

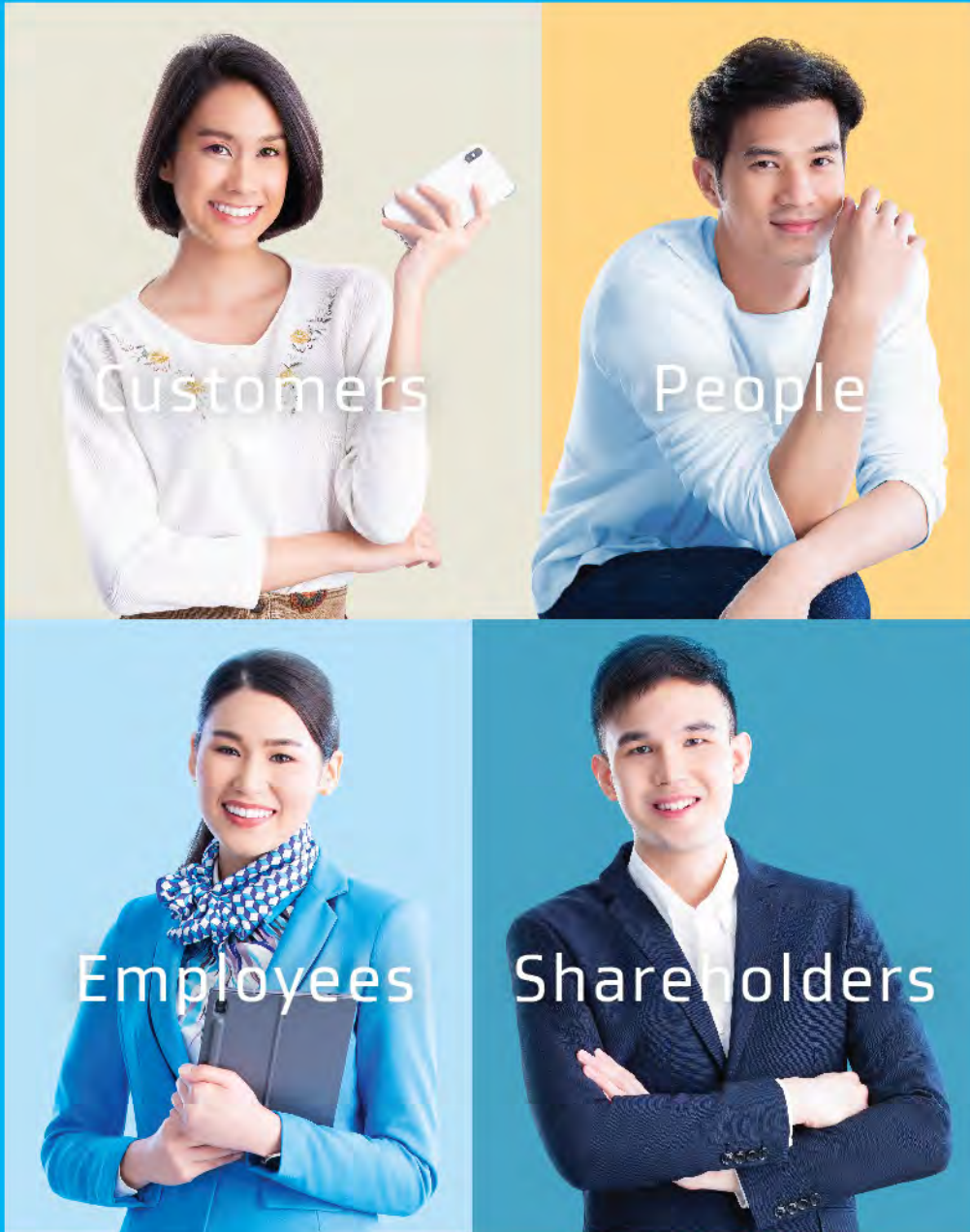


Better Life Everyday

Annual Report 2019



“Better Life **Everyday**”



Krungthai Bank announces its vision - Growing Together - with the purpose to drive Thai society and grow alongside you - customers, people, employees and shareholders. In providing products and services to customers in 5 Ecosystems, we exploit big data to analyze and respond to financial needs of various groups of customers as well as implementing blockchain technology to enhance the work efficiency of government agencies and to drive digital financial infrastructures on digital systems.



Customers

Connect all needs of each customer group with full-fledged **Financial Solutions**.
Design products and services for the sake of convenience in your life.



People

Without having an account with the Bank, all Thais can use our financial services accessibly. On the Bank's **Open Banking** application via the digital platforms and financial innovations, our wide-ranging transactions shall help enriching people's life.



Employees

Endeavour to develop employee competencies so that they can effectively perform their duties by **considering the service quality and morality.**



Shareholders

Determine to maintain the competitiveness in an attempt to generate **sustainable return** to all shareholders.

ซิม ช้อป ใช้ เป้าถึง



กรุงไทย เคียงข้างไทย เคียงข้างคุณ
ให้เงินหมุนไป กระตุ้นเศรษฐกิจไทยให้ชุมชน



SME ไทย
ต้องไปข้างหน้า

สินเชื่อ SME
ดอกเบี้ย
เริ่มต้น

4%

สมัครบัตรเดบิตกรุงไทย วันนี้

ฟรี!

ค่าธรรมเนียมการออกบัตร
และส่วนลดค่าธรรมเนียมบัตร
รายปี (ปีแรก) เพียงมีบัญชี
เงินเดือนผ่านธนาคารกรุงไทย*



SME จำยภาษีได้ง่ายๆ
ด้วย "สินเชื่อ SME เพื่อชำระภาษี"



ฝากสั้น หรือยาว
ก็ดอกสูงงงงงง

1.5% ต่อปี
เงินฝากประจำพิเศษ 15 เดือน

1.4% ต่อปี
เงินฝากประจำพิเศษ 8 เดือน



กรณีบุคคลธรรมดา
อัตราดอกเบี้ยเริ่มต้น 5 %* (MRR-2.12%)

กรณีนิติบุคคล
อัตราดอกเบี้ยเริ่มต้น 4 %* (MRR-3.12%)

*เมื่อเปิดและชำระค่างวดสินเชื่อเป็นไปตามที่ธนาคารกำหนด (ณ บ.ค. 62 MRR = 7.12 %)

ก่อน เดือน แลก

โอนเต็มจ่าย
ครบจบทั่วไทย



เงินเข้าเงินออก
LINE แจ้งบอกฟรี!

เงินเข้าก็รู้ ค่าใช้จ่ายออกก็เตือน



มุ่งพัฒนาเชื่อมโยงบริการ
ทางการเงิน
จากภาครัฐสู่ประชาชน

Krungthai NEXT Savings

เปิดบัญชีผ่านแอป สะดวก ง่าย ปลอดภัย
ไม่มีขั้นตอนในการเปิดบัญชี

สะดวก ทำธุรกรรมได้ผ่านแอป KRUNGTHAI NEXT
ง่าย ไม่ต้องพกพาสมุดคู่มือฝาก



Krungthai Travel Card

คุ้มค่า ด้วยอัตราแลกเปลี่ยนพิเศษ 18 สกุลเงิน
3 สกุลเงินใหม่



KRW

INR

TWD

บัตรเดบิตกรุงไทย พาลาเต็ม
คุ้มครองครบ บัตรเดียวอยู่

เพียง
วันละ

บาท



Life Smart 10/4

ฉลาดเลือก ฉลาดคิด
เพื่อชีวิตแบบสมาร์ท



แบบประกัน
ประเภทออมทรัพย์
วางแผนระยะสั้นอย่างฉลาด
เพื่อสร้างความมั่นคงในอนาคต

10/4



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Financial Highlights



Loans

(Less Deferred Revenue)

2019
2,089,874
million baht

2018
2,024,205
million baht



Net Profit

(Equity Holders of the Bank)

2019
29,284
million baht

2018
28,491
million baht



BIS Total Capital Ratio

2019
19.01%

2018
18.22%

	Consolidated					Krungthai Bank				
	2019	2018	2017 (restated)	2016	2015	2019	2018	2017 (restated)	2016	2015
Financial Standing (Million Baht)										
Loans (Less Deferred Revenue)	2,089,874	2,024,205	1,938,082	1,904,089	2,027,440	2,006,313	1,948,702	1,865,396	1,837,120	1,969,661
Allowance for Doubtful Accounts (Including Revaluation Allowance for Debt Restructuring)	135,228	133,755	125,381	110,782	85,956	126,732	125,340	116,743	102,922	77,353
NPLs	102,659	106,370	103,020	91,128	76,371	99,224	102,634	98,637	86,786	71,848
Total Assets	3,012,216	2,739,203	2,854,210	2,689,703	2,815,330	2,908,358	2,656,181	2,771,583	2,614,798	2,748,608
Total Deposits	2,155,865	2,039,602	2,070,875	1,972,404	2,135,498	2,158,460	2,042,948	2,073,594	1,975,158	2,137,446
Total Liabilities	2,663,890	2,425,062	2,559,991	2,410,299	2,565,032	2,604,135	2,368,676	2,501,454	2,354,343	2,514,136
Total Equity	348,326	314,141	294,219	279,404	250,298	304,223	287,505	270,129	260,455	234,472
Total Equity (Equity Holders of the Bank)	338,287	305,875	287,861	274,187	245,883	304,223	287,505	270,129	260,455	234,472
Operating Performance (Million Baht)										
Interest Income	122,971	119,770	122,886	129,230	132,525	108,320	105,937	109,374	116,257	120,559
Interest Expense	34,655	36,081	36,023	42,264	51,657	33,161	34,561	34,426	40,784	49,994
Net Interest Income	88,316	83,689	86,863	86,966	80,868	75,159	71,376	74,948	75,473	70,565
Net non-Interest Income	37,342	33,532	36,361	37,722	35,739	29,726	25,833	30,475	31,463	28,794
Other Operating Expenses	62,474	53,088	49,483	50,631	50,920	55,477	46,305	42,791	43,693	43,894
Net Profit	32,138	31,089	24,110	33,565	29,541	26,326	25,101	21,312	29,968	26,474
Net Profit (Equity Holders of the Bank)	29,284	28,491	22,440	32,304	28,494	26,326	25,101	21,312	29,968	26,474
Financial Ratios (%)										
Return on Average Assets (Equity Holders of the Bank)	1.02	1.02	0.81	1.17	1.02	0.95	0.92	0.79	1.12	0.97
Return on Average Equity (Equity Holders of the Bank)	9.09	9.60	7.99	12.42	11.92	8.90	9.00	8.03	12.11	11.55
NPL / Loans	4.33	4.53	4.19	3.97	3.20	4.33	4.52	4.14	3.89	3.09
BIS Total Capital Ratio	19.01	18.22	17.15	16.60	14.85	18.66	18.19	17.45	16.85	15.22
Book Value per Share (Baht)	24.91	22.47	21.04	19.98	17.90	21.76	20.56	19.32	18.63	16.77

Note : The Bank restated the 2017 financial statements audited by the auditor in order to be comparable with the 2018 financial statements and notes. However, financial statements for the year 2013-2016 were not restated.

Message from the Chairman



Mr. Ekniti Nitithanprapas
Chairman of the Board of Directors

//

Due to the development of technology and service quality along with enhancing on integrity, Krungthai Bank will move forward stably //

The year of 2019 is another year that the overall banking industry dealt with a challenging operating environment due to economic slowdown, changing of customer behavior and modified rules and regulations, including rapid technological advances that cause the banks to no longer be needed in providing financial services. However, Krungthai Bank can adjust itself and enhance the competitive capability, along with supplying well support to the government.

Significant achievements of the Bank in 2019: the technology development enabled the Bank to formulate strength for various products and services. The examples are [Krungthai Travel Card](#) — the first card in Thailand which the customers can exchange foreign currency via the Krungthai NEXT application by themselves 24 hours; [Krungthai Connex](#) — free service for transaction notification via LINE mobile application, which is secure and expedient; and [Krungthai e-LG on Blockchain](#) — the customer can request for an Electronic Letter of Guarantee (LG) via online channel of the Bank that is further secure and convenient. Moreover, the Bank has served as the government's platform that not only has passed useful policy on to people sector but also has reflected the Bank's efficiency in being invisible bank that can provide services to the customers with advanced financial technology. Such platforms included [the Government Welfare Card scheme](#), [the Thung Ngern Pracharat mobile application](#) and especially services under the "Chim Shop Chai" campaign via [the Pao Tang application](#) using face recognition technology to verify more than 10 million customer identities. Another accomplishment that Krungthai Bank has made remarkable progress is laying the foundation and creating work culture that drives the organization with transparency under the "Sustainable Krungthai" Initiative. More than 1,500 projects were presented by the Bank employees under this Initiative.

In 2019, our efforts were acknowledged by several prestigious awards. For instance, [the Best Social Impact Bank \(Thailand\) 2019](#) was presented by Capital Finance International (CFI) Journal, England in recognition of the main financial institution that steered the country's economy by developing financial innovation to access all groups of people and support the government's policy. [The Tab Digital Inclusive Awards 2019](#) was given by Thailand Association of the Blind as the Krungthai NEXT application has been voted by the blind for being the mobile banking application that helped the blind to make financial transactions via a mobile phone conveniently like other ordinary people. Additionally, [the Outstanding State-Owned Enterprise \(SOE\) Awards](#) presented by the State Enterprise Policy Office (SEPO) in the category of Outstanding Disclosure and Transparency for the fourth consecutive years, the Bank was recognized as the state-owned enterprise that had the management with transparency and fairness whereas conducting report and disclosing information with regards to the stakeholders as prescribed in the international standard of good corporate governance.

Finally, I am convinced that due to the development of technology and service quality to support the new era of banking through using Datform (Data + Platform) along with enhancing on integrity, Krungthai Bank will move forward stably, improve Thai economy and society, fulfil all needs of the customers and deliver sustainable returns to shareholders as we aspires to "Growing Together".



Mr. Ekniti Nitithanprapas
Chairman of the Board of Directors

Message from the Chairman

Mr. Prasong Poontaneat
Chairman of the Board of Directors

(Since January 17, 2020)



// Krungthai Bank has developed in many areas, especially in terms of its image of being the modernized government's commercial bank //

I am honored to be appointed as the new Chairman of Krungthai Bank Board of Directors. In the past years, Krungthai Bank has changed and developed significantly in many areas, especially in terms of its image of being the modernized government's commercial bank, which can effectively drive the country to the cashless society according to Thailand 4.0 policy. In addition, the Bank helped support the economic and tourism stimulus measures through Chim Shop Chai Campaign and provided financial services that can respond to every group of customers, as well as having a variety of service channels nationwide.

However, in the current rapidly changing business environment, whether in terms of economy, social, or especially technology, the Bank cannot stop its continuous development. Therefore, in order to achieve its missions completely and sustainably, the Bank has to operate as follows:

- **Administering and developing competency of employees and work systems:** the Bank's employees are required to receive upskill and reskill trainings so that they have knowledge and skills equipped for new technologies and work systems, including new competitions and new competitors that are non-bank financial institutions.
- **Continuously providing services and valuable advice to customers:** in addition to effectively providing quality solutions that suit all needs of customers, the Bank must also comply with Market Conduct.

- **Sustainably developing economy, society and environment** by conducting business with consideration to the principles of ESG (Environment, Social and Governance).

- **Sustainably create worthy returns for shareholders:** the Bank must manage risk in a balanced manner and create sustainable growth.

On behalf of the Board of Directors, the Executives, employees, and subsidiaries, I would like to express thanks to the shareholders, business partners, including customers in both public and private sector for their confidence and trust that has always been given to Krungthai Bank. I sincerely hope that you will continue to support the Bank continuously at all times.



Mr. Prasong Poontanee
Chairman of the Board of Directors
(Since January 17, 2020)

Message from the President



Mr. Payong Srivanich
President



Krungthai Bank to drive its parallel strategy of Carrier and Speed Boat //

In the midst of a rapidly changing business environment, the negative factors affecting business operations, such as trade war between the United States and China as well as challenges all around in the era of digital disruption, have caused every bank to undergo a big transformation. To be precise, all banks needed to adjust and uplift their competitive potential in the present and for the future through the focus on open banking platform, technological development, the business cooperation with FinTech, the establishment of new platforms and ecosystems along with the Digital Transformation.

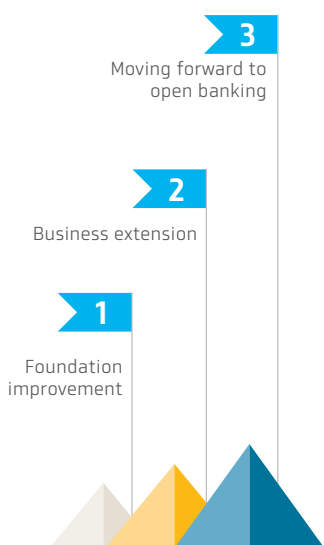
During the year 2019, Krungthai Bank as the State-Owned Commercial Bank accelerated many actions in line with the 3-Summits strategy, namely its foundation improvement, business extension and moving forward to open banking. The Bank also established platforms to attract target customers to be part of the Bank's ecosystems as well as investing in IT Master Plan with a budget of more than 10 billion baht to create business opportunities, enhance the Bank's competitiveness and foster new innovations that respond to customer needs in the most complete and effective ways.

The operating performance of the Bank amid economic challenges resulted from the ability to maintain profitability on balanced risk and strengthening its balance sheet. Accordingly, the Bank's net profit (The Bank's financial statement) in 2019 was around 26 billion baht, increasing from last year. In addition, the Bank was able to maintain Coverage ratio at 125-130%, while the credit cost and NPL formation continued to reduce. The Bank also adjusted the credit growth by emphasizing the Bank's balance of risk-return tradeoff as well as NPL growth control so that the Bank is able to manage risks appropriately and sustainably. For the strategy of foundation improvement and business extension, the Bank placed importance

on both working processes and employees, for example decrease in number of branches, workforce adjustment and training staff's new skills, including enhancing the credit approval process for corporate customers and becoming a paperless organization by digitization, which will lead to cost reduction and increase in competitiveness in the future.

In 2019, Krungthai Bank executed the digital banking strategy via the Chim Shop Chai campaign. In particular, the Bank supported both applications and platforms i.e. the Pao Tang and Thung Ngern mobile applications as well as the EDC machines, which enabled the Bank to acquire more than 12 million users from both mobile applications and more than 180,000 shops at all levels — from a grassroots level to large-scale businesses. All participants in the campaign have entered into the Bank's ecosystems, helping stimulate the economy and circulate money to its foundation.

Furthermore, there were other collaborative projects, regarding the collaboration between Krungthai Bank and the government as the key customers and business alliances together with the collaborative projects between Krungthai Bank and the private sector. Such projects focused on building platforms and bringing customers to be part of the Bank's ecosystem such as the Blockchain Project with the Ministry of Finance, the VAT Refund for Tourists, the e-GP Project of the Comptroller General's Department, etc. The Bank also expanded the 5 strategic ecosystems — Government, Payment, Health and Wellness, Education, and Mass Transit - through many projects: the Digital Student Loan Project, e-Court Project, the installation of EDC machines on more than 3,000 buses, Smart Hospital Project and others. As a result, the Bank has currently acquired a customer base from every project since 2015, covering almost 50% of the population throughout the country.



In **2019**, the Bank accelerated many actions in line with the **3-Summits** strategy.



The year 2020 in the context of a more rapid and severe disruption, Krungthai Bank stipulates 2 approaches to drive the organization concurrently: Carrier and Speed Boat. The Carrier refers to the key business of the Bank, namely credit, deposit, fees and others, including the development of Krungthai NEXT application to fulfill all customer needs. On the other hand, Speed Boat refers to the new organization focusing on creating new business models and platforms in the manner of the open banking — platform that can simply connect with other platforms, e.g. Pao Tang application. In this regard, such platform and application shall receive backup by AI, Machine Learning and Data Analytics that can completely understand and respond to all customer needs.

Due to Krungthai Bank's ability to build a large customer base, it will empower the Bank to expand many businesses. One of them is business expansion from customers' partners (X2G2X): It starts from the Bank's main customers, then links to the business sectors of customers' partners, namely distributors, community enterprises, retail shops, restaurants, hotels, car rental businesses and others in the supply chain. All of them are connected with the efficiency of technology and enter into the Bank's ecosystem. It enables the Bank to provide financial services that truly meet all their needs. In this regard, all of this will pave the way for the establishment of the Thailand Digital Platform for Thais in the near future.

The Bank not only endeavors to improve service quality, but also aspires to elevate the morality of the organization as well. As a result, the intensive operation relating to the Sustainable Krungthai Initiative shall be increased in an attempt to create a culture of Zero Tolerance – all forms of corruption will not be tolerated, and the operation under Market Conduct – fair services to all customers. The initiative will be implemented in 3 ways, namely: (1) *Converting morals into tangible matters* through the Compliance Champion program and One unit, One sustainable Plan under the concept of "A problem to solve, A good deed to do." All activities must take into account the principles of ESG (Environment, Social and Governance); (2) *Cultivating Sustainable Krungthai Initiative to be in the DNA of Krungthai people*; (3) *Establishing Sustainable Krungthai Initiative to be an organization mission*, not just a project.

With the strategic plans to drive the organization along with the cultivation of organization DNA through the Sustainable Krungthai Initiative, I strongly believe that they will support Krungthai Bank to grow alongside the Thai economy and grow together happily and sustainably with "you" — customers, employees, shareholders and all Thais — as we aspire to attain a better life everyday.

Mr. Payong Srivanich
President

Statement of Direction, Vision and Mission

› Statement of Direction

Krungthai Bank Pcl. is a financial institution for development, where we help create opportunity for people to gain access to sources of fund as well as provide them with financial literacy in order to strengthen the economy's foundation. By applying technology and innovation to manage and provide financial services, we also aim to improve the competitiveness of the country while trying to mitigate social inequality under a stable, transparent and sustainable management of the organization.

› Vision

Growing Together - enhancing capabilities of employees to support growth and prosperity for customers, enrich quality of society and environment, as well as provide sustainable return for our shareholders

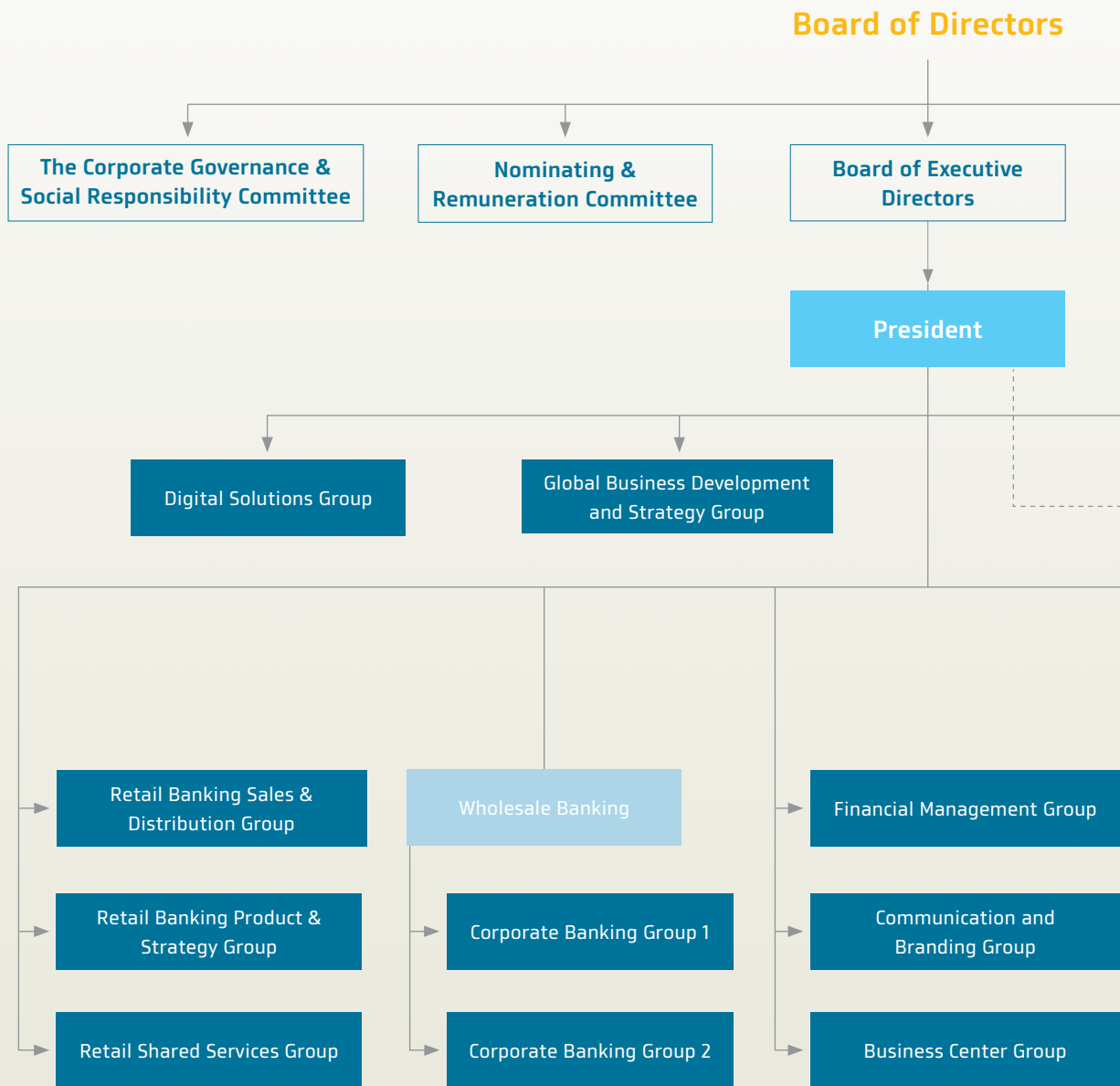
› Mission

- Develop capabilities of personnel and work system
- Provide customers with differentiated and value added service and advice
- Fulfill our responsibilities to society through supporting sustainable economic, social and environmental development
- Provide shareholders with superior and sustainable return



Organization Chart

As at February 17, 2020



Krungthai Group

Credit-Related Business



KTB Leasing Co., Ltd.



Krungthai Card Pcl.



Krung Thai IBJ Leasing Co., Ltd.



KTC NANO Co., Ltd.



PICO กรุงเทพมหานคร

KTC Pico (Bangkok) Co., Ltd.



PICO ชลบุรี

KTC Pico (Chonburi) Co., Ltd.



PICO ปทุมธานี

KTC Pico (Pathum Thani) Co., Ltd.



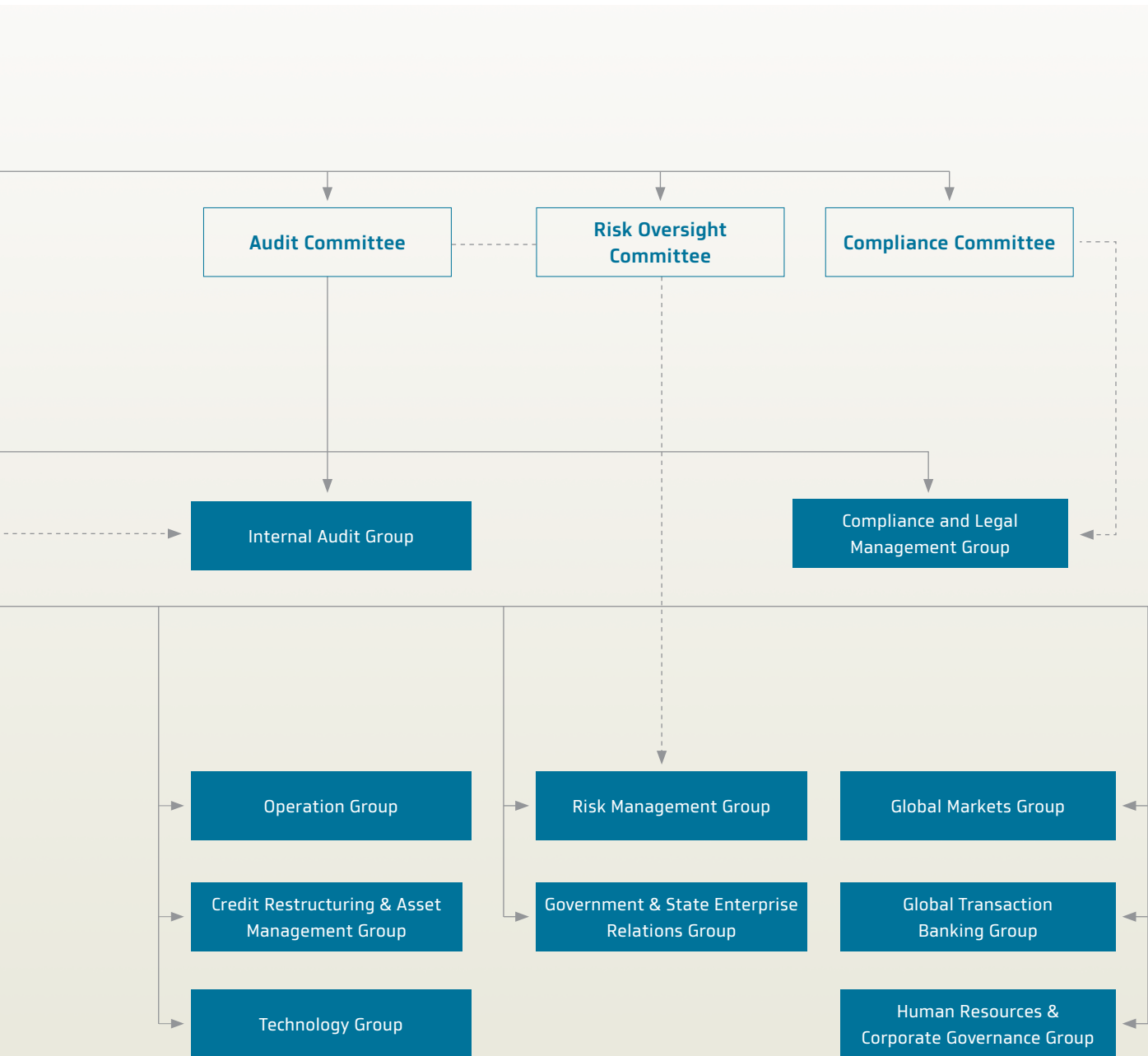
PICO สมุทรปราการ

KTC Pico (Samut Prakan) Co., Ltd.



PICO สมุทรสาคร

KTC Pico (Samut Sakhon) Co., Ltd.



Capital Market Business



Krung Thai Asset Management Pcl.



KTB Advisory Co., Ltd.



Krungthai ZMICO Securities Co., Ltd.
(formerly KT ZMICO Securities Co., Ltd.)

Insurance Business



Krungthai Panich Insurance Pcl.



Krungthai-AXA Life Insurance Pcl.

Support Business



KTB General Services and Security Co., Ltd.



KTB Computer Services Co., Ltd.



KTB Law Co., Ltd.

The Board of Directors

As at February 26, 2020



01 Mr. Prasong Poontaneat
Chairman
(Since January 17, 2020)

02 Mr. Ekniti Nitithanprapas
Chairman
(Until January 12, 2020)

03

Mr. Krairit Euchukanonchai

Vice Chairman
Chairman of the Board of Executive Directors
Chairman of the Risk Oversight Committee

04

Mr. Poonnis Sakuntanaga

Director (Authorized Signatory Director)
Executive Director
Member of the Risk Oversight Committee

05

Mr. Krisada Chinavicharana

Director (Authorized Signatory Director)
Executive Director

06

Mr. Payong Srivanich

President (Authorized Signatory Director)
Executive Director
Member of the Risk Oversight Committee



07 Mr. Vichai Assarasakorn

Director
Independent Director
Chairman of the Audit Committee
Member of the Corporate Governance
and Social Responsibility Committee

08 Mr. Nontigorn Kanchanachitra

Director
Chairman of the Nominating and
Remuneration Committee
Member of the Corporate Governance and Social
Responsibility Committee

09 Prof.Dr. Kittipong Kittayarak

Director
Independent Director
Chairman of the Corporate Governance and Social
Responsibility Committee
Member of the Compliance Committee

10 Ms. Patricia Mongkhonvanit

Director
Member of the Corporate Governance and Social
Responsibility Committee
Member of the Nominating and Remuneration
Committee



11

General Tienchai Rubporn

Director
Chairman of the Independent Directors Committee
Member of the Audit Committee
Member of the Compliance Committee

12

Mr. Thanwa Laohasiriwong

Director
Independent Director
Chairman of the Compliance Committee
Member of the Nominating and Remuneration Committee
Member of the Risk Oversight Committee

13

Ms. Nitima Thepvanangkul

Director
Independent Director
Member of the Audit Committee
Member of the Corporate Governance and Social Responsibility Committee



11

13

12

The Executive Officers

As at December 31, 2019



01

Mr. Payong Srivanich

President

02 Mr. Poonpat Sripleng
Senior Executive Vice President –
Head of Risk Management Group
Acting Head of Operation Group

03 Ms. Praralee Ratanaprasartporn
Senior Executive Vice President -
Head of Digital Solutions Group

04 Mr. Weerapong Suppasedsak
Senior Executive Vice President –
Head of Business Center Group

05 Mr. Niruj Maneepun
Senior Executive Vice President -
Head of Compliance and Legal Management Group
and Corporate Secretary



06

Mr. Suratun Kongton

Senior Executive Vice President -
Head of Corporate Banking Group 2

07

Mr. Ekachai Techawiriyakul

Senior Executive Vice President -
Head of Corporate Banking Group 1

08

Mr. Rawin Boonyanusasna

Senior Executive Vice President -
Head of Global Markets Group

09

Ms. Saranya Vejaku

Senior Executive Vice President -
Head of Financial Management Group



10 Mr. Santi Parivisutt
First Executive Vice President –
Head of Internal Audit Group

11 Mr. Suppawat Wadhanapatee
First Executive Vice President –
Head of Human Resources and Corporate
Governance Group

12 Mr. Tawatchai Cheevanon
First Executive Vice President –
Head of Global Transaction Banking Group

13 Mr. Kittipat Peantham
First Executive Vice President –
Head of Government & State Enterprise Relations Group

14 Mr. Pichit Jongsaliswang
First Executive Vice President –
Head of Retail Strategy Product & Segmentation
Group



15

Ms. Surang Thanutthanon

First Executive Vice President –
Head of Credit Restructuring & Asset Management Group

16

Mr. Therdchai Wiroonpanich

First Executive Vice President –
Head of Retail Banking Sales & Distribution Group

17

Mr. Chanchai Sinsuparatn

First Executive Vice President –
Head of Retail Shared Services Group

18

Mr. Pativate Santavanond

First Executive Vice President

19

Mr. Kosol Chamchuen

First Executive Vice President



Brief Biography of Board of Directors and Executive Officers

Brief Biography of Board of Directors

(As at December 31, 2019)

1. Mr. Prasong Poontaneat ⁽¹⁾

Chairman

Age 60

Date of Appointment

January 17, 2020

Education

- Ph.D. in Public Administration (Management for Development College), Thaksin University
- Master of Business Administration (Organization Management), Dhurakij Pundit University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Business Administration in Accounting, Rajamangala University of Technology

Training Program

- Class 76/2006, Director Certification Program (DCP), IOD
- Class 18, Senior Police Officers Course, Police College
- Class 49, Top Administrator Program, Interior College, Prince Damrong Rajanupab Institute of Research and Development
- Class 52, National Defence Course, National Defence College
- Class 2, Top Executive Program in Energy Literacy, Thailand Energy Academy
- Class 14, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand
- Class 23, Top Executive Program in Justice Administration, Judicial Training Institute

Number of Shares in company None

% of Shares in company None

(Not Changed as of January 17, 2020)

Family Relationship with Director and Executive Officer None

Positions in Other Listed Companies

2014 - Present Chairman, Airports of Thailand Pcl.

2012 - Present Director, Bangchak Corporation Pcl.

Position in Non-Listed Companies/Other Organizations

2019 - Present Councilor of State,
Office of the Council of State

2018 - Present Permanent Secretary, Ministry of Finance

2012 - Present Councilors luminaries,
Mahasarakham University

Experience over Past 5 Years

2019 Chairman, Thanachart Bank Pcl.

2018 - 2019 Chairman, TMB Bank Pcl.

2018 Honorary Director,
Anti-Money Laundering Office (AMLO)

2015 - 2018 Director General,
State Enterprise Policy Office (SEPO)

2014 - 2018 Director General, The Revenue Department

2012 - 2014 Vice Chairman, Financial Institutions
Development Fund (FIDF)

2012 - 2014 Chairman, Export-Import Bank of Thailand

2011 - 2014 Director General,
State Enterprise Policy Office (SEPO)

2. Mr. Ekniti Nitithanprapas

Chairman

Age 48

Date of Appointment

June 12, 2018

(Resigned from Chairman and Director since January 13, 2020)

Education

- Ph.D. (Economics / Macroeconomics and International Finance), Claremont Graduate University, USA
- M.S. (Economics / Policy Economics), University of Illinois at Urbana-Champaign, USA
- Bachelor of Economics (Honors), Thammasart University

Training Program

- Year 2019, Cyber Resilience Program, Bank of Thailand
- Year 2019, Oxford Programme On Negotiation in Bangkok, SAID Business School of Oxford University, UK
- Class 45/2019, Role of the Chairman Program (RCP), IOD
- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 9, Advanced Certificate Course in Public Administration and Law for Executive, The College of Politics and Governance, King Prajadhipok's Institute
- Top Management Program Civil Service Training Institute, Office of the Civil Service Commission
- Class 4/2017, Board Matters and Trend (BMT), IOD
- Class 8/2016 Role of the Nomination and Governance Committee (RNG), IOD
- Class 4/2015 Corporate Governance for Capital Market Intermediaries (CGI), IOD
- Class 29/2015 Financial Statements for Directors (FSD), IOD
- Class 93/2007, Director Certification Program (DCP), IOD
- Financial Markets and New Financial Instruments, International Monetary Fund Institute

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

2015 - Present Director and Member of
the Risk Management Committee, IRPC Pcl.

