabilities payable on demand, and borrowings, the carrying amounts in the statement of financial position approximate the fair value of the items.

The fair value for loans to customers and interest receivables, net and interbank and money market items, net (assets) is based on the carrying value of the loans to customers and interest receivables, net of the allowance for expected credit loss as presented in the statement of financial position.

The following methods and assumptions were used by the Bank in estimating the fair value of financial instruments as disclosed herein :

The fair values of interbank and money market items, net (assets), loans to customers and interest receivables, net, deposits, interbank and money market items (liabilities), liabilities payable on demand, and borrowings are determined by discounting cash flows using the relevant market interest rates.

The fair value of derivatives is derived from market price or valuation techniques which are based on the market prices of instruments with similar characteristics and maturities or the valuation quoted by a reliable institution.

The fair value determination of investments in debt securities

- For domestic debt securities listed in the Thai Bond Market Association, the fair value is determined by using the market yield of debt securities published by the Thai Bond Market Association. For such debt securities that are not listed in the Thai Bond Market Association, the average bid yield from three reliable financial institutions will be used.
- For foreign debt securities, the value quoted by reliable international financial institutions will be used.

The fair value determination of investments in equity securities

- For marketable equity securities with readily determinable market values, the fair value is determined by the last bid price on The Stock Exchange of Thailand on the last business day of the reporting date. If the last bid price is not available, the last closing price will be used.
- Investments in unit trusts are stated at fair value based on redemption value at the reporting date.
- For other non-marketable investments, the fair value is determined by using appropriate valuation techniques with price and/or variables from the market and consideration to limitation of sale, liquidation, and discount rate to adjust such fair value. The valuation techniques include the use of recent arm's length transactions, reference to current fair value of other investments that have similar characteristics, discounted cash flows, and market multiples.

The fair value for debt issued is based on the market value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in the absence, the most advantageous market, where is accessible to by the Bank. The fair value of instruments that are quoted in active markets is determined using the quoted prices. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market is not active, or an asset or a liability is not traded in an active market, the Bank uses valuation techniques to determine fair value by using the assumptions that market participants would use when pricing the asset or liability. Where applicable, a valuation adjustment is applied to arrive at the fair value.

The following table shows an analysis of financial assets and financial liabilities by level of the fair value hierarchy as at December 31, 2020 and 2019.

	Million Baht							
	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value								
Financial assets								
Financial assets measured at fair value through								
profit or loss	3,244	8,951	45,741	57,936	-	-	-	-
Derivatives assets	448	65,361	22	65,831	-	50,315	-	50,315
Investments, net	123,211	624,497	6,122	753,830	85,478	502,855	-	588,333
Financial liabilities								
Financial liabilities measured at fair value through								
profit or loss	200	19,057	-	19,257	-	-	-	-
Derivatives liabilities	103	55,326	-	55,429	361	39,052	-	39,413
Items not measured at fair value								
Financial assets								
Investments, net	403	27,638	7,762	35,803	3,117	20,374	39,655	63,146
Financial liabilities								
Debt issued	-	146,651	-	146,651	-	162,138	-	162,138

	THE BANK							
	2020				2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value								
Financial assets								
Financial assets measured at fair value through profit or loss	1,441	2,939	64,979	69,359	-	-	-	-
Derivatives assets	444	63,892	22	64,358	-	50,201	-	50,201
Investments, net	87,758	569,017	5,993	662,768	80,384	484,931	-	565,315
Financial liabilities								
Financial liabilities measured at fair value through profit or loss	-	19,057	-	19,057	-	-	-	-
Derivatives liabilities	-	54,455	-	54,455	-	38,958	-	38,958
Items not measured at fair value								
Financial assets								
Investments, net	403	7,446	156,399	164,248	3,117	7,317	84,936	95,370
Financial liabilities								
Debt issued	-	144,365	-	144,365	-	161,773	-	161,773

Fair values are determined according to the following hierarchy :

- Level 1 - quoted prices in active market for identical assets or liabilities
- Level 2 - value derived from valuation techniques for which the significant input used for the fair value measurement is directly or indirectly observable in the market
- Level 3 - value derived from valuation techniques for which the significant input used for the fair value measurement is unobservable in the market

When using valuation techniques, the valuation adjustments are adopted, when the Bank considers that there are additional factors that would be considered by a market participant but are not incorporated within the valuation measurements. The considering factors are such as bid-offer spread, counterparty credit and liquidity, etc.

5.6 Capital fund

It is the Bank's policy to maintain an adequate level of capital to support growth strategies under an acceptable risk framework taking into consideration regulatory requirements and market expectations. The Bank regularly assesses its capital adequacy under various scenarios in order to anticipate capital requirements for the purpose of its capital planning and management process.

The guideline on capital fund based on the Basel III guidelines of the BOT requires the Bank to maintain a capital conservation buffer in addition to minimum capital adequacy ratios which sets out to phasing in additional capital ratio of more than 0.625 percent p.a. starting January 1, 2016 until completion of the increment to more than 2.50 percent on January 1, 2019. In September 2017, the BOT has announced the guideline to identify and regulate Domestic Systemically Important Banks (D-SIBs). The BOT requires the Bank, classified as D-SIBs, must have additional capital requirement for Higher Loss Absorbency (HLA) requirement by increasing the Common Equity Tier 1 ratio at 1 percent, beginning at 0.5 percent from January 1, 2019 and increasing to be 1 percent from January 1, 2020 onwards. The minimum capital adequacy and a capital conservation buffer ratios to risk-weighted assets is as follows :

Capital Fund Ratio	Percentage	
	2020	2019
Common Equity Tier 1 ratio	More than 8.0	More than 7.5
Tier 1 capital ratio	More than 9.5	More than 9.0
Total capital fund ratio	More than 12.0	More than 11.5

Moreover, the BOT may require to maintain additional capital for countercyclical buffer at maximum of 2.50 percent.

As at December 31, 2020 and 2019, the Bank maintained capital adequacy ratios to risk assets and capital fund in accordance with the BOT's Notification relating to the Basel III guidelines as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Common Equity Tier 1 capital to risk assets ratio	14.89	17.01	16.33	17.14
Tier 1 capital to risk assets ratio	15.76	17.01	17.28	17.14
Total capital to risk assets ratio	18.34	20.04	20.10	20.20

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
	Million Baht			
Tier 1 capital	431,381	406,529	428,010	399,842
Common Equity Tier 1 capital	407,621	406,463	404,418	399,842
Paid-up share capital	19,088	19,088	19,088	19,088
Premium on share capital	56,346	56,346	56,346	56,346
Legal reserve	25,000	24,000	25,000	24,000
Reserves appropriated from net profit	111,500	106,500	111,500	106,500
Net profit after appropriation	185,859	170,789	170,314	157,182
Other comprehensive income	47,386	33,678	53,184	39,600
Deductions from Common Equity				
Tier 1 capital	(37,558)	(3,938)	(31,014)	(2,874)
Additional Tier 1 capital	23,760	66	23,592	-
Tier 2 capital	70,686	72,211	69,839	71,420
Total capital fund	502,067	478,740	497,849	471,262

As at December 31, 2020 and 2019, the Bank has no capital add-on arising from Single Lending Limit.

As at December 31, 2020, the Bank has the subordinated notes (See Note 7.18) which the BOT had approved to include in Additional Tier 1 capital on September 23, 2020.

Disclosure of capital maintenance information of the Bank and the Financial Holding Group under the BOT's Notification regarding the disclosure of the capital requirement of commercial banks, regarding the disclosure of the capital requirement of the Financial Holding Group and regarding liquidity coverage ratio disclosure standards.

Location of disclosure [www.bangkokbank.com/Investor Relations/Financial Information/Basel III - Pillar 3](http://www.bangkokbank.com/Investor%20Relations/Financial%20Information/Basel%20III%20-%20Pillar%203)

Date of disclosure October 30, 2020

Information as of June 30, 2020

6. SIGNIFICANT USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

6.1 Impairment losses on financial assets

Applicable from January 1, 2020

The measurement of impairment losses under Thai Financial Reporting Standard No. 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values and the assessment of significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowance.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include :

- The Bank's internal credit grading model, which assigns probability of default to the individual grades
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowance for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs and collateral values, and the effect on probability of defaults, exposure at defaults and loss given defaults
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models

It has been the Bank's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Applicable before January 1, 2020

Impairment of investments in securities

The Bank assesses the impairment of investments in securities where objective evidence of impairment exists and determines that the investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires the Bank's judgment. In making this judgment, the Bank evaluates the volatility in the investment's fair value and other factors which include the estimated future cash flows, the deterioration in the financial position of the issuer of the securities and the operating environment in the industry sector of the issuer.

Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgments by the Bank, which includes the consideration of objective evidence indicating an adverse change in the capacity of the borrowers to repay loans, the estimated future cash flows to be received from the borrowers, the estimated cash flows from the collateral, the timing of future cash flows, the potential of additional future loss and the economic conditions that may have an impact on the loan default rate. The Bank reviews these estimates and assumptions on a regular basis.

6.2 Provisions

The determination of the provisions on the statement of financial position requires the use of various assumptions and judgments by the Bank, taking into consideration the nature of transactions and the circumstances requiring the provisions, the probability of the outflow of economic benefits to settle such obligations and the estimate of the net future cash outflows. The consideration is based on the experience and information that is available at the time that the financial statements are being prepared. The provisions are reviewed regularly. However, the actual results may differ from the estimates.

For the estimation of the provision for the defined benefit plans under the post-employment benefits, the estimation is calculated by an actuary by using the actuarial techniques which requires actuarial assumptions on financial variables such as discount rate, future salaries and benefits etc., and demographic variables such as employee mortality and turnover etc.

6.3 Fair value of financial instruments

Where assets and liabilities are not traded in active markets, the Bank determines fair value by using valuation techniques commonly used by market participants including the reference to the fair value of another instrument of a similar nature, the discounted cash flow analysis and pricing models.

The Bank uses its best judgment in estimating the fair values of financial instruments. However, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and/or market assumptions may have a significant effect on the estimated fair values.

6.4 Impairment of Goodwill

Performing the impairment test on the carrying amount of goodwill against the recoverable amount is carried out on an annual basis, or when there is indication that the goodwill may be impaired. The recoverable amount is determined based on the present value of estimated future cash flows expected to arise from the continuing operations. In estimating the future cash flows, growth rates and discount rates used in computing the recoverable amount is exercised by the Bank's best judgment which is inherently uncertain and subject to potential change over time. However, the Bank reviews these estimates on a regular basis.

7. ADDITIONAL INFORMATION

7.1 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at December 31, 2020 are as follows :

	CONSOLIDATED 2020					Million Baht
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Investments in equity securities designated at FVOCI	Financial instruments measured at amortized cost	Total
Financial assets						
Cash	-	-	-	-	73,886	73,886
Interbank and money market items, net	-	-	-	-	519,036	519,036
Financial assets measured at FVTPL	57,936	-	-	-	-	57,936
Derivatives assets	67,560	-	-	-	-	67,560
Investments, net	-	-	639,438	80,160	38,884	758,482
Loans to customers and accrued interest receivables, net	-	-	-	-	2,189,102	2,189,102
Total	<u>125,496</u>	<u>-</u>	<u>639,438</u>	<u>80,160</u>	<u>2,820,908</u>	<u>3,666,002</u>
Financial liabilities						
Deposits	-	-	-	-	2,810,863	2,810,863
Interbank and money market item	-	-	-	-	219,149	219,149
Liability payable on demand	-	-	-	-	7,257	7,257
Financial liabilities measured at FVTPL	200	19,057	-	-	-	19,257
Derivatives liabilities	57,128	-	-	-	-	57,128
Debt issued and borrowings	-	-	-	-	136,177	136,177
Total	<u>57,328</u>	<u>19,057</u>	<u>-</u>	<u>-</u>	<u>3,173,446</u>	<u>3,249,831</u>

	THE BANK 2020					Million Baht
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Investments in equity securities designated at FVOCI	Financial instruments measured at amortized cost	Total
Financial assets						
Cash	-	-	-	-	70,014	70,014
Interbank and money market items, net	-	-	-	-	374,779	374,779
Financial assets measured at FVTPL	69,359	-	-	-	-	69,359
Derivatives assets	66,143	-	-	-	-	66,143
Investments, net	-	-	584,904	77,864	7,677	670,445
Loans to customers and accrued interest receivables, net	-	-	-	-	1,896,205	1,896,205
Total	<u>135,502</u>	<u>-</u>	<u>584,904</u>	<u>77,864</u>	<u>2,348,675</u>	<u>3,146,945</u>
Financial liabilities						
Deposits	-	-	-	-	2,485,597	2,485,597
Interbank and money market item	-	-	-	-	162,499	162,499
Liability payable on demand	-	-	-	-	6,703	6,703
Financial liabilities measured at FVTPL	-	19,057	-	-	-	19,057
Derivatives liabilities	56,212	-	-	-	-	56,212
Debt issued and borrowings	-	-	-	-	133,964	133,964
Total	<u>56,212</u>	<u>19,057</u>	<u>-</u>	<u>-</u>	<u>2,788,763</u>	<u>2,864,032</u>

7.2 Cash

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

	CONSOLIDATED		THE BANK		Million Baht
	2020	2019	2020	2019	
Cash	73,443	58,010	69,571	57,933	
Cash received in advance from e-Money and electronic money transfer service	<u>443</u>	<u>80</u>	<u>443</u>	<u>80</u>	
Total	<u>73,886</u>	<u>58,090</u>	<u>70,014</u>	<u>58,013</u>	

7.3 Supplementary disclosures of cash flow information

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

	Million Baht			
	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2020	2019	2020	2019
Unrealized gains on investments in shareholders' equity decrease	(2,089)	(1,721)	(2,374)	(1,735)
Properties for sale increased from loans payment/inactive assets	1,167	1,471	1,167	1,471
Unrealized increment per premises appraisal transferred to retained earnings	1,025	946	979	943
Unrealized increment per land and premises appraisal increase	11,637	-	11,190	-
Changes in non-cash items of debt issued and Borrowing				
Gains (losses) on foreign exchange	(831)	9,038	(831)	9,038
Amortization on discount	29	276	29	276

7.4 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at December 31, 2020 and 2019 consisted of the following :

	Million Baht	
	CONSOLIDATED	
	2020	2019
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	236,927	262,497
Commercial banks	8,879	24,858
Other financial institutions	15,800	14,615
Total	261,606	301,970
<u>Add</u> Accrued interest receivables and undue interest receivables	18	97
<u>Less</u> Allowance for expected credit loss	(57)	-
<u>Less</u> Allowance for doubtful accounts	-	(1,056)
Total domestic items	261,567	301,011
Foreign items		
USD	113,288	104,327
JPY	19,343	19,286
EUR	8,246	8,227
Others	114,754	39,351
Total	255,631	171,191
<u>Add</u> Accrued interest receivables and undue interest receivables	2,181	354
<u>Less</u> Allowance for expected credit loss	(343)	-
<u>Less</u> Allowance for doubtful accounts	-	(207)
Total foreign items	257,469	171,338
Total domestic and foreign items	519,036	472,349

	Million Baht	
	THE BANK	
	2020	2019
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	236,927	262,497
Commercial banks	502	18,150
Other financial institutions	<u>15,800</u>	<u>14,615</u>
Total	253,229	295,262
<u>Add</u> Accrued interest receivables and undue interest receivables	17	66
<u>Less</u> Allowance for expected credit loss	(57)	-
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(1,056)</u>
Total domestic items	<u>253,189</u>	<u>294,272</u>
Foreign items		
USD	72,161	100,662
JPY	18,659	19,286
EUR	7,689	8,221
Others	<u>23,317</u>	<u>19,905</u>
Total	121,826	148,074
<u>Add</u> Accrued interest receivables and undue interest receivables	74	283
<u>Less</u> Allowance for expected credit loss	(310)	-
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(45)</u>
Total foreign items	<u>121,590</u>	<u>148,312</u>
Total domestic and foreign items	<u><u>374,779</u></u>	<u><u>442,584</u></u>

7.5 Financial assets measured at fair value through profit or loss

7.5.1 Trading financial assets as at December 31, 2020 consisted of the following :

	Million Baht	
	CONSOLIDATED	THE BANK
	2020	2020
	Fair Value	Fair Value
Interbank and money market items	6	6
Thai government and state enterprise securities	1,718	1,718
Private enterprise debt securities	249	249
Foreign debt securities	3,953	-
Domestic marketable equity securities	1,804	-
Others	<u>109</u>	<u>-</u>
Total	<u><u>7,839</u></u>	<u><u>1,973</u></u>

7.5.2 Others as at December 31, 2020 consisted of the following :

	CONSOLIDATED 2020 Fair Value	Million Baht THE BANK 2020 Fair Value
Investment in debt securities	38,856	57,523
Investment in equity securities	11,241	9,863
Total	<u>50,097</u>	<u>67,386</u>
Financial assets measured at fair value through profit or loss	<u>57,936</u>	<u>69,359</u>

7.6 Derivatives assets and liabilities

The fair values and the notional amounts derivatives classified by type of risk as at December 31, 2020 and 2019 are as follows :

Type of risk	CONSOLIDATED					Million Baht
	2020		Notional Amount	2019		Notional Amount
	Fair Value Assets	Fair Value Liabilities		Fair Value Assets	Fair Value Liabilities	
Foreign exchange rate	38,173	23,808	1,329,347	32,164	17,245	1,091,796
Interest rate	28,918	33,221	1,172,610	17,638	20,231	1,064,586
Others	<u>469</u>	<u>99</u>	<u>6,262</u>	<u>5</u>	<u>361</u>	<u>9,887</u>
Total	<u>67,560</u>	<u>57,128</u>	<u>2,508,219</u>	<u>49,807</u>	<u>37,837</u>	<u>2,166,269</u>

Type of risk	THE BANK					Million Baht
	2020		Notional Amount	2019		Notional Amount
	Fair Value Assets	Fair Value Liabilities		Fair Value Assets	Fair Value Liabilities	
Foreign exchange rate	36,759	23,025	1,265,380	32,049	17,140	1,077,158
Interest rate	28,918	33,187	1,170,629	17,638	20,231	1,064,585
Others	<u>466</u>	<u>-</u>	<u>2,434</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>66,143</u>	<u>56,212</u>	<u>2,438,443</u>	<u>49,687</u>	<u>37,371</u>	<u>2,141,743</u>

Derivative is a financial instrument whose value changes in response to the change in an underlying variable such as interest rate, foreign exchange rate, index of prices or rates, or underlying asset price etc. Notional amounts of derivatives reflect the extent of the Bank's involvement in particular classes of derivatives but do not reflect market risk and credit risk. The Bank's derivatives are as follows :

Foreign exchange derivatives

- Forward foreign exchange contracts are contracts that effectively fix a future foreign exchange rate. The contract provides that, at a predetermined future date, a cash delivery will be made between the parties at a specified contract rate.
- Currency swaps are contracts which involve the exchange of principal and interest in two different currencies with counterparty for a specified period.

Interest rate derivatives

Interest rate swaps are contracts which involve the exchange of interest with counterparties for a specified period in the same currency of principal without the exchange of the underlying principal.

Hedge accounting

The Bank uses currency swaps and interest rate swaps to hedge its exposure to changes in the fair value of fixed rate instruments and its foreign currency risk exposure. As at December 31, 2020, the carrying amount of derivatives designated as hedging instruments in the consolidated and the Bank's financial statements for derivatives assets are amounting to Baht 363 million and derivatives liabilities Baht 1,941 million, respectively.

The Bank uses currency swaps to hedge the variability in cash flows that is related to a variable or fixed rate asset resulting from changes in interest rate and its foreign currency risk exposure. As at December 31, 2020, the carrying amount of derivatives designated as hedging instruments in the consolidated and the Bank's financial statements for derivatives assets are amounting to Baht 1,008 million and derivatives liabilities Baht 511 million, respectively.

7.7 Investments, net

7.7.1 Investments as at December 31, 2020 and 2019 consisted of the following :

	CONSOLIDATED 2020 Amortized Cost	Million Baht THE BANK 2020 Amortized Cost
Debt investment securities - measured at amortized cost		
Thai government and state enterprise securities	26,443	7,030
Foreign debt securities	<u>12,448</u>	<u>651</u>
Total	38,891	7,681
Less Allowance for expected credit loss	<u>(7)</u>	<u>(4)</u>
Total	<u><u>38,884</u></u>	<u><u>7,677</u></u>

	Million Baht	
	CONSOLIDATED	THE BANK
	2020	2020
	Fair Value	Fair Value
Debt investment securities - measured at FVOCI		
Thai government and state enterprise securities	458,728	458,728
Private enterprise debt securities	31,676	31,676
Foreign debt securities	141,594	87,060
Others	<u>7,440</u>	<u>7,440</u>
Total	<u>639,438</u>	<u>584,904</u>
Allowance for expected credit loss	<u>2,888</u>	<u>2,837</u>

	Million Baht	
	CONSOLIDATED	THE BANK
	2020	2020
	Fair Value	Fair Value
Equity investment securities - designated at FVOCI		
Domestic marketable equity securities	51,677	49,546
Foreign marketable equity securities	20,649	20,649
Others	<u>7,834</u>	<u>7,669</u>
Total	<u>80,160</u>	<u>77,864</u>
Investments, net	<u>758,482</u>	<u>670,445</u>

For the year ended December 31, 2020, the Bank received dividends from equity investment securities designated at FVOCI that the Bank maintains. For the consolidated and the Bank's financial statements amounting to Baht 2,039 million and Baht 1,899 million, respectively.

	Million Baht	
	CONSOLIDATED	THE BANK
	2019	2019
	Fair Value	Fair Value
Trading securities		
Thai government and state enterprise securities	8,320	8,320
Private enterprise debt securities	198	198
Domestic marketable equity securities	<u>5,095</u>	<u>-</u>
Total	<u>13,613</u>	<u>8,518</u>

	CONSOLIDATED 2019 Fair Value	Million Baht THE BANK 2019 Fair Value
Available-for-sale securities		
Thai government and state enterprise securities	327,327	327,327
Private enterprise debt securities	66,072	65,520
Foreign debt securities	113,747	98,068
Domestic marketable equity securities	47,141	47,141
Foreign marketable equity securities	9,844	9,844
Others	10,589	8,897
Total	<u><u>574,720</u></u>	<u><u>556,797</u></u>

	CONSOLIDATED 2019 Cost/ Amortized Cost	Million Baht THE BANK 2019 Cost/ Amortized Cost
Held-to-maturity debt securities		
Thai government and state enterprise securities	19,328	7,032
Foreign debt securities	3,929	3,197
Total	<u><u>23,257</u></u>	<u><u>10,229</u></u>

	CONSOLIDATED 2019 Cost	Million Baht THE BANK 2019 Cost
General investments		
Domestic non-marketable equity securities	8,689	7,839
Foreign non-marketable equity securities	36,029	35,763
Total	44,718	43,602
<u>Less</u> Allowance for impairment	(8,611)	(8,611)
Total	<u><u>36,107</u></u>	<u><u>34,991</u></u>
Total investments, net	<u><u>647,697</u></u>	<u><u>610,535</u></u>

The Bank had investments in companies whose prospects as a going concern are uncertain, comprising of companies listed in the SET that fall under the SET delisting criteria and non-listed companies that their financial performance and financial position fall under the SET delisting criteria. As at December 31, 2020, there were 33 companies with investment cost of Baht 257 million and fair value of Baht 1 million. As at December 31, 2019, there were 35 companies with investment cost of Baht 260 million and net book value of Baht 0 million.

On December 30, 2004, the Bank entered into a transaction to transfer certain investments classified as available-for-sale securities received from debt restructuring to Sinnsuptawee Asset Management Co., Ltd., a subsidiary of the Bank, at the closing price on December 28, 2004 quoted on The Stock Exchange of Thailand in the amount of Baht 3,323 million. The proceeds from the aforementioned transfer were recorded as other liabilities and the related securities were recorded as securities transferred to subsidiary under available-for-sale securities in accordance with accounting treatment guidance for Transfer and Transferred Financial Assets. As at December 31, 2020 and 2019, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 328 million.

7.7.2 As at December 31, 2020 and 2019, the Bank and subsidiaries had investments in other companies of 10% and upwards of the paid-up capital of the respective companies but which are not considered to be investments in subsidiaries and associates. The classification is as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
	Fair Value	Net Book Value	Fair Value	Net Book Value
Manufacturing and commercial	1	12	1	12
Real estate and construction	939	187	939	187
Utilities and services	21	41	21	41
Others	<u>2,327</u>	<u>2,243</u>	<u>2,327</u>	<u>2,243</u>
Total	<u>3,288</u>	<u>2,483</u>	<u>3,288</u>	<u>2,483</u>

7.8 Investments in subsidiaries and associates, net

As at December 31, 2020 and 2019, the Bank had investments in subsidiaries and associates, net as follows :

Company	Type of Business	Type of Shares	CONSOLIDATED		Investment (Cost Method)		Investment (Equity Method)	
			Direct and Indirect Shareholding (%)		2020	2019	2020	2019
			2020	2019	2020	2019	2020	2019
Associates								
Thai Payment Network Co., Ltd.*	Service	Common share	69.08	69.08	362	362	26	94
BSL Leasing Co., Ltd.	Finance	Common share	-	35.88	-	201	-	820
Processing Center Co., Ltd.	Service	Common share	30.00	30.00	15	15	457	441
BCI (Thailand) Co., Ltd.	Service	Common share	22.17	22.17	118	118	95	109
National ITMX Co., Ltd.	Service	Common share	14.26	14.26	<u>13</u>	<u>13</u>	<u>333</u>	<u>273</u>
Total					508	709	911	1,737
<u>Less</u> Allowance for impairment					<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Investments in associates, net					<u>506</u>	<u>707</u>	<u>911</u>	<u>1,737</u>

* The Bank has only significantly influenced but not control.