⁽¹⁾ Took the position of Chairman of the Board of Directors on January 17, 2020

Position in Non-Listed Companies/Other Organizations

2018 - Present Director General, The Revenue Department

Experience over Past 5 Years

2018 - 2019 Chairman, Thai Airways International Pcl.

2015 - 2018 Director General,
State Enterprise Policy Office (SEPO)

2015 - 2018 Chairman, National Credit Bureau Co., Ltd.

2015 - 2018 Director and Member of the Nomination,
Compensation and Corporate
Governance Committee,
The Siam Commercial Bank Pcl.

2014 - 2015 International Economic Policy Advisor,
Fiscal Policy Office, Ministry of Finance

2014 - 2015 Director and Chairman of
the Risk Management Committee,
Krungthai Asset Management Pcl.

2013 - 2015 Director, TSFC Securities Pcl.

2013 - 2015 Director and Chairman of
the Board of Executive Directors,
Export-Import Bank of Thailand

3. Mr. Krairit Euchukanonchai

Vice Chairman

Chairman of the Board of Executive Directors

Chairman of the Risk Oversight Committee

Age 64

Date of Appointment

October 15, 2015

Education

- Master of Business Administration (Finance and Banking), North Texas State University, USA
- Bachelor of Science, Chulalongkorn University

Training Program

- Citi Financial Management Program under Citibank standard
- Class 16/2007, Role of the Chairman Program (RCP), IOD
- Class 59/2005, Director Certification Program (DCP), IOD
- Top Executive Program in Energy Literacy, Thailand Energy Academy

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Positions in Other Listed Companies

2018 - Present Chairman and Independent Director, PTT Pcl.

2014 - Present Independent Director, Chairman of
the Audit Committee and Member of
Nomination and Corporate Governance
Committee, Advanced Info Service Pcl.

Positions in Non-Listed Companies/Other Organizations

2014 - Present Director, Advanced Wireless Network Co., Ltd.

1998 - Present Chairman, V.Group Honda Cars Co., Ltd.
and its Subsidiaries

Experience over Past 9 Years

2017 - 2019 Chairman,
Mass Rapid Transit Authority of Thailand

2011 - 2012 Director and Member of the Audit
Committee, PTT Pcl.

2011 - 2012 Director, PTT Exploration and Production Pcl.

2006 - 2012 Chairman and Chairman of the Risk
Management Committee,
Krungthai Asset Management Pcl.

2001 - 2011 Director and Member of the Investment
Committee, Siam Commercial New York
Life Insurance Pcl.

4. Mr. Poornis Sakuntanaga

Director (Authorized Signatory Director)

Executive Director

Member of the Risk Oversight Committee

Age 61

Date of Appointment

January 28, 2015

Education

- Master of Business Administration (Marketing), University of Wisconsin - Madison, USA
- Master of Business Administration (Finance), Middle Tennessee State University, USA
- Bachelor of Business and Accountancy (Finance and Banking), Chulalongkorn University

Training Program

- Year 2019, Cyber Resilience Program, Bank of Thailand
- Class 10/2019, IT Governance and Cyber Resilience Program (ITG), IOD
- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 7/2017, Ethical Leadership Program (ELP), IOD
- Class 8/2017 Risk Management Program for Corporate Leaders (RCL), IOD
- Class 27/2016, Successful Formulation & Execution of Strategy (SFE), IOD
- Class 113/2009, Director Certification Program (DCP), IOD
- Class 4, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course, Public Director Institute (PDI), King Prajadhipok's Institute
- In house Training Programs, Citibank
- Asian Banking and Sovereign Conference 2006 by Moody's
- Regional Workshop "Risk Modeling for Sovereign Debt Portfolio" by World Bank

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2017 - Present Director and Executive Director,
Elixir Foods & Beverages Co., Ltd.

Experience over Past 5 Years

2015 - 2017 Director and Executive Director,
Thaikong Co., Ltd.

2003 - 2016 President, IQ Plus & Management Co., Ltd.

5. Mr. Krisada Chinavicharana ⁽¹⁾

Director (Authorized Signatory Director)

Executive Director

Age 56

Date of Appointment

February 7, 2019

Education

- MBA, University of New Haven, USA
- LL.B., Chulalongkorn University

Training Program

- Class 186/2014, Director Certification Program (DCP)
- Project of Senior Executives Improvement, Office of the Civil Service Commission, 2010
- Financial Instrument and Markets, Harvard Business School, 2004
- Class 54, National Defense Course, National Defense College

Number of Shares in company None

% of Shares in company None

(Not changed as at February 7, 2020)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

2019 - Present Director, Airports of Thailand Pcl.

Positions in Non-Listed Companies/Other Organizations

2018 - Present Director-General, Customs Department

2015 - Present Director, Erawan Hotel Pcl.

Experience over Past 5 Years

2017- 2019 Director, Bank for Agriculture and
Agricultural Cooperatives

2015 - 2019 Director, Deposit Protection Agency

2018 - 2018 Director, PIT Pcl.

2017 - 2018 Director-General, Excise Department

2015 - 2018 Director, Bangchak Corporation Pcl.

2016 - 2017 Director, Muang Thai Insurance Pcl.

2014 - 2017 Committee Member, Bank of Thailand

2014 - 2017 Director, Aeronautical Radio of Thailand Ltd.

2014 - 2017 Director General, Fiscal Policy Office

6. Mr. Payong Srivanich

President (Authorized Signatory Director)

Executive Director

Member of the Risk Oversight Committee

Age 51

Date of Appointment

November 8, 2016

Education

- MBA, University of Pittsburgh, Pittsburgh, Pennsylvania, USA
- BS in Industrial Engineering, University of Arizona, Tucson, Arizona, USA

Training Program

- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 223/2016, Director Certification Program (DCP), IOD

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2019 - Present Senior Expert Committee, The National
Financial Institution Development Board

2018 - Present The MOF Big Data Steering Committee,
Ministry of Finance

2017 - Present Director, National ITMX Co., Ltd.

Experience over Past 5 Years

2016 Director, Krungthai-AXA Life Insurance Pcl.

2015 - 2016 Senior Executive Vice President - Head of
Global Markets Group, Krungthai Bank Pcl.

7. Mr. Vichai Assarasakorn

Director

Independent Director

Chairman of the Audit Committee

Member of the Corporate Governance
and Social Responsibility Committee

Age 59

Date of Appointment

November 24, 2017

Education

- Bachelor of Engineering in Electrical Engineering, The University of New South Wales, Australia

Training Program

- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 22, National Defence Course for the Joint State-Private Sectors, The National Defence College

⁽¹⁾ Took the position of Director on February 7, 2020

Took the position of Director of the Board of Executive Director and Authorized Signatory Director on February 26, 2020

- Class 215/2016, Director Certification Program (DCP), IOD
- Class 7/2016, Top Executive Program in Energy Literacy, Thailand Energy Academy
- Class 8/2015, Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy, University of the Thai Chamber of Commerce
- Year 2013, ASEAN Executive Management Programme, Sasin Graduate Institute of Business Administration of Chulalongkorn University (Sasin)
- Class 12/2011, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Positions in Other Listed Companies

2019 - Present	Independent Director and Member of the Audit Committee, Asian Sea Corporation Pcl.
2014 - Present	Independent Director and Chairman of the Audit Committee, PTT Pcl.

Positions in Non-Listed Companies/Other Organizations

2014 - Present	Director, Panel Plus Co., Ltd.
2014 - Present	Director, Panel Plus MDF Co., Ltd.
2014 - Present	Vice Chairman, Anti-Corruption Organization of Thailand
2013 - Present	Vice Chairman, The Thai Chamber of Commerce
1995 - Present	Director, Shiang Heng International Co., Ltd

Experience over Past 5 Years

2011 - 2014	Secretary General, Anti-Corruption Organization of Thailand
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8. Mr. Nontigorn Kanchanachitra

Director

Chairman of the Nominating and Remuneration Committee

Member of the Corporate Governance

and Social Responsibility Committee

Age 64

Date of Appointment

December 24, 2009

Education

- Honorary Degree of Doctor of Business Administration (Human Resource Management), Dhonburi Rajabhat University
- Master of Public Administration, Middle Tennessee State University, USA
- B.Pol. SC., Chiang Mai University

Training Program

- Year 2019, Thammasat World Relationship Program Hawaii Focus, Foundation of Thammasat Leadership Program
- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 48, National Defence Course, National Defence College
- Class 26/2011, Role of the Chairman Program (RCP), IOD
- Class 102/2008, Director Certification Program (DCP), IOD
- Class 22/2008, Audit Committee Program (ACP), IOD
- Class 6/2008, Role of the Compensation Committee (RCC), IOD
- Class 1/2008, Financial Statements for Directors (FSD), IOD

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

2015 - Present	Chairman and Independent Director, SISB Pcl.
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Positions in Non-Listed Companies/Other Organizations

2020 - Present	Honorary member, Thammasat University Council Committee
2018 - Present	Chairman, J.R.W. Utility Pcl.
2018 - Present	Honorable Person, Highland Research and Development Institute (Public Organization)
2018 - Present	Member of Chulermkarnchana University Council
2017 - Present	Committee of the Civil Service Commission
2017 - Present	Director, Enkay Studio Co., Ltd.
2015 - Present	Councilor of State, Office of the Council of State
2012 - Present	Steering committee, Faculty of Political Science and Public Administration, Chiang Mai University
2011 - Present	Member of Rattana Bundit University Council

Experience over Past 5 Years

2015 - 2019	Committee of the Parliamentary Officials
2015 - 2018	Independent Director and Member of the Audit Committee, Interlink Telecom Pcl.
2015 - 2018	Advisor, Defence Technology Institute (Public Organization)
2015 - 2018	Member of Chaopraya University Council
2011 - 2017	Director, Industrial Estate Authority of Thailand
2010 - 2015	Secretaries-General, Civil Service Commission

9. Prof.Dr. Kittipong Kittayarak

Director

Independent Director

Chairman of the Corporate Governance
and Social Responsibility Committee

Member of the Compliance Committee

Age 61

Date of Appointment

July 24, 2014

Education

- Doctor of the Science of Laws (J.S.D.), Stanford University, USA (Fulbright Scholarship)
- Master of Laws (LL.M.), Harvard University, USA (Fulbright Scholarship)
- Master of Laws (LL.M.), Cornell University, USA (OCSC Scholarship)
- Honorary Doctorate Degree, Radboud University, Netherlands
- Barrister-at-Law, Institute of Legal Education Thai Bar Association
- Bachelor of Laws (Honors), Chulalongkorn University

Training Program

- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 49, National Defence Course, National Defence College
- Class 18/2015, Advanced Audit Committee Program (AACP), IOD
- Class 112/2014, Director Accreditation Program (DAP), IOD
- Class 1/2013, Certificate in Law for Democracy, Office of the Constitutional Court
- Class 1/2012, Top Executive Program in Energy Literacy, Thailand Energy Academy
- Class 8/2009, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand
- Class 10/2006, Top Executive Program in Justice Administration, Judicial Training Institute
- Class 5/2001, Politics and Governance in Development Systems or Executive Course, King Prajadhipok's Institute

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Positions in Other Listed Companies

2016 - Present Independent Director, Dusit Thani Pcl.
2014 - Present Independent Director and Chairman of the
Corporate Governance Committee, PTT Pcl.

Positions in Non-Listed Companies/Other Organizations

2019 - Present Chancellor of the King Mongkut's Institute
of Technology Ladkrabang
2018 - Present Committee, Ramathibodi Foundation

2018 - Present Director, Chakri Naruebodindra Medical
Institute and Ramathibodi Chakri
Naruebodindra Hospital
2017 - Present Executive Director and Vice Chairman,
Friend in Need (of "PA") Volunteers
Foundation, Thai Red Cross
2017 - Present Executive Subcommittee, Office of
the Judiciary - International Affairs
2015 - Present Executive Director, Thailand Institute of
Justice (Public Organization)
2014 - Present Director of the Civil Service Sub-commission
on Human Resource Management System
Development, Office of the Civil Service
Commission
2014 - Present Director, consider improvement on
the Code of Criminal Procedure, Office of
the Council of State
2014 - Present Chairman, Bangkok University Council
2011 - Present Executive Director and Chairman (Thailand
Branch), ASIA Crime Prevention Foundation
(ACPF)
2010 - Present Member of the Board of Committee,
Thai Bar Association
2009 - Present Member of Mahidol University Council
Experience over Past 5 Years
2014 - 2015 Advisor to the Prime Minister

10. Ms. Patricia Mongkhonvanit⁽¹⁾

Director

Member of the Corporate Governance
and Social Responsibility Committee

Member of the Nominating and Remuneration Committee

Age 48

Date of Appointment

December 27, 2018

Education

- Master of Laws (Tax), The London School of Economics and Political Science, University of London, United Kingdom
- Master of Arts (Development Policy and Public Administration), University of Wisconsin - Madison, USA
- Bachelor of Public Administration, Chulalongkorn University

Training Program

- Year 2019, Cyber Resilience Program, Bank of Thailand
- Class 159/2019, Director Accreditation Program (DAP), IOD
- Class 274/2019, Director Certification Program (DCP), IOD
- Exponential Manufacturing Thailand 2019 Program, The Federation of Thai Industries
- Future Economy and Internet Governance - Executive Program, Future Economy and Internet Governance (FEGO)
- Class 26/2018 Top Management Program, Capital Market Academy, The Stock Exchange of Thailand

⁽¹⁾ Resigned from the Position of Director of the Board of Executive Director and Authorized Signatory Director on February 26, 2020

Took the Position of Member of the Nominating and Remuneration Committee on February 26, 2020

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2019 - Present Director General,
Public Debt Management Office

2019 - Present Director,
PTT International Trading Private Co., Ltd.

2017 - Present Director, Thai Smile Airway Co., Ltd.

Experience over Past 5 Years

2018 - 2019 Inspector General, Office of the Permanent
Secretary, Ministry of Finance

2018 Principal Advisor on Strategic Tax
Administration (Energy Industry),
The Revenue Department

2017 - 2018 Deputy Director, The Revenue Department

2017 - 2018 Director, Liquor Distillery Organization

2014 - 2017 Director of Tax Policy and Planning Division,
The Revenue Department

- Resource Management Introductory Course, United States Army Finance School Fort Benjamin Harrison, Indiana, USA

- Planning, Programing Budgeting, Execution System Course, United States Army Finance School Fort Benjamin Harrison, Indiana, USA

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

None

Experience over Past 5 Years

2016 Advisor of the Public Budget Expenditures
Committee

2016 Senior Expert, The Royal Army

2014 - 2016 Permanent Secretary,
Office of the Army Comptroller

2014 - 2016 Secretary of the Public Budget Expenditures
Committee

11. General Tienchai Rubporn

Director

Chairman of the Independent Directors Committee

Member of the Audit Committee

Member of the Compliance Committee

Age 64

Date of Appointment

January 28, 2015

Education

- Master of Arts, Command and General Staff College
- Class 27, Bachelor of Science Chulachomklao Royal Military Academy

Training Program

- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 240/2017, Director Certification Program (DCP), IOD
- Class 22/2016, Advanced Audit Committee Program (AACP), IOD
- Class 3/2016, Ethical Leadership Program (ELP), IOD
- Class 2/2016, Driving Company Success with IT Governance (ITG), IOD
- Class 15/2016, Corporate Governance for Capital Market Intermediaries (CGI), IOD
- Class 28/2016, Successful Formulation & Execution of Strategy (SFE), IOD
- Class 28/2015, Financial Statements for Directors (FSD), IOD
- Class 121/2015, Director Accreditation Program (DAP), IOD
- Class 47, Security Studies Program, Royal Thai Army War College

12. Mr. Thanwa Laohasiriwong

Director

Independent Director

Chairman of the Compliance Committee

Member of the Nominating and Remuneration Committee

Member of the Risk Oversight Committee

Age 54

Date of Appointment

January 26, 2016

Education

- Bachelor of Engineering (Computer), King Mongkut's Institute of Technology Ladkrabang

Traing Program

- Class 20/2019, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course, Public Director Institute (PDI), King Prajadhipok's Institute
- Class 13/2019, Top Executive Program in Energy Literacy, Thailand Energy Academy
- Class 3/2019, Executive Program on Rule of Law and Development (RoLD), Thailand Institute of Justice (TIJ)
- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 60, National Defence Course, National Defence College
- Class 8/2019, Board Nomination and Compensation Program (BNCP), IOD
- Class 45/2019, Role of the Chairman Program (RCP), IOD

- Class 2/2017, Boardroom Success through Financing and Investment (BFI), IOD
- Class 2/2016, Driving Company Success with IT Governance (ITG), IOD
- Class 4/2016, Environmental Governance for Executive Officer, Department of Environmental Quality Promotion (DEQP), Ministry of Natural Resources and Environment
- Class 20/2015, Advanced Audit Committee Program (AACP), IOD
- Class 1/2015, Ethical Leadership Program (ELP), IOD
- Class 22/2014, Successful Formulation & Execution of Strategy (SFE), IOD
- Class 10/2004, Finance for Non-Finance Directors (FND), IOD
- Class 43/2004, Director Certification Program (DCP), IOD
- Year 2001, IBM/Harvard Management Development Program
- Year 1998, IBM/INSEAD Management Development Program

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

2014 - Present Independent Director and Chairman of the Audit Committee, TPBI Pcl.

Positions in Non-Listed Companies/Other Organizations

2019 - Present Independent Director and Member of the Audit Committee, State Railway of Thailand

2019 - Present Director, Relationship Republic Co.,Ltd

Experience over Past 5 Years

2018 - 2019	Honorary Director, Thailand Research Fund Policy Committee, The Thailand Research Fund (TRF)
2015 - 2019	Chairman, Humanica Pcl.
2014 - 2018	Director and Executive Director, TOT Pcl.
2011 - 2017	Independent Director and Member of the Audit Committee, Asiasoft Corporation Pcl.
2015 - 2016	Chairman, Independent Director and Chairman of the Audit Committee, ASN Broker Pcl.
2011 - 2016	Independent Director and Member of the Audit Committee, Easy Buy Pcl.
2014 - 2015	Acting President, TOT Pcl.
2014 - 2015	Director, F.A.S.T. Solutions Co., Ltd.
2014 - 2015	Member of the Financial and Assets Committee, King Mongkut's Institute of Technology Ladkrabang

13. Ms. Nitima Thepvanangkul

Director

Independent Director

Member of the Audit Committee

Member of the Corporate Governance and Social Responsibility Committee

Age 62

Date of Appointment

April 12, 2019

Education

- Master of Economics Program (Finance) (Hons.), National Institute of Development Administration (NIDA)
- Bachelor of Accounting, Chulalongkorn University

Traing Program

- Year 2019, Cyber Resilience Program, Bank of Thailand
- Class 34/2019, Advanced Audit Committee Program (AACP), IOD
- Class 24/2017, Top Management Program, Capital Market Academy
- Class 3/2016, Ethical Leadership Program (ELP), IOD
- Class 18/2015, Anti Corruption: The Practical Guide (ACPG), IOD
- Class 3/2014, Risk Management Committee Program (RMP), IOD
- Class 126/2009, Director Certification Program (DCP), IOD
- NIDA-Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania, USA
- PTT Executive Leadership Program, General Electric Crotonville, New York, USA

Number of Shares in company None

% of Shares in company None

(Not changed as at April 12, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

None

Experience over Past 5 Years

2017 - 2018	Councilor and Executive Director, Vidyasirimedhi Institute of Science and Technology (VISTEC)
2016 - 2018	Director and Member of the Risk Management Committee, Thai Oil Pcl.
2016 - 2018	Chief Financial Officer, PTT Pcl.
2015 - 2018	Chairman, PTT International Trading Private Co., Ltd.
2015 - 2018	Chairman, PTT Energy Resources Co.,Ltd.
2016	Executive Vice President, Financial Policy and Corporate Accounting, PTT Pcl.
2014 - 2016	Executive Vice President, Corporate Accounting and Finance, PTT Pcl.

Brief Biography of Executive Officers

(As at December 31, 2019)

1. Mr. Payong Srivanich

President

Age 51

- Please refer to page 23

2. Mr. Poonpat Sripleng

Senior Executive Vice President - Head of

Risk Management Group

Acting Head of Operation Group

Age 55

Date of Appointment

October 1, 2013

Education

- MS (Economic), Thammasat University
- BS (Economic), Thammasat University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Top Executive Program in Energy Literacy 2019, Thailand Energy Academy
- Certificate, Role of the Chairman Program, IOD
- Certificate, Corporate Governance for Capital Market, IOD
- IFRS 9 Implementation 2017, Incisive Risk Information Limited
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- The Risk Games Conference 2013: The Asian Banker Summit 2013, Jakarta, Indonesia
- Corporate Credit Rating Analysis, Hong Kong
- Bourse Game; Union Bank of Switzerland, Hong Kong
- Portfolio Management; Euro Money, Hong Kong
- Project Management; Alltel Information System
- Syndication Loan; DC Gardner
- Problem Solving and Decision Making, Kepner Tregoe
- Leadership Development Institute, Kepner Tregoe
- Asset & Liability Management, Sendero Institution
- Profitability Measurement and Fund Transfer Pricing, Sendero Institution
- Risk Management, Risk Metrics
- Advance Volatility Trading, Singapore
- Advance Banking and Risk Management Program, Nanyang Technology University, Singapore

- Retail Lending and Stress Test, Singapore

- FRM (Financial Risk Manager; GARP)

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2017 - Present Chairman, KTB General Services and Security Co., Ltd

2014 - Present Executive Director, Krungthai ZMICO Securities Co., Ltd (formerly KT ZMICO Securities Co., Ltd.)

Experience over Past 5 Years

2016 - 2017 Chairman, Krungthai Card Pcl.

2014 - 2016 Executive Director, KTB Leasing Co., Ltd

2013 - 2016 First Executive Vice President - Managing Director, Risk Management Group, Krungthai Bank Pcl.

3. Ms. Praralee Ratanaprasartporn

Senior Executive Vice President - Head of

Digital Solutions Group

Age 50

Date of Appointment

May 2, 2013

Education

- MBA (Finance), University of Alabama at Birmingham, USA
- BBA (Accounting) (Auditing), Thammasat University

Training Program

- Legal Strategies for Personal Data Management Chulalongkorn University (2019)
- Innovations Payment, Master Card, UK (2018)
- Fintech Strategy and Innovation Payment System, Plug and MasterCard, Singapore (2018)
- SAS Global Forum 2018 (Executive Program), SAS Software, USA (2018)
- Blockchain in Government, Trueventus, Singapore (2018)
- Singapore Fintech Festival 2018, Baker McKenzie, Singapore (2018)
- Co-Creation Workshop, VISA International, Singapore (2017)

- Innovations Payment – MasterCard Asia/Pacific, VISA International, MSI Global Private Limited, Singapore (2017)
- Innovations Payment, UnionPay International, China (2017)
- Google Next 2017, Google Cloud Platform, APAC, USA (2017)
- Analytics Experience, SAS Software, Italy (2016)
- Asia Banking Analytics Roundtable, McKinsey, Hong Kong (2016)
- Director Certification Program – DCP, Thai Institute of Directors Association (IOD) (2016)
- Customer Segmentation and Micro Segment Analytics 2016 by SAS
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- KTB Digital Banking Workshop 2015
- Advance Management Program INSEAD Business School – European Campus, France (2011)
- Customer Experience Workshop, Malaysia (2010)
- SME Strategy Workshop, GE, Singapore (2007)
- Global Mortgage Conference, GE, USA (2006)
- Advance Manager Course
- Six Sigma/ Quality Training (2003)

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

Apr. 2019 – Present Krungthai Card Pcl.

Positions in Non-Listed Companies/Other Organizations

Sep. 2019 – Present Director, National Digital ID Co., Ltd.

2017 – Present Director, Krungthai-AXA Life Insurance Pcl.

2014 – Present Director, KTB Leasing Co., Ltd.

Experience over Past 5 Years

2016 – Dec. 2019 Senior Executive Vice President – Head of Retail Shared Service Group and Data Innovation

2014 – 2016 First Executive Vice President – Managing Director, Retail Shared Services Group, Krungthai Bank Pcl.

2013 – 2014 Advisor to the President, Krungthai Bank Pcl.

4. Mr. Weerapong Suppasedsak

Senior Executive Vice President – Head of

Business Center Group

Age 53

Date of Appointment

December 26, 2014

Education

- Master of Economics (Finance), National Institute of Development Administration (NIDA)
- Bachelor of International Economics, Ramkhamhaeng University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Executive Talk 2019
- National Defence Course 2018, National Defence College
- KTB executive refining program (One-on-one) (2016)
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- Interest rate Indexed and Derivatives (2015)
- TLCA Executive Development Program 2014, Thai Listed Companies Association
- FATCA Regulations for the Board of Directors and Executives of the Bank (2014)

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2017 – Present Executive Director, Krungthai ZMICO Securities Co., Ltd

Experience over Past 5 Years

2016 – 2019 Director, Krungthai Panich Insurance Co., Ltd

2012 – 2019 Director, Bangkok Expressway and Metro Pcl.

2016 – 2018 Senior Executive Vice President – Head of Corporate Banking Group 2, Krungthai Bank Pcl.

2014 – 2016 Director/Chairman of the Audit Committee at Suvarnabhumi Airport Hotel Co., Ltd.

2014 – 2016 First Executive Vice President –
Managing Director Corporate,
Banking Group 2, Krungthai Bank Pcl.

5. Mr. Niruj Maneepun

Senior Executive Vice President - Head of Compliance
and Legal Management Group and Corporate Secretary

Age 51

Date of Appointment

August 23, 2017

Education

- Master of Laws (LL.M.), Temple University, Philadelphia Pennsylvania, USA
- Master of Comparative Jurisprudence (M.C.J), Howard University, Washington D.C., USA
- Barrister-at-Law, Institute of Legal Education of the Thai Bar Association
- Bachelor of Laws, Ramkhamhaeng University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Personal Data Protection Act, B.E. 2562 (2019)
- Enhancing Corporate Governance of State-Owned Enterprise Management
- Declaration of Assets and Liabilities of the State Officials to the National Anti-Corruption Commission
- The Advanced Management Program (AMP), The University of Chicago Booth School of Business (2018)
- The Program of Senior Executives on justice administration (2018)
- Class 1/2012, Anti Corruption for Executive Program (ACEP), Thai Institute of Directors
- Class 143/2011, Director Certification Program (DCP), Thai Institute of Directors
- Class 10/2010, Financial Statements for Directors (FSD), Thai Institute of Directors
- Class 33/2009, Company Secretary Program (CSP), Thai Institute of Directors
- Class 102, Directorate Psychology Course, National Defences Studies Institute
- Class 2, Advance Diploma of Administrative Justice Administration Program, The Administrative Court
- Class 1, Power of The Kingdom, Chulalongkorn University Executive Program

- Class 2, Rule of Law for Democracy, Institute of Constitute Studies
- Class 3, Executive Program in Business Industry and Investment, Institute of Business and Industrial Development

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

- | | |
|----------------|--|
| 2019 – Present | Director and Vice Chairman,
KTB Law Co., Ltd. |
| 2019 – Present | Director/ Member of the
Corporate Governance
Committee,
Krungthai Panich Insurance Pcl. |
| 2016 – Present | Advisor to The Chancellor
King Mongkut's University of
Technology Thonburi |

Experience over Past 5 Years

- | | |
|-----------------------|--|
| Aug. 2017 – Sep. 2018 | Advisor to the President,
Krungthai Bank Pcl. |
| 2014 – 2017 | Advisor to the President,
Thai Airways International Pcl. |
| 2010 – 2014 | Vice President,
Thai Airways International Pcl. |

6. Mr. Suratun Kongton

Senior Executive Vice President - Head of
Corporate Banking Group 2

Age 53

Date of Appointment

October 8, 2018

Education

- Master of public administration, University of Southern California, USA
- Bachelor of Political Science Public Administration (Public Finance), Chulalongkorn University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Reimagining Your Business for the Digital Age 2019

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2019 - Present Director and Member of
the Nomination, Remuneration and
Human Resource Management
Committee, Dhipaya Insurance Pcl.

Experience over Past 5 Years

Feb. - Jun. 2018 Head of Corporate Banking Group,
Bank of Ayudhya Pcl.

2017 - 2018 Director, Krungsri Securities Pcl.

2017 - 2018 Director, General Card Services Co., Ltd.

2010 - 2018 Director, Tumtumpai Co., Ltd.

2016 - 2017 Head of Corporate and Investment
Banking Group, Bank of Ayudhya Pcl.

2012 - 2016 Executive Vice President and Head of
Corporate Banking Division,
Bank of Ayudhya Pcl.

7. Mr. Ekachai Techawiriyakul

Senior Executive Vice President - Head of
Corporate Banking Group 1

Age 58

Date of Appointment

November 1, 2017

Education

- Master of Business Administration, Thammasat University
- Bachelor of Engineering, Chulalongkorn University

Training Program

- Class 5/2019, Power of The Kingdom,
Chulalongkorn University Executive Program
- The Anti-Money Laundering and the Counter-Terrorism
and Proliferation of Weapon of Mass Destruction
Financing (AML/CTPF) (2019)
- Identity Determination and Desirable Behavior
Management
- Executive Talk 2019
- Principles for Consideration of Disciplinary Offenses and
Examples of Relevant Judgments
- Director Certification Program (DCP) 2018,
Institute of Directors (IOD)

- Good Corporate Governance for Top Executives 2017,
LEAD Business Institute
- Leader as Coach 2017
- Digital Banking & Inspirational Leadership (2016)
- Situational Leadership for Top Leaders (2016)
- Executive Leadership Development Program (ELDP)
2015, Compass Institute, LEAD Business Institute and
Cornell University

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2019 - Present Chairman and Chairman of
the Risk Management Committee,
Krungthai IBJ Leasing Co., Ltd.

2017 - Present Director, Suvarnabhumi Airport Hotel Co., Ltd.

Experience over Past 5 Years

2017 - 2018 First Executive Vice President - Head of
Corporate Banking Group 1,
Krungthai Bank Pcl.

2014 - 2017 Executive Vice President - Sector Head
Corporate Banking Sector 8,
Krungthai Bank Pcl.

2014 Senior Vice President - Sector Head
Corporate Banking Sector 8,
Krungthai Bank Pcl.

2012 - 2014 Senior Vice President and Manager -
Corporate Banking Department 2
Krungthai Bank Pcl.

8. Mr. Rawin Boonyanusasna

Senior Executive Vice President - Head of
Global Markets Group

Age 45

Date of Appointment

November 23, 2016

Education

- MSC. in Financial Engineering and Quantitative,
University of Reading, United Kingdom
- MA. in International Economics and Finance,
Chulalongkorn University
- BA. in Economics, Thammasat University

Training Program

- Executive Talk (2019)
- Class 1/2018, Blockchain & Bitcoin for Management, The Thai Institute of Banking and Finance Association (TIBFA)
- Bank of Thailand's Treasury Dealer Course (2017)
- Bond Trader's Refresher Course (2017)
- Inspirational Leadership Course (2017)
- Customer Segmentation and Micro Segment Analytics by SAS (2016)
- KTB executive refining program (2016)
- Global Market Desk Guide (2016)
- Strategic Planning Workshop (2015)
- Creating the Performance-Driven Organization (2015)

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2018 - Present Executive Director,
Krungthai ZMICO Securities Co., Ltd

2017 - Present Director, Krungthai-AXA Life Insurance Pcl.

Experience over Past 5 Years

2016 - 2018 First Executive Vice President Group Head,
Krungthai Bank Pcl.

2015 - 2016 Executive Vice President Team Leader,
Trading Team, Global Markets Group,
Krungthai Bank Pcl.

2014 - 2015 Head of Capital Market Product Trading,
TMB Bank Pcl.

9. Ms. Saranya Vejikul

Senior Executive Vice President - Head of
Financial Management Group

Age 50

Date of Appointment

July 1, 2019

Education

- MBA Executive Program, Chulalongkorn University
- Bachelor of Economics (Accounting), Kasetsart University

Training Program

- CFO Focus On Financial Reporting 2019
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

None

Experience over Past 5 Years

Jul 2019 - Aug 2019 Financial Management Advisor to
the President, Krungthai Bank Pcl.

2010 - 2019 EVP, Head of Financial Planning &
Analysis (PF&A),
Siam Commercial Bank Pcl.

10. Mr. Santi Parivisutt

First Executive Vice President - Head of
Internal Audit Group

Age 57

Date of Appointment

October 1, 2016

Education

- MS (Economic), National Institute of Development Administration
- Bachelor of Economics, Ramkhamhaeng University

Training Program

- Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course 2019, Public Director Institute (PDI), King Prajadhipok's Institute
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Krungthai Strategy and Future Direction 2019
- Executive Talk 2019
- Compliance Guidelines on Personal Data Protection Act, B.E. 2562 (2019)
- IFRS9 Accounting Standard 2019
- Design thinking: growing the right mindset for better compliance (2019)
- Annual Audit Committee Conference KTB Group 2019
- New Performance Evaluation Criteria (8 Core Business Enablers) for State-Owned Enterprise: Internal Audit (2019)
- Industry Code of Conduct 2019
- Identity Determination and Desirable Behavior Management 2019

- Class 16/2018, How to Develop a Risk Management Plan (HRP), Thai Institute of Directors Association (IOD)
- Class 10/2018, Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors Association (IOD)
- Class 1/2017, One on One Executive Coaching, Slingshot Coaching Co., Ltd.
- Director Certification Program (DCP) 237/2017, Thai Institute of Directors
- Advanced Audit Committee Program (AACP) (2017)
- Internal Audit in Disruptive Technology (2017)
- Good Corporate Governance for Top Executives 2017, LEAD Business Institute
- Annual Audit Committee Conference. CAACC (2016)
- Digital Banking & inspirational Leadership (2016)
- Crucial Conversations, PacRim Group (2016)
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- FATCA for Director and Executive Officers

Number of Shares in company 1,070 shares (held by spouse)

% of Shares in company 0.00001%

(Not changed since January 1, 2019)%

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

None

Experience over Past 5 Years

2015 - 2016	Executive Vice President - Sector Head, Credit Transaction, Audit Sector, Krungthai Bank Pcl.
2014 - 2015	Senior Vice President - Sector Head, Credit Transaction, Audit Sector, Krungthai Bank Pcl.

11. Mr. Suppawat Wadhanapatee

First Executive Vice President - Head of
Human Resources and Corporate Governance Group

Age 49

Date of Appointment

October 1, 2016

Education

- Doctor of Business Administration, Dhurakij Pundit University
- Master of Business Administration/ finance, Rensselaer Polytechnic Institute, USA

- Master of Laws / International Law, Chulalongkorn University
- Bachelor of Laws, Chulalongkorn University

Training

- Strategic Management in Corruption Prevention and Suppression Program for Chief Executive Officers
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Thailand Competitiveness Conference 2019
- Digital HR Forum 2019
- Enhancing Corporate Governance of State-Owned Enterprise Management
- Identity Determination and Desirable Behavior Management
- Executive Talk 2019
- Annual Conference and Exposition, Society for Human Resource Management (SHRM), USA (2018)
- 6TH Compensation & Benefits Summit 2018, Equip global, Singapore
- TMA Trend Talk #8 Renovate to Innovate: Moving Forward with Agility in the Digital Era, Thailand Management Association (TMA) (2018)
- Good Corporate Governance for Top Executives 2017, LEAD Business Institute
- Digital Banking & Inspirational Leadership (2016)
- How Digital Technology Transforms the Financial Service and Experiences (2016)
- Situational Leadership 2015, Slingshot Group
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- Professional Coach Certification Program 2015, Thailand Coaching Institute
- The GRID for Supervisory Excellence - Experience The Power to Change 2015, Grid Organization Development LLC
- Strategy and Innovation for Businesses in Asia (SIBA): CMMU Session (2014)
- Workshop: The Leadership Talent Sustainability Across Borders 2013, Personnel Management Association of Thailand - PMAT

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations
None

Experience over Past 5 Years

2013 - 2016 Executive Vice President - Sector
Head of Human Resources Sector,
Human Resources and Corporate
Governance Group,
Krungthai Bank Pcl.

Experience over Past 5 Years

2017 - 2018 Director and Managing Director,
Daingern Dotcom Company Limited
2015 - 2018 Director and Managing Director,
ASN Broker Public Company Limited
2015 - 2018 Director and Managing Director,
ASN Life Broker Company Limited
2012 - 2015 Executive Vice President, IT Business
Alignment, Technology and Operations
Group, Siam Commercial Bank Pcl.

12. Mr. Tawatchai Cheevanon

First Executive Vice President - Head of
Global Transaction Banking Group

Age 51

Date of Appointment

January 2, 2019

Education

- Master of Business Administration, Seattle University, USA
- Bachelor of Business Administration, Assumption University

Training Program

- Master Deal Maker Program, University of Pennsylvania, USA
- Director Certification Program (DCP), Thai Institute of Directors (IODs)
- Banking Institutes Program, Sydney, Australia
- BM Client Executive Program (CEP), Harvard University, USA

Number of Shares in company None

% of Shares in company None

(Not changed since January 2, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

Nov 2019 - Present Director, InnoSpace (Thailand) Co.,Ltd.

Sep 2019 - Present Director, BCI (Thailand) Co.,Ltd.

Jun 2019 - Present Director, KTB Computer Services Co.,Ltd.

Apr 2019 - Present Director and Member of the Risk
Management Committee,
Krung Thai IBJ Leasing Co., Ltd.

2016 - Present Director, Cycling Cloud Company
Limited

13. Mr. Kittipat Peantham

First Executive Vice President - Head of
Government & State Enterprise Relations Group

Age 53

Date of Appointment

October 9, 2018

Education

- Master of Business Administration (Financing), National Institute of Development Administration
- Bachelor of Accountancy (Auditing), University of The Thai Chamber of Commerce

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Identity Determination and Desirable Behavior Management
- Executive Talk 2019
- GTB & Government Integrated Strategy to Digital Platform
- Leadership Succession Program, Institute of Research and Development for Public Enterprises (IRDPE) (2018)
- Class 61/2018, National Defence Course, National Defence College
- One on One Executive Coaching, Slingshot Coaching Co., Ltd. (2017)
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- Wholesale Banking Transformation
- FATCA for Director and Executive Officers

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations None

Experience over Past 5 Years

2017 - 2018	Executive Vice President - Sector Head, Asset Management Group Credit Restructuring and Asset Management Group, Krungthai Bank Pcl.
2016 - 2017	Executive Vice President - Sector Head, Corporate Banking Sector 3, Krungthai Bank Pcl.
2015 - 2016	Executive Vice President - Sector Head, Corporate Banking Sector 2, Krungthai Bank Pcl.

14. Mr. Pichit Jongsaliswang

First Executive Vice President - Head of
Retail Strategy Product & Segmentation Group

Age 38

Date of Appointment

April 9, 2019

Education

- MBA Kellogg School of Management,
Northwestern University, USA
- Bachelor of Science in Commerce McIntire,
School of Commerce Charlottesville, VA
University of Virginia, USA

Training Program

- The Anti-Money Laundering and the Counter-Terrorism
and Proliferation of Weapon of Mass Destruction
Financing (AML/CTPF) (2019)
- Identity Determination and Desirable Behavior
Management

Number of Shares in company None

% of Shares in company None

(Not changed since April 9, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

Oct. 2019 - Present Director / Member of Nomination and
Remuneration Committee,
Krungthai Card Pcl.

Positions in Non-Listed Companies/Other Organizations

Sep. 2019 - Present Member of Investment Committee,
Private Equity Trust for SME
Growing Together 1

Sep. 2019 - Present Member of Investment Committee,
Private Equity Trust for SME
Growing Together 2

Experience over Past 5 Years

Apr. 2019 - Oct. 2019	Advisor to the President, Krungthai Bank Pcl.
2018 - Jan. 2019	Director, Nestifly Co., Ltd.
2015 - 2017	Advisor to the President, Krungthai Bank Pcl.
2013 - 2015	Executive Vice President, Head of SME Segment, TMB Bank Pcl.

15. Ms. Surang Thanutthanon

First Executive Vice President - Head of
Credit Restructuring & Asset Management Group

Age 59

Date of Appointment

October 1, 2019

Education

- Master of Management, Sasin Graduate Institute of
Business Administration of Chulalongkorn University
- BA (Accounting), Chulalongkorn University

Training Program

- Diploma in Auditing, Chulalongkorn University
- The Anti-Money Laundering and the Counter-Terrorism
and Proliferation of Weapon of Mass Destruction
Financing (AML/CTPF) (2019)
- Identity Determination and Desirable Behavior
Management
- Class 2/2018 One on One Executive Coaching,
Slingshot Group
- Optimizing Leadership Program (2017)
- Executive Brand Solicitation (2016)
- Situational Leadership (2015)
- Executive Leadership Development Program (ELDP)
2015, Compass Institute, LEAD Business Institute and
Cornell University

Number of Shares in company 10,149 shares

% of Shares in company 0.00007%

(Not changed since October 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations
None

Experience over Past 5 Years

2014 – 2019 Executive Vice President – Sector
Head, Credit Restructuring Group 1
Credit Restructuring & Asset
Management Group,
Krungthai Bank Pcl.

2016 – 2017

Senior Vice President – Sector Head,
South Region Network 2 Sector,
Retail Banking Sales & Distribution Group,
Krungthai Bank Pcl.

2015 – 2016

Senior Vice President – Regional Office
Manager, Songkhla 1-2 Regional Office
Retail Banking Sales & Distribution Group,
Krungthai Bank Pcl.

16. Mr. Therdchai Wiroonpanich

First Executive Vice President – Head of
Retail Banking Sales & Distribution Group

Age 59

Date of Appointment

October 1, 2019

Education

- Master of Science Program in Agricultural Economics, Kasetsart University
- Bachelor of Agriculture, Kasetsart University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Identity Determination and Desirable Behavior Management
- Retail Strategic Initiative 2019 & Krungthai Market Conduct
- Executive Leadership Development Program (ELDP) 2018, Compass Institute, LEAD Business Institute and Cornell University

Number of Shares in company 6,339 shares

% of Shares in company 0.00005%

(Not changed since October 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

Mar. 2019 – Present Director and Member of the Audit
Committee, Krungthai ZMICO
Securities Co., Ltd

Experience over Past 5 Years

2017 – 2019 Executive Vice President – Sector
Head, South Region Network 2 Sector,
Retail Banking Sales & Distribution
Group, Krungthai Bank Pcl.

17. Mr. Chanchai Sinsuparatn

First Executive Vice President – Head of
Retail Shared Services Group

Age 56

Date of Appointment

December 1, 2019

Education

- MBA, Ramkhamhaeng University
- Bachelor of Arts, Ramkhamhaeng University

Training Program

- IFRS9 Preparation for Executive (2019)
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Declaration of Assets and Liabilities of the State Officials to the National Anti-Corruption Commission (2019)
- Digital Transformation in Banking for Executive (2019)
- Insights into Debt Collection Act (latest version), the Notifications of the Office of the Consumer Protection Board B.E. 2561(2018) and Accurate Practices for Hire Purchase and Leasing Business (2019)
- Executive Brand Solicitation (2016)
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University

Number of Shares in company None

% of Shares in company None

(Not changed since December 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

Jul. 2019 – Present Member of Investment Committee,
KTB Leasing Co., Ltd.

Apr. 2019 – Present Director, KTB General Services and
Security Co., Ltd.

Experience over Past 5 Years

2014 – 2019 Executive Vice President – Sector Head, Retail Loan Factory Sector, Retail Shared Services Group, Krungthai Bank Pcl.

18. Mr. Pativate Santavanond

First Executive Vice President

Age 58

Date of Appointment

October 1, 2016

Education

- MBA – Finance, Webster University, USA
- BA – Economics, Thammasat University

Training Program

- The Disciplinary Procedure and Civil Liability of Employee (2018)
- One on One Executive Coaching (2018)
- Capital Market and GM Product Solution (2018)
- Inspirational Leadership (2017)
- Optimizing Leadership Program (2017)
- Digital Banking & Inspirational Leadership (2017)
- Executive Brand Solicitation (2017)
- Executive Leadership Development Program (ELDP) 2015, Compass Institute, LEAD Business Institute and Cornell University
- TLCA Executive Development, Listed Companies Association Thailand, Stock Exchange of Thailand, and Capital Market Academy (2013)

Number of Shares in company 67,000 Shares (held by spouse)

% of Shares in company 0.00048%

(Decreased 3,000 Shares from January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2018 – Present President, Krung Thai IBJ Leasing Co., Ltd.

Experience over Past 5 Years

2017 – 2018 Director, Krung Thai IBJ Leasing Co., Ltd.

2016 – 2018 First Executive Vice President – Head of Business Center Group, Krungthai Bank Pcl.

2014 – 2016 Executive Vice President – Director, Metropolitan Business Center Sector 1, Krungthai Bank Pcl.

19. Mr. Kosol Chamchuen

First Executive Vice President

Age 59

Date of Appointment

October 29, 2018

Education

- Master of Business Administration, Dhurakij Pundit University
- Bachelor of Business Administration, Dhurakij Pundit University

Training Program

- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Workshop Kick Off Pilot Branch 10+10
- Wealth Advice
- Executive Leadership Development Program (ELDP) 2018, Compass Institute, LEAD Business Institute and Cornell University
- Workforce Rationalization (2018)
- KTB Branding Together: Brand Talk (2018)
- ONE KTB: The Future of Banking (2017)
- Optimizing Leadership Program (2017)
- The 7 Habits of Highly Effective People (2017)
- Strategic Plan Preparation for Executives of Retail Business & Network Group (2017)

Number of Shares in company 7,000 shares

% of Shares in company 0.00005%

(Not changed since January 1, 2019)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations None

Experience over Past 5 Years

Oct. 2018 – Oct. 2019 First Executive Vice President – Head of Retail Banking Sales & Distribution Group

2017 – 2018 Executive Vice President – Sector Head, Metropolitan Network 1

Apr. – Oct. 2017 Executive Vice President – Sector Head, Central Region Network

2016 – 2017 Senior Vice President – Sector Head, Central Region Network

2015 – 2016 Senior Vice President – Regional Office Manager, Phetchaburi Regional Office

Business Environment



Economic Overview in 2019 and Outlook for 2020

World economy in 2019 decelerated.

The International Monetary Fund (IMF) ⁽¹⁾ estimated that the world economy in 2019 grew only 2.9%, down from 3.6% growth in 2018, which marked as the lowest growth rate since the global economic crisis in 2008 - 2009. Meanwhile, the volume of global trade expanded only 1.0%, decelerated from 3.7% in 2018 due to the impact of severe retorting in trade war between the United States and China, including measures relating to trade protectionism posted by the United States against other nations affecting worldwide production activities. Economy of the United States grew less than the previous year after the push from fiscal policy gradually disappeared. However, the drive from other supportive factors, particularly the consumption and employment, were still strong. China's economy was affected by the trade war and the deceleration of domestic demand caused by economic balancing policy of the government. The European economy faced up to the consequences by the slowdown of manufacturing and export sectors as well as being under pressure

World GDP
in 2019



grew only
2.9%

by the uncertainty of Brexit. For Japan, its economy confronted with the downturn of domestic consumption resulting from the increase in consumption tax in Japan.

Global monetary policy direction was more relieved. Leading by the Federal Reserve Bank of US, the policy interest rate was cut down twice till reaching at 1.50% - 1.75%. European Central Bank adjusted the interest rate down and turned to apply the Quantitative Easing (QE) Policy again. The relaxation of monetary policy and the deceleration in economic growth tendency caused the bond yield in developed countries to decrease continuously. Developing countries also relaxed the monetary policy, triggering the volatility in exchange rates of many countries. The real effective exchange rate comparing between the end of 2018 and the end of 2019 indicated that US Dollar, Chinese Yuan and Japanese Yen strengthened while EU Euro and British Pound Sterling weakened.



In 2020, World economy will grow amid numerous risks.



World economy
In 2020

Growth remains
fragile

IMF forecasts that the world economy will grow at 3.3% ⁽¹⁾ while the volume of global trade will expand by 2.9%. The manufacturing sector shows more signs of recovery in many countries, including better direction of confidence in trade and investment. Meanwhile, the China-United States trade war tends to have relieved direction after reaching the first phase of trade deal. Global monetary policy tends to remain relaxed, contributing to support world economy subsequently. However, the mentioned growth may deviate from expectation due to various risks in this year. For instance; the Covid-19 epidemic began in China, which seems to spread effects on China's economy and the international travels around the world; the policy changes after United States presidential election that will be held in November; the conflict between the United States and Iran that may affect stability in the Middle East region and the following consequences if England cease to be a member of the European Union. Besides, more investment pursuits in risk weighted assets under the downward trend in interest rates may be the key cause of new wave of fragility in global financial sector.

⁽¹⁾ IMF World Economic Outlook, January 2020

Thailand's economy in 2019 decelerated from both external and internal factors.

Thai economy in 2019

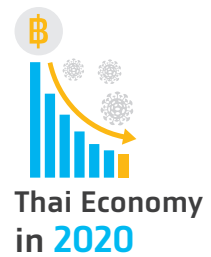


grew by
only
2.4%


The economy grew by only 2.4%, down from 4.2% in 2018, which is a slower rate than expected. Consequently, the Bank of Thailand lowered the policy interest rate twice from 1.75% until reaching 1.25%. The key factors that caused the deceleration in Thailand's economy were the impact of the trade war, causing contraction of the export value in US dollars for the first time in 4 years. Moreover, the export in the world's major supply chains such as electronic products, rubber and rubber products contracted extremely. In addition, price competitiveness of Thai products was also under pressure by the strong Thai Baht as reflecting in the real effective exchange rate of Thai Baht, which strengthened by 6.0%. Contraction of exports and loan-to-value measure (LTV) resulted in a deceleration of new investments in the real estate sector, causing a slowdown in private sector investment. Nevertheless, the growth rate of public

investment was lower than expected, partly due to the delay of the 2020 budget expenditure affecting the disbursements in the first quarter of the fiscal year 2020 (4th quarter of 2019 according to the calendar year), investment postponement of the state-owned enterprises and the delay of the main projects in the Eastern Economic Corridor (EEC). However, Thailand's economy still received support from private consumption, which responded to the consumption stimulation measures of the government such as measures to support consumption through the government welfare cards, assistance measures for agriculturists and Chim Shop Chai campaign. Moreover, tourism sector was still expanding well according to the increasing number of foreign tourists and partly due to the Visa on Arrival (VOA) fee exemption measure for targeted countries i.e. China, India and Taiwan.





will grow at
slower rate
than 2019



Covid-19
hurts the economy
considerably

It is expected to grow at slower rate than 2019 due to the significant risk from the Coronavirus Disease 2019 (COVID-19) Outbreak that takes its toll on tourism and export sectors in a wide range, particularly during the first half of the year. This caused the government sector to push for urgent policies i.e. tax measures, extension for debt repayment and fees measures, including the credit measures, with the purpose of supporting the economy and mitigate the impact on the tourism sector. In addition, the Bank of Thailand reduced the policy rate to 1.00% in February. Besides, the drought and the delay of the 2020 budget expenditure

is likely to affect the income of the private and household sectors. Therefore, when considered together with the high level of household debt, it is projected that private consumption will probable slow down. The government anticipated to expedite budget disbursement after the Annual Expenditure Budget Act 2020 is enforcing and continuously encouraging measures for consumption and investment. For the real estate measures, both the reduction of transfer and mortgage fees and the relaxation of the BOT's LTV criteria, are anticipated to help boost the property market after the sluggishness in the past year.

Policy and Business Overview



1. Overview of the Bank's Operation and Progress of 2019 Objective Plans

Entering the era of disruption, a period of rapid and intense changes in technology, competitors, government organizations and consumer behavior causes the Bank to adjust itself to the situations in order to respond to the needs of customers and shareholders. The Bank has implemented its important strategies, accelerated adjustment on business model, transformed the technological system and improved work processes, including rebalancing loan portfolios by considering risk-adjusted return. The Bank also aims to strengthen its competitiveness, together with supporting the government in developing an efficient payment network system.

The Board of Directors has attached great importance to the review and stipulation of the policy framework, vision, mission, strategic plan and business plan, including monitoring the implementation and compliance in an attempt to achieve the organization's goals. In this regard, the Bank organized the brainstorm meeting between the Bank's Board of Directors and the Management and the executives of affiliated companies to determine the strategic directions and important projects that will drive the business group to achieve its strategic goals.

Accordingly, the Management utilized the opinions from the meeting to formulate the business plan of the Bank and proposed to the Board of Directors' meeting for approval. In this regard, the Management communicated the Bank's strategic plan, business plan and important goals to employees in the organization thoroughly. For instance, the Bank held Business Strategy Seminar annually with the intention that the executives, Branch Managers, Regional Office Managers and FVP Department Heads or higher, can be acknowledged about management policies and directions, including Thai economic tendency and change in business environment. As a result, the participated executives shall have guideline to initiate proactive operations in order to achieve the organization's goals and passed the strategies to the employees in the departments accurately and in the same direction. Moreover, the Bank held the Board of Directors' mobile meetings and visited the departments and branches in each region regularly to convey the important policies and strategies in various aspects as well as getting to know the problems caused by the operations of the employees closely.

The Board of Directors has monitored the Bank's performance compared to monthly key performance indicators and has



The Bank allocates more
IT budget to prepare for
**Technology
Disruption**

tracked the Bank's progress of the key projects and performance compared to the peers' performance in terms of quarterly key performance indicators during the year as stated in the Performance Report. In addition, the Board of Directors gave the policy, strategy and suggestions to the Management through the Board of Director meetings. As a result, after the Management had taken such advice into the process, the Management had to report the progress and the accomplishment at the meeting regularly.

Krungthai Bank is determined to develop payment innovation and to promote electronic financial transactions to correspond with digital economy and National e-Payment. With the strong determination to support Thai economy to grow and acquire higher potential, the Bank specifies a long-term goal, which is the Sustainable Growth from Optimized Profitability.

In order to achieve the statement of direction, vision and mission that focus on improving people's well-being and providing economic opportunities and greater access to financial services to people, including maintaining competitiveness as a leading commercial bank of the country, Krungthai Bank has continued to comply with the strategic plan "3 Summits". The Bank has set the goal to attain the sustainable growth from optimized

profitability through the growth of Krungthai Digital Banking that is, partially, an extension of the Bank's role in building electronic infrastructure throughout the country formerly. During 2019, the "3 Summits" strategic plan has been carried out continuously; consequently, the development and extension on the results from the previous key projects in the previous year are as follows:

Summit 1: Strengthen foundation firmly to prepare for the future

In a highly competitive environment and the era of technological disruption, which affect operations of various businesses and also change the customer behavior, the Bank needs to develop technological capabilities at all times. Meanwhile, the Bank also carries out an improvement in processes to be effective, concise and in line with rapidly changing business context as well as developing employees to have sufficient potential to support business change. The Bank has therefore placed importance on the projects necessary to build a strong organizational foundation as follows:

Investment in system development and technology infrastructure reinforcement: The Bank will dedicatedly allocate extra budget on technological investment of more than Baht 19,000 million during 2019-2023 considered as an increasing

budget from 2018. Part of the budget will be used for the development of Krungthai NEXT Mobile Application and additionally investing in new technology i.e. Blockchain, AI, Biometrics Verification, Data Analytics, Cybersecurity and Cloud Computing. In this regard, the Bank aim promote the competitiveness for instance increasing the number of Krungthai NEXT users and the capability to support transaction volumes via electronic channels, developing e-KYC, adjusting operational processes in branches and types of branches by emphasizing on digital aspect in order to reduce cost and increase customers' satisfaction. The Bank also places importance on security and customers' privacy with the intention to gain public trusts from customers while using our services.

Corporate Governance: The Bank takes into account the organization culture of "Zero Tolerance" by proceeding Krungthai Kunnathum (the Sustainable Krungthai Initiative) so that all units in the Bank can perform their duties under good corporate governance, having integrity and being capable to undergo inspection. Through implementing the moral principles in working, it shall lead Krungthai Bank to be prototypical moral organization. For 2019, the Bank has extended the execution of the model projects resulting from brainstorming of the departments within the Bank through the former significant projects such as Krungthai Compliance Champion and Quality Assurance Project consisting of the "One Unit, One Sustainable Plan" activity.

Human Resources Development: The Bank has continuously provide trainings to develop employees' skills with the intention to accommodate for the change of customer behavior, customer needs and technological advancement. Details are as follows:

- For branch employees, the Bank aims to instill Digital Banking skills such as how to manage and create good experience in using Digital Channel for customers, basic knowledge and features of Krungthai NEXT, Customer Journey understanding, etc.
- The Bank has proceeded the recruitment for employees who have digital skills through several Bank's alliances such as universities, government's scholarship students, etc.

Summit 2: Making appropriate profit and providing integrated services

In 2019, the Bank's loan growth was lower than expected due to slower-than-expected economic growth. It partly resulted from economic slowdown, trade war, new official regulations etc. The Bank has attached importance to continual growth in good quality loans. Loan growth in this year mainly derived from government and state enterprise sectors, retail customers and target industry groups due to business expansion through the government projects. The Bank stressed prominence to NPL control by providing more efficient NPL management and control systems i.e. debt management with new debt classification, selling debt and decrease in NPL new-entry rate etc.

The Bank also focused on maintaining coverage ratio to be at a good level. The Bank and its subsidiaries' coverage ratio continuously improved to more than 120%. Capital adequacy

ratio was at a strong level compared to the requirements of the Bank of Thailand. Moreover, the Bank constantly assessed its capital adequacy ratio in the future so as to comply with official regulations and cover ability to take upcoming risk.

Overall, the Bank emphasized on creating sustainable growth from optimized profitability through the following operations:

Expanding customer base from government projects: The Bank realized on the importance of possessing data for supporting Digital Banking; therefore, the Bank has initiated processes, namely Data Acquisition, Data Foundation and Data Monetization through Data Analytics, which are the tools for analyzing customer needs and behavior. Through such operations, the Bank aimed to develop products that really fulfill the need, for example, SME loan for Siam Global House, Krungthai SME loan and Blue Flag Shops, etc.

Developing service channels in terms of Omni-Channel: The Bank adjusted service styles, added more service channels and improved service quality through branches, ATMs, Mobile Application, call center and banking agents. The purpose is to provide extensive, complete and seamless experience to all customers anywhere and anytime.

In 2019, Krungthai Bank exercised the customer experience strategy - creating a good experience for customer - through adjusting branch style to meet the needs of the customers in 5 Ecosystems. Accordingly, such renovation focused on modern and beautiful decoration while maintaining characteristic of the professional financial institution. The new-style branches are available to services at ICONSIAM, Singha Complex, Thai Beverage Public Company Limited, Thammasat University Rangsit Center, Burapha University and Siriraj Hospital etc. At the new-style branches, the service providing shall be divided into 4 service zones as per the appropriateness and in consistency with the customer needs. Details are as follows:

- Self Service Zone: There are ATM Plus machines, where the deposit and withdrawal can be made.
- Banking Transaction Zone: Providing financial transaction services.
- Advisory Zone: Providing advice and consultation on financial products.
- Segment Zone: There are Precious Plus Lounge for Precious customers, Event Zone for financial workshops, Lifestyle Workshop Digital Learning Center available for Meet & Learn activities. This zone furnished with free Wi-Fi and Co-Working Space for young people to work lively and freely.

Furthermore, each branch has been differently designed to suit lifestyles of its customers. For example, the branch at Thammasat University Rangsit Center is designed under the concept "Krungthai Cube - Campus, Connect, Community" whereas the branch at Burapha University is decorated under the concept "Loft - Young, Digital, Connect" so as to deliver roomy, clear and proportioned free space.

Summit 3: Generating future business growth through Krungthai Future Banking

Targeting customers in 5 Ecosystems: Key strategy of the Bank is a business ecosystem that the Bank can build up from its strength, for example generating the infrastructure of the government's electronic payment system. The Bank has a wide range of customer base as well as having a good relationship with government and provincial customers. The Bank can also use big data to develop and support business. In 2019, the Bank set up 5 ecosystems as a main target: Government, Payment, Health and Wellness, Education, and Mass Transit. Moreover, in the Bank's opinion, 5 ecosystems are strengths of the Bank; therefore, the Bank shall uphold and maintain, then connect them to other ecosystems in order to fulfill daily needs of the customers.

Examples of the important products and services related to 5 ecosystem in 2019 are as follows:

1. Government

- **National e-Payment Policy:** Bank supports projects such as Krungthai QR Code via Pao Tung mobile application, which are installed in more than 500,000 shops in Thailand. The Bank has stressed importance to provincial vendors in fresh markets so that they can access financial services. Moreover, the Bank has supported MyPromptQR that is a business-scan-consumer QR code payment system whereby the shops can receive payment by scanning QR code via applications of the customers. It has helped reduce problems of rejecting transactions or disputes by using MyPromptQR that the customer generated by themselves. The system can store data that are suitable for doing sales promotions.

- **Government Welfare Card:** The Bank joined with the Comptroller General's Department for developing Government Welfare Card and distributed about 11.6 million cards to low-income earners at the end of 2018. The Bank had produced additional government welfare cards under Thai Niyom Yung Yuen Project for disabled, elderly people, bed-ridden patients or those people who cannot travel for a registration amounting to more than 3 million people in 2017. The Bank started for a distribution again in January to February 2019 aiming to reduce cost of living and transportation costs – bus, Bor Kor Sor, train and MRT fares, including year-end economic stimulus assistance measures and urgent economic stimulus package to assist more than 14.6 million low-income earners.

Currently, the total spending amount via government welfare cardholders since October 2017 is 122,000 million Baht. Such amount allocated to important matters, namely 78,000 million Baht on goods purchase, more than 9,200 million Baht on urgent economic stimulus package for government welfare cardholders, the old-age living allowance and child maintenance allowance, 7,200 million Baht on year-end measures of quality of life improvement, 5,600 million Baht on support measures, 2,700 million Baht on travel expenses for medical treatment, 530 million

Baht on train fares, 310 million Baht on Bor Kor Sor fares, 90 million Baht on BMTA etc. At the present, the Pracharat funds (kong-thun pracharat) that the government has established for low-income earners' welfare are allocated budget of 40,000 million Baht from the Bureau of the Budget and can be used in operations to support the implementations of the Government Welfare Project until September 2020.

- **Blue Flag Shops and Thung Ngern Pracharat Mobile Application** to increase channel for Government Welfare Card usage: In 2019, the Bank installed more than 30,000 EDCs at Blue Flag Shops and installed Thung Ngern Pracharat application at more than 50,000 Blue Flag Shops. The Bank plans to increase the number of shops using Thung Ngern Pracharat Mobile Application to support upcoming 3 million people of welfare cardholders.

- **Elderly Allowance** has been proceeding continually. Presently, the Government has a budget for elderly allowance of about 70,000 million Baht per year to distribute to more than 9 million elderly people in Thailand. The payment is made through Krungthai Bank.

- **Tourism promotion campaign, the "Chim Shop Chai" (Taste-Shop-Spend) campaign:** The Bank as a government commercial bank participated in this campaign and provided the application for support economic stimulus measures of the government through the Chim Shop Chai campaign. The Bank has developed Pao Tang mobile application through which the government uses as channel to give money to the participants according to economic stimulus measures and the participating merchants use to receive payment for goods and services. For most entrepreneurs of small and medium enterprises, including community level, the Bank has developed the "Thung Ngern" application as a payment tool.

In an attempt to backing all 3 phases of the "Chim Shop Chai" campaign to attain success, Krungthai Bank has implemented various projects and operations as follows:

- Add new features to the Pao Tang application, the "Chim Shop Chai" campaign, for example Krungthai Connex that provides notifications of financial transactions and cashback to G-Wallet 2 (the 2nd channel) and Chatbot, search tools for nearby shops participating in the "Chim Shop Chai" campaign whereby the system will show 10 nearby shops within 10 kilometers and routes in Google Map to facilitate people to find shops for spending.

- Provide product payment service from shops participating in the "Chim Shop Chai" campaign on the website Thailandpostmart.com of the Thailand Post. Accordingly, Krungthai Bank collaborated with the Ministry of Digital Economy and Society and the Thailand Post to promote economic stimulus measure through 3 phases of the "Chim Shop Chai" campaign by enabling G-Wallet 2 to purchase products and services on the website Thailandpostmart.com of the Thailand Post that is the largest local product center in Thailand in the form of

e-Marketplace. The Thailand Post together with the Bank developed payment system through the Pao Tang application for purchasing products on this website. The Bank also offered privileges: cashback from the “Chim Shop Chai” campaign, discount coupons for shopping products in other categories next time and freight forwarding service for online products to destinations all over Thailand with EMS within 1-2 days.

Currently, there are over 4,000 shops registered by entrepreneurs and 17,000 good and outstanding products nationwide on the website Thailandpostmart.com. Such collaboration will increase sales of community enterprise products and money in circulation and distribute more income to small enterprises and community enterprises.

From the execution of the aforementioned campaign, it was found that more than 160,000 new entrepreneurs nationwide have applied for such campaign and have already installed the Tung Ngern application. When including of more than 80,000 Blue Flag shops, there are more than 170,000 participating shops nationwide.

For the “Chim Shop Chai” campaign during 27 September – 1 January 2020, there are more than 11.8 million campaign participants in total from 3 phases and a total spending of 26,981.9 million Baht. Spending money through G-Wallet 1 is approximately 11,650.9 million Baht and through G-Wallet 2, approximately 15,330.9 million Baht. The users spent 4,536.1 million Baht on shops for Chim (Taste) category, 18,691.3 million Baht on shops for Shop category, 268.5 million Baht on shops for Chai (Spend), 3,282.6 million Baht on other general shops and 153.4 million Baht on hotels. Moreover, more than 480,000 participants topped up money in G-Wallet 2 and more than 390,000 participants spent money through G-Wallet 2.

The participation in the “Chim Shop Chai” campaign of Krunthai Bank helps promote domestic spending, resulting in money circulating in the economy. When the participants spend money according to the government’s measure, they will help boost the local economy and distribute income to the community in line with the government’s policy.

- **Cooperation with government units of Ministry of Finance to use blockchain technology:** The Bank has cooperated with government units in the Ministry of Finance to implement projects using blockchain technology with the purpose to elevate IT infrastructure for supporting missions of government units of Ministry of Finance i.e. the Comptroller General’s Department, the Revenue Department, the Excise Department, the Customs Department and the Public Debt Management Office, etc. To be precise, the Bank encourages using blockchain to develop working systems for government revenue collection, finding funds and property management and bid as well as improving the efficiency of the work systems, reducing work procedures and performing fast, secure, transparent and auditable operations. The examples of the projects are Electronic Government Procurement (e-GP), VAT Refunds for Tourists, DLT Scripless Bond

and Checking right of medical benefits for government officials scheme.

In November 2019, Krunthai Bank signed a Memorandum of Understanding with government units of the Ministry of Finance to implement the projects to use blockchain technology to increase the efficiency of the working system. Three pilot projects will be launched in 2020. Details are as follows:

1. **VAT Refunds for Tourists** is the cooperation between the Revenue Department, the Excise Department and Krunthai Bank to apply blockchain technology for value-added tax (VAT) refund via mobile application. Last year, at least 2 million foreign tourists claimed VAT refunds while their purchases amount for goods and services in Thailand were valued at more than 50 billion Baht with an average of 200,000 foreign tourists claimed VAT refund per month. According to the statistics, Chinese tourists claimed VAT refund the most, totally to about 70% of all foreign tourists. Therefore, blockchain technology will make value-added tax (VAT) refund service more transparent, secure, difficult to counterfeit and auditable.

Moreover, blockchain technology increases the efficiency of government operations. It can reduce the document verification process, which is the use of 10 million sheets of paper a year, slash congestion at VAT refund counters, lower cash management costs and can be used for sorting arrival and departure information immediately instead of for 2 months previously. This helps stimulate the economy concerning tourism of the country, distribute income to small and medium-sized enterprises (SMEs), and create jobs and generate income for grassroots.

2. **Government Procurement (e-GP):** The Bank cooperated with the Comptroller General’s Department to enhance the government procurement system. There are 2 sub-projects as follows:

- 1) **e-LG** is the issuance of an electronic Letter of Guarantee for entrepreneurs in the e-GP system. It will help reduce the working process and collateral audit and build confidence that the placed collateral is secure. The entrepreneurs can request e-LG at all banks and via a developed blockchain system.

- 2) **e-Credit Confirmation** Blockchain of e-GP collects profiles of juristic persons, including rating system based on the entrepreneurs’ performance in working with the government sector. It can help save time for preparing documents for registration and bidding. According to data in 2019, the government sector had more than 3.6 million procurement projects with a total budget of 1.4 trillion Baht. It has reduced the burden of more than 270,000 entrepreneurs, increased the efficiency and enhanced transparency of procurement system, which has driven budget usage to boost the economy. e-Credit Confirmation also links to the systems of financial institutions and integrated quality assessment for the entrepreneurs that work with the government sector.

3. **DLT Scripless Bond:** The Bank has cooperated with the Public Debt Management Office to develop savings through e-Bond. It helps government bond issuance and sales, including Securities Depository to be more effective. People at all levels can access savings. It promotes flexibility in the primary market and helps expands into the secondary market in the future, increases transparency and accountability and reduces operational processes to be faster. Blockchain technology helps people to access bond subscription. The Public Debt Management Office can also increase efficiency in management by reducing the time-consuming process for issuing bonds from 15 days to less than 2 days. The government will issue government savings bonds through the blockchain system in May 2020.

The Bank is confident that using innovations and blockchain technology to drive the abovementioned projects will enhance people's quality of life and fully develops the country into the era of Thailand 4.0

- **Development of e-Payment Portal of Government:** The Bank has signed a Memorandum of Understanding with the Comptroller General's Department to develop e-Payment Portal of Government in an attempt to increase channels of payment for income and other money from people and business sector. In this regard, such services shall provide more convenient and faster services together with reducing the remittance process of the government agencies. The aforementioned system is one stop service (National Single Window: NSW) for the remittance process of the government agencies. It covers transactions between government sector and business sector as well as government sector and public sector such as payment for fines, rental fees, certificate fees and license fees. People and the business sector are not necessary to come to contact at the government agency by themselves. They can make transactions through the website epayment.cgd.go.th. On the website, they can issue bill payment by selecting a transaction or an government agency that they want to pay use it for payment through the Bank's channels such as Krungthai NEXT, Krungthai Corporate Online, ATMs and EDC machine at service points of the the Comptroller General's Department and more than 1,000 Krungthai Bank branches nationwide. When people and the business sector make a payment, they will receive an electronic receipt immediately. Meanwhile, receiving and sending money data will link to the GFMS system automatically. Currently, this service is provided to the pilot agencies that have used the remittance process through e-Payment Portal of Government since May 2019. The Bank is preparing to expand the project into other government agencies that have readiness. In this regard, Krung Thai Bank is the only financial institution that acts as an intermediary in receiving and sending money to GFMS automatically.

2. Payment

- **Krungthai NEXT** The Bank developed additional functions and services in 2019 to meet all customer needs, for example cardless withdrawal via 8,000 Krungthai ATMs nationwide, online savings account opening with no minimum deposit and bank account maintenance fee, online credit bureau check service 24 hours a day, Krungthai Connex: financial transaction notification via LINE for free, Smart AI - recommendation of the special promotions that suit each customer's lifestyle, and Chatbot - intelligent chatbot for frequent questions. In 2019, there are more than 7 million Krungthai NEXT users, increasing from 3.5 million users in December 2018. On the other hand, there are more than 5 million Krungthai Connex users.

- **Krungthai Travel Card** is an innovation where Krungthai Bank become the first bank in Thailand to offer in the market by 2017. In 2019, the Bank further developed Travel Card to expand covering the customer base, i.e. Krungthai Travel UPI Debit Card that is used to pay for goods or services in Yuan currency and to expand payment ecosystem in China, one of the largest markets in the world. The Bank also added new features and services such as Krungthai Travel Card activation via Krungthai NEXT, exchange service for new currencies: Russian ruble, Norwegian Krone, Danish Krone, South Korean won, Taiwan Dollar and Indian Rupee. The Bank has offered a supplementary card for the cardholders to give other persons in order to expand the market to target customers, i.e. the customers whose children or family members study abroad, including family travellers. Presently, there are more than 500,000 Krungthai Travel Cardholders.

- **Online Traffic Ticket Payment:** The Bank cooperated with the Royal Thai Police to develop a full-fledged online traffic ticket payment system by linking traffic ticket database of every police station and the Department of Land Transport together.



In 2019,

There are **7** Million
Krungthai Next users.

This makes it easier for traffic police to view reports and various information that is necessary for issuing a traffic ticket. People can pay for traffic tickets via the Bank's channels: branches, ATMs and Krungthai NEXT application, including the Bank's Banking Agent (CenPay, Boonterm top-up machines and Post Offices). In addition, the Bank is in the process of preparing traffic ticket payment via website and at different police stations.

3. Health and Wellness

• Civil Servant Medical Benefit Scheme (CSMBS):

The Bank adjusted direct reimbursement of medical expenses for 5 million government officials and their families to making transactions through EDC machines with ID card. More than 5,600 EDC machines were installed at state hospitals and approximately 1,300 EDC machines at private hospitals nationwide. This makes direct reimbursement fast and convenient. In 2019, the government allocated a total budget of 70,000 million Baht for the Civil Servant Medical Benefit Scheme.