Million Baht

Company	Type of Business	Type of Shares	THE BANK		Investment (Cost Method)	
			Direct and Indirect Shareholding (%)		2020	2019
			2020	2019	2020	2019
Subsidiaries						
BBL (Cayman) Limited	Finance	Common share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Common share	100.00	100.00	9,261	9,261
Sinnsuptawee Asset Management Co., Ltd.	Asset Management	Common share	100.00	100.00	2,500	2,500
Bangkok Bank (China) Co., Ltd.	Banking	Common share	100.00	100.00	19,585	19,585
Bualuang Ventures Limited	Venture Capital Company	Common share	100.00	100.00	1,500	1,500
PT Bank Permata Tbk	Banking	Common share	98.71	-	105,010	-
Bualuang Securities PCL.	Securities	Common share	99.91	99.91	4,772	4,772
BSL Leasing Co., Ltd.*	Finance	Common share	90.00	-	1,365	-
BBL Asset Management Co., Ltd.	Finance	Common share	75.00	75.00	183	183
Associates						
Thai Payment Network Co., Ltd.**	Service	Common share	69.08	69.08	362	362
BSL Leasing Co., Ltd.	Finance	Common share	-	35.88	-	201
Processing Center Co., Ltd.	Service	Common share	30.00	30.00	15	15
BCI (Thailand) Co., Ltd.	Service	Common share	22.17	22.17	118	118
National ITMX Co., Ltd.	Service	Common share	14.26	14.26	13	13
Total					144,686	38,512
<u>Less</u> Allowance for impairment					<u>(97)</u>	<u>(97)</u>
Investments in subsidiaries and associates, net					<u>144,589</u>	<u>38,415</u>

The Acquisition of PT Bank Permata Tbk

On May 20, 2020, the Bank acquired PT Bank Permata Tbk ("Permata") from Standard Chartered Bank ("Standard Chartered") and PT Astra International Tbk ("Astra") representing 89.12% of the total issued and paid-up shares in Permata ("Transaction") at price of IDR 1,346.97 per share (approximately THB 2.95 or USD 0.09 per share). The transaction value for the acquisition of 89.12% of the total shares in Permata is IDR 33,662,797 million (approximately Baht 73,722 million or USD 2,282 million).

In accordance with applicable laws and regulations of Indonesia, the Bank is then required to conduct a mandatory tender offer ("MTO") for the remaining shares in Permata (representing approximately 10.88% of the total issued and paid-up shares in Permata held by minority shareholders). On October 7, 2020, the Bank has completed MTO with total payment of 2,970,419,446 shares in Permata, representing 10.59% of the total issued and paid-up shares in Permata. The MTO is determined "a linked transaction" which is accounted for

* On September 17, 2020, BSL Leasing Co., Ltd. is changed from an associate to be a subsidiary.

** The Bank has only significantly influenced but not control.

as a single business combination as if all ownership interests were acquired at the acquisition date. Since the Bank has completed MTO then the adjustment is made to reflect the actual percentage acquired.

In addition, according to applicable laws and regulations of Indonesia a commercial bank in Indonesia with shares listed on the Indonesia Stock Exchange must have at least 1% shares held by an Indonesian citizen and/or legal entity. Thus on October 6, 2020, the Bank has sold 280,427,394 shares in Permata, representing 1% of total issued and paid-up shares in Permata to an Indonesian entity.

Therefore, as at December 31, 2020, the Bank owns 27,681,421,384 shares in Permata, representing 98.71% of total issued and paid-up shares in Permata.

The assets and liabilities are recognized as of the acquisition date in the consolidated financial statement as a result of the acquisition after MTO are as follows :

	Million Baht Provisional Fair Value
Assets	
Cash	4,640
Interbank and money market items, net	69,227
Financial assets measured at fair value through profit and loss	1,617
Derivatives assets	1,020
Investment, net	43,733
Loans to customers and accrued interest receivables, net	227,260
Properties for sale, net	799
Premises and equipment, net	6,205
Others	10,805
Total Assets	365,306
Liabilities	
Deposits	299,893
Interbank and money market items	4,348
Liability payable on demand	733
Derivatives liabilities	403
Debt issued and borrowings	3,469
Others	5,125
Total Liabilities	313,971
Net identifiable assets acquired	51,335
<u>Less</u> Non-controlling interests	(661)
<u>Add</u> Goodwill	30,907
Cash paid	81,581

In this regard, Otoritas Jasa Keuangan - OJK has approved to have the Bank's branches in Indonesia to be integrated into PT Bank Permata Tbk according to the Bank's business plan. On December 21, 2020, the Bank's branches in Indonesia transfer the assets and liabilities of the branches according to regulations of Indonesia including the part that can be counted as capital to Permata, as a result that Permata's assets, liabilities and capital are increased.

The additional investments in BSL Leasing Co., Ltd.

On September 17, 2020 the Bank additionally purchased the issued 541,249 common shares representing 54.12% shareholding in BSL Leasing Co., Ltd. at the amount of Baht 1,165 million. This results in an increase of the Bank's shareholding to be 90% and BSL Leasing Co.,Ltd. is changed from an associate to be a subsidiary. The net identifiable assets acquired and liabilities assumed and non-controlling interests are recognized in the consolidated financial statement as of acquisition date amounting to Baht 2,152 million and Baht 215 million, respectively.

The acquisition of Permata and additional investments in BSL Leasing Co., Ltd.

The Bank is in the process to complete the accounting for a business combination which is allowed by Thai Financial Reporting Standard No. 3 Business Combinations for a maximum of one year after the acquisition date. As a result, the financial statements for the year ended December 31, 2020 are prepared by using the provisional amounts for the items for which their fair value is in the process of final review. Once the fair value and other related calculation is finalized, such provisional amount including goodwill would be adjusted accordingly.

The aggregated financial information of associates that are not individually material is as follows :

	Million Baht	
	FOR THE YEARS	
	ENDED DECEMBER 31,	
	2020	2019
Net profit	556	578
Total comprehensive income	556	578

7.9 Loans to customers and accrued interest receivables, net

7.9.1 Classified by product type as at December 31, 2020 and 2019 :

	Million Baht			
	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Overdrafts	105,064	103,798	85,394	103,048
Loans	1,869,431	1,545,217	1,592,004	1,493,427
Bills	384,482	410,616	375,349	404,930
Hire purchase receivable	4,000	-	-	-
Finance lease receivable	1,013	-	-	-
Others	<u>4,248</u>	<u>1,678</u>	<u>1,866</u>	<u>1,678</u>
Loans to customers	2,368,238	2,061,309	2,054,613	2,003,083
<u>Add</u> Accrued interest receivables and undue interest receivables	<u>6,431</u>	<u>4,013</u>	<u>5,126</u>	<u>3,894</u>
Loans to customers and accrued interest receivables	2,374,669	2,065,322	2,059,739	2,006,977
<u>Less</u> Allowance for expected credit loss	(185,567)	-	(163,534)	-
<u>Less</u> Allowance for doubtful accounts and revaluation allowance for debt restructuring	<u>-</u>	<u>(174,276)</u>	<u>-</u>	<u>(170,255)</u>
Total loans to customers and accrued interest receivables, net	<u><u>2,189,102</u></u>	<u><u>1,891,046</u></u>	<u><u>1,896,205</u></u>	<u><u>1,836,722</u></u>

7.9.2 Classified as at December 31, 2020 and 2019 :

	Million Baht	
	Loans and Interbank and Money Market items	
	CONSOLIDATED 2020	THE BANK 2020
Performing and Under-performing	2,781,073	2,337,689
Non-performing	<u>104,401</u>	<u>91,978</u>
Total	<u><u>2,885,474</u></u>	<u><u>2,429,667</u></u>

	Million Baht	
	Loans and Interbank and Money Market items	
	CONSOLIDATED 2019	THE BANK 2019
Normal	2,387,864	2,301,309
Special mentioned	67,457	67,018
Substandard	9,726	9,726
Doubtful	14,522	13,960
Doubtful of loss	<u>54,901</u>	<u>54,407</u>
Total	<u><u>2,534,470</u></u>	<u><u>2,446,420</u></u>

The consolidated and the Bank's financial statements as at December 31, 2020, impaired loans with restructured loans amounted to Baht 48,254 million and Baht 43,074 million, respectively.

The consolidated and the Bank's financial statements as at December 31, 2019, impaired loans with restructured loans amounted to Baht 44,715 million.

7.9.3 As at December 31, 2020 and 2019, the Bank and subsidiaries had non-performing loans (NPLs), including interbank and money market items but excluding accrued interest receivable, as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
NPLs before allowance for expected credit loss	104,401	79,149	91,978	78,093
NPLs as percentage of total loans	3.91	3.39	4.00	3.44
Net NPLs after allowance for expected credit loss	34,560	28,368	31,173	28,203
Net NPLs as percentage of net total loans	1.39	1.24	1.46	1.27

7.9.4 Classified by customer's residence as at December 31, 2020 and 2019 :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Domestic	1,644,613	1,576,510	1,635,042	1,572,896
Foreign	<u>723,625</u>	<u>484,799</u>	<u>419,571</u>	<u>430,187</u>
Total	<u>2,368,238</u>	<u>2,061,309</u>	<u>2,054,613</u>	<u>2,003,083</u>

7.9.5 Classified by business type as at December 31, 2020 and 2019 :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Agriculture and mining	78,175	61,569	52,766	59,421
Manufacturing and commercial	791,828	755,979	663,820	729,176
Real estate and construction	211,510	200,736	178,453	192,628
Utilities and services	539,151	470,159	495,571	460,719
Housing loans	302,142	251,197	259,977	251,179
Others	<u>445,432</u>	<u>321,669</u>	<u>404,026</u>	<u>309,960</u>
Total	<u>2,368,238</u>	<u>2,061,309</u>	<u>2,054,613</u>	<u>2,003,083</u>

7.9.6 Classified and Allowance for expected credit loss / Allowance for doubtful accounts as at December 31, 2020 and 2019 :

	CONSOLIDATED 2020		THE BANK 2020		Million Baht
	Loans and accrued interest receivables	Allowance for expected credit loss	Loans and accrued interest receivables	Allowance for expected credit loss	
Performing	2,128,431	51,013	1,852,036	44,064	
Under-performing	139,983	62,750	114,010	56,765	
Non-performing	106,255	71,804	93,693	62,705	
Total	2,374,669	185,567	2,059,739	163,534	

	CONSOLIDATED 2019				Million Baht
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank	
Minimum provision according to the BOT's requirement					
Normal	1,918,520	1,267,640	1	16,119	
Special mentioned	67,596	33,359	2	848	
Substandard	9,783	1,358	100	1,359	
Doubtful	14,522	6,259	100	6,259	
Doubtful of loss	54,901	30,087	100	30,087	
Excess provision according to the BOT's requirement				113,094	
Total	2,065,322	1,338,703		167,766	

				Million Baht
THE BANK 2019				
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,861,672	1,223,874	1	15,716
Special mentioned	67,155	33,154	2	844
Substandard	9,783	1,358	100	1,359
Doubtful	13,960	5,696	100	5,696
Doubtful of loss	54,407	29,811	100	29,811
Excess provision according to the BOT's requirement				110,319
Total	<u>2,006,977</u>	<u>1,293,893</u>		<u>163,745</u>

7.10 Properties for sale, net

Properties for sale consisted of the following as at December 31, 2020 and 2019 :

							Million Baht
CONSOLIDATED 2020							
Type of Properties for Sale	Beginning Balance	Balance of Subsidiary as at Acquisition date	Additions	Disposals	Others	Ending Balance	
Assets from debt repayment							
Immovable assets	15,910	996	1,407	(1,041)	(25)	17,247	
Movable assets	69	45	228	(263)	(1)	78	
Total	<u>15,979</u>	<u>1,041</u>	<u>1,635</u>	<u>(1,304)</u>	<u>(26)</u>	<u>17,325</u>	
Others	-	6	26	(11)	-	21	
Total properties for sale	<u>15,979</u>	<u>1,047</u>	<u>1,661</u>	<u>(1,315)</u>	<u>(26)</u>	<u>17,346</u>	
<u>Less</u> Allowance for impairment	<u>(6,616)</u>	<u>(242)</u>	<u>(1,136)</u>	<u>396</u>	<u>6</u>	<u>(7,592)</u>	
Total properties for sale, net	<u>9,363</u>	<u>805</u>	<u>525</u>	<u>(919)</u>	<u>(20)</u>	<u>9,754</u>	

					Million Baht
CONSOLIDATED 2019					
Type of Properties for Sale	Beginning Balance	Additions	Disposals	Ending Balance	
Assets from debt repayment					
Immovable assets	16,830	1,568	(2,488)	15,910	
Movable assets	158	2	(91)	69	
Total	<u>16,988</u>	<u>1,570</u>	<u>(2,579)</u>	<u>15,979</u>	
Others	53	-	(53)	-	
Total properties for sale	<u>17,041</u>	<u>1,570</u>	<u>(2,632)</u>	<u>15,979</u>	
<u>Less</u> Allowance for impairment	<u>(6,437)</u>	<u>(909)</u>	<u>730</u>	<u>(6,616)</u>	
Total properties for sale, net	<u>10,604</u>	<u>661</u>	<u>(1,902)</u>	<u>9,363</u>	

As at December 31, 2020, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 17,247 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 11,643 million and appraised by internal appraisers in the amount of Baht 5,604 million.