• **Smart Hospital:** This project has been carried out with both state and private hospitals participating in the Civil Servant Medical Benefit Scheme. Krungthai Bank is one-stop financial management service provider called Total Financial Solutions for Smart Hospital service such as financial management service via Krungthai Corporate Online, payment service via EDC machines, self-payment by debit card, credit card and QR code via Self-Payment Machine, e-Donation system and payroll system. In addition, the Bank cooperated with many state hospitals in 2019 such as Royal Thai Air Force Hospital (Sikun), Vajira Hospital and Samutprakarn Hospital in order to support the hospitals to be a smart hospital.

4. Education

• **The Student Loan Fund (SLF):** The Bank has been entrusted by the Student Loan Fund to manage student loans since 1996. In 2019, Krungthai Bank signed the agreement to procure the Digital Student Loan Fund System (DSL) to meet the operations of the Fund, borrowers and guarantors in the form of paperless and digital ID linking database between government

and private agencies for verification. It makes management fast, secure and in line with the National e-Payment policy.

Until now, the SLF has granted loans to more than 5.64 million students with a credit line of 607,000 million Baht approximately. In 2019, the SLF granted more than 26,000 million Baht to more than 534,000 students, which the Bank supported to the SLF's operation to achieve this goal.

• Smart University Project:

The Bank has cooperated with universities countrywide in the Smart University Project with the intention to elevate the universities in becoming the smart and cashless universities. The Bank links educational information system with the Bank's e-payment system and provides one-stop financial management service through Krungthai Digital Platform such as smart card for students and university staff, EDC machine installation at payment points within the universities, QR code payment and development of university mobile application to support Thailand 4.0 policy and move towards a cashless society.

Moreover, the Bank cooperated with many universities in 2019: Burapha University, Rajamangala University of Technology Lanna and Rajabhat Universities (Nakhon Sawan Rajabhat University, Rajabhat Rajanagarindra University, Kamphaeng Phet Rajabhat University, Songkhla Rajabhat University, Valaya Alongkorn Rajabhat University, Rajabhat Maha Sarakham University and Uttaradit Rajabhat University etc.)

5. Mass Transit

• **Mangmoom Card:** The Bank cooperated with the Mass Rapid Transit Authority of Thailand (MRT) for issuing Mangmoom cards in September 2018. Presently, the card can be used on travelling via MRT Purple and Blue lines. The Bank plans for the card to be in use on all mass transit systems and extended to other MRT lines, the Airport Rail Link, Bangkok Mass Transit Authority (BMTA), and public buses under the common ticketing system later.

The Bank develops cashless services for mass transit systems.



- **Cashless Bus Fares:** The Bank cooperated the Bangkok Mass Transit Authority (BMTA) to launch cashless services on more than 3,000 buses of the Bangkok Mass Transit Authority's (BMTA) in 129 routes from 1 October 2019 onwards. Passengers can pay fares via the EDC machine with electronic tickets (one-trip payment); an advance-payment electronic ticket (unlimited access); an electronic student card; debit/credit cards with the contactless symbol; or the state welfare card. This also includes QR code scanning to pay for fares via the Krung Thai Next app or by mobile banking of any bank free of charge to facilitate passengers' fare payment and promote a cashless society. Presently, the BMTA has 500,000 passengers per day and more than 1,000,000 trips per day.

Krungthai Bank strongly believes that to meet customers' needs for 5 ecosystems in business by employing small town strategy - exploiting strength from government and provincial customer base to drive standard for marketplace and commercial banks to the public in all sectors - will enable the Bank to maintain the existing customer base. It also increases the opportunity to expand the base of potential new customers and help to reach the unbanked customers who have recently made few bank account transactions or have no evidence of regular income. Expanding business through target ecosystems will help the Bank obtain big data for analysis and effectively supporting business expansion in target customer groups of the Bank in the future.

2. The Bank Directions, Plans and Key Projects in 2020

Over the years, Krungthai Bank has acted as a financial institution that is alongside Thai people by providing financial services to people at all levels as well as being a pillar of the nation's economy by helping its customers and Thai people to get through every crisis. The Bank has supported Thai economy by implementing the Government Welfare Card Program, installing EDC machine for Pracharat Blue Flag Shops, implementing the Chim Shop Chai (Eat Shop Spend) Campaign and Student Loan Fund Project based on the Growing Together Vision under the 4 significant groups as follows:

1. **Customers:** The Bank links the needs of each group of customers with a comprehensive financial solution and designs its products and services to improve convenience in life.
2. **Society:** The Bank utilizes technology and innovation to enhance financial transactions of Thai people through its service channels, nationwide network and banking agents.
3. **Employees:** The Bank focuses on the development of employees' competency in order to be able to work efficiently by taking into account the service quality and morality.
4. **Shareholders:** The Bank aims to maintain its competitiveness in order to create sustainable returns for the shareholders.

The Bank continues to place an importance to the 5 Ecosystems, which are its main target groups. The first group is **the Government**. The Bank is entrusted to oversee the connection of Government Fiscal Management Information System to

electronic system, connection of the financial services from the government to the people, as well as being a mechanism for pushing important policies of the country. The second group is **Payment**. The Bank has developed a complete payment innovation, which is a digital platform that responds to lifestyles of customers. The third group is **Health and Wellness**. The Bank has expanded its financial services via Krungthai Corporate Online, provided a payroll service and an automatic money transfer payment system for partners and elevated services to Smart Hospital. The fourth group is **Education**. The Bank has developed the University Application to be a platform that connects all dimensions of life in the digital age. The last group is **Mass Transit**. The Bank has installed QR Code payment system and EDC machine for BMTA bus fare payment

In addition, in order to support the achievement of its vision, Krungthai Bank will continue to invest in information technology in 2020 according to the long-term IT system development plan of 2019-2023 under the investment budget of over 19,000 million Baht to drive financial technology and support the Bank's digital banking business. The Bank has set out the following strategies and goals regarding information technology.

- **Anytime Anywhere:** The Bank is able to effectively connect with customers through all channels anytime anywhere.
- **Intelligent Operation:** The Bank has an intelligent, flexible, fast, and efficient operating system.
- **De-Constructing the Core:** The Bank has transformed its big and inflexible Core Banking System into small modules to support agile working style and reduce IT risks.
- **Integrated to the Ecosystem:** The Bank's network can connect seamlessly with partner networks in order to achieve customers' goals.
- **Event Enabled Enterprise (E3):** The Bank is able to know the customers' activities and offers promotions that match the customers' needs instantly and on time.
- **Data-driven Bank:** The Bank has a database and advanced data analysis that understands the needs, behaviors, goals including decisions of customers.
- **Flexible Multi-Speed IT:** The Bank can adjust to market conditions, proceed flexibly and quickly to suit various situations at all times.

The aforementioned strategies and goals are set to support the Bank's financial platform that can connect to all needs of customers from laying a foundation of financial structure through a complete digital system that connects the grassroots and urban societies. Moreover, the strategies and goals also support the initiation to be an Open Banking through the use of the Pao Tang platform and E-Wallet, which is an open system to which all sectors can connect through Application Program Interface (API). This enables Thai people to use financial services without having a bank account. The Bank can also reach more people, together with allowing partners to join in business and develop financial products and services for customers and partners of the Bank. In doing so, the Bank will use Customer Centricity & Solutions, which is a method of designing financial

products and services by focusing on customers, taking into account the needs of customers in each segment, using data analytics to analyze customer behavior and fixing their pain point by relying on the Bank's big database through important projects to create financial products and services of the Bank in the future, including setting appropriate strategies for SME customers, Wealth customers, government sector customers, employees, and students.

As for the business strategy of Krungthai Bank in 2020, the Bank will place an importance on "X2G2X" strategy, which is expanding business from customers' partners, both from government customers, who are the main customers, and other partners through driving the organization through two important approach as follows:

- (1) Carrier (Traditional Banking): Focusing on increasing efficiency and reducing operating costs of main business units to safeguard the Bank's existing business and customers base
- (2) Speed Boat (Digital Banking): Focusing on conducting business by agile method with the principle of Fail Fast Learn Fast, relying on agility, speed while data analysis shall be conducted on digital platform/open banking. This approach aims for a try out and seeks for new types of business in an attempt to expand business from the customers' partners, including cooperating with government projects.

The approach of moving forward to Open Banking on digital platforms of the Bank will carry out the operations in a form of Speed Boat (Digital Banking) that requires agility and speed and utilizes new technologies such as Data Analytics and AI to support digital banking business expansion on new formats and new business opportunities. When the Bank finds a business model that is stable, able to expand and generate additional income, the Bank will bring the Carrier (Traditional Banking) to cooperate. For example, offering credit to business partners of customers in the supply chain of the Government Welfare Card and the Chim-Shop-Chai Campaign, which are consumer goods manufacturers, modern trade companies, major retail and wholesale stores, Pracharat Blue Flag shops, community shops.

In order to implement the strategic plan, the Bank has set important projects in 2020 to support its plan as follows:

1. Invisible Banking: The Bank is determined to develop and add new features to Krungthai NEXT, a mobile banking platform of the Bank, as well as improving its technology infrastructure to be stable and can be used continuously and inclusive. In addition, the Bank intends to develop services along with training its employees to support the advancement to Invisible Banking.
2. Government as a Platform: The Bank is intent on supporting policies and measures of the government by developing innovations and basic technology infrastructure to support services that are in line with government agencies' plans, which aims to sustainably improve the quality of life of people. Moreover, the Bank can also enlarge its customer base.

From participating in many projects of laying a foundation of financial structure of Thailand, the Bank has received opportunities, whether it is an increase in new customer base or an increase in deposit and credit base. This is reflected from the success of Krungthai NEXT application, which has more than 7 million users, and Krungthai Connex, which has 5 million users. Krungthai Travel Card, the first card that can be used to exchange 18 foreign currencies by the Cardholder himself/herself 24 hours a day at a special rate, has over 5 hundred thousand holders. The Bank has over 5 million Student Loan Fund (SLF) borrowers and 14.6 million Government Welfare Cardholders. Furthermore, in Chim-Shop-Chai Campaign, there are 15 million Pao Tung application users, 1.6 shop owners who use Tung Ngen application, including 80 thousand Pracharat Blue Flag Shops across Thailand. Those projects help the Bank build a customer base of more than 40 million people and drive the Bank to be a leader in laying a foundation of infrastructure of Thailand. All of this reinforce the Bank's intention and direction to be alongside Thai people and Thai society.

The Bank anticipates that the implementation of the strategic plans and important projects will help support the government policies, especially the Thailand 4.0 strategy, moving forward to a cashless society, and reducing inequality and gaps from income distribution in the society. Furthermore, it will enhance the Bank's competitiveness in digital banking and elevate the public trust of the Bank in corresponding with the statement of direction, visions and missions that place importance on all related parties - customers, society, employees and shareholders - in reaching for the continuous and sustainable growth of the Bank.

3. Changes and Key Developments

The Bank was incorporated on March 14, 1966 through a merger between Mondhon Bank Limited and the Agricultural Bank Limited, with the Ministry of Finance acting as its major shareholder. The Bank became the first state-owned enterprise to list its share in the Stock Exchange of Thailand and started trading since August 2, 1989 onwards. The Bank registered its transformation to public limited company on March 24, 1994 under the name "Krung Thai Bank Pcl.", abbreviated to KTB, with the registration no. Bor.Mor.Jor. 335 (which has been changed to 0107537000882).

The Bank accepted the transfer of assets and liabilities of Sayam Bank Limited in August 1987 and of the First Bangkok City Bank Pcl. in November 1998 for further management.

In September 2002, the Extraordinary General Meeting of Shareholders approved the reduction of its registered capital to decrease the accumulated loss through reduction of par value from formerly Baht 10 to Baht 5.15 per share.

In October 2003, as the Financial Institutions Development Fund (FIDF) had the policy to reduce its shareholding in the Bank, the Bank then made a public offering of 3,000 million shares held by FIDF. The public offering drew attention from investors; therefore, an additional 450 million shares were offered, totaling 3,450 million shares at Baht 8.50 per share. After the public offering, FIDF held

56.4 percent of the Bank's total paid up shares at that time.

In October 2012, the Bank increased its capital fund by issuing rights offerings of 2,796.31 million ordinary shares with par value at Baht 12.60 per share to the existing shareholders, in pro rata proportion to the existing holdings of both ordinary shares and preferred shares of each shareholder. After such capital increasing, FIDF still retained its status as the major shareholding of the bank accounting for 55.05 percent of the Bank's total shares as at December 31, 2012.

4. Shareholding Structure in the Financial Business Group

The Bank invested in the companies in the financial business group, which support the Bank's business by means of Consolidated Supervision complying with the supervision of Bank of Thailand. The objective was to supervise companies in the financial conglomerate to achieve stability, operate businesses appropriately and to prevent any risks happened from the conglomerate's business operation complying with guidelines of Bank of Thailand. The Bank classified the group of companies, which support the Bank's business into two groups, which are subsidiary group and associate group aiming to support its core businesses and reinforce the business cooperation as follows:

1) Subsidiary Group: Subsidiary Group refers to the group of companies in the Bank's financial conglomerate and the Bank holds share in each company of this group whether directly or indirectly more than 50% of its paid-up capital. To mainly support the Bank's business operation, the subsidiaries play important role as one of the Bank's own business units, focusing on providing services to the Bank or serving as a channel in providing full-range financial services for the Bank. The business operations of the subsidiaries are in accordance with the policies and strategic plans of the Bank. The companies in this group consist of:

- **KTB General Services and Security Co., Ltd.** renders general business services to the Bank and companies within its financial business group in the areas of; transportation of assets, security service, cleaning service, building and training center management, printing business management, debt collection service, customer relationship management service, other services, and transportation of cash and documents for other financial institutions and government agencies as permitted by the Bank of Thailand.

- **KTB Computer Services Co., Ltd.** renders computer system service management, space rental service for computer system installation, system development service and providing consulting services to other organizations in terms of the information technology usage in the organization.

- **KTB Law Co., Ltd.** renders legal services mainly to the Bank, associated companies and other government/state enterprises agencies.

- **Krung Thai Asset Management Pcl. (KTAM)** conducts

the securities business relating to funds management and other businesses with the license granting from the Securities and Exchange Commission.

- **KTB Advisory Co., Ltd.** provides financial advisory services to customers in the public and private sectors, including the Bank's business clients. (At present, the company has ceased its operations and is currently reviewing its business operation plan.)

- **KTB Leasing Co., Ltd.** provides services in the hire-purchase and leasing for all types of movable assets, factoring business and leasing of consumer products. (The Bank is currently considering reorganizing the company)

- **KTC Nano Co., Ltd.** offers a nano finance service in order to use for career under the supervision.

- **KTC Pico (Bangkok) Co., Ltd.** and 4 companies that KTC Pico (Bangkok) Co., Ltd. hold shares conduct pico finance business at domicile or residence in the province under the supervision. (The Bank invests indirectly via KTC Pico (Bangkok) Co., Ltd. which fully invests in KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd., and KTC Pico (Samut Sakhon).

2) Associate Group: Associate Group refers to the group of companies in the Bank's financial business group that support the Bank's business and the Bank holds shares in each company whether directly or indirectly from 20% to 50% of its paid-up capital. The Bank jointly invests with associated alliances in order to create business cooperation and strategic benefits, especially in developing financial products that meet diverse customer needs. The companies in this group consist of:

- **Krungthai Panich Insurance Pcl.** offers all types of non-life insurance services.

- **Krung Thai IBJ Leasing Co., Ltd.** conducts leasing of machinery and equipment of all types, hire purchase of movable property, factoring business and operating lease.

- **Krungthai Card Pcl.** ⁽¹⁾ conduct credit card and credit card-related business, merchant acquiring business, authorized payment dealer service, and personal loan business.

- **Krungthai ZMICO Securities Co., Ltd.** (formerly KT ZMICO Securities Co., Ltd. Rebrands as "Krungthai ZMICO" with effect from January 17, 2020) is a joint venture between the Bank and SEAMICO Group. The company is a brokerage firm conducting securities trading business, securities underwriting, financial advisory service and other businesses permitted by the Securities and Exchange Commission.

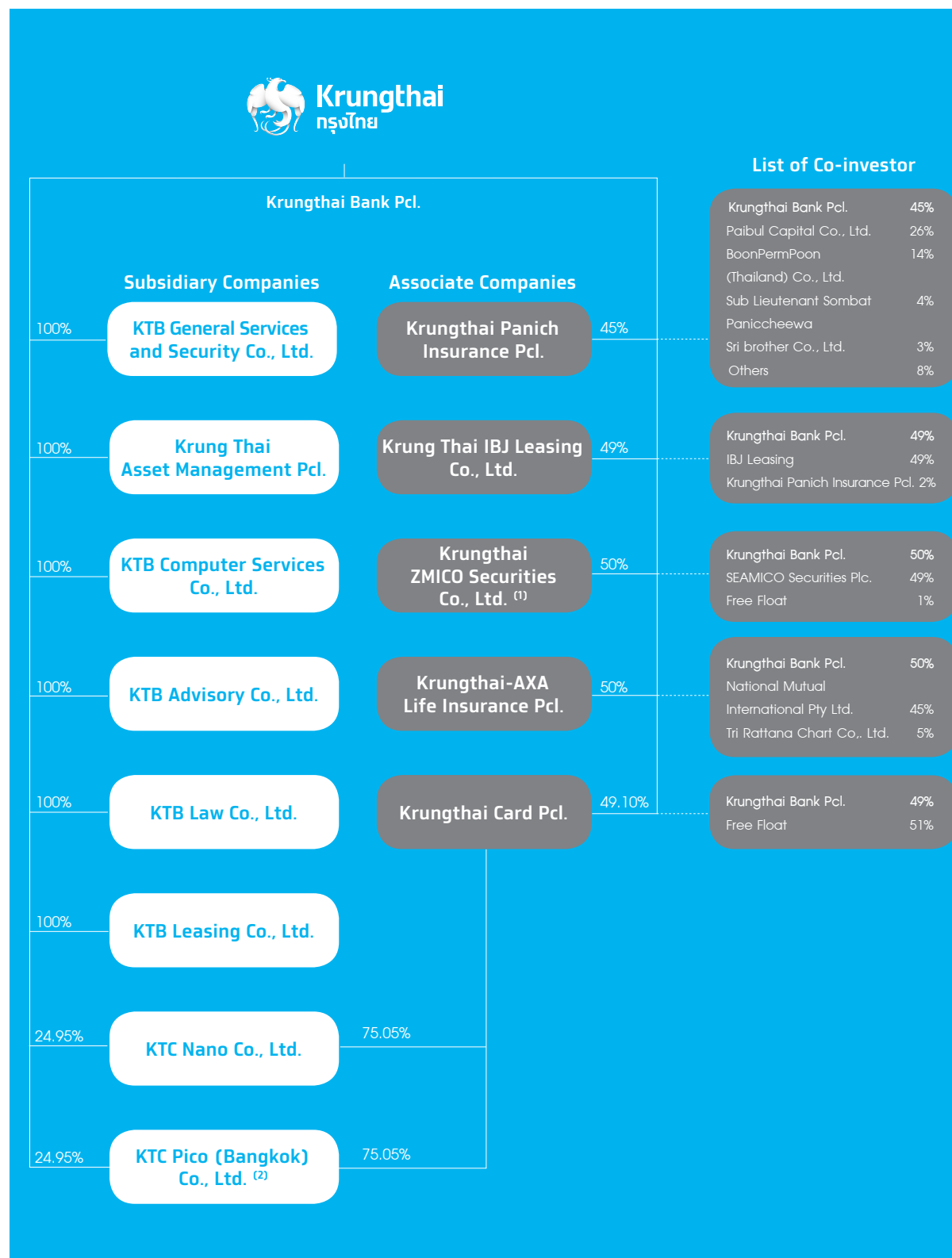
- **Krungthai-AXA Life Insurance Pcl.** operates life insurance services.

3) Other Companies Group: Other Companies Group refers to companies in which the Bank invests but excludes the companies in the financial business group. The details are shown in Information of Company in which the Bank holds more than 10 percent of the total issued shares as of December 31, 2019 on page 286

⁽¹⁾ The Bank's financial statements included Krungthai Card Pcl. in the subsidiary group by considering the control over the company according to TFRS 10

Shareholding Structure in the Financial Business Group

as at December 31, 2019



(1) Formerly KT ZMICO Securities Co., Ltd.

(2) KTC Pico (Bangkok) Co., Ltd. invests in KTC Pico (Chonburi) Co., Ltd. KTC Pico (Pathum Thani) Co., Ltd. KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd. 100%

Business Operation

1. Income Structure

Main income structure of the Bank: Comparison between 2017-2019

Unit: Million Baht

Financial Statement (consolidated)	2019		2018		2017 (Restated)	
	Amount	%	Amount	%	Amount	%
Interest on interbank and money market items	7,113	5.7	9,882	8.4	10,420	8.5
Investments and trading transactions	482	0.4	325	0.3	281	0.2
Investments in debt securities	4,943	3.9	3,807	3.3	4,128	3.3
Interest on loans	109,784	87.4	104,681	89.3	106,187	86.2
Hire purchase and financial lease income	428	0.3	936	0.8	1,808	1.5
Others	221	0.2	139	0.1	62	0.0
Total Interest income	122,971	97.9	119,770	102.2	122,886	99.7
Deposits	17,861	14.2	19,445	16.6	19,789	16.1
Interbank and money market items	2,532	2.0	2,707	2.3	2,619	2.1
Contributions to BOT and Deposit Protection Agency	9,978	7.9	9,705	8.3	9,372	7.6
Debt issued and borrowings	4,085	3.3	4,093	3.5	4,193	3.4
Others	199	0.2	131	0.1	50	0.0
Total Interest expenses	34,655	27.6	36,081	30.8	36,023	29.2
Interest income, net	88,316	70.3	83,689	71.4	86,863	70.5
Fees and service income	29,596	23.6	29,493	25.2	28,638	23.2
Fees and service expenses	6,359	5.1	5,831	5.0	4,617	3.7
Fees and service income, net	23,237	18.5	23,662	20.2	24,021	19.5
Gains on tradings and foreign exchange transactions, net	3,197	2.5	3,500	3.0	3,232	2.6
Gains on investments, net	4,372	3.5	435	0.4	929	0.8
Share of profit from investments for using equity method	1,425	1.1	1,130	0.9	2,264	1.8
Dividend income	496	0.4	453	0.4	415	0.4
Revenues from litigation compensation	0	0.0	0	0.0	1,636	1.3
Other operating income	4,615	3.7	4,352	3.7	3,864	3.1
Total Non-Interest Income	37,342	29.7	33,532	28.6	36,361	29.5
Total income, net	125,658	100.0	117,221	100.0	123,224	100.0

กรุงไทย SME เคียงข้างธุรกิจคุณ

Product Name	Maximum Amount	Maximum Term	Other Details
สินเชื่อรักกันยาวๆ (Long-term Love Loan)	100 ล้านบาท	10 ปี	ปลอดต้น 12 เดือน
สินเชื่อจ่ายดีทวิคูณ (Double Good Payment Loan)	3 เท่า	10 ปี	วงเงินสูงสุด 3 เท่า
สินเชื่อร้านธงฟ้าประชารัฐ (Flag Brand Public Welfare Store Loan)	20 ล้านบาท	7 ปี	วงเงินสูงสุด 20 ล้านบาท
สินเชื่อธุรกิจท่องเที่ยว (Tourism Business Loan)	3 เท่า	12 ปี	วงเงินสูงสุด 3 เท่า
สินเชื่อธุรกิจเกษตรแปรรูป (Agriculture Processing Business Loan)	1.5 เท่า	10 ปี	วงเงินสูงสุด 1.5 เท่า
สินเชื่อธุรกิจ EEC 4.0 (EEC 4.0 Business Loan)	20 ล้านบาท	7 ปี	วงเงินสูงสุด 20 ล้านบาท
สินเชื่อเพื่อชำระภาษีกรมสรรพากร (Tax Payment Loan)	15 ล้านบาท	7 ปี	วงเงินสูงสุด 15 ล้านบาท
สินเชื่อธุรกิจ 10 S-Curve (10 S-Curve Business Loan)	3 เท่า	10 ปี	วงเงินสูงสุด 3 เท่า
สินเชื่อธุรกิจเกษตรแปรรูป (Agriculture Processing Business Loan)	1.5 เท่า	10 ปี	วงเงินสูงสุด 1.5 เท่า
สินเชื่อ Robotic and Automation (Robotic and Automation Loan)	80% ของเงินลงทุน	7 ปี	วงเงินสูงสุด 80% ของเงินลงทุน

ดอกเบี้ยเริ่มต้น

2. Products and services

2.1 Loan Products

• **Loans for retail customers:** In 2019, the Bank focused on developing and improving loans to suit all needs of retail customer groups and offered promotions for each product. It consists of:

1) **Housing loans and Home for Cash:** The Bank organized special activities and attended expositions continuously such as House and Condo Show, Money Expo and promotional activities with the Thai Real Estate Sales and Marketing Association, including offering special campaign to support low-medium income earners to have their own houses and helped drive economy in line with the government policies, the Baan Dee Mee Down project. The Bank also offered other products in the form of Housing Product Package such as special promotions for customers who apply for PromptPay, credit cards, fire insurance, the auto account debiting for payments of utility and Krungthai NEXT



application; 2) **Personal loan** such as Krungthai Thanawat revolving loan, Multi-Purpose Loan, Loan for local and international studies, KTB Home Easy Cash (previously named KTB Care for You loan) and Smart Money Loan (previously named KTB Super Easy loan) which is a clean loan offered to salary employees and the self-employed, including "Krung Thai Loan Give 5" which is an unsecured personal loan offered to the private organization's employees whose payrolls are paid via KTB account.

สินเชื่อกrungไทย Robotics and Automation



ดอกเบี้ยเริ่มต้น

4%*

สนับสนุนสินเชื่อสำหรับผู้ประกอบการ SMEs ที่ต้องการ
เงินลงทุนเพื่อ ซื้อ/สร้าง/ซ่อมแซม/ปรับปรุง หุ่นยนต์
พร้อมระบบงาน และ อุปกรณ์ที่เกี่ยวข้อง รวมทั้งระบบอัตโนมัติ

• **Small Business Loans** for retail customers with total sale volume of not more than Baht 100 million per year and the credit line in total of not more than Baht 20 million (sSME). In 2019, the Bank collaborated with the government sector to promote and support sSME group and had collaborative project with Thai Credit Guarantee Corporation (TCG) through providing loan guarantee to sSME entrepreneurs in the campaign "Krungthai SME Beside You" with special interest rate of 4% per annual and no TCG guarantee fee for the first four year, for example Krungthai sSME loan, Blue Flag (Thong Fah) shops, Krungthai sSME loan with single account, Krungthai sSME for tax payment to the Revenue Department, Krungthai sSME loan for EEC 4.0, Krungthai sSME loan for tourism business and related business, Krungthai sSME loan for government agencies and state enterprises. In addition, the Bank developed loan products for enterprises that are partners of the participating private companies such as Krungthai sSME Boost Up loan and Krungthai sSME Refinance-in loan.

• **Medium Enterprises Loans** for customers with a total credit line of over Baht 20 million but not more than Baht 500 million. The Bank provides loans that meet customer needs in terms of working capital and business expansion. The Bank's customers have diversified in various sectors: manufacturing, service, wholesale, retail and agriculture, including import and export. The Bank also has loan products that have specific designs for customers in some business such as construction business, apartment business and tourism business as well as loan for improving the efficiency in manufacturing such as Transformation Loan or upgrade machinery by using robots or automation. Moreover, the Bank provided training courses and offered loans with special interests to SME entrepreneurs in order to prepare financial statements that reflect actual performance through SME Single Account campaign. This campaign is implemented to support government policy to promote SMEs to use single account for submitting a report to the Revenue Department and making transactions with commercial banks.

• **Corporate Loans** are divided into two groups:

1) **A group of corporate customers** having total sale volume of more than Baht 1,000 million and credit line of over Baht 500 million. The Bank provides loan services and delivers integrated financial solutions by industry: agricultural business, construction and property development business, service business and industrial business; and 2) **A group of mega-corporate customers** that requires complicated financial services. Accordingly, the Bank provides total solution financial services that aims to meet our customers' loan demand and/or a variety of fundraising for this customer group. The Bank also focuses on prevention of various risks concerning the financial structure, marketing, foreign exchange, and fluctuations in prices of goods and raw materials, which mega-corporate customers have to encounter continuously caused by the fast-pace and unstable condition of economy, finance, and customers' behaviors.

- Expand potential corporate customer's base, including new target industry for innovations and government investment projects to increase the growth of the Bank and be as part of engines of growth to boost the country's economy and competitive strength.

- Value adding and integrated supply chain services combined with digital platforms that link mega-corporate customers and related business partners, which are more convenient for the customers and reduce duplication of review process of related party transactions.

- Increase customer base that have main operating accounts with the Bank.

- Support corporate customers to expand business to foreign countries, especially Asia-Pacific countries and CLMV countries.

• **Government and State Enterprise Loans** provided for government agencies that are large customer base and have low risk. The loans are: 1) **Loan directly granted to the government agencies and state enterprise** to support government policies and operations of government agencies and 2) **Loan coordinated with respective government agencies**, for example loan for improvement of Provincial Administrative Organization (PAO), environmental loans for SMEs in collaboration with Ministry of Natural Resources and Environment, KTB SME-Innovation Project in collaboration with Ministry of Higher Education, Science, Research and Innovation and Transformation Loan (Soft Loan - to upgrade machinery, phase 2)

• **Financial Institution Loans and Overseas Branches Loans.** Financial institution loans are a part of the interbank and money market. The Bank monitors and develops its business operation with financial institutions; offshore financial institutions, branches and subsidiaries of offshore financial institutions conducting business in Thailand, including domestic financial institutions, specialized financial institutions, securities





business, asset management companies, insurance and leasing business. For overseas branches loans and services, the bank offers products to customers through 8 overseas branches. There are 4 full-scale banks: Mumbai branch, Phnom Penh branch, Siem Reap Province sub-branch and Vientiane branch. There are 3 branches for wholesale banking; Kunming branch, Los Angeles branch and Singapore branch, including Cayman branch which focuses on external funds. Moreover, Krungthai has 1 Yangon representative office to facilitate investment and trade between Thailand and Myanmar for customers.

2.2 Other services

- **International Products and Services** consists of:

International Funds Transfer Services are divided into 2 main categories as follows:

1. International Transfer consists of **1) Inward Remittance:** The Bank provides fund transfer to an account of customer or beneficiary in Thailand. After receiving order from correspondent bank or the Bank's overseas branch, the customer will get the money right away by Straight Through Process (STP) or the money is transferred to his/her account at the end of a working day and the notification of money transfer will be sent to the customer's email by Pre-advice service. **2) Outward Remittance:** The Bank transferred funds overseas according to the customer's order (transferor) via SWIFT to correspondent bank or beneficiary overseas. The Bank also offers a special exchange rate for transferred amounts exceeding USD 20,000. The Bank's outward remittance is well accepted and trusted, reflecting through the Straight-Through Processing (STP) Award from the leading banks overseas - Wells Fargo, the Bank of New York and the Bank of America Merrill Lynch.

In 2019, the Bank developed SWIFT gpi system so that the Bank's customers can check the status of money transfer in real time 24 hours a day. The Bank has 2 contact channels: Retail customers can contact via Krungthai Contact Center Tel. +662-111-1111 and corporate customers via Krungthai Corporate Online.

2. Express Fund Transfer via Western Union System refers to the service of receiving and sending only a small amount of money for individual-to-individual transfer. The receiver does not need to have an account with the bank. This service is provided at any Krungthai branches and foreign exchange booths with foreign exchange booths with Western Union logo nationwide, including service channels: ATMs, Internet Banking and Krungthai NEXT application. The Bank also provided a services for e-Commerce such as Amazon.com through Western Union.

Foreign Currency Deposit Account Service consists of savings account, fixed deposit account and current account, which is available up to 10 currencies for retail customers and 13

currencies for corporate customers. This service suits the customers who want to use a foreign currency or want to save money in a foreign currency for future use or use as a tool for foreign exchange risk management.

Foreign Currency Exchange Service is available at any Krungthai branches and exchange booths nationwide. Customers can pay for the purchase of foreign banknotes with KTC credit card with a maximum interest-free period for up to 45 days and check nearby branches on the Bank's website. Moreover, the Bank provides a more secure and convenient foreign currency exchange service, Krungthai Travel Card. This card is available for up to 18 main foreign currencies. Customers can exchange money online 24/7 and manage the card via Krungthai NEXT application. They can also use the card to buy goods at shops worldwide and make cash withdrawal in foreign banknotes at available branches such as Nananua Office, Siam Paragon Branch and Central Ladprao Branch.

International Trade Service for exporter and importer: The Bank provides products and services for exportation, letter of guarantee, standby L/C and document preparation advisory which related to trading, related regulations, exchange rates, and potential risks through Service Level Agreement (SLA) guaranteed technological system. This full-fledged service is provided to customers through KTB Trade Online system to access customers the fastest and most effective. Furthermore, the Bank received ISO/IEC 27001:2013 certificate due to its information security management for the Trade Finance System (TFS) and KTB Trade Online System.

- **Global transaction Banking:** The Bank has offered convenience to full-fledged financial management services for both government and private sectors, covering repayment, collection, liquidity management and financial data management. In 2019, the Bank developed financial management projects/products and services to meet the customer needs, for example:



Smart Healthcare and Wellness Scheme: The Bank cooperated with Samutprakan Hospital to digitally connected Healthcare System of the future and apply new paradigms in organizational management to become a smart hospital so that people can access and get a better treatment.



Government Ecosystem: The Bank has applied digital platforms to support payment services, money transfer payment and link between work systems through various schemes of the government agencies in order that people get more convenient services from them as well as reduce procedures and costs. The schemes are Online Real Time Central Payment Processing System Scheme, the Government Welfare Money Transfer Payment Scheme via Krungthai Corporate Online of the Comptroller General's Department, the court's electronic filing system (E-filing) that will allow lawyers to file complaints in civil cases through Krungthai Corporate Online of the Court of Justice and to pay the service fee via the Bank's channels.

- **Corporate Credit Product:** Supply Chain Financing, Factoring Loan, Letter of Guarantee (L/G), Aval and PN Online that is a loan withdrawal service by issuing or renewing promissory notes through Krungthai Corporate Online (K-Corp). In 2019, there are important schemes as follows:



Loan for 7-Eleven store franchisee in every aspect by cooperating with CP All Public Company Limited

Loan for PTT dealers of LPG-bottling plants and PTTOR LPG shops by cooperating with PTT Oil and Retail Business Public Company Limited (PTTOR)

Loan for PTTOR dealers is offered to renovate or expand a petrol station or build a new petrol station including other buildings in the petrol station.

e-LG on Blockchain is an electronic letter of guarantee issuance service on blockchain system to provide faster service and information security to customers.

- **Global Market Products and Investment Banking**

Global Market Products for corporate businesses, SMEs, government agencies and state enterprises, and Ultra High Net Worth (UHNW). The Bank has client suitability and appropriateness analysis prior to offering financial derivatives complying with the regulations of the Bank of Thailand (BOT) and Securities and Exchange Commission (SEC) to ensure that the derivative transactions offered to customers match with customer needs. The Bank also encourages the customers to have knowledge about and understand banking transactions and related risks. Products and services consist of currency exchange in and forward markets, government and corporate bonds, investment products of the Bank and its partners for UHNW customers,

financial derivatives for hedging the risk of currency exchange and short and long-term interest, for instance, currency option, interest rate swap (IRS), cross currency interest rate swap (CIRS) and commodity hedging.

An investment banking and debt instrument business product is the service for capital funding and making transactions related to Debt and Equity Capital Markets Business. The Bank is a mediator between the customers who need capital and investors. It provides arranging and underwriting service, financial advisor service and selling agent service. In 2019, the Bank was an underwriter for government and corporate bond issuers and succeeded in that until it received the award from Alpha Southeast Asia. Moreover, the Bank was an underwriter for leasehold real estate investment trust and investment units of infrastructure fund and ordinary shares. It also was an underwriter for Matrix Bond Switching of the Public Debt Management Office, Ministry of Finance, which succeeded well, issuance of bond worth Baht 100,000 million.

• Electronic Banking Service

ATM / ADM and Update Passbook Machines are available 24 hours a day. Besides withdrawal, deposit and money transfer, bank account balance check, KTB E-Money Card/ Easy Pass Card top Up, mobile payment service, purchasing government bonds, registering to use Krungthai services: Krungthai Next, SMS Alert, automatic debit, checking of credit information, and mini statement. Moreover, the Bank offers extra services: currency conversion service for foreign cardholder to confirm exchange rate before withdrawal, pre-purchasing - booking lottery tickets service, PromptPay registration and traffic ticket payment service through ATMs, Krungthai Next application and Krungthai branches. However, the Bank's ATMs can receive cards displaying the logo of Plus, Cirrus, Union Pay, JCB, American Express, APN (Asian Payment Network) and other Non-Bank cards as well as providing services in many languages in conducting transactions, for instance, Thai, English, Chinese, Japanese and Myanmar.

Krungthai NEXT Application: The Bank developed additional functions and services of Krungthai NEXT application to meet customer needs, for example cardless withdrawal through

ATMs, online savings account opening with no minimum deposit and bank account maintenance fee, online credit bureau check service 24 hours a day, Krungthai Connex: financial transaction notification via LINE for free, Smart AI: recommendation of the special promotions that suit each customer's lifestyle, and Chatbot: Intelligent chatbot for frequent questions.

• **Funds:** The Bank cooperated with Krung Thai Asset Management Pcl. (KTAM) to provide mutual funds, infrastructure funds, property funds, provident funds and private funds. The Bank focused on trading a variety of mutual funds to be an alternative for investors, for example, domestic and foreign fixed income funds, stock funds, balanced funds (stock-bond), and foreign investment funds such as Feeder Fund and Exchange Traded Fund (ETF).

• **Life and Non-Life Insurance:** The Bank provides life insurance products and services through Krungthai-AXA Life Insurance Pcl. and non-life insurance products and services through Krungthai Panich Insurance Pcl. The Bank provides such products and services through omni-channels nationwide: the Bank's network, its affiliates' branches, online channels and telemarketing.

ดอน เตือน แลก
โอนเต็มจ่าย
ครบจบทั่วไทย

Krungthai NEXT
ชีวิตครบแอปเดียวอยู่

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LifePlus+ Saver

แบบประกันประเภทสะสมทรัพย์

ไลฟ์พลัส+ เซฟเวอร์ เคล็ดลืบลับความสุขเกษียณ
วางแผน "ความสุข" ให้กับช่วงเวลาที่มียุคค่าในวัยเกษียณของคุณ

เคล็ดลืบลับของการเกษียณด้วยความสุขใจ ที่คุณเลือกได้ 2 แบบ
สามารถเลือกระยะเวลาเกษียณได้ 2 ระยะ ระยะเวลา 30 ปี (ตั้งแต่ 20 ปี หรือก่อนอายุ 70 ปี) และระยะเวลาเกษียณ 25 ปี (หลังจากเกษียณแล้วรวมอายุได้ถึง 95 ปี) หรือจำนวนเงินอายุเกษียณ

วางแผนการเกษียณด้วยเงินออมที่เท่ากันทุกปี
เมื่อเกษียณแล้วเงินเกษียณสามารถนำมาใช้ได้ตามความต้องการ วางแผนได้ยาว ตามระยะเวลาที่เกษียณต้องการ

ความคุ้มครองชีวิตที่เพิ่มขึ้นตามไลฟ์สไตล์ของคุณ
คุ้มครองชีวิตที่เพิ่มขึ้นตามไลฟ์สไตล์ของคุณ (ทั้งในแง่ของความเสี่ยงจากอุบัติเหตุ และการเจ็บป่วยที่ไม่คาดคิด) และเมื่อเกษียณแล้วเงินเกษียณสามารถใช้ได้ตามความต้องการ วางแผนได้ยาว ตามระยะเวลาที่เกษียณต้องการ

รับเงินจ่ายคืน เป็นโบนัสให้กับตัวเองทุกปี (ตั้งแต่ปีที่ 4 เป็นต้นไป)
โดยมีจำนวนจ่ายคืน 1% ของจำนวนเงินฝากประจำปีที่แล้วเป็นปีๆ 1 และเพิ่มขึ้นเป็น 2% ของจำนวนเงินฝากประจำปีที่แล้วเป็นปีๆ 10

ลดหย่อนภาษีได้
ได้รับสิทธิลดหย่อนภาษีเงินได้บุคคลธรรมดา สูงสุดไม่เกิน 1 แสนบาทต่อปีเมื่อเลือกการลงทุนบริหาร

หมายเหตุ: 1. ผู้ซื้อประกันต้องเป็นบุคคลธรรมดา สัญชาติไทย และต้องมีอายุครบ 18 ปีขึ้นไปในวันซื้อประกัน
2. ผู้ซื้อประกันต้องเป็นบุคคลธรรมดา สัญชาติไทย และต้องมีอายุครบ 18 ปีขึ้นไปในวันซื้อประกัน
3. การลดหย่อนภาษีเงินได้บุคคลธรรมดา ต้องเป็นไปตามกฎหมายที่เกี่ยวข้อง

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คุ้มครองรถ คุ้มครองคุณ

ประกันภัยรถยนต์สบายใจ

- เบี้ยประกันเริ่มต้น เพียง 3,200 บาท
- คุ้มครองความเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง สูงสุด 1,000,000 บาท
- พิเศษ! กับความคุ้มครองจากน้ำท่วม*
- ไม่ต้องตรวจสอบสภาพรถ
- ไม่มีค่าเสียหายส่วนแรก

หมายเหตุ:

- * แผนประกันภัยรถยนต์ 3 แบบ ได้แก่ แบบที่ 1: ความคุ้มครอง 3 แสนบาท, แบบที่ 2: ความคุ้มครอง 5 แสนบาท, แบบที่ 3: ความคุ้มครอง 1 ล้านบาท
- * ผู้ซื้อประกันต้องเป็นบุคคลธรรมดา สัญชาติไทย และต้องมีอายุครบ 18 ปีขึ้นไปในวันซื้อประกัน
- * บริษัทประกันภัยจะพิจารณาความเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง สูงสุด 1,000,000 บาท (รวมค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท, ค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท, ค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท)
- * บริษัทประกันภัยจะพิจารณาความเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง สูงสุด 1,000,000 บาท (รวมค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท, ค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท, ค่าเสียหายรถยนต์ส่วนบุคคลความคุ้มครอง 5 แสนบาท)
- * แผนประกันภัยรถยนต์ 3 แบบ ได้แก่ แบบที่ 1: ความคุ้มครอง 3 แสนบาท, แบบที่ 2: ความคุ้มครอง 5 แสนบาท, แบบที่ 3: ความคุ้มครอง 1 ล้านบาท
- * ผู้ซื้อประกันต้องเป็นบุคคลธรรมดา สัญชาติไทย และต้องมีอายุครบ 18 ปีขึ้นไปในวันซื้อประกัน

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• Credit Cards and Personal Loans:

Krungthai Card PCL. (KTC) has continuously expanded its cooperation with alliances in marketing, start-up group, Fintech or stores with outstanding strengths to offer valued services that is aligned with the members' needs and provide financial transactions via more online channels. The KTC members can make transactions easily and conveniently via "KTC Online" on the website www.ktc.co.th or the mobile application "KTC Mobile". The KTC also enhanced the members' confidence in making online transactions more securely by providing a token for encryption (Mastercard Digital Enablement Services (MDES) for Merchants). Moreover, in 2019, KTC opened new business: Pico Finance, Nano Finance and loan with vehicle registration as collateral to expand its services.

• Hire Purchase and Leasing Services:

The Bank provides equipment leasing, hire purchase and car rental services with maintenance to corporate customers through Krung Thai IBJ Leasing Co., Ltd.

• Securities Brokerage Service:

Krungthai Zmico Securities Co., Ltd. (previously named KT ZMICO securities Co., Ltd.) operates securities business. It offers securities brokerage, futures agent/dealer, borrowing and lending (principal and agent), investment in securities and trading securities, selling securities, financial advisory services, buying and selling foreign securities, issuing and trading derivative warrant and derivatives, investment advisory services and mutual fund agency services, including private fund management.

3. Market and Competition

3.1 2019 Overview of Banking Business and Competition

In 2019, commercial banking business faced many challenges from low economic growth, decrease in policy interest rate, adaptation to the changing context, especially entering into digital economy. Despite intense competition, commercial banks offered products and services with innovations and new technologies such as e-LG on blockchain, digital lending and e-KYC, adjusted service channels to more digital channels and decreased bank branches. In addition, commercial banks aimed to build alliances in important ecosystems, including investments in startups and FinTech to support business of the banks and customers amid the challenges to comply with official regulations such as stricter Market Conduct, Loan to Value (LTV ratio) and preparation for TFRS9. However, some regulations have increased agility, expanded the scope of transactions and improved business operations for the commercial banks such as relaxation for commercial banks to test their innovations through the "Own Regulatory Sandbox" and allowance for commercial banks to provide other IT related services. The 2019 performance of registered commercial banks in the country is summarized as follows:

- **Loans** (after deduction of deferred revenue) increased 2.24 percent, rising at slower pace from 5.73 percent in the previous year due to economic conditions, raising more capital through debt instruments and impact of LTV ratio.

- **Deposits** increased by 3.93 percent, close to 4.13 percent of the expansion in 2018 due to both fixed deposit and CASA.

- **Net Profit** significantly increased by 31.85 percent, compared with 10.42 percent in 2018 due to extra income from the sale of investment of a large commercial bank. Net interest income increased by 3.80 percent, but net fee and service income decreased by 0.99 percent.

- **Net NPLs** increased by 12.56 percent, rising at the faster rate than in 2018 that increased by 4.14 percent due to the impact of slowing economy. Meanwhile, **Net NPLs/Loan ratio** increased to 1.61 percent from 1.48 percent in 2018.



Net Profit of
Commercial Banks
increased

31.85%



- **Total Capital** increased by 12.08 percent, resulting in a strong **Total Capital Ratio** in strong level at 19.32 percent and **Tier 1 Ratio** at 16.09 percent, much higher than minimum criteria.

3.2 The 2020 Outlook for Banking Business and Competition

The year of 2020 is another year of challenges. The Thai economy is projected to expand far below its past potential, especially due to coronavirus disease (COVID-19) outbreak and

severe drought that is an important factor in limiting growth of loan and interest income. Meanwhile, this may lower the loan quality of some debtors especially SMEs, which is sensitive to economic fragility. Moreover, interest rate policy cut to a record low puts pressure on interest margin and commercial banks must comply with new regulations. For example, TFRS9 that has been enforced since 2020 will affect bad debt provisions and revenue recognition; projection of regulating household debt and stricter supervision of interest rates and fee charges of the BOT will affect profitability. Moreover, banks still face higher competition in new formats and contexts, especially creating strategic partners to enhance services beyond banking, including acquiring a customer base in a variety of business ecosystems. However, the banks continue to adapt to the environment: decrease in bank branches and focus on online transactions such as online lenders with information-based lending system, using technologies to increase efficiency and reduce costs and implementing measures to alleviate impacts of negative economic conditions. Meanwhile, a strong financial status reflected through a much higher capital position and reserve than minimum criteria will support the banks to meet challenges from economic uncertainty and disruptions.

3.3 Competitive Potentiality of Krungthai Bank

Krungthai Bank is a large commercial bank with highly competitive potentiality and is one of the leaders of Thailand's commercial banks. The key strengths that support the Bank's competitive potentiality are as follows:

- **Krungthai Bank is a first-class state enterprise with the government as the majority shareholder,** resulting in the Bank having an image of stability and building trust.
- **The Bank is one of the top commercial banks** in terms of market share of asset, loans and deposits to support economic expansion in the future.
- **The Bank's large customer base and good relationship with provincial customers** allows the Bank to support economic expansion of the provincial economy, including the Eastern Economic Corridor (EEC) program.
- **The Bank's large customer base and good relationship with government and state enterprise customers** partly came from the Bank's important role in supporting government policies, for example, nationwide electronic payment infrastructures, driving Thailand to a cashless society, Chim Shop Chai scheme and using blockchain technology to enhance the efficiency of government schemes such as the Tourist TAX Refund Scheme, e-Government Procurement, DLT Scripless Bond. In this case, the Bank can use its customer base and big data to support future businesses,

especially businesses in 5 Ecosystems; Government, Payment, Health and Wellness, Education, and Mass Transit.

- **Continuous improvement and development to the organization** allows the Bank to quickly adapt to fast-changing business environmental factors, for example, internal work process improvement; development of innovative products and services which fulfill customer needs; having a clear digital banking development roadmap which covers the integration of innovations, including developing a stable and secure IT system to prepare for new transactions and their larger volume in the future. Furthermore, the Bank has focused on developing the



agility and multi-tasking skills of the employees, together with encouraging them to have digital mind and digital literacy skill in order to be ready for transformation to invisible banking.

- **The Bank operates business transparently, fairly and takes into account all stakeholders** under the principles of good corporate governance. The Bank also observes all rules and laws and does not tolerate any form of corruption as in Zero Tolerance policy. This is partly reflected from the commitment to conduct the "Sustainable Krungthai Initiative" strictly and continuously.

Asset, Loan, Deposit and Branch of each Commercial Banks Registered in Thailand

(as at December 31, 2019)

	Asset		Loan (net)		Deposit		Branch	
	Amount (Million Baht)	Market Share (%)	Amount (Million Baht)	Market Share (%)	Amount (Million Baht)	Market Share (%)	Amount	Market Share (%)
1. Bangkok Bank	3,123,361	16.99	1,832,828	15.22	2,316,035	17.56	1,148	17.69
2. Siam Commercial Bank	2,952,447	16.06	1,995,248	16.57	2,156,489	16.35	1,034	15.93
3. Krungthai Bank	2,908,358	15.82	1,879,541	15.61	2,158,460	16.36	1,067	16.44
4. Kasikornbank	2,724,055	14.82	1,826,520	15.17	2,065,669	15.66	889	13.70
5. Bank of Ayudhya	2,234,725	12.16	1,610,374	13.37	1,558,780	11.82	691	10.65
Total of Large Banks	13,942,947	75.87	9,144,511	75.93	10,255,432	77.75	4,829	74.40
1. TMB Bank	1,045,343	5.69	646,194	5.37	663,559	5.03	401	6.18
2. Thanachart Bank	999,575	5.44	693,929	5.76	734,561	5.57	495	7.63
3. UOB Bank	566,212	3.08	404,342	3.36	456,411	3.46	150	2.31
Total of Medium Banks	2,611,130	14.21	1,744,465	14.48	1,854,531	14.06	1,046	16.11
1. CIMB Thai Bank	385,109	2.10	222,002	1.84	199,132	1.51	69	1.06
2. Kiatnakin Bank	299,216	1.63	230,062	1.91	172,661	1.31	65	1.00
3. Tisco Bank	285,305	1.55	228,608	1.90	218,433	1.66	60	0.92
4. Land and Houses Bank	230,548	1.25	151,569	1.26	165,018	1.25	108	1.66
5. ICBC Bank (Thai)	215,797	1.17	110,246	0.92	129,823	0.98	21	0.32
6. Standard Chartered Bank (Thai)	142,378	0.77	27,653	0.23	61,908	0.47	1	0.02
7. Sumitomo Mitsui Trust Bank (Thai)	81,785	0.45	52,014	0.43	19,133	0.15	1	0.02
8. Bank of China (Thai)	69,996	0.38	46,462	0.39	47,088	0.36	9	0.14
9. Thai Credit Retail Bank	56,635	0.31	48,204	0.40	47,325	0.36	276	4.25
10. ANZ Bank (Thai)	32,175	0.18	17,889	0.15	7,372	0.06	1	0.02
11. Mega International	25,555	0.14	19,917	0.17	13,237	0.10	5	0.08
Total of Small Banks	1,824,497	9.93	1,154,627	9.59	1,081,129	8.20	616	9.49
Grand Total	18,378,575	100.00	12,043,602	100.00	13,191,092	100.00	6,491	100.00

Source: Summary Statement of Assets and Liabilities (C.B. 1.1). BOT

Notes: The BOT grouping criteria for commercial banks are as follow:

1. Large Banks include Thai commercial banks with market share of 10 % or above.
2. Medium Bank include Thai commercial Banks with market share of 2.5 % and less than 10%
3. Small Bank include Thai commercial Banks with market share of less than 2.5%

4. Sources of Funds and Lending

■ Sources of Funds

Unit : Million Baht

	December 31, 2019		December 31, 2018		Change
	Amount	%	Amount	%	%
Deposits	2,155,865	71.6	2,039,602	74.5	5.7
Interbank and money market items, net	215,823	7.2	157,396	5.7	37.1
Debt issued and borrowings	96,841	3.2	95,205	3.5	1.7
Others	195,361	6.5	132,859	4.8	47.0
Total Equity	348,326	11.5	314,141	11.5	10.9
- Equity Holders of the Bank	338,287	11.2	305,875	11.2	10.6
- Non-Controlling Interest	10,039	0.3	8,266	0.3	21.5
Total	3,012,216	100.0	2,739,203	100.0	10.0

■ Key Sources and Uses of Funds

Unit : Million Baht

Loans and deposits classified by remaining maturity The Bank's financial statements	December 31, 2019		December 31, 2018		Change
	Amount	%	Amount	%	%
Loans					
- Not over 1 year	668,391	33.3	666,981	34.2	0.2
- Over 1 year	1,337,958	66.7	1,281,767	65.8	4.4
Less deferred revenue	(36)	(0.0)	(46)	(0.0)	(21.7)
Total Loans *	2,006,313	100.0	1,948,702	100.0	3.0
Deposits					
- Not over 1 year	2,019,081	93.5	2,019,315	98.8	(0.0)
- Over 1 year	139,379	6.5	23,633	1.2	489.8
Total Deposits	2,158,460	100.0	2,042,948	100.0	5.7

* Excluding accrued interest receivables and interbank and money market items

Management Analysis and Discussion



Analysis of Operation and Financial Standing

1. Economic and Industrial Conditions Influencing the Operation

Trade conflicts between China and the United States causing Thai economy in 2019 to grow only 2.4%, decelerating from 4.2% in the previous year. Thailand's exports shrank for the first time in 4 years due to slowing international trade around the world. Contracted exports amid the uncertain world economy has taken its toll on the domestic economy, particularly the investment of the private sector that has slowed down a great deal. Private consumption slightly lessened corresponding to the car sales that contracted and the agricultural income that was still at a low level. Nevertheless, the purchasing power of households received continuously support from the government measures despite the fact that the household debt is still at a high level.

In addition to economic challenges, the competition was steadily increasing in the midst of changes from both the technology and consumer behavior together with the transition to Digital Economy. These factors seemed to affect the revenue

and business model of the Bank and customers. Besides, the Bank also confronted with challenges from official regulatory compliance i.e. tighter Market Conduct, measures to determine the loan-to-value ratio (LTV in housing loans) and preparation for Thai Financial Reporting Standards 9 (TFRS 9). However, Krungthai Bank has prepared and established various action plans to accommodate for such challenges continuously.

2. Overview of Financial Standing and Operating Performance Change in Comparison with Banking Industry (Analyzed from the Bank's financial statements in order to be comparable to the industry average, which BOT presented using the data from separated financial statements only)

- **Loans** (after deduction of deferred revenue) expanded 2.96%, higher than the industry average, which hastily grew at 2.24%. The loan growth of banking industry decelerated from the previous year due to the economy condition, fund raising from debt securities and the impact from the LTV measures.



Deposits



increased
5.65%

Net profit



rose up
4.88%

Total capital



increased
4.41%

- **Deposits** increased by 5.65% while the industry average increased by 3.93%. The rise up was nearly equivalent to the previous year, particularly due to the expansion from fixed deposits, current and saving accounts (CASA)

- **Net profit** rose up by 4.88%, lower than the industry average that grew up by 31.85% mainly owing to the special revenue from the sales of investment of one large commercial bank. Meanwhile, net interest income increased 5.30%, higher than the industry average that raised up to 3.80%. Net fees and service income decreased by 4.24% with the industry average contracted by 0.99%.

- **Net NPLs** decreased 3.93% reflecting credit quality improving in a better direction. Meanwhile, the industry average increased by 12.56%, accelerated from the previous year which increased 4.14% as a result of economic slowdown. The ratio of Net NPLs to Loan was at 1.89%, decreased slightly from 1.98% of the previous year. The industry average placed at 1.61%, higher than the past year at 1.48%.

- **Total capital** increased by 4.41 % with Total Capital Ratio at 18.66 % and Tier 1 Ratio at 14.80 %. The industry average has increased by 12.08 %, resulting in Total Capital Ratio to stay at strong level by 19.32% and Tier 1 Ratio stood at 16.09%, which was still much higher than the minimum set by the Bank of Thailand.

3. Technology and innovation research and development expense (R&D Expense) which is eligible for juristic person tax relief

In the year 2019, the Bank has no expenses designated for conducting research and development of technology and innovation that shall be used for tax incentives from corporate income exemption according to the Royal Decree issued under the Revenue Code on Revenue Exemption (No. 598) B.E. 2559

4. Analysis of Financial Standing and Operating Result (Compared between 2019 and 2018)

Overview of the Bank and Subsidiaries' Operation

The Bank and Its Subsidiaries' Performance for the year 2019

In 2019, Krungthai Bank's consolidated net profit attributable to equity holders was Baht 29,284 million, or an increase of 2.8% YoY, due to higher total operating incomes from interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 3,899 million in 1Q2019 as well as from other non-interest income (gain on investments, net). However, operating expenses rose up from provision for impairment of properties foreclosed and from provision expense on employees' benefits. If excluding such interest income and operating expenses ("extraordinary items"), net profit attributable to equity holders of the Bank increased by 18.2% YoY.

Consolidated total operating income registered at Baht 125,658 million, growing 7.2% YoY. If excluding income received from the auction of mortgaged guarantee asset of 1Q2019, total operating income would grow 3.9% YoY with key changes as shown below:

- Net interest income increased by 5.5% YoY. If excluding income received from the auction of mortgaged guarantee asset of 1Q2019, net interest income would grow 0.9% YoY and NIM stood at 3.07%, slightly decreased from 3.13% during

the same period last year. This is a result from the policy rate and lending rate cuts since August and November, despite continuously improving cost of fund management.

- Non-interest income increased by 11.4% YoY, which mainly due to the 42.9% growth of other non-interest income from gain on investments, net, from share of profit from investments on equity method and from gain on selling properties foreclosed. However, net fee and service income contracted by 1.8%.

Consolidated operating expenses increased by 17.7% YoY from higher impairment loss of properties foreclosed in accordance with BOT's regulation as well as from one-time expense on employees' benefits provision effective in 3Q2019. If excluding such extraordinary items, other operating expenses were at a similar level to that of the same period last year. Together with an increase in total operating income, consolidated cost to income ratio was 43.58%, decreasing from 45.29% in 2018.

The Bank is consistently conforming to provision policy with prudent practice. As a consequence, coverage ratio increased to 131.76% as at 31 December 2019 from 125.74% as at 31 December 2018.

The NPLs Ratio-Gross stood at 4.33%, a decline from 4.53% as at 31 December 2018, given an improvement trend in NPLs. NPL Ratio-Net stood at 1.83%, a decline from the end of 2018. The Bank and the Financial Business Group's Tier 1 and Total Capital ratios were 15.24% and 19.01% respectively.



Overview Operating Income and Net Profit

	2019	2018	Unit : Million Baht
			Change
			%
Net interest income	88,316	83,689	5.5
Net fee and service income	23,237	23,662	(1.8)
Other non-interest income	14,105	9,870	42.9
Total operating income	125,658	117,221	7.2
Total other operating expenses	62,474	53,088	17.7
Pre-provision profit ⁽¹⁾	63,184	64,133	(1.5)
Impairment loss of loans and debt securities	23,814	26,192	(9.1)
Operating profit before income tax expenses	39,370	37,941	3.8
Income tax expenses	7,232	6,852	5.6
Net profit	32,138	31,089	3.4
Net profit (attributable to equity holders of the bank)	29,284	28,491	2.8
ROA (%) ^{(2) (3)}	1.02	1.02	
ROE (%) ^{(2) (3)}	9.09	9.60	

(1) Pre-provision profit before impairment loss of loans and debt securities and income tax expense

(2) ROA and ROE calculated from net income (attributable to equity holders of the bank) divided by average assets and average equity attributable to equity holders of the bank respectively.

(3) If excluding extraordinary items, ROA for FY2019 would be 1.17% whilst ROE for FY2019 would be 10.46%.

• **Operating result in 2019**, Krungthai Bank's consolidated net profit attributable to equity holders of the Bank was Baht 29,284 million, a increase of 2.8% YoY due to higher total operating incomes from interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 3,899 million in 1Q2019 as well as from other

non-interest income (gain on investments, net). However, operating expenses rose up from provision for impairment of properties foreclosed and from provision expense on employees' benefits. If excluding such extraordinary items, net profit attributable to equity holders of the Bank increased by 18.2% from 2018.

Net Interest Income

Unit : Million Baht			
	2019	2018	Change
			%
Interest income	122,971	119,770	2.7
- Interbank and money market items	7,113	9,882	(28.0)
- Investments and trading transactions	482	325	48.5
- Investment in debt securities	4,943	3,807	29.8
- Loans	109,784	104,681	4.9
- Hire purchase and financial lease	428	936	(54.3)
- Others	221	139	59.5
<u>Less interest expense</u>	<u>34,655</u>	<u>36,081</u>	<u>(4.0)</u>
- Deposits	17,861	19,445	(8.1)
- Interbank and money market items	2,532	2,707	(6.5)
- Contributions to BOT and DPA	9,978	9,705	2.8
- Debts issued	4,085	4,093	(0.2)
- Others	199	131	51.5
Net interest income	88,316	83,689	5.5
Earning asset yield (%) ⁽¹⁾	4.48	4.47	
Cost of fund (%)	1.46	1.53	
Net interest margin (based on earning assets) (%) ⁽¹⁾	3.22	3.13	

(1) If excluding interest income due to the partial payment from the auction of mortgaged guarantee assets amounted Baht 3,899 million, Earning asset yield (%) and Net interest margin (based on earning assets) (%) for 2019 would be 4.34% and 3.07% respectively.

• **Krungthai Bank's consolidated net interest income in 2019** amounted Baht 88,316 million, increased by 5.5% YoY from the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets amounted Baht 3,899 million in 1Q2019 as well as from lower interest expense on deposits as a result from continuously improving cost of fund management. If excluding such item, net interest income rose

0.9% YoY while the Bank still focuses on portfolio management toward higher efficiency and risk management alignment as well as continuously improving cost of fund management. Yet, the Bank was affected from the lending rate cuts, NIM excluding income received from the auction of mortgaged guarantee asset of 1Q2019 registered at 3.07%, a decrease from 3.13% in 2018.

Interest Rates

	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Sep 2018
Policy interest rate ⁽¹⁾	1.25%	1.50%	1.75%	1.75%	1.75%	1.50%
Deposit rate ⁽²⁾						
- Savings rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
- 3 Months fixed rate	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
- 6 Months fixed rate	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%
- 12 Months fixed rate	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Loan rate						
- MLR ⁽¹⁾	6.025%	6.275%	6.275%	6.275%	6.275%	6.275%
- MOR	6.870%	6.870%	7.120%	7.120%	7.120%	7.120%
- MRR	6.870%	6.870%	7.120%	7.120%	7.120%	7.120%

⁽¹⁾ The Monetary Policy Committee, Bank of Thailand announced the policy rate cut by 0.25% from 1.25% to 1.00%, effective on February 5, 2020. Consequently, the Bank announced the 0.25% cut of Minimum Loan Rate (MLR) from 6.025% to 5.775%, effective on February 7, 2020.

⁽²⁾ Standard deposit rate for individuals.

Net Fee and Service Income

	Unit : Million Baht		
	2019	2018	Change
			%
Fee and service income	29,596	29,493	0.4
<u>Less</u> Fee and service expense	6,359	5,831	9.1
Net fee and service income	23,237	23,662	(1.8)

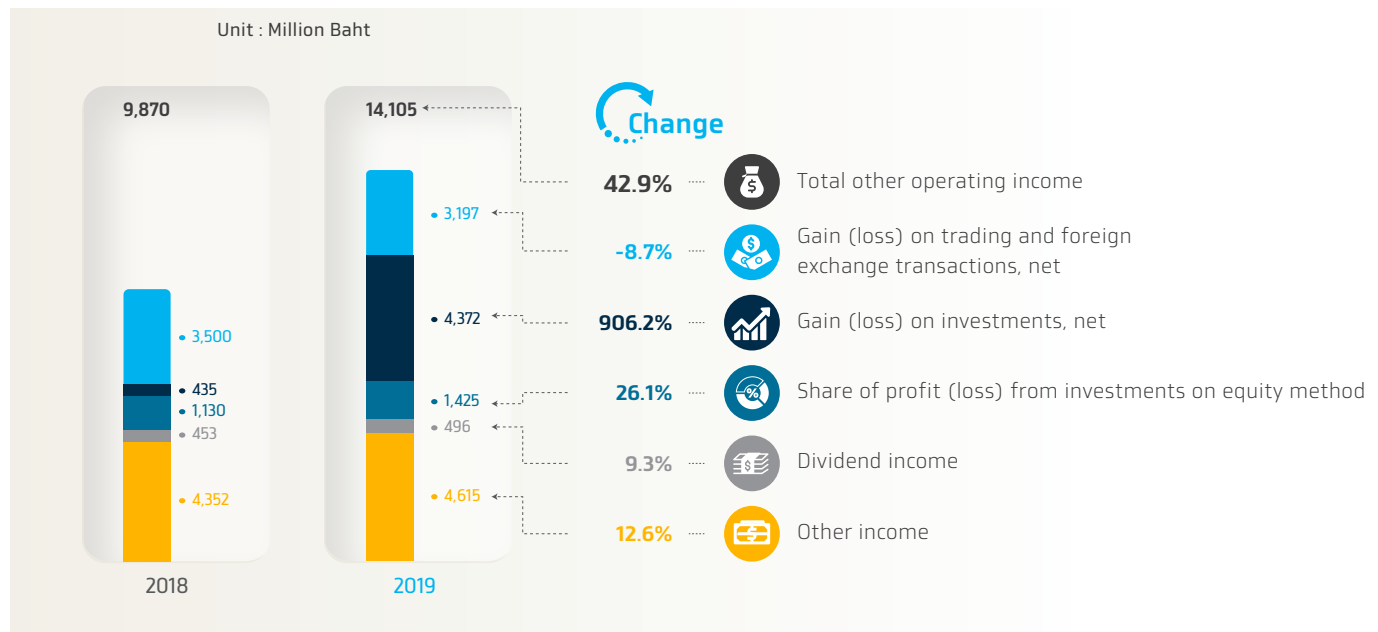
- **Krungthai Bank's consolidated net fee and service income in 2019** was Baht 23,237million, compressed by 1.8%.

Fee and Service Income Breakdown

	2019	2018
Loan related fee	8%	9%
Card business and electronic services	51%	50%
Cash management	6%	7%
Bancassurance	9%	9%
Other fees ⁽¹⁾	26%	25%
Total fee and service income	100%	100%

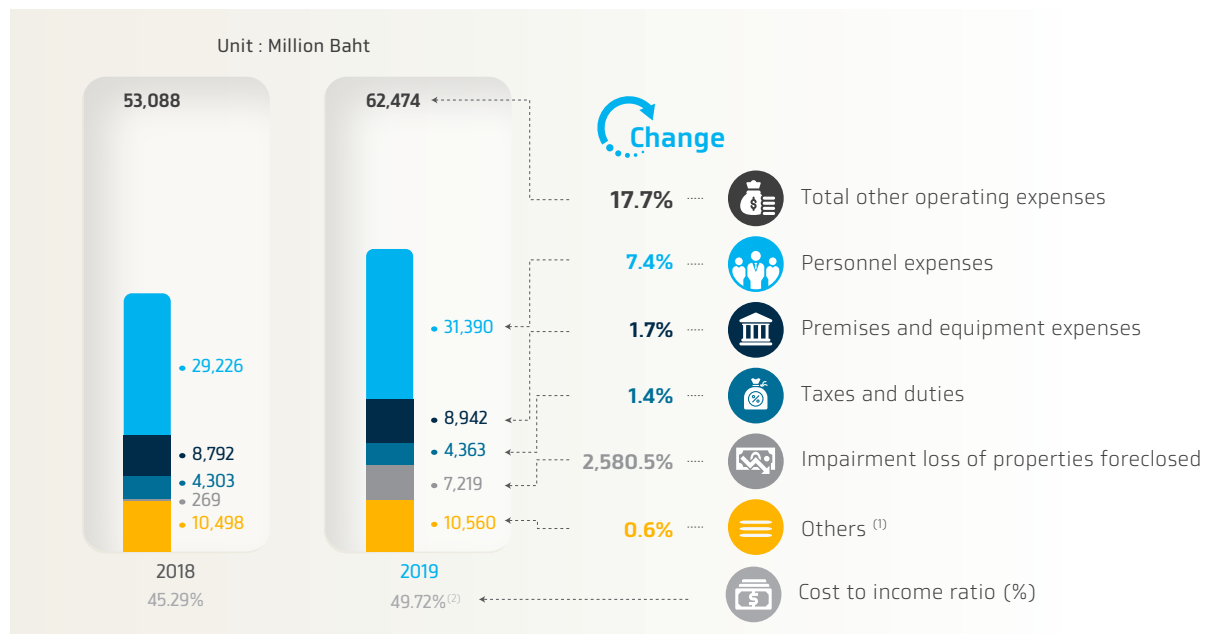
⁽¹⁾ Fees from Mutual fund, Global Market, and other services

Total Other Operating Income



• Krungthai Bank's consolidated total other operating income in 2019 was Baht 14,105 million, increased by 42.9% YoY due to gain on investments, net, share of profit from investments on equity method, and gain from selling properties foreclosed (other income).

Other Operating Expenses



(1) Including Directors' remuneration

(2) If excluding extraordinary items, cost to income ratio for 2019 would be 43.58%

• Krungthai Bank's consolidated other operating expenses in 2019 was Baht 62,474 million, increased by 17.7% YoY from provision for impairment of properties foreclosed and from provision expense on employees' benefits in 3Q2019. If excluding such extraordinary items, other operating expenses were at a similar level as the same period last year together with an increase in total operating income, which led to cost to income excluding such extraordinary items of 43.58%, declined from 45.29% in 2018.

Impairment Loss of Loans

	Unit : Million Baht		
	2019	2018	Change
			%
Impairment loss of loans ⁽¹⁾	23,814	26,192	(9.1)

⁽¹⁾ Impairment loss of loans and debt securities

• **Expense for Impairment Loss of Loans In 2019,** the Bank and its subsidiaries set aside the expense for impairment loss of loans amounted Baht 23,814 million, a decrease by 9.1% YoY given the consideration on an improving trend of NPLs and on the adequacy for TFRS 9 effective in 2020. The Bank and

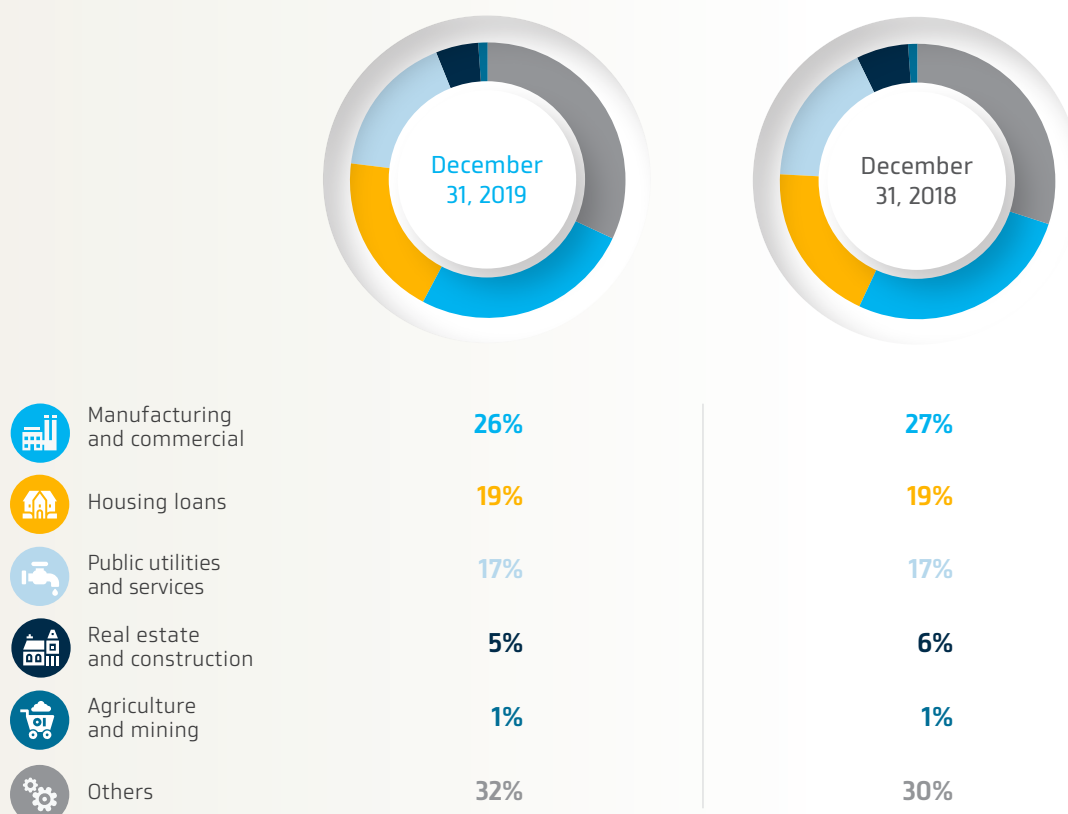
its subsidiaries consistently conform to provision policy with prudent practice while maintaining level of coverage ratio. As at December 31, 2019, the Bank's consolidated coverage ratio was increased to 131.76% from 125.74% as at December 31, 2018

Financial Standing Analysis

- **Asset**
 - **Loans to Customers**

The Bank's consolidated loans to customers (less deferred revenue) was Baht 2,089,874 million, increased by 3.2% compared to the end of last year. Such growth was derived from the retail loans (from all key segments), private corporate loans and government & SoE loans.