As at December 31, 2019, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 15,910 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 11,025 million and appraised by internal appraisers in the amount of Baht 4,885 million.

Type of Properties for Sale	THE BANK 2020			Million Baht
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	12,831	1,229	(954)	13,106
Movable assets	69	22	(61)	30
Total	12,900	1,251	(1,015)	13,136
<u>Less</u> Allowance for impairment	(4,532)	(1,061)	211	(5,382)
Total properties for sale, net	8,368	190	(804)	7,754

Type of Properties for Sale	THE BANK 2019			Million Baht
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	12,873	1,568	(1,610)	12,831
Movable assets	158	2	(91)	69
Total	13,031	1,570	(1,701)	12,900
Others	53	-	(53)	-
Total properties for sale	13,084	1,570	(1,754)	12,900
<u>Less</u> Allowance for impairment	(4,341)	(515)	324	(4,532)
Total properties for sale, net	8,743	1,055	(1,430)	8,368

As at December 31, 2020, the Bank had immovable assets from debt repayment in the amount of Baht 13,106 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,023 million and appraised by internal appraisers in the amount of Baht 5,083 million.

As at December 31, 2019, the Bank had immovable assets from debt repayment in the amount of Baht 12,831 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,452 million and appraised by internal appraisers in the amount of Baht 4,379 million.

The Bank had disclosed transactions according to the BOT's Notification regarding the Accounting Rules for Financial Institutions in relations to the Sale of Properties for Sale. The transactions of the Bank and subsidiaries are as follows :

Million Baht

CONSOLIDATED							
FOR THE YEARS ENDED DECEMBER 31,							
2020				2019			
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	423	(53)	-	2,120	(50)

Million Baht

THE BANK							
FOR THE YEARS ENDED DECEMBER 31,							
2020				2019			
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	383	(23)	-	1,012	(45)

7.11 Premises and equipment, net

Premises and equipment consisted of the following as at December 31, 2020 and 2019 :

	Million Baht															
	CONSOLIDATED															
	2020															
	Cost							Accumulated Depreciation								
	Beginning	Balance of	Adjustment	Additions/	Disposal/	Net of	Others	Ending	Beginning	Balance of	Depre-	Disposal/	Transfer	Others	Ending	Premises
	Balance	Subsidiary	of	Transfer	Transfer	Accumu-		Balance	Balance	Subsidiary	ciation	Transfer	to net	Balance	and	
	as at	as at	Beginning			lated				as at			with cost		Equipment	
	Acquisition	Acquisition	Balance			Deprec-				Acquisition					(Net)	
	date	date				iation			date							
Land																
Cost	7,505	793	-	554	(5)	-	91	8,938	-	-	-	-	-	-	-	8,938
Appraisal increase (year 2020)	20,661	3,492	-	7,845	(70)	-	(59)	31,869	-	-	-	-	-	-	-	31,869
Appraisal decrease (year 2020)	(676)	-	-	(4)	218	-	(32)	(494)	-	-	-	-	-	-	-	(494)
Premises																
Cost	3,257	413	-	203	(591)	(649)	56	2,689	948	184	218	(364)	(649)	66	403	2,286
Appraisal increase (year 2020)	12,274	607	-	1,210	(251)	-	7	13,847	5,395	323	1,250	(5,791)	-	(2)	1,175	12,672
Appraisal decrease (year 2020)	(207)	-	-	(36)	86	-	(12)	(169)	(59)	-	(11)	69	-	(5)	(6)	(163)
Equipment	22,525	2,224	-	930	(1,214)	-	9	24,474	18,946	1,064	1,550	(1,115)	-	7	20,452	4,022
Right-of-use assets	-	2,129	4,733	824	(378)	-	81	7,389	-	1,215	1,655	(263)	-	(29)	2,578	4,811
Leasehold improvement	149	655	-	2,811	(265)	-	(27)	3,323	123	528	173	2,163	-	(16)	2,971	352
Others	619	40	-	387	(287)	-	(2)	757	-	-	-	-	-	-	-	757
Total	<u>66,107</u>	<u>10,353</u>	<u>4,733</u>	<u>14,724</u>	<u>(2,757)</u>	<u>(649)</u>	<u>112</u>	<u>92,623</u>	<u>25,353</u>	<u>3,314</u>	<u>4,835</u>	<u>(5,301)</u>	<u>(649)</u>	<u>21</u>	<u>27,573</u>	<u>65,050</u>

Million Baht

	CONSOLIDATED										
	2019										
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Depreciation Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,612	-	(2)	(105)	7,505	-	-	-	-	-	7,505
Appraisal increase (year 2015)	20,823	-	(7)	(155)	20,661	-	-	-	-	-	20,661
Appraisal decrease (year 2015)	(704)	-	-	28	(676)	-	-	-	-	-	(676)
Premises											
Cost	3,519	35	(178)	(119)	3,257	727	421	(178)	(22)	948	2,309
Appraisal increase (year 2015)	12,338	-	-	(64)	12,274	4,228	1,177	-	(10)	5,395	6,879
Appraisal decrease (year 2015)	(217)	-	-	10	(207)	(48)	(14)	-	3	(59)	(148)
Equipment	22,503	1,683	(1,436)	(76)	22,674	19,046	1,516	(1,425)	(68)	19,069	3,605
Others	646	1,112	(1,136)	(3)	619	-	-	-	-	-	619
Total	<u>66,520</u>	<u>2,830</u>	<u>(2,759)</u>	<u>(484)</u>	<u>66,107</u>	<u>23,953</u>	<u>3,100</u>	<u>(1,603)</u>	<u>(97)</u>	<u>25,353</u>	<u>40,754</u>

Million Baht

	THE BANK 2020													
	Beginning Balance	Adjustment of Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Accumulated Depreciation Depre- ciation	Disposal/ Transfer	Transfer to net with cost	Others	Ending Balance	Premises and Equipment (Net)
Land														
Cost	7,499	-	-	(5)	-	111	7,605	-	-	-	-	-	-	7,605
Appraisal increase (year 2020)	20,608	-	7,573	(18)	-	27	28,190	-	-	-	-	-	-	28,190
Appraisal decrease (year 2020)	(676)	-	(3)	219	-	(33)	(493)	-	-	-	-	-	-	(493)
Premises														
Cost	2,214	-	141	(444)	(502)	49	1,458	773	107	(218)	(502)	15	175	1,283
Appraisal increase (year 2020)	12,230	-	914	(251)	-	23	12,916	5,374	1,225	(5,769)	-	6	836	12,080
Appraisal decrease (year 2020)	(207)	-	(35)	86	-	(12)	(168)	(59)	(10)	69	-	(5)	(5)	(163)
Equipment	21,537	-	727	(923)	-	13	21,354	18,197	1,389	(919)	-	9	18,676	2,678
Right-of-use assets	-	4,152	313	(7)	-	113	4,571	-	1,184	(6)	-	-	1,178	3,393
Leasehold improvement	-	-	2,740	(223)	-	(10)	2,507	-	58	2,288	-	(3)	2,343	164
Others	585	-	381	(242)	-	(1)	723	-	-	-	-	-	-	723
Total	<u>63,790</u>	<u>4,152</u>	<u>12,751</u>	<u>(1,808)</u>	<u>(502)</u>	<u>280</u>	<u>78,663</u>	<u>24,285</u>	<u>3,953</u>	<u>(4,555)</u>	<u>(502)</u>	<u>22</u>	<u>23,203</u>	<u>55,460</u>

	Million Baht										
	THE BANK 2019										
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,607	-	(2)	(106)	7,499	-	-	-	-	-	7,499
Appraisal increase (year 2015)	20,766	-	(7)	(151)	20,608	-	-	-	-	-	20,608
Appraisal decrease (year 2015)	(704)	-	-	28	(676)	-	-	-	-	-	(676)
Premises											
Cost	2,404	32	(178)	(44)	2,214	614	347	(178)	(10)	773	1,441
Appraisal increase (year 2015)	12,291	-	-	(61)	12,230	4,211	1,172	-	(9)	5,374	6,856
Appraisal decrease (year 2015)	(217)	-	-	10	(207)	(48)	(14)	-	3	(59)	(148)
Equipment	21,391	1,589	(1,388)	(55)	21,537	18,205	1,417	(1,378)	(47)	18,197	3,340
Others	624	1,071	(1,109)	(1)	585	-	-	-	-	-	585
Total	<u>64,162</u>	<u>2,692</u>	<u>(2,684)</u>	<u>(380)</u>	<u>63,790</u>	<u>22,982</u>	<u>2,922</u>	<u>(1,556)</u>	<u>(63)</u>	<u>24,285</u>	<u>39,505</u>

For the consolidated and the Bank's financial statements. The Bank has the land and premises appraised. The appraisal value defined by independent appraisers is categorized as Level 3 in the fair value hierarchy. (Determination of level of the fair value hierarchy are shown in Note 5.5)

For the consolidated financial statements, as at December 31, 2020 and 2019, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 17,001 million and Baht 15,761 million, respectively.

For the Bank's financial statements, as at December 31, 2020 and 2019, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 15,187 million and Baht 15,115 million, respectively.

7.12 Goodwill and Other intangible assets, net

Goodwill and Other intangible assets consisted of the following as at December 31, 2020 and 2019 :

Million Baht

	CONSOLIDATED												
	2020												
	Cost					Accumulated Amortization							
Beginning Balance	Balance of Subsidiary as at Acquisition date	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Balance of Subsidiary as at Acquisition date	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Goodwill and Other Intangible Assets (Net)	
Software	3,852	1,389	598	(635)	(504)	4,700	2,868	497	667	(436)	(5)	3,591	1,109
Goodwill	-	-	31,662	-	(1,857)	29,805	-	-	-	-	-	-	29,805
Others	776	466	136	-	233	1,611	-	217	-	-	-	217	1,394
Total	4,628	1,855	32,396	(635)	(2,128)	36,116	2,868	714	667	(436)	(5)	3,808	32,308

Million Baht

	CONSOLIDATED										
	2019										
	Cost					Accumulated Amortization					
Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)	
Software	2,728	8,918	(50)	(7,744)	3,852	2,229	688	(36)	(13)	2,868	984
Others	581	203	(7)	(1)	776	-	-	-	-	-	776
Total	3,309	9,121	(57)	(7,745)	4,628	2,229	688	(36)	(13)	2,868	1,760

Million Baht

	THE BANK										
	2020										
	Cost					Accumulated Amortization					
Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)	
Software	3,520	335	(406)	-	3,449	2,623	499	(212)	-	2,910	539
Others	776	136	-	-	912	-	-	-	-	-	912
Total	4,296	471	(406)	-	4,361	2,623	499	(212)	-	2,910	1,451

Million Baht

	THE BANK										
	2019										
	Cost					Accumulated Amortization					
Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)	
Software	2,407	8,881	(35)	(7,733)	3,520	1,997	664	(35)	(3)	2,623	897
Others	581	203	(7)	(1)	776	-	-	-	-	-	776
Total	2,988	9,084	(42)	(7,734)	4,296	1,997	664	(35)	(3)	2,623	1,673

7.13 Deferred tax assets and liabilities

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

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Deferred tax assets	7,940	4,542	2,083	3,361
Deferred tax liabilities	<u>2,448</u>	<u>2,364</u>	<u>2,589</u>	<u>2,159</u>
Deferred tax assets (liabilities), net	<u><u>5,492</u></u>	<u><u>2,178</u></u>	<u><u>(506)</u></u>	<u><u>1,202</u></u>

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

	CONSOLIDATED							Million Baht
	Beginning Balance	Re-measurement under TFRS 9	Beginning Balance as at January 1, 2020	Beginning Balance of subsidiary as at Acquisition date	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets								
Investments	3,766	(1,598)	2,168	-	862	410	2,965	6,405
Financial liabilities								
measured at fair value								
through profit or loss	-	618	618	-	134	(192)	549	1,109
Loans to customers and								
accrued interest								
receivables	7,910	2,716	10,626	1,326	(2,502)	(7)	(2,917)	6,526
Properties for sale	1,324	-	1,324	-	166	-	-	1,490
Premises and equipment	267	-	267	251	(87)	5	(10)	426
Provisions	3,782	-	3,782	24	1,416	(1,363)	1,446	5,305
Others	<u>7,452</u>	<u>-</u>	<u>7,452</u>	<u>2,274</u>	<u>3,659</u>	<u>224</u>	<u>(51)</u>	<u>13,558</u>
Total	<u><u>24,501</u></u>	<u><u>1,736</u></u>	<u><u>26,237</u></u>	<u><u>3,875</u></u>	<u><u>3,648</u></u>	<u><u>(923)</u></u>	<u><u>1,982</u></u>	<u><u>34,819</u></u>
Deferred tax liabilities								
Investments	8,360	1	8,361	12	(842)	(340)	3,297	10,488
Loans to customers and								
accrued interest								
receivables	170	(170)	-	246	(43)	-	-	203
Premises and equipment	5,651	-	5,651	18	(256)	2,882	(21)	8,274
Others	<u>8,142</u>	<u>-</u>	<u>8,142</u>	<u>-</u>	<u>1,846</u>	<u>-</u>	<u>374</u>	<u>10,362</u>
Total	<u><u>22,323</u></u>	<u><u>(169)</u></u>	<u><u>22,154</u></u>	<u><u>276</u></u>	<u><u>705</u></u>	<u><u>2,542</u></u>	<u><u>3,650</u></u>	<u><u>29,327</u></u>
Net	<u><u>2,178</u></u>	<u><u>1,905</u></u>	<u><u>4,083</u></u>	<u><u>3,599</u></u>	<u><u>2,943</u></u>	<u><u>(3,465)</u></u>	<u><u>(1,668)</u></u>	<u><u>5,492</u></u>

Million Baht

	Beginning Balance	Recognized in Profit and Loss	CONSOLIDATED 2019 Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,458	63	245	-	3,766
Loans to customers and accrued interest receivables	9,298	(1,172)	-	(216)	7,910
Properties for sale	1,288	36	-	-	1,324
Premises and equipment	241	(8)	-	34	267
Provisions	3,363	84	338	(3)	3,782
Others	3,639	3,817	-	(4)	7,452
Total	<u>21,287</u>	<u>2,820</u>	<u>583</u>	<u>(189)</u>	<u>24,501</u>
Deferred tax liabilities					
Investments	8,590	13	(243)	-	8,360
Loans to customers and accrued interest receivables	132	38	-	-	170
Premises and equipment	5,886	(235)	-	-	5,651
Others	3,987	4,155	-	-	8,142
Total	<u>18,595</u>	<u>3,971</u>	<u>(243)</u>	<u>-</u>	<u>22,323</u>
Net	<u><u>2,692</u></u>	<u><u>(1,151)</u></u>	<u><u>826</u></u>	<u><u>(189)</u></u>	<u><u>2,178</u></u>

Million Baht

	THE BANK 2020						Ending Balance
	Beginning Balance	Re- measurement under TFRS 9	Beginning Balance as at January 1, 2020	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets							
Investments	3,765	(1,661)	2,104	861	270	2,965	6,200
Financial liabilities measured at fair value through profit or loss	-	618	618	134	(192)	549	1,109
Loans to customers and accrued interest receivables	7,159	2,715	9,874	(2,184)	(7)	(4,661)	3,022
Properties for sale	906	-	906	170	-	-	1,076
Premises and equipment	267	-	267	(47)	5	(7)	218
Provisions	3,728	-	3,728	1,391	(1,395)	1,447	5,171
Others	7,390	-	7,390	3,476	225	9	11,100
Total	23,215	1,672	24,887	3,801	(1,094)	302	27,896
Deferred tax liabilities							
Investments	8,084	-	8,084	(914)	(580)	3,307	9,897
Loans to customers and accrued interest receivables	171	(171)	-	-	-	-	-
Premises and equipment	5,621	-	5,621	(247)	2,795	(21)	8,148
Others	8,137	-	8,137	2,031	-	189	10,357
Total	22,013	(171)	21,842	870	2,215	3,475	28,402
Net	1,202	1,843	3,045	2,931	(3,309)	(3,173)	(506)

Million Baht

	Beginning Balance	Recognized in Profit and Loss	THE BANK 2019 Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,451	67	247	-	3,765
Loans to customers and accrued interest receivables	8,569	(1,258)	-	(152)	7,159
Properties for sale	868	38	-	-	906
Premises and equipment	241	(8)	-	34	267
Provisions	3,321	70	340	(3)	3,728
Others	3,612	3,781	-	(3)	7,390
Total	<u>20,062</u>	<u>2,690</u>	<u>587</u>	<u>(124)</u>	<u>23,215</u>
Deferred tax liabilities					
Investments	8,333	-	(249)	-	8,084
Loans to customers and accrued interest receivables	132	39	-	-	171
Premises and equipment	5,865	(244)	-	-	5,621
Others	3,971	4,166	-	-	8,137
Total	<u>18,301</u>	<u>3,961</u>	<u>(249)</u>	<u>-</u>	<u>22,013</u>
Net	<u>1,761</u>	<u>(1,271)</u>	<u>836</u>	<u>(124)</u>	<u>1,202</u>

7.14 Deposits

7.14.1 Classified by product type as at December 31, 2020 and 2019 :

	CONSOLIDATED		THE BANK		Million Baht
	2020	2019	2020	2019	
	Demand	165,912	113,067	117,532	110,767
Savings	1,435,331	1,145,106	1,344,763	1,135,203	
Fixed	1,205,884	1,109,151	1,020,310	1,067,329	
Negotiable certificates of deposit	3,736	3,468	2,992	2,736	
Total	2,810,863	2,370,792	2,485,597	2,316,035	

7.14.2 Classified by currency and customer's residence as at December 31, 2020 and 2019 :

	CONSOLIDATED						Million Baht
	2020			2019			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	2,142,797	143,407	2,286,204	1,990,674	125,212	2,115,886	
USD	42,293	96,233	138,526	36,793	53,203	89,996	
Others	20,666	365,467	386,133	21,716	143,194	164,910	
Total	2,205,756	605,107	2,810,863	2,049,183	321,609	2,370,792	

	THE BANK						Million Baht
	2020			2019			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	2,143,259	143,390	2,286,649	1,991,263	125,201	2,116,464	
USD	42,260	54,208	96,468	36,768	52,068	88,836	
Others	13,174	89,306	102,480	14,811	95,924	110,735	
Total	2,198,693	286,904	2,485,597	2,042,842	273,193	2,316,035	

7.15 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at December 31, 2020 and 2019 :

	CONSOLIDATED	
	2020	2019
		Million Baht
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	27,222	100
Commercial banks	9,742	42,460
Special purpose financial institutions	17,355	19,052
Other financial institutions	<u>13,606</u>	<u>10,142</u>
Total domestic items	<u>67,925</u>	<u>71,754</u>
Foreign items		
USD	74,210	27,824
JPY	15,332	13,357
EUR	2,518	1,179
Others	<u>59,164</u>	<u>20,232</u>
Total foreign items	<u>151,224</u>	<u>62,592</u>
Total domestic and foreign items	<u><u>219,149</u></u>	<u><u>134,346</u></u>

	THE BANK	
	2020	2019
		Million Baht
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	27,222	100
Commercial banks	5,895	42,459
Special purpose financial institutions	17,355	19,052
Other financial institutions	<u>14,060</u>	<u>10,449</u>
Total domestic items	<u>64,532</u>	<u>72,060</u>
Foreign items		
USD	63,059	26,811
JPY	15,378	13,389
EUR	2,537	1,208
Others	<u>16,993</u>	<u>15,809</u>
Total foreign items	<u>97,967</u>	<u>57,217</u>
Total domestic and foreign items	<u><u>162,499</u></u>	<u><u>129,277</u></u>

7.16 Financial liabilities measured at fair value through profit or loss

As at December 31, 2020, the Bank had financial liabilities measured at fair value through profit or loss. It is a financial liability that is determined to be measured at fair value through profit or loss amounting to Baht 19,057 million. The cumulative effect of changes in fair value resulting from changes in credit risk recognized in other comprehensive income of amounting to Baht 1,786 million, and the difference between the book value and the contract value that must be paid when due amounting to Baht 5,544 million.

As at December 31, 2020, a subsidiary had financial liabilities measured at fair value through profit or loss is a trading financial liability of Baht 200 million.

7.17 Debt issued and borrowings

7.17.1 Classified by type of instruments and source of fund as at December 31, 2020 and 2019 :

	Million Baht					
	CONSOLIDATED					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	75,100	75,100	-	99,530	99,530
Subordinated notes	-	59,835	59,835	-	49,757	49,757
Bills of exchange	814	-	814	8	-	8
Others	507	-	507	838	-	838
<u>Less</u> Discount on borrowings	-	(79)	(79)	-	(5,452)	(5,452)
Total	<u>1,321</u>	<u>134,856</u>	<u>136,177</u>	<u>846</u>	<u>143,835</u>	<u>144,681</u>

	Million Baht					
	THE BANK					
	2020			2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	75,100	75,100	-	99,530	99,530
Subordinated notes	-	58,578	58,578	-	49,757	49,757
Bills of exchange	-	-	-	8	-	8
Others	365	-	365	473	-	473
<u>Less</u> Discount on borrowings	-	(79)	(79)	-	(5,452)	(5,452)
Total	<u>365</u>	<u>133,599</u>	<u>133,964</u>	<u>481</u>	<u>143,835</u>	<u>144,316</u>

7.17.2 Classified by type of instruments, currency, maturity and interest rate as at December 31, 2020 and 2019 :

Type	Currency	Maturity	Interest Rate	CONSOLIDATED	
				Amount	
				2020	2019
Senior unsecured notes	USD	2020 - 2028	3.875% - 5.00%	75,100	99,530
Subordinated notes	USD	2029 - 2034	3.733% - 9.025%	36,048	49,757
Subordinated notes	USD	- *	5.00%*	22,530	-
Subordinated notes	IDR	2021	11.75%	1,257	-
Bills of exchange	THB	2020 - 2021	0.00% - 1.95%	814	8
Others	THB	2020 - 2024	0.00% - 1.40%	507	838
<u>Less</u> Discount on borrowings				(79)	(5,452)
Total				136,177	144,681

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				2020	2019
Senior unsecured notes	USD	2020 - 2028	3.875% - 5.00%	75,100	99,530
Subordinated notes	USD	2029 - 2034	3.733% - 9.025%	36,048	49,757
Subordinated notes	USD	- *	5.00%*	22,530	-
Bills of exchange	THB	2020	0.00% - 1.00%	-	8
Others	THB	2020 - 2024	0.00%	365	473
<u>Less</u> Discount on borrowings				(79)	(5,452)
Total				133,964	144,316

7.18 Subordinated notes

On January 28, 1999, the Bank issued and offered USD 450 million of subordinated notes with a maturity of 30 years, to be due in 2029, at a coupon rate of 9.025% p.a. for sale to foreign investors in exchange for the Bank's existing USD 150 million of subordinated notes to be due in 2016 at a coupon rate of 8.25% p.a. and USD 300 million of subordinated notes to be due in 2027 at a coupon rate of 8.375% p.a., which were redeemed before their maturities and already obtained the approval from the BOT. As this transaction was a redemption of the existing notes at their market values, which were lower than the par values, the Bank recorded the book value of the subordinated notes to be due in 2029 at the amount of USD 259 million (Baht 9,535 million). The difference between the book value and the redemption value of the notes will be amortized on a monthly basis throughout the life of the notes.

On September 25, 2019, the Bank issued and offered USD 1,200 million of subordinated notes qualified to be included in Tier 2 capital of the Bank, containing the write-down/write-off provision, in accordance with the

* The Bank may redeem after 5 years from the Issue Date pursuant to its early redemption rights, at initial distribution rate of 5.00% p.a. until the first call date and subject to change to reference rate every 5 years.

terms thereof, with a maturity of 15 years, at a coupon rate of 3.733% p.a. for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007. The Bank received net proceeds from the sale of subordinated notes amounting to USD 1,200 million, which the BOT had approved to include in Tier 2 capital on September 25, 2019.

On September 23, 2020, the Bank issued and offered USD 750 million of subordinated notes qualified to be included in Additional Tier 1 capital of the Bank, containing the write-down/write-off provision, in accordance with the terms thereof for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007, perpetual securities and have no fixed redemption date, provided that the Bank may redeem after 5 years from the Issue Date pursuant to its early redemption rights, at initial distribution rate of 5% p.a. until the first call date and subject to change to reference rate every 5 years. The Bank received net proceeds from the sale of subordinated notes amounting to USD 750 million, which the BOT had approved to include in Additional Tier 1 capital on September 23, 2020. The Bank classified such instrument as a financial liability by taking into consideration both contractual obligation and legal rights as stating in the offering of the Notes.

7.19 Bonds

On April 12, 2005, the shareholders reconsidered the resolutions of the shareholders' meeting, convened on April 9, 2004, approving to issue bonds of the Bank and passed a resolution for the Bank to issue and offer subordinated bonds and/or unsubordinated bonds and/or perpetual bonds, both subordinated and unsubordinated, and/or subordinated convertible bonds and/or convertible bonds (together the "Bonds") in an amount not exceeding USD 3,000 million or its equivalent in other currencies, offered and sold in foreign markets and/or domestic markets to general public and/or institutional investors or investors with specific characteristics defined in the Notification of the Securities and Exchange Commission. The Bank may issue different types of Bonds in one issue simultaneously or in several issues at different times. The non-perpetual bonds shall have a maturity of not exceeding 100 years. The subordinated convertible bonds and/or convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding USD 1,000 million or its equivalent in other currencies. The Board of Directors or the Executive Board of Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds. The shareholders also approved the allocation of 500 million common shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bonds (See Note 7.24).

On April 12, 2007, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the "Bonds") in the amount not exceeding Baht 150,000 million or its equivalent

in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the condition of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds.

On October 18, 2010, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 12th Annual Ordinary Meeting of Shareholders convened on April 12, 2005 consisting of senior unsecured notes with a maturity of 5 years at a coupon of 3.25% p.a., amounting to USD 400 million and senior unsecured notes with a maturity of 10 years at a coupon of 4.80% p.a., amounting to USD 800 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,196 million. On October 19, 2015, the Bank redeemed senior unsecured notes with a maturity of 5 years at a coupon of 3.25% p.a., amounting to USD 400 million and On October 19, 2020, the Bank redeemed senior unsecured notes with a maturity of 10 years at a coupon of 4.80% p.a., amounting to USD 800 million.