Loan Breakdown by Type of Business



Loan Classified by Type of the Borrower (Consolidated Financial Statements)

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2019		31 Dec 2018		Change
	Amount	(%)	Amount	(%)	(%)
Private corporate	650,267	31.1	630,633	31.1	3.1
Government and state enterprise	182,986	8.8	179,904	8.9	1.7
SMEs ⁽¹⁾	332,447	16.0	344,197	17.0	(3.4)
Retail	924,268	44.2	870,027	43.0	6.2
- Housing	396,035	18.9	376,734	18.6	5.1
- Personal	464,138	22.2	428,668	21.2	8.3
- Credit card	56,653	2.7	51,062	2.5	10.9
- KTB Leasing	7,442	0.4	13,563	0.7	(45.1)
Others	375	0.0	369	0.0	1.4
Total loans	2,090,343	100.0	2,025,130	100.0	3.2
Less Deferred revenue	469		925		
Total	2,089,874		2,024,205		3.2

⁽¹⁾ SMEs were private companies that have employee no. less than/equal to 200 people and fixed asset (excluding land) less than/equal to Baht 200 million

- Asset Quality

The Bank's consolidated NPLs Ratio-Gross as at December 31, 2019 was 4.33%, down from 4.53% as at December 31, 2018.

NPLs Ratio-Net stood at 1.83%, a decrease from 1.94% as at December 31, 2018

The Bank and its subsidiaries consistently conform to provision policy with prudent practice while maintaining level of coverage ratio. As at December 31, 2019, the Bank's consolidated coverage ratio was increased to 131.76% from 125.74% as at December 31, 2018

Loan Classification and Allowance for Doubtful Accounts

Unit : Million Baht

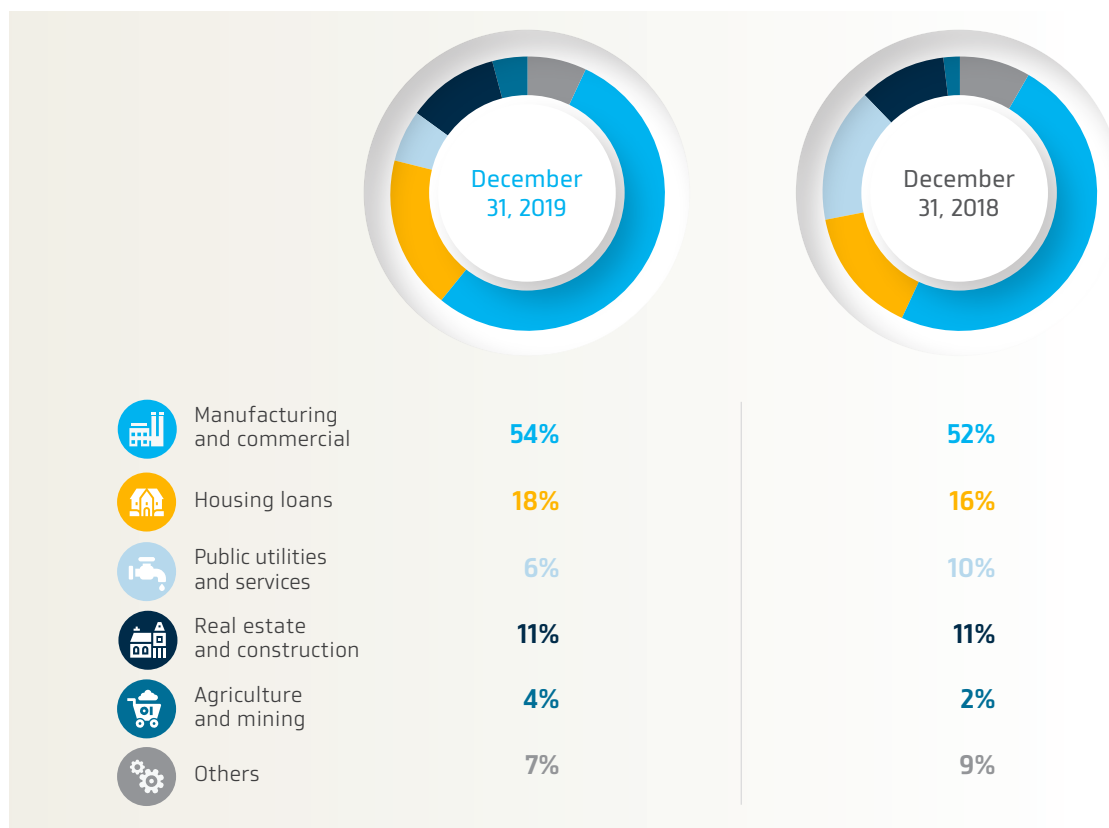
Consolidated Financial Statements	31 Dec 2019			31 Dec 2018		
	Loan and Accrued Interest Receivables	Amount Used for Set aside the Allowance for Doubtful Account	Allowance for Doubtful Accounts	Loan and Accrued Interest Receivables	Amount Used for Set aside the Allowance for Doubtful Account	Allowance for Doubtful Accounts
1. Loan Classification						
Normal	1,923,616	883,841	13,908	1,858,757	872,884	13,399
Special mention	68,696	30,545	8,478	64,465	25,555	11,585
Substandard	12,780	6,429	6,433	14,404	7,899	7,899
Doubtful	12,647	4,527	4,547	17,923	9,196	9,196
Doubtful of loss	77,294	37,398	37,403	74,080	31,511	33,008
Total	2,095,033	962,740	70,769	2,029,629	947,045	75,087
Excess allowance			64,459			58,668
2. Actual provisioning for loan loss ⁽¹⁾			135,268			133,755
3. Gross NPLs ⁽²⁾	102,659		4.33 %	106,370		4.53 %
Net NPLs ⁽²⁾	42,333		1.83 %	44,396		1.94 %
4. Coverage ratio ⁽³⁾			131.76 %			125.74 %

⁽¹⁾ Allowance for doubtful accounts and revaluation allowance for debt restructuring (according to the financial statements)

⁽²⁾ NPLs Ratio-Gross and NPLs Ratio-Net were calculated according to BOT definition

⁽³⁾ Coverage Ratio = Actual provisioning for loan loss / Gross NPLs

Gross NPLs Breakdown by Type of Business



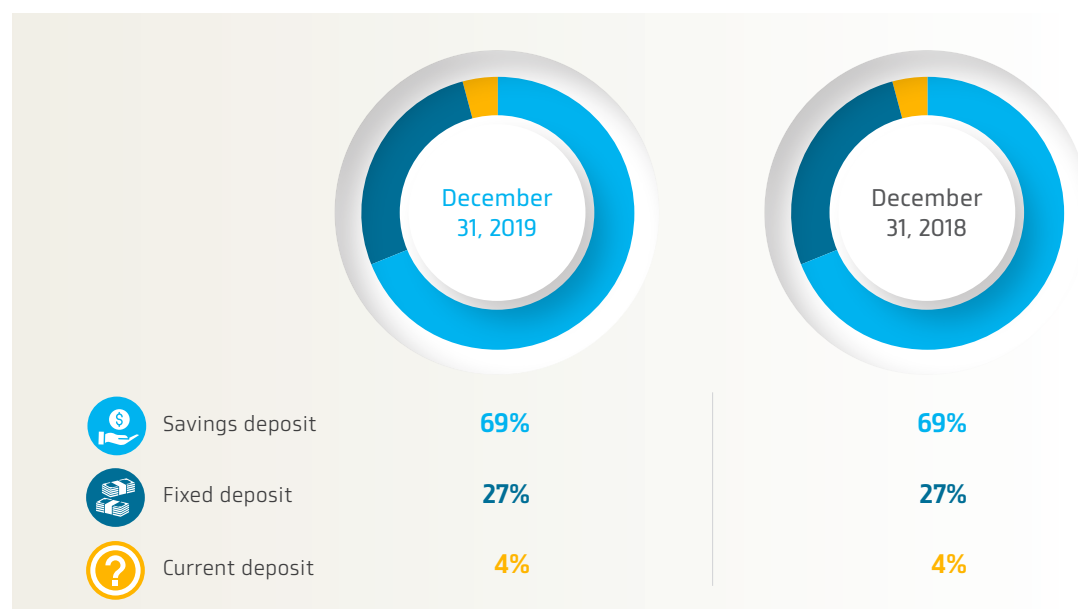
- Liabilities

- Deposits

The Bank's consolidated deposits was Baht 2,155,865 million, increased by 5.7% from December 31, 2018, mainly from the increase of saving and fixed deposits.

The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) as at December 31, 2019 of 96.94% decreased from 99.25% as at December 31, 2018

Deposits Breakdown by Types



Sources and Uses of Funds

As at December 31, 2019, the Bank's consolidated major source of funds was 71.6% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. The Bank's consolidated use of funds comprised of 69.4% loans to customers (less deferred revenue), 14.2% net investments and net investments in associates, and 11.2% net interbank and money market items.

Unit : Million Baht

	31 Dec 2019		31 Dec 2018		Change
	Amount	(%)	Amount	(%)	(%)
Net Interbank and money market items (asset)	338,771	11.2	372,514	13.6	(9.1)
Net investments and net investments in associates	426,174	14.2	240,167	8.8	77.4
Loans to customers (less deferred revenues)	2,089,874	69.4	2,024,205	73.9	3.2
Less Allowance for doubtful accounts and revaluation allowance for debt restructuring	(135,268)	(4.5)	(133,755)	(4.9)	1.1
Other assets	292,665	9.7	236,072	8.6	24.0
Total Asset	3,012,216	100.0	2,739,203	100.0	10.0
Deposits	2,155,865	71.6	2,039,602	74.5	5.7
Net Interbank and money market items (liabilities)	215,823	7.2	157,396	5.7	37.1
Debt issued and borrowings	96,841	3.2	95,205	3.5	1.7
Other liabilities	195,361	6.5	132,859	4.8	47.0
Total equity	348,326	11.5	314,141	11.5	10.9
- Equity holders of the Bank	338,287	11.2	305,875	11.2	10.6
- Non-controlling interest	10,039	0.3	8,266	0.3	21.5
Total liabilities and equity	3,012,216	100.0	2,739,203	100.0	10.0
Loans to customers (less deferred revenue)-to-deposits ratio (%)	96.94		99.25		

- Equity

- The total equity (equity holders of the Bank)

as at December 31, 2019 was Baht 338,287 million, increased by 10.6% compared to December 31, 2018

- Book value per share (equity holders of the Bank)

was Baht 24.20 per share increased from Baht 21.88 per share at December 31, 2018

Statutory Capital Fund

As at December 31, 2019, the Bank and the Financial Business Group's Common Equity Tier 1 were Baht 304,705 million (15.19% of its RWA), and Tier 1 capital were Baht 305,805 million (15.24% of its RWA). Total capital was Baht 381,339 million (19.01% of its RWA).

As at December 31, 2019, the Bank's Common Equity Tier 1 and Tier 1 capital were Baht 285,462 million (14.80% of its RWA). Total capital was Baht 360,078 million (18.66% of its RWA).

Additionally, total capital increased Baht 15,207 million from as at December 31, 2018 as a result of the appropriation of 1H19 net profit into the capital fund.

The Bank possesses healthy capital ratios compared to BOT's requirement. Moreover, the Bank regularly reassesses the capital level to be in accordance with the BOT's requirement as well as with any foreseeable risk to ensure the capital adequacy.

Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group ⁽¹⁾	31 Dec 2019 ⁽³⁾		The minimum rate required by the BOT for 2019 (%) ⁽²⁾	31 Dec 2018 ⁽³⁾		The minimum rate required by the BOT for 2018 (%) ⁽²⁾
	Amount	Proportion to Risk-weighted assets (%)		Amount	Proportion to Risk-weighted assets (%)	
Common equity tier 1 capital	304,705	15.19	>7.500	284,013	14.42	>6.375
Tier 1 capital	305,805	15.24	>9.000	284,982	14.47	>7.875
Tier 2 capital	75,534			73,718		
Total capital fund	381,339	19.01	>11.500	358,700	18.22	>10.375
Risk-weighted assets	2,006,423			1,969,203		

⁽¹⁾ Balance sheet as under regulatory scope of the financial business group means financial statement for consolidated basis under BOT's regulation which does not include non-life and life insurance companies, and companies held less than 50 percent of paid-up shares capital by the Bank.

⁽²⁾ According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb Capital conservation buffer more than 0.625% a year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019. Moreover, Krungthai Bank was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 0.5% of risk-weight assets from January 1, 2019 and 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

⁽³⁾ Capital fund and capital adequacy ratio as at December 31, 2019 are preliminary information prepared accordance with BOT guidelines. However, the capital data as at December 31, 2018 has been updated in alignment with the report to BOT.

Statutory Capital Fund (The Bank's Financial Statements)

Unit : Million Baht

The Bank's financial statements ⁽¹⁾	31 Dec 2019		The minimum rate required by the BOT for 2019 (%) ⁽¹⁾	31 Dec 2018		The minimum rate required by the BOT for 2018 (%) ⁽¹⁾
	Amount	Proportion to Risk-weighted assets (%)		Amount	Proportion to Risk-weighted assets (%)	
Common equity tier 1 capital	285,462	14.80	>7.500	272,015	14.35	>6.375
Tier 1 capital	285,462	14.80	>9.000	272,015	14.35	>7.875
Tier 2 capital	74,616			72,856		
Total capital fund	360,078	18.66	>11.500	344,871	18.19	>10.375
Risk-weighted assets	1,929,176			1,895,879		

(1) According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb capital conservation buffer more than 0.625% a year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019. Moreover, Krungthai Bank was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 0.5% of risk-weight assets from January 1, 2019 and 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

Analysis of Cash Flow Statement

For the year ended December 31, 2019, the Bank and its subsidiaries' cash and cash equivalent items stood at Baht 68,434 million, decreasing by Baht 444 million or 0.64% compared to year-end 2018. The main reasons were as follows:

1) Net cash received from operating activities was Baht 153,939 million as a result of the Bank's operating profit before changes in operating assets and liabilities as of Baht 66,626 million. The major changes in operating assets included a decrease of Baht 33,612 million in interbank and money market items (asset) and an increase of Baht 33,755 million in claims on securities. Meanwhile, the loans granted to customers hiked to Baht 91,758 million. The changes in operating liabilities included an increase of Baht 116,263 million in deposit, an increase of Baht 58,426 million in interbank and money market items (liabilities) and an increase of Baht 33,755 million on the liabilities to deliver securities while the liabilities repayable upon demand decreased for Baht 836 Million.

2) Net cash received from investment activities was Baht 146,979 Million, deriving from selling assets held for sale amounting to Baht 147,236 million and from selling held-to-maturity securities amounting to Baht 2,817 million. Cash outflow from buying assets held for sale was Baht 291,295 million and cash outflow from buying held-to-maturity securities was Baht 2,197 million.

3) Net cash used in financing activities was Baht 7,388 million, deriving from cash outflow to repay debt instruments issued and long-term borrowings of Baht 26,394 million, cash outflow to pay dividends of ordinary shares and preferred shares of Baht 10,035 million while net cash inflow from debt instrument

issued and long-term borrowings was Baht 30,115 million.

Remark: The changing figures (percent) shown is calculated by referring to the financial statement figures.

5. Forward-looking Statements

Thailand's economy in 2020 encountered with many risk factors. It is expected to grow at lower rate than 2019 due to the significant risk from the Coronavirus Disease 2019 (COVID-19) outbreak that takes its toll on tourism and export sector in a wide range, particularly during the first half of the year. This caused the government sector to push for urgent policies i.e. tax measures, extension for debt repayment and fees measures, including the credit measures, with the purpose of supporting the economy and mitigate the impact on the tourism sector. In addition, the Bank of Thailand reduced the policy rate to 1.00% in February. Besides, the drought and the delay of the 2020 budget expenditure is likely to affect the income of the private and household sectors. Therefore, when considered together with the high level of household debt, it is projected that private consumption will probable slow down. The government anticipated to expedite budget disbursement after the Annual Expenditure Budget Act 2020 is enforcing and continuously encouraging measures for consumption and investment. For the real estate measures, both the reduction of transfer and mortgage fees and the relaxation of the BOT's LTV criteria, are anticipated to help boost the property market after the sluggishness in the past year. However, for the external factors, various risks are waiting this year. These risks include, tendency

of ongoing trade war, the withdrawal of the United Kingdom from the European Union, the United States presidential election in November, the conflict between the United States and Iran. As a result, such risks will directly affect the exports of Thailand and may cause the fluctuation in the money and capital market.

Apart from the economic factors, the Bank will also face other challenges, such as the changes in behavior and expectations of consumers, especially on questing for Digital Lifestyle and Personalization Experience. Furthermore, technological advancement and data innovations, even one side is an opportunity to increase the efficiency of the Bank but on the other hand, it creates challenges from adjusting itself to keep up with such matters. It also encourages the Bank to change the competitive pattern, for instance linking the banking business with a variety of ecosystems amid competition from new players e.g. FinTech, e-Commerce and Telco. Meanwhile, the enforcement from official regulations as TFRS9, the over-indebtedness control as well as the opportunities of non-banks in providing more financial services e.g. P2P Lending, will altogether escort the Banks to adjust itself repeatedly.

To enable the Bank to achieve its objectives, vision and mission, the Bank attaches the importance to 5 ecosystems, which are the main target of the Bank, namely Government, Payment, Health and Wellness, Education, and Mass Transit. **Government:** the Bank has been entrusted to oversee the integration of electronic financial and fiscal management systems that connect the financial services from the government to the people as well as being a mechanism for stimulating important policies of the country. **Payment:** the Bank develops a complete payment innovation so as to be a digital platform that responds to all lifestyles of customers. **Healthcare and Health:** the Bank extends financial services via Krungthai Corporate Online covering the payroll service, payment services to customer's partners with automatic transfer systems, while upgrading the services to Smart Hospital. **Education:** though focusing on educational institutions and students, the Bank develop the University Application to be a platform that connects all dimensions of student's lifestyle in the digital age. **Mass Transit:** payment systems by QR Code and EDC machines have been installed to receive payment on the public bus.

Hence, the business strategy of Krungthai Bank in 2020 will focus on the "business expansion from customers' partners" from both government sectors as key customers and other alliances. The Bank will drive the organization by means of 2 approaches, Carrier and Speed Boat. Open Banking via digital platforms of the Bank is considered as a form of Speed Boat business model (Digital Solution Groups) that relies on agility and speed through the implementation of new technologies such as Data Analytics and AI to support the Bank's digital banking on new formats and business opportunities. After the Bank pioneers a new business model that is stable, capable to expand

and generate extra income, the Banks will apply the Carrier approach (Traditional Banking Groups) to join the business operation. For example, the Bank extend credit support to business partners of customers in the supply chain from the Welfare Card scheme and Chim Shop Chai campaign, namely manufacturing companies for consumer products, modern trade companies, large wholesale retailers, Pracharat Blue Flag Shops, community stores, etc.

From participating in laying foundation for Thai financial infrastructure projects previously, as a result, the Bank gained a lot of benefits from the aforementioned projects. To be exact, the database from new customers as well as the Bank deposits and loans have increased greatly, thanks to the success from several projects namely, Krungthai NEXT, Krungthai Travel Card - the first card that provides foreign currency exchange service by oneself 24/7 at a special rate of 18 currencies, Student Loan Fund, State Welfare Card scheme, Chim Shop Chai campaign, Tung Ngern Application for stores and Blue Flag Shops nationwide. Accordingly, Krungthai Bank acquires a customer base of more than 40 million people, pushing the Bank ready to be the leader in the country's infrastructure. All of this is a confirmation of the intention and the accurate direction of Krungthai Bank in an attempt to grow together alongside Thai people and Thai society.

The Bank anticipates that the implementation of the strategic plans and important projects will help support the government policies, especially the Thailand 4.0 strategy, moving forward to a cashless society, and reducing inequality and gaps from income distribution in the society. Furthermore, it will enhance the Bank's competitiveness in digital banking and elevate the public trust of the Bank in corresponding with the statement of direction, visions and missions that place importance on all related parties - customers, society, employees and shareholders - in reaching for the continuous and sustainable growth of the Bank.

For further information in relation to the Bank's direction, plans and key projects in 2020, more details are presented on pages 49-50 in the Bank Directions, Plans and Key Projects in 2020.

However, regarding to the forward-looking statements related to the analysis and other data (including operational project opportunities and the Bank's business strategy) in this Annual Report, such statements are the opinions of the Bank at the present concerning the future situations but it is not a guarantee for the Bank's future performance of any kind. The actual future results may differ substantially from the information contained in this annual report. Investors should therefore consider and not be able to rely on the content presented as forward-looking statements.

Therefore, when making investment decisions, investors should exercise their caution and discretion in studying the Bank's information in this Annual Report.

Shareholding and Management Structure

1. Shareholding Structure

List of Shareholders as at December 31, 2019

Shareholders	Number of Shares			
	Ordinary	Preferred	Total	%
1) The Financial Institutions Development Fund	7,696,248,833	0	7,696,248,833	55.05
2) Thai NVDR Co., Ltd	1,090,385,832	2,060	1,090,387,892	7.80
3) STATE STREET EUROPE LIMITED	415,346,593	0	415,346,593	2.97
4) Vayupaksa Mutual Fund 1 managed by MFC	307,725,658	2,726,095	310,451,753	2.22
5) Vayupaksa Mutual Fund 1 managed by KTAM	307,725,657	2,726,095	310,451,752	2.22
6) EGAT Saving and Credit Cooperative Limited	208,324,100	0	208,324,100	1.49
7) SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	194,573,682	0	194,573,682	1.39
8) Government Savings Bank	122,928,422	0	122,928,422	0.88
9) BNY MELLON NOMINEES LIMITED	99,498,556	0	99,498,556	0.71
10) THE BANK OF NEW YORK MELLON	94,829,080	0	94,829,080	0.68
11) Other shareholders	3,438,474,837	45,750	3,438,520,587	24.59
Total	13,976,061,250	5,500,000	13,981,561,250	100.00

Note: Information from Thailand Securities Depository Co., Ltd., the Bank's securities registrar

Financial Institutions Development Fund (FIDF)

As of December 31, 2019, Financial Institutions Development Fund is the major shareholder of the Bank. The FIDF has 7,696,248,833 ordinary shares or 55.05 percent of total shares for registered and paid-up capitals.

Financial Institutions Development Fund was established following the Emergency Decree amending the Bank of Thailand Act on November 27, 1985. As a legal entity, the FIDF has a committee who set policy and oversee all business of the FIDF. The FIDF has objectives to develop and assist to maintain financial institution system stability, especially faced with financial crisis, under the policy of Bank of Thailand and the government.

Proportion of ordinary and preferred shares of Thai Nationality and Foreign Nationality Shareholders:

Shareholder	Juristic Entity		Individual		Total		
	Number	Number of Shares	Number	Number of Shares	Number	Number of Shares	%
Thai Nationality	653	11,100,764,807	65,331	1,304,509,888	65,984	12,405,274,695	88.73
Foreign Nationality	251	1,564,374,364	119	11,912,191	370	1,576,286,555	11.27
Total	904	12,665,139,171	65,450	1,316,422,079	66,354	13,981,561,250	100.00

Note: Information from Thailand Securities Depository Co., Ltd., the Bank's securities registrar

Shareholders can examine the details of the Securities Registrar for ordinary and preferred shares of the Bank in the section General Information and other major information on page 290

As of December 31, 2019, the Bank has 1,090,385,832 units of Non-Voting Depositary Receipt (NVDR). The NVDR securities holders shall receive the same financial privileges as they would receive from direct investment in the Bank's shares, such as getting dividends and rights offering to subscribe to new ordinary shares. However, there are no voting rights in shareholders' meetings for NVDR holders, except for the rights to consider and vote for delisting of underlying securities from listed securities of the Stock Exchange of Thailand. Nevertheless, the number of NVDR shares is equivalent to 7.8 percent of the Bank's ordinary shares for registered and paid-up capital and accounted for 17.36 percent of ordinary shares held by minor shareholders (free float). Minor Shareholders and investors can examine the number of NVDR shares on the website of the Stock Exchange of Thailand, www.set.or.th.

Obligations incurred through the Issuance of Common Stocks

- None -

2. Dividend Payment Policy

2.1 Dividend Payment Policy of the Bank

The Bank has the policy to pay about 40 percent of its net profit as dividend. However, dividend payment in each year is subject to realized profit from normal business operation in that particular year. Also taken into consideration were the future performance of the Bank as well as economic condition, financial factors involved, growth of credit extension and provisioning, resolution from the Board meeting and/or shareholders general meeting, retained earnings, legal and other provisioning as the Bank deems necessary and including the regulatory compliance under law, rules and regulation prescribed by the authorized regulators.

As for the 2018 operating performance, the Bank paid dividend to the shareholder Baht 0.7180 per ordinary share and Baht 0.8725 per preferred share (equivalent to 40.00 percent of net profit) on May 10, 2019.

2.2 Dividend Payment Policy

Dividend payment of subsidiaries depends on each company's operating performance, retained earnings, legal provisioning and other required provisioning as appropriate for business operation.

3. Management Structure

3.1 Organization Structure's details are provided in Organization Chart on pages 10-11

3.2 Members and Authorities of each Committee

3.2.1 The Board of Directors

Members of the Board of Directors as at December 31, 2019

1)	Mr. Ekniti	Nitithanprapas	Chairman of the Board of Directors
2)	Mr. Krairit	Euchukanonchai	Vice Chairman, Chairman of Executive Directors, and Chairman of Risk Oversight Committee.
3)	Mr. Vichai	Assarasakorn	Director, Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee
4)	Mr. Nontigorn	Kanchanachitra	Director, Chairman of the Nominating and Remuneration Committee and Member of the Corporate Governance and Social Responsibility Committee
5)	Prof. Dr. Kittipong	Kittayarak	Director, Independent Director, Chairman of the Corporate Governance and Social Responsibility Committee, and Director of the Compliance Committee
6)	Mr. Thanwa	Laohasiriwong	Director, Independent Director, Chairman of the Compliance Committee, Member of the Nomination and Remuneration Committee and Member of the Risk Oversight Committee
7)	General Tienchai	Rubporn	Director, Chairman of the Independent Directors Committee, Member of the Audit Committee and Member of the Compliance Committee
8)	Mr. Poonnis	Sakuntanaga	Director, Executive Director and Member of the Risk Oversight Committee
9)	Ms. Patricia	Mongkhonvanit	Director, Executive Director and Member of the Corporate Governance and Social Responsibility Committee
10)	Mrs. Nitima	Thepvanangkul	Director, Independent Director, Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee
11)	Mr. Payong	Srivanich	President, Executive Director and Member of Risk Oversight Committee
	Mr. Niruj	Maneeapun	Secretary
	Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship

1)	Mrs. Nitima	Thepvanangkul	Took the position of Director on April 12, 2019 to replace Mr. Somchai Boonnamsiri who resigned from the position of Director on March 22, 2019 due to the age of 65 for retirement.
2)	Mr. Distat	Hotrakitya	Resigned from the position of Director on July 15, 2019

Details of Changes after December 31, 2019

- | | | |
|----------------|----------------|---|
| 1) Mr. Ekniti | Nitithanprapas | Resigned from the position of Director and Chairman of the Board of Directors on January 13, 2020 |
| 2) Mr. Prasong | Poontanear | Took the position of Director to replace Mr. Distat Hotrakitya who resigned and took the position of Chairman of the Board of Directors on January 17, 2020 |
| 3) Mr. Krisada | Chinavicharana | Took the position of Director on February 7, 2020 to replace Mr. Ekniti Nitithanprapas who resigned |

Scope of Authority and Responsibility of the Board of Directors

The Board of Directors has full authority to administer the business and supervise the business operations as a commercial bank in accordance with the objectives, the Articles of Association and the resolutions of the shareholders' meetings. All of which must be subjected to relevant laws and regulations. The authority and responsibility includes:

Authority of the Board of Directors

- 1) All business activities of the Bank shall be under the authority of the Board of Directors. Either the President or at least two other directors as delegated by the Board have the authority to sign and affix the Bank's official seal on behalf of the Bank. However, the Board of Directors has the authority to appoint or change the list of the directors who have the authority to sign on behalf of the Bank;
- 2) The Board of Directors has the authority to appoint the General Manager and employees as well as agent of the Bank with the authority and duty as the Board deems appropriate. Remuneration, expenses and benefits as well as removal of such persons from office are also within the authority;
- 3) The Board of Directors can empower the General Manager to appoint and revoke the appointment of the employees of the Bank. If the General Manager is also a director of the Board of Directors, he is named the "President";
- 4) The Board of Directors has the authority to invite any person, as it deems appropriate, to be an advisor assisting the Board on banking business as well as determining wages and remuneration for the advisor;
- 5) If the Board of Directors view that the Bank has gained sufficient profits and it is appropriate to pay dividend, the Bank may from time to time pay interim dividend to shareholders and report in the next shareholders' meeting.

Scope of Authority of the Board of Directors

The Board of Directors shall have the power to conduct all kinds of business of the Company. However, certain kinds of business in accordance with the Limited Public Company Act, the Bank's regulations, including relevant laws and rules of related regulators are specified to be conducted under the power of the shareholders meeting.

- 1) Approval of the balance sheets and the profit and loss statements;
- 2) Approval of the profit appropriation;
- 3) Election of new directors replacing those who completed their term of office or election of the additional directors when there is an increase in the total number of directors;
- 4) Appointment of the Bank's auditor and fixing their audit fee;
- 5) Increase of capital, reduction of capital and transfer of allowance for compensation of accumulated loss, dividend payment, public offering or allocation of capitalized shares and issuance of debentures;
- 6) Sale or transfer of the Bank's entire business or some material parts, acquisition or acceptance of transfer of other business, amendment or termination of agreement relating to renting out partial or the entire Bank's business.

Responsibilities of the Board of Directors

- 1) Perform duties with responsibility, circumspection and honesty, complying with the laws, including oversee and manage the Bank's business in accordance with the objectives, the Bank's Articles of Association, the resolutions of the Board of Directors, and the resolutions of the shareholders meeting as well as supervising the Bank's operations to sustainably create value for the Bank;
- 2) Specify the Bank's visions, missions, objectives and business targets with annual review and approval;
- 3) Manage and oversee to ensure the Bank has good corporate governance in business operation, including determine an operation policy, a risk management policy with a regular review and assessment. Specify or approve of a good risk governance framework to support business operation according to the direction and objectives designated and supervise that instill organizational culture concerning risk culture;

4) Supervise to ensure an effective internal control which includes all activities in the Bank's operation and able to reflect errors that may happen in due time, under the organizational structure complying with the 'Three Lines of Defense' model. Perform duty with independence and effectiveness;

5) Examine key plans, budget, and main resource distribution to achieve objectives and targets. Oversee that the Bank's strategies are implemented as well as evaluate and supervise performance reporting;

6) Take into account the responsibility of the Board of Directors, respect the rights and treat the shareholders and stakeholders with fairness and transparency. Review and define roles and responsibilities of the Boards of Directors, the President, the Management to be in accordance with the organization's direction, along with oversee that the effective Whistleblowing policy and procedure is enacted effectively;

7) Supervise that Market Conduct policy, the services which respond to customer needs with fairness, is enacted by an end-to-end process. Provide and manage platforms for complaints from all parties with efficiency and effectiveness. Set out policy to develop and improve the Bank's operation with regard to security and sanitation, corporate social responsibility, environment and personnel development.

8) Oversee the succession plan and Top Executives development plan so that they are equipped with knowledge, skills, experiences, and essential characteristics necessary for driving the organization to achieve the targets. Supervise the annual assessment of the President, Top Executives and Board of Directors with effectiveness. Determine the remuneration structure to be in line with the organizational culture regarding risks. Provide remuneration fixing system for Top Executives with prudence, transparency and be justifiable with their duties and responsibilities, work performance that is in line with turnover both short term and long term;

(9) Call for an Annual Ordinary General Meeting of Shareholders within four months from the closing of the accounting period. Other general meetings may be called anytime as extraordinary meeting when the Board of Directors deems appropriate or within one month from the date of shareholder's written request;

10) Attend the meeting of the Board of Directors at least 75 percent of all meetings held in each year as well as the Annual Ordinary General Meeting of Shareholders except when having urgent matters. The Boards of Directors should also raise their opinions that benefit the meeting. Directors of the board which have potential conflicts of the interest in any agenda shall cease from voting on such matters and may be invited to leave the meeting temporarily by the Chairman;

11) The Board of Directors may appoint a sub-committee to support the directors according to the directors' responsibilities and good corporate governance. One of the directors or more shall be delegated to be in the Sub-Committee and approve of the Sub-Committee Charter which specify its composition, responsibilities, and other matters relevant to the Sub-Committee as deemed appropriate;

12) Set out self-assessment, and assessment for directors and group assessment twice a year and implement the assessment results for the development of further operation and the consideration on the appropriateness of the Board of Directors' composition. However, the Board of Directors shall invite any person, as it deems appropriate, to be an advisor assisting the Board of Directors in determining directions and recommending issue in performance evaluation of the Board of Directors criteria at the appropriate period of time, for example, every three year, and must disclose assessment operation in the annual report.

13) Comply with the Code of Best Practice of Directors of Listed Companies and Corporate Governance Code (CG Code).

Role of the Chairman of Board of Directors

Chairman of the Board of Directors, on behalf of the organization leader, has core duty and responsibility to oversee the benefits of the Bank, shareholders, and stakeholders to achieve utmost returns in a long run by means of gathering the capability, idea, creativity, and competency of Committees and the Management in driving the Bank's business plan both short and long terms to accomplish success. In addition, Chairman has monitored management unit operation closely and continually by assigning directors to complete monthly reports of financial statements and important information. The Chairman is also the major person to support policy of corporate governance and corporate social responsibility, and aspiring to instill ethical consciousness to all level of staff members, according to the following details.

Management Responsibility

1) Monitor the overview of the Bank strategy and policy to attain equality including giving fair treatment to all customers;

2) Put an emphasis on transparent lawful work operation under compliance of the government and the Bank along with the shareholder meeting's resolution;

3) Supervise and ensure that the Board of Director's perform their duties effectively and accomplish the Bank's objectives and main targets;

4) Ensure that the Directors participate in supporting to create moral organizational culture and good corporate governance.

Board of Directors Meeting

- 1) Take the role of the meeting's chairman and attend every meeting except when having urgent matters in order to manage the Board of Directors meeting to be effective;
- 2) Set agenda of the Board of Directors meeting with consultant to the President and set out measure to put important issues in the meeting agenda;
- 3) Stimulate all Directors to raise their opinions by assigning authorized duty of organization management to the Management as deems appropriate. Ensure that all directors receive the Bank information correctly, on time, and clearly enough to perform their decision making, which will escort to the effective success of the Bank. Chairman shall provide time management for the Management to propose resolutions and for Directors to discuss important issues and consult each other. Support the Director consultancies in order to provide the consideration and opinion sharing about related topics in important meetings. Implement policy of maintaining good relationship between Executive Directors and Directors, and the Board of Directors and the management division with consultancies regularly.

Development and Assessment in Working Process

- 1) All newly appointed Directors will be required to participate in the orientation program and pay a visit in the Bank's business operation so as to familiarize with and adapt to organization culture;
- 2) Encourage all directors to join the training courses for competency development or related knowledge which will be advantages for the directors' business operation in famous and acceptable institutions such as Thai Institute of Directors and The Stock Exchange of Thailand;
- 3) Support all directors to operate their business by collaborative working as a team to create efficiency and effectiveness in work. In addition, Board of Directors shall undergo the performance assessment, including self-assessment, cross-assessment, and group assessment, in order to take their results to improve and develop director's work performance;
- 4) Determine the regular supervision and assessment system for the Bank operation to be in accordance with the policy.

Shareholder Relationship

Monitor the communication between the shareholders to run effectively as well as provide them chances to communicate with Directors in order to exchange opinions.

The Annual Ordinary General Meeting

Chairman of the Board of Directors takes the chairman role at the Annual Ordinary General Meeting and assigns a responsive person to supervise the Annual Ordinary General Meeting to comply with law and regulations as well as monitor the meeting attendance of Directors. In this regard, shareholders are provided with the meeting rights including participation taking, voting, initiating questions, and requesting clarifications, annual report acknowledgement, approving the balance sheets and the profit and loss statements, approving the profit appropriation and dividend, appointing Directors and fixing Directors' remuneration, appointing the Bank's auditor, fixing their audit fee, and approving the amendment to the memorandum of association of the Bank.

The Other Roles of Chairman of the Board of Directors

Chairman of the Board of Directors performs duty with prudence and supervise the structure of the Board of Directors properly, stimulates to implement policy and decision making of Board of Directors effectively, supports activity of corporate governance and corporate social responsibility for Directors, Top executives and all staff members.

Term of Office

According to the term of office is as stated in the Bank's regulations, one-third of the members of the Board of Directors must retire from the position at each Annual Ordinary General Meeting. Each member of the Board of Directors may not be in the position for longer than three consecutive terms of office unless his qualifications justify it. The Board of Directors will consider the effectiveness of such director in performing his duties and explain the reason thereof and his performance to the shareholders. At the present, there is one director who is in the position for longer than three consecutive terms of office, namely Mr. Nontigorn Kanchanachitra.