On September 27, 2012, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 12th Annual Ordinary Meeting of Shareholders convened on April 12, 2005 consisting of senior unsecured notes with a maturity of 5.5 years at a coupon of 2.75% p.a., amounting to USD 400 million and senior unsecured notes with a maturity of 10 years at a coupon of 3.875% p.a., amounting to USD 800 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,194 million. On March 27, 2018, the Bank redeemed senior unsecured notes with a maturity of 5.5 years at a coupon of 2.75% p.a., amounting to USD 400 million.

On April 12, 2013, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds, perpetual bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the "Bonds") in the amount not exceeding Baht 150,000 million or its equivalent in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the

Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the terms and conditions of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider conditions and other details for the issue and offering of the bonds.

On October 3, 2013, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007 consisting of senior unsecured notes with a maturity of 5 years at a coupon of 3.30% p.a., amounting to USD 500 million and senior unsecured notes with a maturity of 10 years at a coupon of 5.00% p.a., amounting to USD 500 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 999 million. On October 3, 2018, the Bank redeemed senior unsecured notes with a maturity of 5 years at a coupon of 3.30% p.a., amounting to USD 500 million.

On September 19, 2018, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007 consisting of senior unsecured notes with a maturity of 5.5 years at a coupon of 4.05% p.a., amounting to USD 600 million and senior unsecured notes with a maturity of 10 years at a coupon of 4.45% p.a., amounting to USD 600 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,198 million.

7.20 The Issuance of Bonds under the Medium Term Note Program

On March 26, 1997, the shareholders passed a resolution for the Bank to issue and offer bonds including subordinated bonds and unsubordinated bonds under the Medium Term Note Program in an amount of not exceeding USD 1,500 million or its equivalent in other currencies. The bonds shall have a maturity of not exceeding 30 years and be offered and sold in foreign markets and/or domestic markets. The Bank may be given the right to redeem the bonds prior to their maturity and/or the bondholders may be given the right to call the Bank to redeem the bonds prior to their maturity in accordance with the condition of the bonds. The Board of Directors was authorized to proceed with the issue. As at December 31, 2020, the Bank had not yet issued bonds according to the aforementioned resolution.

7.21 Provisions

As at December 31, 2020 and 2019 provisions are as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
	Million Baht			
Beginning balances	18,702	16,519	18,428	16,311
Re-measurement under TFRS 9	5,782	-	5,315	-
Beginning balances of subsidiary as at acquisition date	292	-	-	-
Increase during the year	7,054	3,958	5,421	3,880
Written off/reversal during the year	(4,524)	(1,775)	(4,099)	(1,763)
Ending balances	27,306	18,702	25,065	18,428

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
	Million Baht			
Defined benefit obligations	14,640	13,272	13,988	12,998
Expected credit losses on financial guarantee contracts and loan commitments	9,006	-	7,473	-
Others	3,660	5,430	3,604	5,430
Total	27,306	18,702	25,065	18,428

7.22 Post-employment benefits

7.22.1 Defined contribution plans

For the years ended December 31, 2020 and 2019, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 1,411 million and Baht 1,247 million, and in the Bank's financial statements amounting to Baht 1,160 million and Baht 1,127 million, respectively.

7.22.2 Defined benefit plans

As at December 31, 2020 and 2019, the Bank and its local subsidiaries have unfunded defined benefit plans but some overseas branches and subsidiary have funded defined benefit plans. The reconciliation of the defined benefit obligations, both funded and unfunded, and plan assets to the amounts recognized in the financial statements are as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
The present value of the funded				
defined benefit plans	2,503	788	806	788
The fair value of plan assets	<u>(2,058)</u>	<u>(611)</u>	<u>(660)</u>	<u>(611)</u>
	445	177	146	177
The present value of the unfunded				
defined benefit plans	<u>14,151</u>	<u>13,087</u>	<u>13,799</u>	<u>12,814</u>
Liabilities, net	<u><u>14,596</u></u>	<u><u>13,264</u></u>	<u><u>13,945</u></u>	<u><u>12,991</u></u>

The following table presents the reconciliations of the present value of defined benefit obligations, both funded and unfunded, under the post-employment benefits as at December 31, 2020 and 2019 :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Beginning balances	13,875	11,509	13,602	11,302
Beginning balances of subsidiary as at				
acquisition date	1,575	-	-	-
Current service costs	1,024	742	907	669
Interest costs	318	348	249	343
Benefit paid during the years	(636)	(381)	(484)	(378)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	657	1,960	506	1,982
from changes in demographic assumptions	26	9	26	-
from experience	(237)	(270)	(230)	(274)
Unrealized losses (gains) on exchanges	<u>52</u>	<u>(42)</u>	<u>29</u>	<u>(42)</u>
Ending balances	<u><u>16,654</u></u>	<u><u>13,875</u></u>	<u><u>14,605</u></u>	<u><u>13,602</u></u>

The following table presents the reconciliations of the fair value of plan assets related to the funded defined benefit plans as at December 31, 2020 and 2019 :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Beginning balances	611	571	611	571
Beginning balances of subsidiary as at				
acquisition date	1,454	-	-	-
Interest income	71	21	21	21
Contributions	27	39	27	39
Benefit paid during the years	(165)	(2)	(35)	(2)
Actuarial gains on plan assets	78	4	18	4
Unrealized gains (losses) on exchanges	<u>(18)</u>	<u>(22)</u>	<u>18</u>	<u>(22)</u>
Ending balances	<u><u>2,058</u></u>	<u><u>611</u></u>	<u><u>660</u></u>	<u><u>611</u></u>

Significant actuarial assumptions used to calculate the defined benefit obligations and plan assets, average per each plan, and the sensitivity analysis for each significant actuarial assumptions which reflect increasing in the obligations if the assumptions change by 1% as at December 31, 2020 and 2019 are as follows :

	Percentage			
	CONSOLIDATED			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2020	2019	2020	2019
Discount rate	0.20 - 7.40	0.70 - 8.10	13.57	14.12
Average future salary increases	2.00 - 15.00	2.00 - 15.00	12.71	12.69

	Percentage			
	THE BANK			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2020	2019	2020	2019
Discount rate	0.20 - 7.40	0.70 - 8.10	14.56	14.19
Average future salary increases	2.00 - 15.00	2.00 - 15.00	13.00	12.70

7.23 Other liabilities

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

	CONSOLIDATED		THE BANK	
	Million Baht			
	2020	2019	2020	2019
Deposit received and margin payable	30,918	22,709	4,539	5,688
Other payables	30,115	17,253	22,352	15,907
Accrued expenses	17,798	16,111	13,868	14,972
Advance received from electronic service	443	80	443	80
Other liabilities	13,855	16,601	12,590	15,074
Total	93,129	72,754	53,792	51,721

7.24 Share capital

The Bank's share capital consists of :

- Common shares
- Class A and Class B preferred shares, the holders of which have rights according to Article 3 of the Bank's Articles of Association.

As at December 31, 2020 and 2019, the Bank had registered share capital of Baht 40,000,000,000 divided into common shares and preferred shares totaling 4,000,000,000 shares, with par value of Baht 10 each, details of which are as follows :

Type	Number of Registered Shares	
	2020	2019
Common shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	<u>4,000,000,000</u>	<u>4,000,000,000</u>

As at December 31, 2020 and 2019, the Bank had 1,908,842,894 issued common shares and 2,039,502,106 unissued common shares and 655,000 Class A unissued preferred shares and 1,000,000 Class B unissued preferred shares. In relation to the allocation of the unissued common shares, the Bank will follow the resolutions of the 12th ordinary shareholders' meeting convened on April 12, 2005, as per the following details :

1. Allocation of 1,339,502,106 common shares as follows :
 - 1.1) Allocation of 459,502,106 common shares for offer and sale to the general public, including the existing shareholders and the beneficial owners of the shares held by custodian or by any other similar arrangements.
 - 1.2) Allocation of 440,000,000 common shares for offer and sale to institutional investors or investors with specific characteristics prescribed in the Notification of the Securities and Exchange Commission.
 - 1.3) Allocation of 440,000,000 common shares for offer and sale to the existing shareholders and the beneficial owners of the common shares in proportion to their shareholdings.
2. Allocation of 50,000,000 common shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds issued by the Bank and offered for sale in 1999 as part of the Capital Augmented Preferred Securities (CAPS).
3. Allocation of 500,000,000 common shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds and/or convertible bonds that may further be issued in the future by the Bank.
4. Allocation of 200,000,000 common shares to be reserved for the exercise of right to purchase common shares by holders of warrants that may further be issued in the future by the Bank.
5. Allocation of 655,000 Class A preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds.

6. Allocation of 1,000,000 Class B preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds.

The offer and sale of the Bank's securities shall comply with the regulations prescribed by the Securities and Exchange Commission.

7.25 The establishment of Special Purpose Vehicle to issue capital securities

On April 21, 1998, the shareholders passed a resolution for the Bank to establish Special Purpose Vehicle (SPV) to issue capital securities in the amount not exceeding USD 1,000 million or its equivalent in other currencies, to be offered in private placement and/or to institutional investors in accordance with the rules and guidelines of the Securities and Exchange Commission. The Bank may issue capital securities in whole amount or in lots. The Board of Directors was authorized to proceed with the establishment of the SPV.

Such capital securities may be perpetual, non-cumulative, and redeemable by the SPV or may be guaranteed by the Bank. The terms and conditions in the offering of the capital securities may state that upon specific conditions, the Bank must or may issue other securities in exchange for the capital securities.

Upon the issuance of capital securities by the SPV, the Bank may issue securities which may be subordinated; secured; convertible into common shares or other securities of the Bank; or any other securities in the amount not exceeding USD 1,100 million or its equivalent in other currencies to the SPV. The Board of Directors has been authorized to proceed with the issuance of the capital securities by the SPV and those securities that the Bank may have to issue to the SPV. The terms and conditions of the offering of the capital securities by the SPV may include dividend payment or other kind of payment as determined by the Board of Directors and such payment may be related to payment of dividend or other payment on other securities of the Bank.

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into Trust Agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity. As at December 31, 2020, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

7.26 Legal reserve and other reserves

7.26.1 Under the Public Limited Companies Act, the Bank is required to allocate to a reserve fund at least 5% of its net profit after accumulated losses brought forward (if any) until the reserve fund is not less than 10% of the registered capital. However, the Bank's Articles of Association require that the Bank shall allocate to the reserve fund at least 10% of its net profit after accumulated losses brought forward (if any) until the reserve fund is not less than 25% of the registered capital. The reserve fund is not available for dividend distribution.

7.26.2 The Bank appropriated annual profit as other reserves, which are treated as general reserve with no specific purpose.

7.27 The appropriation of the profit and the dividend payments

On April 12, 2019, the 26th Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2018 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2018 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2018), and the amount to be appropriated for the period of July - December 2018 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per common share, totaling Baht 12,086 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,716 million on September 28, 2018, and the remaining amount will be paid on May 10, 2019 at the rate of Baht 4.50 per share amounting to Baht 8,370 million.

The Bank already paid dividend according to the above-mentioned resolution on May 10, 2019.

On August 22, 2019, the meeting of the Board of Directors of the Bank No. 8/2019 approved the resolutions regarding the appropriation of the profit and the payment of interim dividend as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2019 amounting to Baht 500 million and Baht 5,000 million, respectively.
- The payment of interim dividend at the rate of Baht 2.00 per common share amounting to Baht 3,722 million on September 20, 2019.

The Bank already paid dividend according to the above-mentioned resolution on September 20, 2019.

On February 23, 2020, the Meeting of Board of Director approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2019 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2019 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2019), and the amount to be appropriated for the period of July - December 2019 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 7.00 per ordinary share, totaling Baht 13,266 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,722 million on September 20, 2019, and the remaining amount will be paid on April 30, 2020 at the rate of Baht 5.00 per share amounting to Baht 9,544 million.

According to the BOT's letter BOT. SorNorSor. (23) Wor. 395/2563 dated March 31, 2020 regarding the waiver of compliance with the rules of the Bank of Thailand during the COVID-19 situation, it has allowed banks to bring profits that passed the resolution of the Board of Directors' meeting to be allocated as capital funds and when the bank is able to hold annual shareholders' meetings count the capital in accordance with the resolution of the shareholders' meeting.

The Bank already paid dividend according to the above-mentioned resolution on April 30, 2020.

On August 27, 2020, the meeting of the Board of Directors of the Bank No. 9/2020 approved the resolutions regarding the appropriation of the profit of interim as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2020 amounting to Baht 500 million and Baht 5,000 million, respectively.

7.28 Assets pledged as collateral and under restriction

The Bank had investments in government securities and state enterprise securities which had been pledged as collateral for repurchase agreements and for commitments with government agencies. The book values of such securities, net of valuation allowance for expected credit loss / allowance for impairment, as at December 31, 2020 and 2019 amounted to Baht 2,120 million and Baht 26,597 million, respectively.

7.29 Contingent liabilities

As at December 31, 2020 and 2019, the Bank and subsidiaries had contingent liabilities as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Avals to bills	6,187	7,598	6,187	7,598
Guarantees of loans	34,445	27,513	23,165	18,907
Liability under unmatured import bills	18,133	17,745	11,333	15,045
Letters of credit	26,775	22,116	26,049	21,189
Other commitments				
Amount of unused bank overdraft	171,843	165,562	171,053	164,845
Other guarantees	252,594	247,490	239,065	245,045
Others	<u>208,560</u>	<u>137,867</u>	<u>204,382</u>	<u>140,385</u>
Total	<u><u>718,537</u></u>	<u><u>625,891</u></u>	<u><u>681,234</u></u>	<u><u>613,014</u></u>

7.30 Litigation

As at December 31, 2020 and 2019, a number of civil proceedings have been brought against the Bank and subsidiaries in the ordinary course of business. The Bank and subsidiaries believe that such proceedings, when resolved, will not materially affect the Bank and subsidiaries's financial position and result of operations.

7.31 Related party transactions

As at December 31, 2020 and 2019, related parties of the Bank consisted of subsidiaries, associates, key management personnel that are directors, executives at the level of executive vice president and higher or equal, any parties related to key management personnel, including the entities in which key management personnel and any parties related which are controlled or significantly influenced.

The Bank and subsidiaries had significant assets, liabilities and commitments with related parties as at December 31, 2020 and 2019 as follows :

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Million Baht				
Placements				
Subsidiaries				
Bangkok Bank Berhad	-	-	909	2,116
Bangkok Bank (China) Co., Ltd.	-	-	4	1
PT Bank Permata Tbk	-	-	23	-
Total	<u>-</u>	<u>-</u>	<u>936</u>	<u>2,117</u>
Investments				
Subsidiary				
PT Bank Permata Tbk	-	-	21,246	-
Total	<u>-</u>	<u>-</u>	<u>21,246</u>	<u>-</u>
Loans				
Subsidiary				
BSL Leasing Co., Ltd.*	-	-	700	-
Associate				
BSL Leasing Co., Ltd.	-	120	-	120
Other related parties	20	54	19	19
Total	<u>20</u>	<u>174</u>	<u>719</u>	<u>139</u>
Allowance for expected credit loss /				
Allowance for doubtful accounts				
Subsidiary				
BSL Leasing Co., Ltd.*	-	-	8	-
Associate				
BSL Leasing Co., Ltd.	-	2	-	2
Total	<u>-</u>	<u>2</u>	<u>8</u>	<u>2</u>
Other assets				
Subsidiaries				
Bangkok Bank Berhad	-	-	7	3
BBL Asset Management Co., Ltd.	-	-	343	382
Bualuang Securities PCL.	-	-	2	1
PT Bank Permata Tbk	-	-	32	-
Associates				
Processing Center Co., Ltd.	3	17	3	17
Thai Payment Network Co., Ltd.	17	7	17	7
Other related parties	6	6	-	-
Total	<u>26</u>	<u>30</u>	<u>404</u>	<u>410</u>

* On September 17, 2020, BSL Leasing Co., Ltd. is changed from an associate to be a subsidiary.

	CONSOLIDATED		Million Baht THE BANK	
	2020	2019	2020	2019
Deposits				
Subsidiaries				
BBL (Cayman) Limited	-	-	733	726
Bangkok Bank Berhad	-	-	139	76
Sinnsuptawee Asset Management Co., Ltd.	-	-	4	14
BBL Asset Management Co., Ltd.	-	-	84	77
Bualuang Securities PCL.	-	-	161	113
Bangkok Bank (China) Co., Ltd.	-	-	141	93
Bualuang Ventures Limited	-	-	412	575
Bangkok Capital Asset Management Co., Ltd.*	-	-	273	116
PT Bank Permata Tbk	-	-	13	-
BSL Leasing Co., Ltd.**	-	-	47	-
Associates				
BSL Leasing Co., Ltd.	-	41	-	41
Processing Center Co., Ltd.	99	204	99	204
National ITMX Co., Ltd.	105	88	105	88
Thai Payment Network Co., Ltd.	32	66	32	66
BCI (Thailand) Co., Ltd.	48	53	48	53
Other related parties	9,100	8,572	9,100	8,572
Total	9,384	9,024	11,391	10,814
Borrowings				
Subsidiary				
Bangkok Bank (China) Co., Ltd.	-	-	1,954	-
Total	-	-	1,954	-
Other liabilities				
Subsidiaries				
BBL (Cayman) Limited	-	-	-	4
Sinnsuptawee Asset Management Co., Ltd.	-	-	328	328
Bualuang Securities PCL.	-	-	1	1
Bangkok Bank (China) Co., Ltd.	-	-	64	-
Associates				
Processing Center Co., Ltd.	4	1	4	1
National ITMX Co., Ltd.	16	11	16	11
Other related parties	16	31	8	23
Total	36	43	421	368

* Holding by Bualuang Securities PCL.

** On September 17, 2020, BSL Leasing Co., Ltd. is changed from an associate to be a subsidiary.

	CONSOLIDATED		THE BANK	
	2020	2019	2020	2019
Million Baht				
Commitments				
Subsidiaries				
Bangkok Bank Berhad	-	-	-	32
Bualuang Securities PCL.	-	-	155	-
Bangkok Bank (China) Co., Ltd.	-	-	2,549	2,064
BSL Leasing Co., Ltd.*	-	-	4	-
Associate				
National ITMX Co., Ltd.	1	-	1	-
Other related parties	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>
Total	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>2,712</u></u>	<u><u>2,100</u></u>

For the year ended December 31, 2020, the Bank and subsidiaries charged interest at rates between 0.75% and 13.00% on loans to these related parties depending on the types of loans and collateral.

For the year ended December 31, 2019, the Bank and subsidiaries charged interest at rates between 1.75% and 13.00% on loans to these related parties depending on the types of loans and collateral.

In the consolidated and the Bank's financial statements, investments in subsidiaries and associates as at December 31, 2020 and 2019 are shown in Note 7.8. On December 19, 2019, the Bank sold its investments in equity securities, which is registered in the Stock Exchange of Thailand, to the specific investors and/or the Thai and foreign institutional investors, in accordance with the book building under the overnight placement transaction. In this regard, Bualuang Securities PCL. Purchased the securities with the same price for other investors, by amounting to Baht 2,480 million. As at December 31, 2019, the subsidiary has classified such investments as the trading securities.

Significant accounting transactions between the Bank and subsidiaries, associates and other related parties were transacted under normal business practices. The prices, interest rates, commission charges, terms and conditions are determined on an arm's length basis.

* On September 17, 2020, BSL Leasing Co., Ltd. is changed from an associate to be a subsidiary.

The Bank and subsidiaries had significant income and expenses with related parties for the years ended December 31, 2020 and 2019 as follows :

	Million Baht			
	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2020	2019	2020	2019
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	24	92
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	21
Bangkok Bank (China) Co., Ltd.	-	-	1	3
PT Bank Permata Tbk	-	-	15	-
BSL Leasing Co., Ltd.*	-	-	4	-
Associate				
BSL Leasing Co., Ltd.	5	3	5	3
Other related parties	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
Total	<u>6</u>	<u>5</u>	<u>50</u>	<u>121</u>
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	2	2
BBL Asset Management Co., Ltd.	-	-	2,003	2,206
Bualuang Securities PCL.	-	-	46	34
Associate				
Processing Center Co., Ltd.	3	8	3	8
Other related parties	<u>67</u>	<u>59</u>	<u>-</u>	<u>1</u>
Total	<u>70</u>	<u>67</u>	<u>2,054</u>	<u>2,251</u>
Dividend income				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1,000
BBL Asset Management Co., Ltd.	-	-	1,072	1,140
Bualuang Securities PCL.	-	-	540	809
BSL Leasing Co., Ltd.*	-	-	45	-
Associates				
BSL Leasing Co., Ltd.	-	18	-	18
Processing Center Co., Ltd.	16	60	16	60
National ITMX Co., Ltd.	<u>25</u>	<u>11</u>	<u>25</u>	<u>11</u>
Total	<u>41</u>	<u>89</u>	<u>1,698</u>	<u>3,038</u>
Other income				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	1	-
Bualuang Securities PCL.	-	-	4	80
Bangkok Bank (China) Co., Ltd.	-	-	124	113
Associates				
National ITMX Co., Ltd.	6	6	6	6
Thai Payment Network Co., Ltd.	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Total	<u>16</u>	<u>16</u>	<u>145</u>	<u>209</u>

* On September 17, 2020, BSL Leasing Co., Ltd. is changed from an associate to be a subsidiary.

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2020	2019	2020	2019
Million Baht				
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	7	17
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1
BBL Asset Management Co., Ltd.	-	-	1	2
Bualuang Securities PCL.	-	-	5	4
Bangkok Bank (China) Co., Ltd.	-	-	4	8
Bualuang Ventures Limited.	-	-	1	3
Bangkok Capital Asset Management Co., Ltd.*	-	-	-	1
Associates				
Processing Center Co., Ltd.	1	1	1	1
Thai Payment Network Co., Ltd.	-	1	-	1
Other related parties	43	68	43	68
Total	44	70	62	106
Commission paid				
Other related parties	56	64	-	-
Total	56	64	-	-
Other expenses				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1
Bualuang Securities PCL.	-	-	-	4
Bangkok Bank (China) Co., Ltd.	-	-	-	2
Associates				
Processing Center Co., Ltd.	6	5	6	5
National ITMX Co., Ltd.	144	126	144	126
Thai Payment Network Co., Ltd.	2	1	2	1
BCI (Thailand) Co., Ltd.	2	5	2	5
Other related parties	142	127	129	114
Total	296	264	283	258

Compensation of key management personnel for the years ended December 31, 2020 and 2019 consisted of the following :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2020	2019	2020	2019
Million Baht				
Short-term employee benefits	2,504	1,923	1,546	1,405
Post-employment benefits	95	88	84	76
Total	2,599	2,011	1,630	1,481

* Holding by Bualuang Securities PCL.

7.32 Other benefits to directors and persons with managing authority

The Bank has not extended the extraordinary monetary and/or non-monetary benefits to the Banks' directors, executives at the level of executive vice president and higher, other than the ordinary benefits.

7.33 Disclosure of the statement of cash flows of the Asset Management Company (AMC)

In accordance with the BOT's regulations, the Bank is required to disclose the statement of cash flows of the AMC of the Bank in the notes to the financial statements. The statement of cash flows of Sinnsuptawee Asset Management Co., Ltd. are as follows :

SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED		STATEMENT OF CASH FLOWS	
FOR THE YEAR ENDED DECEMBER 31, 2020		Million Baht	
	2020	2019	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses	83	1,297	
Items to reconcile profit from operating before income tax expenses to cash receive (paid) from operating activities			
Depreciation and amortization	1	-	
Unrealized gain on financial instruments measured at fair value through profit or loss	(20)	-	
Net gain on disposal of securities	(1)	(564)	
Gain on reversal on allowance impairment of properties for sale	(12)	-	
Loss on impairment of properties for sale	-	395	
Net interest expenses	-	20	
Dividend income	(36)	(41)	
Interest received	-	1	
Proceeds from dividend income	36	41	
Interest expenses paid	-	(21)	
Income tax paid	(103)	(556)	
Profit (loss) from operating before changes in operating assets and liabilities	(52)	572	
(Increase) decrease in operating assets			
Financial assets measured at fair value through profit or loss	(38)	-	
Properties for sale	82	472	
Other assets	-	1	
Increase (decrease) in operating liabilities			
Deposits	1	(100)	
Other liabilities	(2)	-	
Net cash from operating activities	(9)	945	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale securities	-	(1,431)	
Proceeds from disposal of available-for-sale securities	-	4,201	
Purchase of equipment	(1)	-	
Net cash from investing activities	(1)	2,770	
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend Paid	-	(1,000)	
Cash paid for loan from the parent company	-	(2,710)	
Net cash from financing activities	-	(3,710)	
Net increase (decrease) in cash and cash equivalents	(10)	5	
Cash and cash equivalents as at January 1,	14	9	
Cash and cash equivalents as at December 31,	4	14	

7.34 Operating segments

7.34.1 Operating segments

Operating segments are reported measured on a basis that is consistent with internal reporting. Amounts for each operating segment are shown after the allocation of centralized costs and transfer pricing.

Transactions between operating segments are recorded within the segment as if they were third party transactions and are eliminated on consolidated financial statement.

The Bank is organized into segments based on products and services as follows :

Domestic banking

Domestic banking provides financial services in domestic. The main products and services are loans, deposits, trade finance, remittances and payments, electronic services, credit cards, debit cards and related other financial services.

International banking

International banking provides financial services through overseas branches and subsidiaries. The main products and services are loans, deposits, foreign exchange services, international fund transfers and payments, and export and import services.

Investment banking

Investment banking provides project services, corporate finance services, financial advisory services, securities business services, business strategic management by trading financial instruments including liquidity management of the Bank.