Authorized Signatory Directors

As at of December 31, 2019, the authorized signatories of the Bank are as follows: "Mr. Payong Srivanich, President, is authorized to sign solely on behalf of the Bank affixed with the Bank's official seal or Mr. Poonnis Sakuntanaga jointly with Ms. Patricia Mongkhonvanit to sign as two signatories affixed with the Bank's official seal".

As of February 26, 2019, the Bank changed the authorized signatories of the Bank as follows: "Mr. Payong Srivanich, President, is authorized to sign solely on behalf of the Bank affixed with the Bank's official seal or Mr. Poonnis Sakuntanaga jointly with Mr. Krisada Chinavicharana to sign as two signatories affixed with the Bank's official seal".

3.2.2 The Board of Executive Directors

Members of the Board of Executive Directors as at December 31, 2019

1) Mr. Krairit	Euchukanonchai	Chairman of the Board of Executive Directors
2) Mr. Poonnis	Sakuntanaga	Director
3) Ms. Patricia	Mongkhonvanit	Director
4) Mr. Payong	Srivanich	Director
Mr. Niruj	Maneepun	Secretary
Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship or Secretaryship after December 31, 2019

1) Ms. Patricia	Mongkhonvanit	Resigned from the position of Executive Director, effective from February 26, 2020
2) Mr. Krisada	Chinavicharana	Took the position of Executive Director, effective from February 26, 2020

Authority and Responsibility of the Board of Executive Directors

The Board of Directors has empowered the Board of Executive Directors with the following duties:

- 1) Approve scrutinizing credit, debt restructuring and debt write-off within the authority;
- 2) Approve investment or sales of securities invested by the Bank, trading or renting out Banks' property within the authority;
- 3) Consider and approve the hiring of consultant and procurement operation in accordance with the procurement regulations;
- 4) Scrutinize business plan, policy tasks and annual budget;
- 5) Monitor significant assignments given by the Board of Directors;
- 6) Approve or acknowledge other businesses relating to management that deem necessary, appropriate or urgent to get problems resolved since they may cause damage to the Bank if unattended. Report such issue promptly to the Board of Directors;
- 7) Perform other tasks assigned by the Board of Directors.

Term of Office of Executive Directors

Equivalent to the Board of Directors' term of office

3.2.3 The Audit Committee

The Audit Committee as at December 31, 2019

1) Mr. Vichai	Assarasakorn	Chairman of the Audit Committee
2) General Tienchai	Rubporn	Director
3) Mrs. Nitima	Thepvanangkul	Director
Mr. Santi	Parivisutt	Secretary

Detail of Change of Directorship

1) Mr. Somchai	Boonnamsiri	Resigned from the position of Chairman of the Audit Committee due to the age of 65 for retirement, effective from March 22, 2019
2) Mr. Thanwa	Laohasiriwong	Resigned from the position of Director on April 12, 2019

The Audit Committee amended scope of authority and responsibility according to the Audit Committee Charter 2019/2020 (revised in December 2019), which was effective on January 16, 2020. The details are as follows:

Scope of Authority and Responsibility of the Audit Committee

1) Financial Reporting and Public Disclosure

1.1) Review the financial reports to ensure their accuracy, adequacy and reliability in accordance with the generally accepted accounting principles;

1.2) Review with the Bank's auditor key issues that may adversely affect the reliability of the financial reports such as:

1.2.1) Significant problems or conflicts encountered during the course of the audit;

1.2.2) Different facts and opinions between the auditor and the management;

1.2.3) Effectiveness of internal control;

1.2.4) Deficiencies or losses found in the current accounting period and the possibility to recur in the following periods;

1.2.5) The draft of the annual financial statements and notes to the financial statements;

1.2.6) The auditor's report.

1.3) Review any connected transactions or transactions that may cause conflict of interest to ensure that the procedure is in accordance with related law, reasonable, and provide utmost benefits to the Bank;

1.4) Review the evidences when doubt about the operation that may significantly impair the Bank's business or conflict of interest that may cause negative impact on the Bank's operation;

1.5) Oversee the information submitted to the regulator to be in line with that in the financial reports.

2) Auditor

2.1) Ensure independence of the auditor;

2.2) Review the scope of work of auditor and internal auditors to avoid duplication of work in financial auditing with due consideration of efficiency in the use of resources in the audit process;

2.3) Consider the recruitment, appointment, dismissal and remuneration of the auditor and submit to the Board of Directors in proposing to the shareholder's general meeting. The Committee together with the auditor held the meeting without the presence of the management at least once a year;

2.4) Review the annual audit report and may suggest reviewing or examining on significant or necessary issues before submitting the key recommendation to the Board of Directors.

3) Review the operations of the Bank that have significant risks to objectives, important changes in good governance and leading organization, strategic planning, risk management and internal control, emphasis on stakeholders and customers, digital technology development, human capital management and knowledge management and innovation.

4) Risk Management

4.1) Review crucial risk levels and risk assessment methods used by the internal auditor and the Bank's auditor whether they are adequate and reliable;

4.2) Review the awareness of the Board of Directors and top executives on key risks and those related to strategic risk, credit risk, market risk, liquidity risk and operational risk.

5) Internal Control

5.1) Review the internal control system to ensure its effectiveness and compliance with the standards of the Committee of Sponsoring Organizations of Treadway Commission (COSO). Assess the entire internal control system at least once a year in addition to the assessment of financial reporting with the Bank's auditor;

5.2) Review the appropriateness and effectiveness of risk management, internal control of the Bank's IT system and its security including business continuity plan.

6) Regulatory Compliance

6.1) Review all compliances with relevant laws, rules and regulations stipulated by the official authorities and the regulators so as to prevent the damages from penalty charges, warning as well as the reputation of the Bank and its executives.

6.2) Supervise the financial conglomerate

6.2.1) Supervise and monitor the operation to be in line with the financial conglomerate policy;

6.2.2) Review accuracy and adequacy of financial report of the financial conglomerate

6.3) Review the accuracy of references and self-assessment of the anti-corruption measures of the Bank according to Thailand's Private Sector Collective Action Coalition Against Corruption Project.

7) Internal Auditor

- 7.1) Ensure independence of the internal auditor;
- 7.2) Directly supervise the Internal Audit Group, excluding the management of the Internal Audit Group that report directly to the President;
- 7.3) Oversee the Internal Audit Group to adhere to moral ethics and corporate governance with generally accepted audit standards as well as examine and review Code of Conduct of audit officers prior to submission to the Board of Directors for approval;
- 7.4) Regularly examine and review the Charter of the Internal Audit Group;
- 7.5) Consider and approve the strategic plan for internal audit, organization structure, manpower, annual internal audit program as well as budget used in auditing, stressing efficiency and effectiveness including their prioritization with regard to risk levels;
- 7.6) Review the internal audit reports and call confidential meetings with Managing Director of the Internal Audit Group to see if there is any interference from the executives and the management that may cause negative impacts on the independence and freewill of the internal auditor;
- 7.7) Oversee the complaint and Whistleblowing reported to the Internal Audit Group to ensure the appropriate audit;
- 7.8) Review with the Internal Auditor Group Head of competency to be in accord with policy or the competency of Bank's use of property or work manual;
- 7.9) Investigating and considering with the management division in the matter of errors found and the response of the Management;
- 7.10) Submit opinions to the Board of Directors concerning the appointment, transfer, dismissal, remuneration fixing and appraisal of the Internal Audit Group Head and all internal auditors of the Internal Audit Group;
- 7.11) Assess the performance of the Internal Audit Group Head;
- 7.12) Perform the Independent Quality Assessment Review by external auditor at least every five years.

8) **Performance Assessment:** Conduct self-assessment and the Board of Directors will evaluate the annual performance of the Audit Committee.

9) **Establish and review Charter of the Audit Committee** at least once a year before submitting to the Board of Directors for approval.

10) Other Responsibilities

- 10.1) Authorized to audit or investigate concerned persons under the scope of authority and responsibility of the Audit Committee and to hire specialist to assist in auditing or investigation;
- 10.2) Perform other duties as assigned by the Board of Directors and with consent from the Audit Committee.

Term of Office

1) The Audit Committee has a three-year term of office. One year refers to the period from the Ordinary General Meeting of the year in which the Director is appointed to the next Ordinary General Meeting. A director completing the term of office is eligible for re-election. Moreover, the Bank has stipulated additional provisions concerning the appropriateness of Director's term of office that it should not be over two consecutive terms except that any Director is considered appropriate to take the director office longer than such term. In this regard, the Board of Directors shall consider the independence and performance efficiency of that director before extending the term of office for more than two consecutive terms. The extension of such term shall not be permitted automatically.

- 2) The Directors in Audit Committee shall terminate from the position under the following circumstances:
 - 2.1) Complete the term of office;
 - 2.2) Terminate from directorship of the Bank's Board of Directors;
 - 2.3) Resignation;
 - 2.4) Death
 - 2.5) Lacking of qualifications as Audit Committee under the regulations prescribed by the Bank or SET;
 - 2.6) Have resolution to terminate from the position approved by the Board of Directors;
 - 2.7) Receive final judgment to imprisonment or lawful order to imprisonment except the negligent offence or petty offenses;
 - 2.8) Being quasi incompetent or adjudged incompetent;
 - 2.9) Bankruptcy.
- 3) For the resignation of Audit Committee Director, the letter of resignation must be submitted in advance to the Chairman of the Board of Directors for at least 30 days, excluding in the case of further necessity occurred, for the Board of Directors to approve.

4) In case the Audit Committee Directors has left the position prior to the completion of office term, the qualified person will be selected by the Board of Directors and will stay only for the remaining tenure of the director who left.

Member of the Audit Committee with experiences in reviewing financial statement

Gen. Tienchai	Rubporn	Director
Mrs. Nitima	Thepvanangkul	Director

The Audit Committee has conducted a report of the committee on pages 182-183

3.2.4 Corporate Governance and Social Responsibility Committee

The Corporate Governance and Social Responsibility Committee as at December 31, 2019

1) Prof. Dr. Kittipong	Kittayarak	Chairman
2) Mr. Vichai	Assarasakorn	Director
3) Mr. Nontigorn	Kanchanachitra	Director
4) Ms. Patricia	Mongkhonvanit	Director
5) Mrs. Nitima	Thepvanangkul	Director
Mr. Krit	Chamapisit	Secretary

Details of Changes of Directorship

1) Prof. Dr. Kittipong	Kittayarak	Took the position of Chairman of the Corporate Governance and Social Responsibility Committee on April 12, 2019
2) Mrs. Nitima	Thepvanangkul	Took the position of Director of the Corporate Governance and Social Responsibility Committee on April 12, 2019

Scope of Authority and Responsibility of Corporate Governance and Social Responsibility Committee

- 1) Present policy on corporate governance and social responsibility of the Bank and subsidiaries to the Board of Directors;
- 2) Oversee that operations are in compliance with the principles of corporate governance stipulated by the regulators such as the Bank of Thailand, the Stock Exchange of Thailand and the Securities and Exchange Commission, together with bearing the social responsibility;
- 3) Regularly review the corporate governance and social responsibility policy to be in consonance with international practices and recommendations of related institutions;
- 4) Recommend Code of Best Practices or Board of Directors Charter to the Board of Directors as well as other established committees of the Bank;
- 5) Recommend Code of Business Conduct and Code of Best Practices for executives and all employees;
- 6) Appoint sub-committee to support corporate governance and social responsibility work as deemed appropriate;
- 7) Perform other tasks assigned by the Board of Directors.

3.2.5 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee as at December 31, 2019

1) Mr. Nontigorn	Kanchanachitra	Chairman
2) Mr. Thanwa	Laohasiriwong	Director
Mr. Suppawat	Wadhanapatee	Secretary
Mr. Boonchird	Pikulyam	Assistant Secretary
Ms. Nuannapha	Wongthawatchai	Assistant Secretary

Detail of Change of Directorship

1) Mr. Somchai	Boonnamsiri	Resigned from the position of Director of the Nomination and Remuneration Committee, effective from March 22, 2019 due to the age of 65 for retirement
2) Mr. Thanwa	Laohasiriwong	Took the position of Director of the Nomination and Remuneration Committee, effective from April 12, 2019
3) Mr. Distat	Hotrakitya	Resigned from the position of Director of the Nomination and Remuneration Committee, effective from July 15, 2019

Detail of Change of Directorship after December 31, 2019

- | | | |
|----|----------------------------|--|
| 1) | Ms. Patricia Mongkhonvanit | Took the position of Director of the Nomination and Remuneration Committee, effective from February 26, 2020 |
|----|----------------------------|--|

Scope of Authority and Responsibility of the Nominating and Remuneration Committee

The Nomination and Remuneration Committee has been delegated from the Bank to perform the following duties:

- 1) Set policy, criteria and procedure in nominating and fixing remuneration including other benefits for the directors, top executives and authorized person;
- 2) Recommend overall policy concerning the fixing of remuneration and other benefits;
- 3) Recruit and select applicants with appropriate qualifications as specified by Bank's rules and relevant laws to be presented to the Board of Directors for consideration in the position of:
 - 3.1) Director
 - 3.2) Member of respective committees directly delegated by the Board of Directors
 - 3.3) Top executives and authorized person
- 4) Oversee that the size of the Board of Directors is justifiable and appropriate for the organization and the changing environment. The Board of Directors must comprise of the personnel with knowledge, skill and experience in various areas;
- 5) Activate the Board of Directors to select new director to replace the one that has completed term of office according to the Articles of Association;
- 6) Oversee that directors, top executives and authorized persons' remunerations are justifiable with their duties and responsibilities. Remunerations are adjusted in accordance with additional duties and responsibilities of such director;
- 7) Set up guidelines for assessing the performance of directors, top executives and authorized management personnel when revising annual compensations and taking into consideration the duties, responsibilities, related risks and long term value creation for shareholders;
- 8) Disclose policy and details of recruiting procedures and fixing of remuneration, all types of benefits and conduct the report regarding the process of determining remuneration. Thus, the details relating to the objectives, operational performance, and comment of the Nominating and Remuneration Committee must be disclosed in the Bank's Annual Report;
- 9) Perform other tasks as assigned by the Board of Directors.

3.2.6 Risk Oversight Committee

In order the Bank oversees the risk of the Bank and financial conglomerate in accordance with the announcement of the Bank of Thailand on the governance of financial institutions, the Bank uplifts the Risk Management Committee to be a Risk Oversight Committee and changes the positions of the Bank's directors and top executives in the Risk Oversight Committee that is effective on April 12, 2019.

Risk Oversight Committee comprised of Directors and President

Risk Oversight Committee as at December 31, 2019

- | | | | |
|----|-------------|----------------|-----------|
| 1) | Mr. Krairit | Euchukanonchai | Chairman |
| 2) | Mr. Poornis | Sakuntanaga | Director |
| 3) | Mr. Thanwa | Laohasiriwong | Director |
| 4) | Mr. Payong | Sriwanich | Director |
| | Mr. Poonpat | Sripleng | Secretary |

Detail of Change of Directorship

- | | | | |
|----|--------------|---------------|---|
| 1) | Mr. Somchai | Boonnamsiri | Resigned from the position of Director of the Risk Oversight Committee, effective from March 22, 2019 |
| 2) | Mr. Vichai | Assarasakorn | Resigned from the position of Director of the Risk Oversight Committee, effective from April 12, 2019 due to change of directorship in compliance with governance of financial institutions |
| 3) | Ms. Amporn | Chotrucksakul | Resigned from the position of Director of the Risk Oversight Committee, effective from April 12, 2019 due to change of directorship in compliance with governance of financial institutions |
| 4) | Ms. Phuaphun | Charoensuk | Resigned from the position of Director of the Risk Oversight Committee, effective from April 12, 2019 due to change of directorship in compliance with governance of financial institutions |

5) Mr. Poonpat	Sripleng	Resigned from the position of Director of the Risk Oversight Committee, effective from April 12, 2019 due to change of directorship in compliance with governance of financial institutions. Took the position of Secretary of the Risk Oversight Committee, effective from April 12, 2019
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Scope of Authority and Responsibility of Risk Oversight Committee

The Risk Oversight Committee is responsible for advising the Board of Directors on the risk oversight framework of the Bank and the financial conglomerate, ensuring that top executives and the head of the risk management department comply with the risk management policy and strategy, including acceptable risk levels. The Committee also has the duty to give an opinion or participate in assessing the efficiency and operational effectiveness of the head of the risk management department, ensure that management of capital, liquidity, information technology and the risk factors of the Bank and the financial conglomerate are in line with the acceptable risk levels, and review the adequacy and effectiveness of the policy and overall risk management strategies, including the acceptable level of risk at least once a year or when there are significant changes. The Risk Oversight Committee shall assess that the risk management policies and strategies of Bank and financial conglomerate cover all types of risks, including new risks that may occur, effectively implement the said policies and strategies, report to the Board of Directors about risk management efficiency and status of risk management compliance as well as significant factors and problems and issues that need to be improved to comply with the risk management policies and strategies of the Bank and the financial conglomerate, and present the report of the Risk Oversight Committee to the Audit Committee and the Board of Directors for acknowledgment/consideration every quarter. The Risk Oversight Committee shall be held a meeting at least once a month or as deemed appropriate and performs other duties as assigned.

3.2.7 The Compliance Committee

The Compliance Committee as at December 31, 2019

1) Mr. Thanwa	Laohasiriwong	Chairman
2) Prof. Dr. Kittipong	Kittayarak	Director
3) Gen. Tienchai	Rubporn	Director
Mr. Niruj	Maneepun	Secretary
Ms. Vipawadee	Lerssrisuriya	Assistant Secretary

Roles and Responsibilities of the Compliance Committee

The Compliance Committee was appointed by the Board of Directors to be responsible for the following duties:

- 1) Supervise and monitor risks resulted from the non-compliance with laws and regulations;
- 2) Regularly review the Charter of the Compliance Committee before submitting to the Board of Directors for approval;
- 3) Assess annual performance of the Compliance Department to maintain independence and avoid conflict of interest.

Review policy and regularly assess efficiency of risk management in regulatory compliance to ensure that the Bank's regulatory compliance is appropriate;

- 4) Approve the Annual Compliance Report;

5) Review the review report or monitor the regulatory compliance. It may be asked to review or monitor transactions that default on compliance and the Bank considered them as being important cause of risk;

6) Report to the Board of Directors for acknowledgement about the result of the review report or monitor the regulatory compliance. The committee shall acknowledge/consider every quarter for the improvement in case of non-compliance.

3.2.8 Independent Committee

Independent Committee as at December 31, 2019

1) Gen. Tienchai	Rubporn	Chairman
2) Professor Dr. Kittipong	Kittayarak	Director
3) Mr. Thanwa	Laohasiriwong	Director
4) Mr. Vichai	Assarasakorn	Director
5) Mrs. Nitima	Thepvanangkul	Director
Mr. Niruj	Maneepun	Secretary
Ms. Vipawadee	Lerssrisuriya	Assistant Secretary
Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship

- | | | |
|------------------|---------------|---|
| 1) Mr. Somchai | Boonnamsiri | Resigned from the position of Director of the Independent Committee on March 22, 2019 due to the age of 65 for retirement |
| 2) Gen. Tienchai | Rubporn | Took the position of Chairman of the Independent Committee on April 12, 2019 |
| 3) Mrs. Nitima | Thepvanangkul | Took the position of Director of the Independent Committee on April 12, 2019 |
| 4) Mr. Distat | Hotrakitya | Resigned from the position of Chairman of the Independent Committee on April 12, 2019 and from the position of Director of the Independent Committee on July 15, 2019 |

Scope of Authority and Responsibility of the Independent Committee

- 1) Recommend agenda of meeting to the Chairman of the Board of Directors for the issue that is deemed as important or issues that should be considered by the Board and not yet included on the agenda;
- 2) Provide opinions to the Chairman of the Board of Directors regarding to the role and performance of the Board;
- 3) Support the Board of Directors in boosting efficiency in complying with the principles of good corporate governance;
- 4) In case where the Board of Directors consider material agenda items such as related-party items or significant property trading, Independent Directors of over half the total number of Independent Directors should join in the consideration of such material agenda items;
- 5) In case where the Independent Directors may have conflicting opinions or any other observations on agenda items under consideration by the Board of Directors meeting, such opinions or observations should also be recorded in the minutes of the Board of Directors meeting every time;
- 6) Monitor the performance by the Independent Directors who have been designated to take position in various subcommittees especially in the issues of regulatory compliance, international accounting standards and risk management;
- 7) Perform any other tasks as assigned by the Board of Directors.

Term of Office

Independent Director can hold the term of office not to exceed 9 consecutive years. Independent Director who has previously held the position for 9 consecutive years is eligible to be re-appointed, however; such Independent Director must terminate from the appointment as director, manager, management authority, advisor or staff member of the Bank and the Bank's financial conglomerate for at least 2 years before the date of submission for directorship approval to the Bank of Thailand.

3.3 Corporate Secretary

The Board of Directors has appointed Corporate Secretary since 2008 onwards. At present, Mr. Niruj Maneepun, Senior Executive Vice President Group Head - Compliance and Legal Management Group, has been assigned to be the Corporate Secretary since October 1, 2018 with the purpose to comply with the amended Securities and Exchange Act B.E. 2535 (1992) and the Bank's principles of good corporate governance. Main duties and responsibilities of Corporate Secretary include:

Scope of Responsibility of Corporate Secretary

- 1) Oversee activities of the Board of Directors to be in compliance with the relevant applicable laws, rules and regulations;
- 2) Organize shareholders general meeting and the Board of Directors meeting to be in compliance with the relevant laws and the Bank's Articles of Association and monitoring those actions executed according to the meeting resolution for accuracy and compliance;
- 3) Prepare and retain the following documents:
 - Director registration
 - Invitation letter of the Board of Directors meeting, minutes of such meeting and the annual report of the company
 - Invitation letter of shareholders general meeting and minutes of such meeting
- 4) Retain the reports on interest reported by Directors and executives;
- 5) Monitor the actions taken in accordance with the resolutions of the Board of Directors meeting and shareholders general meeting;
- 6) Provide appropriate recommendations to Directors concerning legal matter, rules and regulations of the Bank;
- 7) Oversee corporate governance issues;

- 8) Be a consultant and coordinate with the secretaries of the committees;
- 9) Contact and communicate with shareholders to be informed of various rights of shareholders; and news of the Bank;
- 10) Perform any other actions as specified in the Notification of the Capital Market Supervisory Board.

3.4 Board of Directors Meeting

Board of Directors Meeting Policy

It is required to set the meeting of the Board of Directors, including the regular agenda in advance throughout the year. Directors shall attend the board meeting at least 75 percent of the number of meetings held each year and the meeting of shareholders, except in the case of necessity, as well as participation in asking and expressing opinions which are useful in the meeting to the best of their ability. Any director having interests in any matter shall be prohibited from voting on that matter. In this case, the Chairman may be invited to leave the meeting temporarily. In addition, the Board of Directors may hold a meeting without the Management at least once a year to provide opportunities for the Board of Directors to jointly consider and comment on the roles and responsibilities of them.

1. Charter of the Board of Directors: Meetings and Quorum

1.1 The Chairman of the Board of Directors calls the meeting of the Board of Directors. In the case two or more directors request a meeting of the Board of Directors, the Chairman shall appoint a date of meeting within fourteen days from the date of receipt of the request;

1.2 The Board of Directors shall hold a meeting at least once a month at any place as deemed appropriate;

1.3 The Chairman shall be the person to call a meeting of the Board. In calling a meeting, the Chairman or the person assigned by him shall send notices calling a meeting to directors at least seven days prior to the date of the meeting. However, in case of necessity and urgency for the purpose of safeguarding the rights or interests of the company, a meeting may be called by other means and the date of the meeting may be fixed sooner;

1.4 At a meeting of the Board of Directors, the number of directors attending the meeting shall not be less than one-half of the total number of Directors in order to constitute a quorum. Each director has one vote. In case of a tie of votes, the Chairman of the meeting shall have a casting vote. In the case of a vacancy of directorship for reason other than expiration of term of office, The resolution for this agenda item requires the votes of not less than three-fourths of the number of directors attending the meeting. To comply with principle of good corporate governance, the decision made or the resolution passed at the meeting shall be by the votes of not less than two-third of the total number of votes of directors who attend the meeting.

1.5 If the Chairman is absent or is unable to perform his duties, and If a vice-chairman is present, he shall perform as chairman. If there is no vice-chairman or if there is one but he is unable to perform his duties, the Directors shall elect one among them to be chairman of that general meeting.

1.6 If any shareholder has interests in any matter on which the meeting shall pass resolution, he shall not be entitled to vote on such matter. In such a case, the Chairman may ask that director to temporarily leave the meeting.

1.7 In case there are many vacancies in the Board of Directors to the extent that the number of the remaining directors is less than the number required to constitute a quorum, the remaining directors may act in the name of the Board only in the matters pertaining to the arrangement for a meeting to elect directors to fill the vacancies.

2. Operations in 2019

Dates of the Board of Directors meeting have been appointed in advance throughout the year and the meetings in 2019 shall be held on the second and the fourth Wednesday of each month. Special sessions may be held when appropriate. Corporate secretary shall send the invitation, agenda and related document to the Directors at least 7 days before the meeting date. Corporate secretary will note the minutes and retain for audit after the Board of Directors' approval. Meeting agenda will be categorized into headings for efficiency of the meeting, such as Chairman's Statement for information, adoption of previous meeting's minutes, on-going issues, policies, loan, debt restructuring, investment, property trading and procurement, human resources issue, issue for information and other business topics.

In 2019, the Board of Directors held a total of 27 meetings, the Board of Executive Directors 49 meetings, the Audit Committee 20 meetings, the Nomination and Remuneration Committee 21 meetings, the Corporate Governance and Social Responsibility Committee 13 meetings, the Risk Oversight Committee 12 meetings, the Compliance Committee 10 meetings, the Independent Directors Committee 5 meetings and the Relations Affairs Committee 12 meetings. Details of each Director's attendance are as follows:

Name of Directors		Board of Directors	Board of Executive Directors	Audit Committee	Nomination and Remuneration Committee	CG and CSR Committee	Risk Oversight Committee ⁽⁸⁾	Compliance Committee	Independent Committee	Relations Affairs Committee ⁽⁹⁾
1) Mr. Ekniti	Nitithanprapas	25/27	-	-	-	-	-	-	-	-
2) Mr. Krairit	Euchukanonchai	22/27	37/49	-	-	-	12/12	-	-	-
3) Mr. Vichai	Assarasakorn ⁽¹⁾	27/27	-	14/15	-	13/13	4/4	-	2/5	-
4) Mr. Nontigorn	Kanchanachitra	24/27	-	-	21/21	12/13	-	-	-	12/12
5) Professor Dr. Kittipong	Kittayarak ⁽²⁾	25/27	-	-	-	11/13	-	10/10	3/5	-
6) Mr. Thanwa	Laohasiriwong ⁽³⁾	26/27	-	5/5	15/15	-	9/12	4/4	5/5	-
7) Gen. Tienchai	Rubporn ⁽⁴⁾	27/27	-	20/20	-	-	-	10/10	5/5	-
8) Mr. Poonnis	Sakuntanaga	27/27	48/49	-	-	-	12/12	-	-	-
9) Ms. Patricia	Mongkhonvanit	25/27	37/49	-	-	10/13	-	-	-	-
10) Mrs. Nitima	Thepvanangkul ⁽⁵⁾	19/20	-	15/15	-	8/8	-	-	3/3	-
11) Mr. Payong	Srivanich	27/27	43/49	-	-	-	12/12	-	-	-
Directors who resigned during the year										
1) Mr. Somchai	Boonnamsiri ⁽⁶⁾	6/6	-	5/5	5/5	-	2/3	-	2/2	-
2) Mr. Distat	Hotrakitya ⁽⁷⁾	13/15	-	-	8/11	-	-	6/6	2/3	-

Notes: Number in the table refers to the number of attendance/ number of Board Meeting held while acting as Director.

- (1) Took the position of Chairman of the Audit Committee on April 12, 2019, resigned the position of Chairman of the Corporate Governance and Social Responsibility Committee on April 12, 2019 but still be in the position of Director of the Corporate Governance and Social Responsibility Committee, and resigned from the position of the Risk Oversight Committee on April 12, 2019.
- (2) Took the position of Chairman of the Corporate Governance and Social Responsibility Committee on April 12, 2019.
- (3) Took the position of Director of the Nomination and Remuneration Committee, resigned the position of Director of the Audit Committee on April 12, 2019 and took the position of Chairman of the Risk Oversight Committee on September 11, 2019.
- (4) Took the position of Chairman of the Independent Committee on April 12, 2019.
- (5) Took the position of Director, Director of the Independent Committee, Director of the Audit Committee and Director of Risk Oversight Committee on April 12, 2019.
- (6) Resigned from the position of Director, Chairman of the Independent Committee, Director of the Audit Committee and Director of Risk Oversight Committee on March 22, 2019 due to the of 65 for retirement.
- (7) Resigned from the position of Director, Director of the Independent Committee, Chairman of the Compliance Committee and Director of the Nomination and Remuneration Committee on July 15, 2019.
- (8) The Risk Management Committee uplifted to be the Risk Oversight Committee, effective on April 12, 2019.
- (9) Established according to the State Enterprise Labour Relations Act B.E. 2543 (2000); It comprises of the representatives of the employer, the representatives of the employee and a member of the board of that State Enterprise as the chairperson of the Relations Affairs committee.

Besides, in 2019, 4 meetings were held without the attendance of the management division, so as to be in complying with good corporate governance. With this regard, the Board of Directors considered and shared their opinions concerning their duties and responsibilities in consonance with the regulations specified by Bank of Thailand and State Enterprise Policy Office.

3.5 Remunerations for the Board of Directors

3.5.1 Policy on Remunerations for the Board of Directors

The Bank structures its policy on fair and reasonable remunerations with the reviewing of the Nomination and Remuneration Committee. The consideration of remuneration must be in line with the Director's responsibilities and the Bank's financial status and overall world economic outlook; must be comparable to the remuneration of the peers; and must be in complying with the resolution approved by the shareholders meeting. Remuneration process is prescribed as follows:

- The Nomination and Remuneration Committee considers and reviews the appropriateness according to the remuneration policy for the Board of Directors and committees of the Bank to propose to the Board of Directors;
- The Board of Directors proposes all forms of remuneration for directors to shareholders for consideration and approval annually, including supporting information: Directors' Remuneration Policy, criteria for remuneration for each director for their position and remuneration;
- Disclose remuneration for directors, both monetary and non-monetary remuneration in the annual report

Currently, the Bank divides the remuneration into 4 parts:

1) Remuneration for the position in the Board of Director

2) Ex-officio remuneration to individual director of the Board of Directors as follows:

2.1) Chairman of the Board of Directors;

2.2) Vice Chairman of the Board of Directors;

2.3) Chairman of other Respective Committee e.g. the Chairman of the Board of Executive Directors, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibility Committee, the Risk Oversight Committee, the Compliance Committee and the Independent Committee, the Relations Affairs Committee and the Chairman of other Boards that the Bank of Thailand required to have or was deemed to have or the Board of Director was deemed as necessary;

3) Meeting honorarium shall be paid to the Directors in complying with the specified regulations.

4) Directors' gratuity is subject to the following criteria:

4.1) The Bank must obtain profit from its operation, and

4.2) The Bank must pay dividend to the shareholders

The Bank proposed all abovementioned remuneration namely, remuneration for the position in the Board of Director, Ex-officio remuneration, meeting honorarium and Directors' gratuity, without any other privilege to the shareholder's meeting for considering approval annually. However, at the 26th Shareholders Ordinary Annual General Meeting on April 12, 2019, the meeting resolved to give an approval of the Directors' remuneration. The details are as follows:



Details of Directors' Remunerations	Per Person
1.1 Remuneration for the position in the Board of Director	Baht 70,000.- / Month
1.2 Ex-officio remuneration as follows:	
1.2.1 Chairman of the Board of Directors	Baht 130,000.- / Month
1.2.2 Vice Chairman of the Board of Directors	Baht 30,000.- / Month
1.2.3 Chairman of Respective Committee e.g.	Baht 30,000.- / Month
<ul style="list-style-type: none"> - The Board of Executive Directors - Audit Committee - Nominating and Remuneration Committee - Corporate Governance and Social Responsibility Committee - Risk Oversight Committee - Compliance Committee - Independent Committee - Relations Affairs Committee - The Chairman of other Boards that the Bank of Thailand required to have or was deemed to have or the Board of Director deemed as necessary. 	
1.3 Meeting honorarium	Baht 30,000.- / Time / Month
<p>Pain to the Directors who attended the meetings and the Directors in other Boards that the Bank of Thailand required to have or was deemed to have or the Board of Director deemed as necessary</p>	
<p>Meeting honorarium for the Board of Directors shall be paid not more than one time per month and meeting honorarium shall be paid for each sub-committee, but not more than 2 sub-committees and not more than one time per month.</p>	

Until presently, besides the approval from the shareholders' meeting, the Bank has not offered any other privilege to the Directors. Moreover, Directors do not have any position in the Bank's subsidiaries and associated companies.

3.5.2 Remunerations for the Board of Directors in 2019

In 2019, the Bank paid remuneration in cash, consisting of the remuneration for the position in the Board of Directors, ex-officio remuneration and meeting honorarium of Baht 25,435,236.55 in total. It is divided into:

1. Remuneration for the position in the Board of Directors with a total amount of Baht 15,531,365.58
2. Remuneration for the position in the Board of Executive Directors with a total amount of Baht 1,800,000.00 for the Audit Committee Baht 1,179,322.58, for the Nominating and Remuneration Committee Baht 1,260,000.00, for the Corporate Governance and Social Responsibility Committee Baht 1,951,000.00, for the Risk Oversight Committee Baht 1,830,000.00, for the Compliance Committee Baht 1,023,548.39. Remuneration for the position in the Relations Affairs Committee with a total amount of Baht 349,000.00 and remuneration for the position in the Independent Committee with a total amount of Baht 511,000.00, as detailed:

Unit : Baht

Name of Directors	Remuneration in Cash								Relations Affairs Committee ⁽¹⁰⁾
	Board of Director	Board of Executive	Audit Committee	Nomination and Remuneration Committee	CG and CSR Committee	Risk Oversight Committee ⁽⁸⁾	Compliance Committee	Independent Director Committee	
1) Mr. Ekniti Nitthaprapas	2,558,000.00	-	-	-	-	-	-	-	-
2) Mr. Krairit Euchukanonchai	1,560,000.00	720,000.00	-	-	-	690,000.00	-	-	-
3) Mr. Vichai Assarasakorn ⁽¹⁾	1,200,000.00	-	289,000.00	-	462,000.00	330,000.00	-	- ⁽⁹⁾	-
4) Mr. Nontigom Kanchanachitra	1,200,000.00	-	-	720,000.00	360,000.00	-	-	-	349,000.00
5) Prof. Dr. Kittipong Kittayarak ⁽²⁾	1,200,000.00	-	-	-	589,000.00	-	270,000.00	60,000.00 ⁽⁹⁾	-
6) Mr. Thanwa Laohasiwong ⁽³⁾	1,200,000.00	-	90,000.00	240,000.00	-	270,000.00	140,000.00	30,000.00 ⁽⁹⁾	-
7) Gen. Tienchai Rubporn ⁽⁴⁾	1,200,000.00	-	360,000.00	-	-	-	270,000.00	289,000.00 ⁽⁹⁾	-
8) Mr. Poornis Sakuntanaga	1,200,000.00	360,000.00	-	-	-	330,000.00	-	-	-
9) Ms. Patricia Mongkhonvanit	1,200,000.00	360,000.00	-	-	300,000.00	-	-	-	-
10) Mrs. Nitima Thepvanangkul ⁽⁵⁾	874,333.33	-	270,000.00	-	240,000.00	-	-	- ⁽⁹⁾	-
11) Mr. Payong Siwanich	1,200,000.00	360,000.00	-	-	-	210,000.00	-	-	-
Directors who resigned during the year									
1) Mr. Somchai Boonamsiri ⁽⁶⁾	277,419.35	-	170,322.58	90,000.00	-	-	-	- ⁽⁹⁾	-
2) Mr. Distat Hotrakitya ⁽⁷⁾	661,612.90	-	-	210,000.00	-	-	343,548.39	132,000.00 ⁽⁹⁾	-
Total remuneration of Board of Directors	15,531,365.58								
Total remuneration of respective committees		1,800,000.00	1,179,322.58	1,260,000.00	1,951,000.00	1,830,000.00	1,023,548.39	511,000.00	349,000.00
Total remuneration of all Respective Committees									9,903,870.97
Total remuneration of the Board of Directors and all Respective Committees									25,435,236.55

Notes: (1) Took the position of Chairman of the Audit Committee on April 12, 2019, resigned the position of Chairman of the Corporate Governance and Social Responsibility Committee on April 12, 2019 but still be in the position of Director of the Corporate Governance and Social Responsibility Committee

(2) Took the position of Chairman of the Corporate Governance and Social Responsibility Committee on April 12, 2019.

(3) Took the position of Director of the Nomination and Remuneration Committee, resigned the position of Director of the Audit Committee on April 12, 2019 and took the position of Chairman of the Risk Oversight Committee on September 11, 2019.

(4) Took the position of Chairman of the Independent Committee on April 12, 2019.