Others

Segments other than banking and investment banking business provide fund management services, securities services, assets management services and others, including operating expenses not allocated to operating segments.

The operating results of operating segments for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2020					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	70,856	23,022	13,497	11,356	(3)	118,728
Total operating expenses before credit losses	<u>(30,589)</u>	<u>(10,521)</u>	<u>(1,730)</u>	<u>(23,137)</u>	<u>3</u>	<u>(65,974)</u>
Profit from operating before credit losses and income tax expenses	<u><u>40,267</u></u>	<u><u>12,501</u></u>	<u><u>11,767</u></u>	<u><u>(11,781)</u></u>	<u><u>-</u></u>	<u><u>52,754</u></u>

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2019					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	75,620	14,332	29,740	14,055	(1)	133,746
Total operating expenses before credit losses	<u>(30,791)</u>	<u>(4,387)</u>	<u>(789)</u>	<u>(18,997)</u>	<u>1</u>	<u>(54,963)</u>
Profit from operating before credit losses and income tax expenses	<u><u>44,829</u></u>	<u><u>9,945</u></u>	<u><u>28,951</u></u>	<u><u>(4,942)</u></u>	<u><u>-</u></u>	<u><u>78,783</u></u>

The financial position of operating segments as at December 31, 2020 and 2019 are as follows :

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at December 31, 2020	1,697,604	1,091,071	1,278,707	245,140	(489,562)	3,822,960
As at December 31, 2019	1,622,097	788,248	1,206,275	148,726	(548,603)	3,216,743

7.34.2 Geographical segments

The operating results classified by geographical areas for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED						Million Baht
	FOR THE YEARS ENDED DECEMBER 31,						
	2020			2019			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	94,042	24,686	118,728	115,822	17,924	133,746	
Total operating expenses*	(74,233)	(22,937)	(97,170)	(78,242)	(9,072)	(87,314)	
Profit from operating							
before income tax expenses	19,809	1,749	21,558	37,580	8,852	46,432	
Income tax	2,816	1,198	4,014	8,119	2,100	10,219	

The financial position classified by geographical areas as at December 31, 2020 and 2019 are as follows :

	CONSOLIDATED						Million Baht
	FOR THE YEARS ENDED DECEMBER 31,						
	2020			2019			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Non-current assets**	80,092	17,266	97,358	36,036	6,478	42,514	
Total assets	3,055,911	767,049	3,822,960	2,679,118	537,625	3,216,743	

7.35 Interest income

Interest income for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED				THE BANK		Million Baht
	FOR THE YEARS				FOR THE YEARS		
	ENDED DECEMBER 31,		ENDED DECEMBER 31,		ENDED DECEMBER 31,		
	2020	2019	2020	2019	2020	2019	
Interbank and money market items	5,273	8,995	3,697	8,106			
Investments and trading transactions	1,543	221	161	221			
Investment in debt securities	9,555	10,088	8,619	9,404			
Loans	95,994	93,155	82,143	90,293			
Others	158	106	75	106			
Total interest income	<u>112,523</u>	<u>112,565</u>	<u>94,695</u>	<u>108,130</u>			

* Including expected credit losses / impairment loss of loans and debt securities.

** Consisting of premises and equipment, net, goodwill and other intangible assets, net.

For the year ended December 31, 2020, the Bank and subsidiaries have total interest income on financial assets that are measured at amortized cost and at FVOCI for the consolidated amounting to Baht 102,009 million and Baht 8,971 million, respectively and for the Bank's financial statement amounting to Baht 86,117 million and amounting to Baht 8,417 million, respectively.

7.36 Interest expenses

Interest expenses for the years ended December 31, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED FOR THE YEARS		THE BANK FOR THE YEARS	
	ENDED DECEMBER 31, 2020	2019	ENDED DECEMBER 31, 2020	2019
Deposits	22,437	23,044	15,474	21,544
Interbank and money market items	939	1,981	830	1,870
Contributions to the Deposit Protection Agency	5,846	9,953	5,486	9,945
Debt issued				
Bonds and subordinated notes	6,241	6,397	6,003	6,397
Borrowing	1	-	-	-
Others	13	119	13	119
Total interest expenses	<u>35,477</u>	<u>41,494</u>	<u>27,806</u>	<u>39,875</u>

7.37 Net fees and service income

Net fees and service income for the years ended December 31, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED FOR THE YEARS		THE BANK FOR THE YEARS	
	ENDED DECEMBER 31, 2020	2019	ENDED DECEMBER 31, 2020	2019
Fees and service income				
Acceptances, aval and guarantees of loans	675	182	640	146
Debit card, credit card and electronic services	15,970	18,882	15,364	18,881
Others	17,523	20,216	10,791	14,847
Total fees and service income	<u>34,168</u>	<u>39,280</u>	<u>26,795</u>	<u>33,874</u>
Fees and service expenses	9,457	10,776	8,801	10,582
Net fees and service income	<u>24,711</u>	<u>28,504</u>	<u>17,994</u>	<u>23,292</u>

7.38 Gains (losses) on financial instruments measured at fair value through profit or loss

Gains (losses) on financial instruments measured at fair value through profit or loss for the year ended December 31, 2020 are as follows :

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2020	Million : Baht THE BANK FOR THE YEAR ENDED DECEMBER 31, 2020
Gains (losses) from trading and foreign exchange transactions		
Foreign exchange and currency derivatives	10,405	10,286
Interest rate derivatives	192	191
Debt securities	109	112
Equity securities	493	981
Others	(120)	(100)
Total	<u>11,079</u>	<u>11,470</u>
Gains (losses) from financial instrument designed at FVTPL		
Change in fair value, net	(868)	(868)
Interest expense, net	(1,338)	(1,338)
Total	<u>(2,206)</u>	<u>(2,206)</u>
Others	<u>2,185</u>	<u>387</u>
Total gains on financial instruments measured at fair value through profit or loss	<u><u>11,058</u></u>	<u><u>9,651</u></u>

7.39 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the year ended December 31, 2019 are as follows :

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2019	Million Baht THE BANK FOR THE YEAR ENDED DECEMBER 31, 2019
Gains (losses) on tradings and foreign exchange transactions		
Foreign exchanges and derivatives	8,041	7,824
Interest rate derivatives	(842)	(842)
Debt securities	274	270
Equity securities	375	-
Total gains on tradings and foreign exchange transactions	<u><u>7,848</u></u>	<u><u>7,252</u></u>

7.40 Gains (losses) on investments

Gains (losses) on investments for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2020	2019	2020	2019
Million Baht				
Gains (losses) from write off				
Investment securities - measured at FVOCI				
(Debt investment)	2,512	-	2,177	-
Available-for-sale securities	-	20,149	-	19,502
General investment	-	123	-	108
Total	<u>2,512</u>	<u>20,272</u>	<u>2,177</u>	<u>19,610</u>
Losses on impairment				
Available-for-sale securities	-	(87)	-	(87)
General investment	-	(420)	-	(420)
Total	<u>-</u>	<u>(507)</u>	<u>-</u>	<u>(507)</u>
Total gains on investments	<u>2,512</u>	<u>19,765</u>	<u>2,177</u>	<u>19,103</u>

7.41 Expected credit loss / Impairment loss of loans and debt securities

Expected credit loss / Impairment loss of loans and debt securities for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2020	2019	2020	2019
Million Baht				
Expected credit loss				
Loans to customers and accrued				
interest receivables	27,340	-	24,655	-
Others	3,856	-	3,234	-
Impairment loss of loans and debt securities	<u>-</u>	<u>32,351</u>	<u>-</u>	<u>31,744</u>
Total Expected credit loss / Impairment				
loss of loans and debt securities	<u>31,196</u>	<u>32,351</u>	<u>27,889</u>	<u>31,744</u>

7.42 Income tax expenses

7.42.1 Income tax recognized in profit or loss for the years ended December 31, 2020 and 2019 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2020	2019	2020	2019
Million Baht				
Current tax	6,957	9,068	6,349	7,949
Deferred tax	(2,943)	1,151	(2,931)	1,271
Total income tax expenses	<u>4,014</u>	<u>10,219</u>	<u>3,418</u>	<u>9,220</u>

7.42.2 Income tax recognized in component of other comprehensive income for the years ended December 31, 2020 and 2019 are as follows :

Million Baht						
CONSOLIDATED						
FOR THE YEARS ENDED DECEMBER 31,						
	2020			2019		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Items that will be reclassified						
subsequently to profit or loss						
Gain on investments in debt						
instruments at fair value						
through other comprehensive						
income	2,965	(179)	2,786	-	-	-
Loss on remeasuring						
available-for-sale investment	-	-	-	(2,209)	488	(1,721)
Gain on cash flow hedges	261	(52)	209	-	-	-
Gain (loss) arising from						
translating the financial						
statements of foreign						
operations	4,115	-	4,115	(5,706)	-	(5,706)
Share of other comprehensive						
income of associates	-	-	-	2	-	2
Items that will not be reclassified						
subsequently to profit or loss						
Change in revaluation surplus	14,524	(2,885)	11,639	-	-	-
Loss on investment in equity						
instruments designated at						
fair value through other						
comprehensive income	(6,067)	1,207	(4,860)	-	-	-
Gain on financial liabilities						
designated at fair value						
through profit or loss	959	(192)	767	-	-	-
Actuarial losses on						
defined benefit plans	(429)	(1,364)	(1,793)	(1,695)	338	(1,357)
Share of other comprehensive						
income of associates	2	-	2	-	-	-
Total	<u>16,330</u>	<u>(3,465)</u>	<u>12,865</u>	<u>(9,608)</u>	<u>826</u>	<u>(8,782)</u>

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	2020			2019		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Items that will be reclassified subsequently to profit or loss						
Gain on investments in debt instruments at fair value through other comprehensive income	1,839	67	1,906	-	-	-
Loss on remeasuring available-for-sale investment	-	-	-	(2,231)	496	(1,735)
Gain on cash flow hedges	261	(52)	209	-	-	-
Gain (loss) arising from translating the financial statements of foreign operations	4,671	-	4,671	(3,093)	-	(3,093)
Items that will not be reclassified subsequently to profit or loss						
Changes in revaluation surplus	13,987	(2,797)	11,190	-	-	-
Loss on investment in equity instruments designated at fair value through other comprehensive income	(5,340)	1,060	(4,280)	-	-	-
Gain on financial liabilities designated at fair value through profit or loss	959	(192)	767	-	-	-
Actuarial loss on defined benefit plans	(285)	(1,395)	(1,680)	(1,704)	340	(1,364)
Total	<u>16,092</u>	<u>(3,309)</u>	<u>12,783</u>	<u>(7,028)</u>	<u>836</u>	<u>(6,192)</u>

7.42.3 Reconciliation of effective tax rates for the years ended December 31, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED			
	FOR THE YEARS ENDED DECEMBER 31, 2020		2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	21,558		46,432	
Income tax calculated at statutory tax rate	4,312	20.00	9,286	20.00
Overseas tax	1,263		1,996	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(1,034)		(1,557)	
Others	<u>(527)</u>		<u>494</u>	
Total income tax expenses	<u>4,014</u>	18.62	<u>10,219</u>	22.01

	Million Baht			
	THE BANK			
	FOR THE YEARS ENDED DECEMBER 31, 2020		2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	19,056		44,008	
Income tax calculated at statutory tax rate	3,811	20.00	8,802	20.00
Overseas tax	1,244		1,958	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(918)		(1,511)	
Others	<u>(719)</u>		<u>(29)</u>	
Total income tax expenses	<u>3,418</u>	17.94	<u>9,220</u>	20.95

7.43 The Coronavirus Disease 2019 Pandemic (COVID-19)

The Coronavirus Disease 2019 Pandemic (COVID-19) is continuing to evolve, resulting in the economic slowdown and impacting most business and industries. This situation may bring uncertainties and have an impact on the environment in which the Bank operates.

In the classification, the Bank adheres to Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who are affected from the situations that affected Thailand’s economy”. The debt classification which has no credit impairment is a class that does not have a significant increase in credit risk (Stage 1 Performing) immediately after analyzing the status and business of the debtor that the debtor is able to comply with the debt restructuring agreement. As for debt that has credit impairment but still has the potential to operate business, the Bank can classify the debt as a class that does not have a significant increase in credit risk (Stage 1 Performing) if the debtor has made a payment under the new debt restructuring agreement for 3 consecutive months or 3 payment periods, whichever is longer.

As for the reserve, the Bank adheres to the Financial Reporting Standards No. 9 Financial instruments, which specifies the Expected Credit Loss by considering the past, present and future economic conditions under various assumptions and situations due to the transmission problem of COVID-19 being transmitted impact on the Thai economy and the broad global economy. The situation of the outbreak still cannot be controlled, causing the economic activity to have a severe slowdown especially the tourism, service and industry sectors that may lead to economic recession. Therefore, in estimating the credit losses that are expected to occur the Bank therefore considers future economic factors that reflect the effects of the pandemic of COVID-19, both in the short and long term, including considering the management's discretion to reserve more (Management Overlay) from the values obtained from the model to another level so that the Bank's reserves are able to sufficiently cope with the increase in default payments of loan receivables affected by this situation.

7.44 Approval of the financial statements

On February 23, 2021, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.