(5) Took the position of Director, Director of the Independent Committee, Director of the Audit Committee and Director of Risk Oversight Committee on April 12, 2019.

(6) Resigned from the position of Director, Chairman of the Independent Committee, Director of the Audit Committee and Director of Risk Oversight Committee on March 22, 2019 due to the of 65 for retirement.

(7) Resigned from the position of Director, Director of the Independent Committee, Chairman of the Compliance Committee and Director of the Nomination and Remuneration Committee on July 15, 2019.

(8) The Risk Management Committee uplifted to be the Risk Oversight Committee, effective on April 12, 2019.

(9) Meeting honorarium shall be paid for each sub-committee, but not more than 2 subcommittees. If a member of any sub-committee attends more than 2 meetings, a member shall receive meeting honorarium only for two subcommittees.

(10) Established according to the State Enterprise Labour Relations Act B.E. 2543 (2000); It comprises of the representatives of the employer, the representatives of the employee and a member of the board of that State Enterprise as the chairperson of the Relations Affairs committee.

3.5.3 Gratuity Payment of the Directors in 2018

The Board of Directors allocated a total of Baht 39,350,000.00 as gratuity for Directors in 2018. The details are as follows:

Unit : Baht

Name of Directors/Former Directors *		Gratuity
1) Mr. Ekniti	Nittithanprapas	2,337,479.37
2) Mr. Krairit	Euchukanonchai	3,871,491.63
3) Mr. Vichai	Assarasakorn	3,387,555.17
4) Mr. Nontigorn	Kanchanachitra	3,387,555.17
5) Professor Dr. Kittipong	Kittayarak	3,175,418.65
6) Mr. Thanwa	Laohasiriwong	2,903,618.72
7) Gen. Tienchai	Rubporn	2,903,618.72
8) Mr. Poonnis	Sakuntanaga	3,387,555.17
9) Ms. Patricia	Mongkhonvanit	46,404.87
10) Mr. Payong	Srivanich	3,387,555.17
11) Mr. Somchai	Boonnamsiri *	3,115,755.25
12) Dr. Somchai	Sujjapongse *	1,431,921.56
13) Dr. Kulaya	Tantitemit *	2,626,515.38
14) Mr. Distat	Hotrakitya *	3,387,555.17
Total		39,350,000.00

3.6 Executive Officers of the Bank

3.6.1 President

The President is empowered to oversee that the management and business operation of the Bank is in accordance with the objectives, policies, rules, and targets as formulated and set by the Board of Directors, including manage work with restriction to the plan or budget approved by the Board of Directors and for the benefit of the Bank and the shareholders with the following responsibilities:

- 1) Oversee that the operation of the Bank is in accordance with the objectives, policies, rules and targets designated by the Board of Directors.
- 2) Manage work with restriction to the plan or budget approved by the Board of Directors and for the benefit of the Bank and the shareholders.
- 3) Supervise employees and contract staff to work in accordance with the objectives and authority of the Bank.
- 4) Build and maintain relationships and collaborations with various agencies, institutions and organizations, both onshore and offshore.
- 5) Represent or be an authorized person on behalf of the Bank when dealing with external agencies and regulators or conducting any legal acts with legal binding as assigned by the Board of Directors within the framework of the Bank's objectives and Articles of Association.
- 6) Attend meetings and take directorship or membership of committee as appointed by the Bank.
- 7) Consider any other topics as designated by the Board of Directors and respective committees.

Assessment of the President Performance

In 2019, the Bank assessed performance of the President by determining performance appraisal result to be linked to the incentive system once a year, and during the year, providing a performance appraisal in order to give feedback as follows:

- 1) The Nomination and Remuneration Committee reviewed, specified performance evaluation criteria in relation to key performance indicator (KPI) and presented to the Board of Directors for approval.
- 2) The Board of Executive Directors considered key performance indicators (KPI) and evaluated performance by comparing with the KPI set according to the strategy and goal of each year as well as the management competence.
- 3) Human Resources and Corporate Governance Group presented the President's performance to the Board of Directors for approval.
- 4) The Board of Directors informed the performance appraisal result to the President.

3.6.2 Top Executive Officers

Names and Positions of Top Executive Officers as of December 31, 2019 (according to the organization structure on pages 10-11)

Name - Surname		Position	Group
1. Mr. Payong	Sriwanich	President	
2. Mr. Poonpat	Sripleng	Senior Executive Vice President Group Head	Risk Management Group and Acting Group Head - Operation Group
3. Ms. Praralee	Ratanaprasartporn	Senior Executive Vice President Group Head	Digital Solutions Group
4. Mr. Werapong	Suppasedsak	Senior Executive Vice President Group Head	Business Center Group
5. Mr. Niruj	Maneepon	Senior Executive Vice President Group Head	Compliance and Legal Management Group
6. Mr. Suratun	Kongton	Senior Executive Vice President Group Head	Corporate Banking Group 2
7. Mr. Ekachai	Techawiriyakul	Senior Executive Vice President Group Head	Corporate Banking Group 1
8. Mr. Rawin	Boonyanusasna	Senior Executive Vice President Group Head	Global Markets Group
9. Ms. Saranya	Vejakul	Senior Executive Vice President Group Head	Financial Management Group
10. Mr. Santi	Parivisutt	First Executive Vice President Group Head	Internal Audit Group
11. Mr. Suppawat	Wadhanapatee	First Executive Vice President Group Head	Human Resources and Corporate Governance Group
12. Mr. Kittipat	Peantham	First Executive Vice President Group Head	Government and State Enterprise Relations Group
13. Mr. Tawatchai	Cheevanon	First Executive Vice President Group Head	Global Transaction Banking Group
14. Ms. Surang	Thanutthanon	First Executive Vice President Group Head	Credit Restructuring and Asset Management Group
15. Mr. Therdchai	Wiroonpanich	First Executive Vice President Group Head	Retail Banking Sales and Distribution Group
16. Mr. Pichit	Jongsaliswang	First Executive Vice President Group Head	Retail Banking Product and Strategy Group
17. Mr. Chancha	Sinsuparatn	First Executive Vice President Group Head	Retail Shared Services Group
18. Mr. Kosol	Chamchuen	First Executive Vice President	Krungthai Bank
19. Mr. Pativate	Santavanond	First Executive Vice President	Krungthai Bank

Executive Officers who retired on September 30, 2019

1. Mr. Parinya	Patanaphakdee	First Senior Executive Vice President Group Head	Credit Restructuring and Asset Management Group
2. Ms. Oranut	Siraprapa	First Executive Vice President Group Head	Retail Banking Product and Strategy Group

Details of changes of the Top Executive Officers in 2019

1) Mr. Tawatchai	Cheevanon	Took the position of First Executive Vice President Group Head - Global Transaction Banking Group on January 2, 2019 to replace ML. Nathchanya Davivongse who retired.
2) Mr. Pichit	Jongsaliswang	Took the position of Advisor to the President on April 9, 2019 and rotated to the position of First Executive Vice President Group Head - Retail Banking Product and Strategy Group on October 1, 2019 to replace Ms. Oranut Siraprapa who retired.
3) Ms. Saranya	Vejakul	Took the position of Advisor to the President on July 1, 2019 and rotated to the position of Senior Executive Vice President Group Head - Financial Management Group on October 12, 2019 to replace Ms. Phuphun Charoensuk who resigned.
4) Mr. Boonlerd	Sinsombat	Senior Executive Vice President Group Head - Technology Group, rotated to Advisor to the President on July 5, 2019 and resigned from the Bank on August 1, 2019.
5) Ms. Amporn	Chotruchsakul	Senior Executive Vice President Group Head - Operation Group resigned from the Bank on August 19, 2019.
6) Mr. Kosol	Chamchuen	First Executive Vice President Group Head - Retail Banking Sales and Distribution Group rotated to the position of First Executive Vice President of Krungthai Bank on October 1, 2019.
7) Mr. Therdchai	Wiroonpanich	Took the position of First Executive Vice President Group Head - Retail Banking Sales and Distribution Group on October 1, 2019 to replace Mr. Kosol Chamchuen who rotated to the position of First Executive Vice President of Krungthai Bank.
8) Ms. Surang	Thanutthanon	Took the position of First Executive Vice President Group Head - Credit Restructuring and Asset Management Group on October 1, 2019 to replace Mr. Parinya Patanaphakdee who retired.
9) Ms. Phuphun	Charoensuk	Senior Executive Vice President Group Head - Financial Management Group resigned from the Bank on October 12, 2019.
10) Dr. Roong	Mallikamas	Senior Executive Vice President Group Head - Global Business Development and Strategy resigned from the Bank on November 8, 2019.
11) Ms. Praralee	Ratanaprasartporn	Senior Executive Vice President Group Head - Retail Shared Services Group and Head of Data Innovation rotated to the position of Senior Executive Vice President Group Head - Digital Solutions Group on December 1, 2019.
12) Mr. Chanchai	Sinsuparatn	Took the position of First Executive Vice President Group Head - Retail Shared Services Group on December 1, 2019 to replace Ms. Praralee Ratanaprasartporn who rotated to the position of Group Head - Digital Solutions Group

3.7 Remuneration for Top Executives

The Bank structures its policy on fair and reasonable remuneration for Top Executives. The Remuneration structure must be comparable to that of the peers in the industry. The Nominating and Remuneration Committee propose the remuneration of Top Executives and the President to the Boards of Directors for approval and determine the appropriate remuneration according to the Bank's policy which is connected to the Bank's operation result both in long term and short term, the performance of each Executives, and Performance Ranking. The Performance Ranking will be compared with Key Performance Indicators; Financial Indicators, Strategic Implementation indicators, Compliance Indicators, Improvement of Work Process Indicators, and Personnel Development Indicators. All of which is under the transparency according to corporate governance principle and scope of responsibility of the position to drive the organization to be Performance Driven Organization (PDO).

In 2019, the Bank paid remuneration to the following Top Executive Officers of the Bank.

- According to the definition by SEC, there are a total of 28 Top Executive Officers that are the President, First Senior Executive Vice President, Senior Executive Vice Presidents and First Executive Vice Presidents. Their remuneration totaled to Baht 307,841,243. They are divided into two groups. The first group consists of 21 executives who the Bank contributes to their provident funds. The total remuneration of this group was Baht 241,899,817. The other group consists of 7 executives who the Bank does not contribute to their provident funds. The total remuneration of this latter group was Baht 65,941,426. (The remuneration included the special remuneration payment for 3 executives who retired in 2018 and received the special remuneration in 2019)

Moreover, some top executives who are directors in a subsidiary shall not receive remuneration as a director from that subsidiary.

- Remuneration of 83 Sector Directors (classified as the Management Authority according to the definition by BOT) totaled to Baht 424,679,673. They are divided into two groups. The first group consists of 71 executives to whom the Bank paid their salary, business unit allowance, extra gratuity, child allowance, child education allowance, housing allowance and contributed to their provident funds. The total remuneration of this group was Baht 405,804,092. The other group consists of 12 executives to whom the Bank paid their salary, business unit allowance, extra gratuity, child allowance, child education allowance, housing allowance but does not contribute to their provident funds. The total remuneration of this group was Baht 18,875,581. (However, the remuneration included the special remuneration payment for 9 executives who retired in 2018 and received the special remuneration in 2019).

3.8 Information of Directorship of the Bank's Directors and Executives in Subsidiaries, Associated and Related Companies

as at December 31, 2019

Name	Krungthai	Subsidiaries ⁽¹⁾									Associate companies ⁽¹⁾						Related Companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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Note: Brief information on each person's position is shown in "Brief Biography of the Board of Directors and the Executive Officers" and "Executives Directory"

Symbol	XX = Chairman	A = Mr. Krairit Euchukanonchai holds the following positions in Krungthai: - Vice Chairman - Chairman of the Board of Executive Directors	B = Mr. Payong Stivanich holds the following positions in Krungthai: - President - Executive Director - Director
	/ = Executive Director		
	X = Director		
	C = President		
	M = Group Head		

- Notes:
- (1) The name list of subsidiaries and associated companies are in line with the Bank's financial statement mentioned in "Management Analysis and Discussion"
 - (2) Other company refers to a company in which the Bank's shareholding is 10 percent and over excluding subsidiaries and associated companies and company in which the Bank has invested due to troubled debt
 - (3) Company with joint Directors refers to a company in which the Bank's Director has directorship of the Board of Directors.
 - (4) Company with joint Senior Executive refers to a company in which the Bank's Senior Executive has directorship of the Board of Directors.

Name		Krungthai	Related Companies																						
			Companies with joint Directors ⁽³⁾																	Companies with joint Senior Executive ⁽⁴⁾					
			7	8	9	10	11	12	13	14	15	16	17	18	19	1	2	3	4	5					
Directors																									
Mr. Ekniti	Nitithanprapas	XX																							
Mr. Krairit	Euchukanonchai	A																							
Mr. Vichai	Assarasakorn	X	X	X	X																				
Mr. Nontigorn	Kanchanachitra	X				X	X	XX																	
Prof. Dr. Kittipong Kittayarak		X							X																
Mr. Thanwa	Laohasiriwong	X								X	X	X													
General Tienchai Rubporn		X																							
Mr. Poonnis	Sakuntanaga	/													/										
Ms. Patricia	Mongkhonvanit	/														X	X								
Ms. Nitima	Thepvanangkul	X																							
Mr. Payong	Srivanich	B																							
Top Executive Officers																									
Mr. Poonpat	Sripleng	M																							
Ms. Pralee	Ratanaprasartporn	M																	X						
Mr. Weerapong Suppasedsak		M																							
Mr. Niruj	Maneepun	M																							
Mr. Suratun	Kongton	M																							
Mr. Ekachai	Techawiriyakul	M																							
Mr. Rawin	Boonyanusasna	M																							
Ms. Saranya	Vejakul	M																							
Mr. Santi	Parivisutt	M																							
Mr. Suppawat	Wadhanapatee	M																							
Mr. Kittipat	Peantham	M																							
Mr. Tawatchai	Cheevanon	M																XX		X					
Ms. Surang	Thanutthanon	M																							
Mr. Therdchai	Wiroonpanich	M																							
Mr. Chanchai	Sinsuparatn	M																							
Mr. Pichit	Jongsaliswang	M																				X		X	
Mr. Kosol	Chamchuen	M																							
Mr. Pativate	Santavanond	M																							

Subsidiaries ⁽¹⁾

1. KTB Law Co., Ltd.
2. KTB General Services and Security Co., Ltd.
3. Krung Thai Asset Management Pcl.
4. KTB Computer Services Co., Ltd.
5. KTB Leasing Co., Ltd.
6. KTB Advisory Co., Ltd.
7. Krungthai Card Pcl.
8. KTC Nano Co., Ltd.
9. KTC Pico (Bangkok) Co., Ltd.

Associate companies ⁽¹⁾

1. Krungthai-AXA Life Insurance Pcl.
2. Krungthai Panich Insurance Pcl.
3. Krung Thai IBJ Leasing Co., Ltd.

4. Krungthai Zmico Securities Co., Ltd. (formerly KT Zmico Securities Co., Ltd.)
5. National ITMX Co., Ltd.
6. BCI (Thailand) Co., Ltd.

Related Companies Other Companies ⁽²⁾

1. Suvarnabhumi Airport Hotel Co., Ltd.
2. Dhipaya Insurance Pcl.

Companies with joint Directors ⁽³⁾

1. IRPC Pcl.
2. PTI Pcl.
3. V.Group Honda Cars Co., Ltd. and Affiliates
4. Advanced Info Service Pcl.
5. Advanced Wireless Network Co., Ltd.

6. Asian Sea Corporation Pcl.
7. Panel Plus Co., Ltd.
8. Panel Plus MDF Co., Ltd.
9. Shiang Heng International Co., Ltd.
10. SISB Co., Ltd.
11. Enkay Studio Co., Ltd.
12. J.R.W. Utility Pcl.
13. Dusit Thani Pcl.
14. TPBI Pcl.
15. State Railway of Thailand
16. Relationship Republic Co., Ltd.
17. Elixier Foods & Beverages Co., Ltd.
18. Thai Smile Airways Co., Ltd.
19. PTI International Trading Pte Ltd.

Companies with joint Senior Executive ⁽⁴⁾

1. Cycling Cloud Co., Ltd.
2. National Digital ID Co., Ltd.
3. InnoSpace (Thailand) Co., Ltd.
4. Private Equity Trust for SME Growing Together 1
5. Private Equity Trust for SME Growing Together 2¹

3.9 Shareholding of the Board of Directors and Top Executives as at December 31, 2019

Name of Directors and Top Executive Officers			Position	Krungthai Bank Shares Held				Proportion
				Own	Spouse	Child	Total	%
1.	Mr. Ekniti	Nitithanprapas	Chairman of the Board of Directors	-	-	-	-	-
2.	Mr. Krairit	Euchukanonchai	Vice Chairman	-	-	-	-	-
3.	Mr. Vichai	Assarasakorn	Director	-	-	-	-	-
4.	Mr. Nontigorn	Kanchanachitra	Director	-	-	-	-	-
5.	Professor Dr. Kittipong Kittayarak		Director	-	-	-	-	-
6.	Mr. Thanwa	Laohasiriwong	Director	-	-	-	-	-
7.	Gen. Tienchai	Rubporn	Director	-	-	-	-	-
8.	Mr. Poonnis	Sakuntanaga	Director	-	-	-	-	-
9.	Ms. Patricia	Mongkhonvanit	Director	-	-	-	-	-
10.	Mrs. Nitima	Thepvanangkul	Director	-	-	-	-	-
11.	Mr. Payong	Srivanich	President	-	-	-	-	-
12.	Mr. Poonpat	Sripleng	Senior Executive Vice President	-	-	-	-	-
13.	Ms. Praralee	Ratanaprasartporn	Senior Executive Vice President	-	-	-	-	-
14.	Mr. Werapong	Suppasedsak	Senior Executive Vice President	-	-	-	-	-
15.	Mr. Niruj	Maneeapun	Senior Executive Vice President	-	-	-	-	-
16.	Mr. Suratun	Kongton	Senior Executive Vice President	-	-	-	-	-
17.	Mr. Rawin	Boonyanusasna	Senior Executive Vice President	-	-	-	-	-
18.	Mr. Ekachai	Techawiriyakul	Senior Executive Vice President	-	-	-	-	-
19.	Ms. Saranya	Vejakul	Senior Executive Vice President	-	-	-	-	-
20.	Mr. Santi	Parivisutt	First Executive Vice President	-	1,070	-	1,070	0.000008
21.	Mr. Pativate	Santavanond	First Executive Vice President	-	67,000	-	67,000	0.000479
22.	Mr. Suppawat	Wadhanapatee	First Executive Vice President	-	-	-	-	-
23.	Mr. Kittipat	Peantham	First Executive Vice President	-	-	-	-	-
24.	Mr. Kosol	Chamchuen	First Executive Vice President	7,000	-	-	7,000	0.000050
25.	Mr. Tawatchai	Cheevanon	First Executive Vice President	-	-	-	-	-
26.	Mr. Pichit	Jongsaliswang	First Executive Vice President	-	-	-	-	-
27.	Mr. Therdchai	Wiroonpanich	First Executive Vice President	6,339	-	-	6,339	0.000045
28.	Ms. Surang	Thanutthanon	First Executive Vice President	10,149	-	-	10,149	0.000073
29.	Mr. Chanchai	Sinsuparatn	First Executive Vice President	-	-	-	-	-

3.10 The Bank's Personnel

3.10.1 Number of Employees

The number of regular employees and employee under the signed contract and staff members divided by Group as at December 31, 2019 are as follows:

Unit: Person

Group	Number of Regular Employees and Employees under the Signed Contract		Staff Members	Total
	Head Office	Non Head Office		
Business unit being directly to the President	48	-	-	48
Global Business Development and Strategy Group	63	-	-	63
Digital Solutions Group	174	-	-	174
Wholesale Banking Group	21	-	-	21
Corporate Banking 1 Group	188	-	-	188
Corporate Banking 2 Group	149	15	-	164
Communication and Branding Group	139	-	-	139
Business Center Group	1,149	-	2	1,151
Global Markets Group	143	-	-	143
Government and State Enterprise Relations Group	224	-	-	224
Financial Management Group	379	-	-	379
Risk Management Group	317	-	2	319
Global Transaction Banking Group	222	-	-	222
Credit Restructuring and Asset Management Group	193	-	-	193
Retail Strategy Product and Segmentation Group	467	-	25	492
Retail Banking Sales and Distribution Group	2,089	10,580	73	12,742
Retail Shared Services Group	843	-	52	895
Compliance and Legal Management Group	235	-	-	235
Internal Audit Group	308	-	-	308
Human Resources and Corporate Governance Group	347	-	1	348
Technology Group	926	-	-	926
Operation Group	1,752	-	7	1,759
Grand Total	10,376	10,595	162	21,133

The relationship between the executives and Krungthai Bank Labour Union

By virtue of the State Enterprise Labour Relations Act B.E. 2543 (2000) the law stated the labor relations affairs in the state enterprise sector. The law stipulated that every state enterprise is required to establish the Relations Affairs Committee in an attempt to jointly give an opinion on improving the efficiency of the Bank's operations as well as promoting and developing labor relation affairs. To avoid labor disputes to occur together with the Bank has established a working group to improve the quality of life of employees, some offers related to labour issues have been discussed to seek for appropriate solutions and utmost benefit for the Bank and employees concurrently. In this regard, the executives and the Labour Unions jointly organized the training "Roles of the Executives in Supervise the Employees Discipline" with the purpose of reducing the mistakes or fraud from the work of employees, controlling and preventing operations that may cause damage to the Bank effectively.



3.10.2 Compensations for Employees

The compensations given to the employees (including Top Executives) in 2019 are divided into salary, wage, bonus, provident fund contribution, medical expense, social security contributions, training courses expense, pension and other benefits in total amount of Baht 25,484 million.

3.10.3 Policy on Human Resources Training and Development in 2019

Amid many challenges from technological advancement and intense competition raised by both domestic or international bank and non-bank business, including business disruption, the Bank has put importance on developing its employees based on their core competency, technical competency, and management competency. The Bank has analyzed and specified development areas in order to arrange a human resource development plan to close competency gaps. In order to achieve the goal of being a digital bank that performs operations in line with rules and regulations from the regulators. Krungthai Academy Department, as the main department responsible for personnel and leadership development, has considered relevant factors in order to organize appropriate the training courses. Through gathering information about the training needs from the Bank's executive officers and staffs, the Bank's strategy, the Executives' policies, Groups' policies, including the staff's demand, the department also took into consideration the competency framework, the Bank's strategic

challenges, operation plans both short term and long term, in order to determine the human resource development plans covering all necessary dimensions for the Bank's business operation. The training aimed to improve employees' skills to accommodate the business amid intensive competition. Upskill and reskill knowledge with innovative skills is provided to employees so that they can perform effective jobs in case they have to rotate the job functions. In order to work with effectiveness, efficiency, and sustainability, in 2019, the Bank focused on training in 4 aspects as follows:

Strengthen Foundation

The Bank has focused on basic skills necessary for working. It covers the skills necessary to perform duties and other skills that promote sustainable and efficient work for the organization. According to zero tolerance policy, the Bank has initiated a project to define identity and create desirable behaviors to provide knowledge and guidelines for formulating plans that are in line with the identity of the organization and use them as models and guidelines for management and operations of the departments. Moreover, Market Conduct course is aimed to educate employees on supervision of fair customer service in accordance with the basic rights of customers who use financial services. Apart from morals and ethics in the operations, the Bank, as a financial institution, also gives importance to training on new Thai Financial Reporting Standards (IFRS 9) because the standards have an impact on the Bank's operations. The Bank provided IFRS9 courses such as

Preparation for Financial Reporting Standards (TFRS 9) for Executives course and Knowledge about Financial Reporting Standards (TFRS 9) course.

Leadership

The Bank promotes the skills of executives to be ready and upgrade the performance of employees. According to analysis of management competency, in 2019, the Bank focused on building inspiration, strategic orientation and coaching culture by providing executives internal and external training courses by world-renowned institutes, for example Harvard Business School and Cornell University. All participating executives exchanged ideas and perspectives with experienced lecturers in various courses: Harvard Management Program: Leader Solution, Digital Transformation and Change Management in Banking Industry for KTB and Professional Coach Certification Program.

Upskill - Reskill

The Bank determined the skills necessary for human resource development in accordance with the Bank's policies: Credit skill courses are provided to employees by both internal lecturers such as Product Program - Packing Credit Course and Trade Product and Program and external institutes such as The Ultimate Deal Maker course and A Guide to Become a Trusted Solution Provider course. Accounting and finance skill courses are also provided by external institutes such as Unreliable Financial Statement Issues in Thailand & Financial Data Validation course and Risk Based Lending Workshop course. Moreover, the Bank has prepared employees for moving towards digital banking by providing How to be a Successful Migrator course to promote knowledge about the Bank's applications so that employees can recommend customers to use the Bank's application Next, and

Super Hero Program for ISM and CRM who have the specified qualifications, whereby these employees were trained to be rotated to take care of customers in 5 ecosystems.

Future Banking

Due to the trend of digital technology that rapidly increases, the Bank endeavours to build the skills that are necessary for Future Banking, particularly through the development on digital mindset, digital literacy skill and digital skill for operation that are necessary for the work and the creation of new innovations for the organization. To satisfy the needs of various groups of customers in the digital age, including those in 5 Ecosystems, as well as to operate business amidst the changing trend, the Bank has provided knowledge on Agile Way of Working together with Design Thinking for employees in order to be able to be applied in practice. Moreover, the Bank has organized the Hackathon for Compliance Innovation and Mindset Program for selected employees from their affiliated Group to brainstorm ideas so as to improve work processes based on market conduct. In addition, the Bank determines to raise awareness and knowledge in cyber security or customer data privacy for employees at all levels to support the continuously increasing rate of financial transactions via digital system and allow customers to use the services conveniently and securely. In this regard, the Bank has increased training courses particularly to raise awareness and knowledge related to cyber security for employees at all levels of the Bank. From the Directors level to the staff level, everyone was capable of learning about cyber security via classroom, E-Learning platform and Email. In 2019, the Bank initiated Data Protection Assessment (DPA) project by selecting qualified employees (DPA Champion) to acquire knowledge about the Bank's important data protection before assigning them to disseminated such content within the Bank onwards. Along with this, the Bank provided knowledge on Personal Data Protection Act B.E. 2562 (2019). Besides, there are other training courses that promote IT proficiency in order to accommodate for the technology advancement both at the present and upcoming future, including Cloud Computing and Mobile Technology such as CompTIA Project+, ComptTIA Advanced Security Practitioner + (CASP +), ATDD with Robot Framework, etc.

The Bank recognizes the importance of sustainable human resource development. Therefore all employees are considered a valuable asset that the Bank must develop and maintain. There are a number of employees who have worked for the Bank for a long time. They have accumulated experience, knowledge, skills and expertise in specific matters which can be shared to other employees via Knowledge Management, Knowledge Management Agent, Knowledge Sharing from retired employees in order to gain knowledge and good suggestions that are beneficial to work to achieve goals. Thus, the Bank organized the Train the Trainer Program to develop professional speakers in



the organization who have professionalism, knowledge, and skills that are necessary to share knowledge to fellow employees. In 2019, the Bank has many Train the Trainer courses, such as Identity Determination and Desirable Behavior Management, Situational Leadership Program, Crucial Conversation Program and The 7 Habits of Highly Effective People Program.

In addition, the Bank also put emphasis on encouraging employees to develop themselves through the Self-Learning courses via Knowledge Management and E-Learning platform. Regarding this, the Bank aims to promote a self-learning culture, which will enable the employees to learn anywhere at any time. In the year 2019, the Bank increased the number of courses in the E-Learning channel so employees can learn more contents, especially on courses that are core competencies of the Bank such as the Google Application: Google Drive, the Recognition and Understanding of the Bank's Strategic Plan, the Use of Procure to Pay (Phase 1) System, Cyber Security, etc. The Bank also gave importance to training officers; therefore, the Digital Learning course has been organized in an attempt to build up Content Creator.

In 2019, the Bank provided in-house and external training in both domestic and abroad through various channels. There were a total of 758 training programs with 1,803 batches and 21,163 participants passed training programs, considered as the average of 87.68 hours/person/year. Additionally, the Bank also took into account social and environmental issues as well as specified vision and mission relating to the economic, social and environmental development in a sustainable manner. Executives and employees participated in the social and environmental activities that the Bank held continuously. The Bank also provided channels to provide the employees environmental knowledge, for example, Krungthai Loves Communities Project which provides an opportunity for participants to attend an environmental lecture in order to emphasize the importance of types of environment such as mangrove forest and coral reef. In this project, 2,256 participants can also plant mangrove forest and coral in Klongkone District and Dongtan Beach in Sattahip District. The Bank also educates its staff on occupational health and work environment through Safety Officer for Supervisor Level and Management Level program and Basic Fire Fighting with 26 batches, 1,347 participants.



Report of the Board of Executive Directors

The Board of Executive Directors is set up by the Board of Directors with the intention of providing support to the operation of the Board of Directors. Presently, the Board of Executive Directors consists of 4 members from the Board of Directors and the President serves as an ex officio Executive Director. The members of the Board of Executive Directors are as follows:

1. Mr. Krairit	Euchukanonchai	Chairman of the Board of Executive Directors
2. Mr. Poonnis	Sakuntanaga	Executive Director
3. Ms. Patricia	Mongkhonvanit	Executive Director
4. Mr. Payong	Srivanich	Executive Director
Mr. Niruj	Maneeapun	Secretary to Board of Executive Directors
Ms. Sineenard	Damri-anant	Assistant to Secretary

In 2019, the Board of Executive Directors held a total of 49 meetings to perform duties in accordance with the scopes and responsibilities defined in the Charter of the Board of Executive Directors and reported the operating performance to the Board of Directors on a regular basis. The significant highlights are summarized as follows:

Scrutiny and Approval of Credit/Debt Restructuring

The Board of Executive Directors had considered (1) to approve 224 credit cases and review before proposing to the Board of Directors for approval for 188 cases; (2) to approve 15 cases of debt restructuring and review before proposing to the Board of Directors for approval for 4 cases; (3) to grant approval for 63 policy-related issues and review before proposing to the Board of Directors for approval for 92 issues (4) to acknowledge a total of 116 reports e.g. annual report of the Bank's affiliates, progress report and follow-up result in relation to the resolution of the Board's meetings and report on investment in debt and equity instruments, etc.

Consideration for Strategic Plan/Business Plan

The Board of Executive Directors put emphasis on scrutinizing strategic plan/annual business plan, policy and strategic plan for companies within its financial conglomerate, which constitute business alliance between the Bank and its affiliates to ensure strategic alignment and mutual goal in promoting growth and wealth of the conglomerate. The Board of Executive Directors also reviewed management plan and management strategy for the capital fund of the Bank before proposing to the Board of Directors for approval.

Monitoring the Operating Performance of the Bank and its Affiliates

The Board of Executive Directors monitored the Bank's operating performance and measured it against key performance indicators and peer banks as well as monitored the investment in equity and debt instrument. The Board of Executive Directors also put importance on ensuring that the Management adopted and implemented the meeting resolutions together with closely and regularly monitored the operating performance of the Bank's affiliates.

Conveying Policies and Suggestions to the Management

The Board of Executive Directors conveyed policies and provided constructive suggestions to the Management in addition to stress importance on proactive approach so that the organization achieve its strategic objectives. Elaborated examples are as follows:

- The Board of Executive Directors analyzed the problems relating to Non-Performing Loans (NPLs), revised credit approval strategy and sought for methods to solve NPL problems by focusing on the effectiveness of NPL debt collection and measures to prevent NPLs. Furthermore, the improvement to credit procedures had been manipulated in an attempt to reach further cautiousness.
- The Board of Executive Directors emphasized on the strict implementation of data presenting procedures for the credit consideration and debt restructuring, so that the Board of Executive Directors could make consideration more effectively and prudently. Data and related documents should be arranged to be as concise as possible whereas covering the essential matters necessary for the consideration. The analysis should emphasize the customer's character, debt-paying ability, firmness of the source of fund, risk factors, supporting factors, quality of collateral, and risk control condition from the conclusion by the Management. The data should also include key business and legal issues as well as conditions for approval and the conclusion from the management sub-committees. Moreover, the Board of Executive Directors explicitly instructed that credit operation must be performed cautiously. There must be the thorough and sufficient analysis of customer data, standard financial statement, relationship within business networks as well as up-to-date news and current affairs in the business.
- The Board of Executive Directors provided suggestions and conveyed credit policies, for instance:
 - Specify the best practice guidelines for issuing L/G and L/G consortium. Manage and establish conditions for risk control and the approval authority that is suitable and clear.
 - Review of credit procedures to cover and support credit operation in the whole process. Additionally, review regulations related to Surveyor to be more prudent, especially in the case that the Bank got damage from the loss of stock placed as the collateral.
 - Consistency assessment between the Log Book, the movement of products and the checkup of stock quantities on a regular basis. In this regard, the Board of Executive Directors determined the guidelines for risk management to be more tightened in order to control the risk of the Bank, including establishing appropriate legal actions in case that there is any damage occurring to the stock.
 - Review working procedure related to the mortgage regulations to be appropriate and beneficial to the Bank along with being accurate and conforming with the legal requirements.

- Policy on financial background check, this is including the strictly checking all financial records of every customers, including state-owned enterprises.

- Guidelines for risk management of pawn businesses have been set up through adjusting existing product programs and speeding up procedures for supporting credit facilities for pawn businesses or similar businesses to be more prudent and tightened. Nevertheless, such conditions must be the conditions that can clearly control the use of credit facilities to be in line with the risk level of the Bank. In consequence, the Bank shall standardize such guidelines as the operational measures of the Bank promptly.

- Guidelines on management in the case when accepting shares as collateral with the Bank, the Management must find suitable approach and method to enforce such collateral shares. In this regard, various conditions have to be defined as the same standard framework so that the process to enforce the collateral of the Bank can operate with speed and achieve the target. Additionally, it is required to revise regulations related to the enforcement of pledge on collateral shares to be completed quickly. In the case of loans that submit the Listed Stocks as collateral, they must be able to liquidate in the same way as of shares registered with the margin of the securities companies in order to generate utmost benefit to the Bank. According to this, the management is designated to speed up the process of internal operations and credit agreements to accomplish those objectives with due regard to the law and official regulations.

- Stipulate working procedures regarding the Bank's customer Partner, which include the setting of criteria, conditions, qualifications of the Partner. This shall constitute as a standard framework for considering the Partner that appropriately meets the criteria for credit support. In the consideration process, the information must contain accurate and complete history and financial status of the Partner, which exemplify the sufficient status and strength in supporting the debt repayment to the Bank.

- The Board of Executive Directors provided suggestions and conveyed risk management policies on the Bank's investment in bond market and the derivative transactions, for instance:

- The investment in Perpetual Bond has a higher liquidity risk than Plain Vanilla Senior Bond in general. Therefore, the policy to limit financial amount for the investment in Perpetual Bond is determined to be under the responsibility of the Global Markets Group.

- Risk management regarding investment in debentures (Senior Debenture) must be conducted with prudence, conciseness and cover all 3 key components - Credit Risk, Interest Rate Risk and Market Risk as well as enclosing with the appropriateness. In addition, the regulations and guidelines relating to the risk management must be stipulated in order to set as a tool for effective monitoring.

- Review of work procedures regarding Derivatives determination and Tenor Limit control to be appropriate and concise so that the operator can perform duties in accordance with the Bank's operating procedures in the same direction.

- Lessons-learned from previous cases should be conducted in order to develop employees' knowledge skills to be more effective. By means of taking the form/features of damage cases or defects arising from operations into lessons, the relevant parties, such as those who detect or revise the loan in that case, shall become the key speakers in elaborating such lesson to senior executives. Subsequently, through broadcasting the video from lessons-learned presentation, all employees throughout the Bank can study, understand, and develop their skills accordingly. Therefore, this will be a truly effective and efficient operation for Lessons-Learned approach.

- The Board of Executive Directors delivered policy on Zero Tolerance Towards Non Compliance and Fraud to support Market Conduct operation that put emphasis on elevating the standard in financial services. Furthermore, in order to become the prototypical Moral Bank under the Sustainable Krungthai initiative, the Bank has continually instilled employees' awareness and created Zero Tolerance culture within the organization so that the employees can adhere to and perform duty with accuracy. In this regard, The Bank has formulated the monitoring method and worked together in seeking for anti-corruption or non-compliance prevention schemes as well as supported the effective operation under Three Lines of Defenses.

- The Board of Executive Directors provided suggestions and conveyed policies related to the technology management for boosting up efficiency in operation, for example;

- Digitization to the internal work processes has been employed in an attempt to accelerate the service providing i.e. the Krungthai Next Project and the development on branch formats to suit customer behavior trends. Consequently, the Bank performed the Workforce Rationalization Project to adjust the manpower to be appropriate for Digital Branch and Semi-Digital Branch.

- Fetching new technologies to service branch's customers i.e. Face Recognition and Biometrics for retail on-boarding, credit on-boarding, wealth on-boarding, queue system and digital signage, etc. Regarding to this, the Bank aimed that customers can access the Bank's services thoroughly and promptly.

- Advance technologies i.e. Blockchain, Artificial intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA), etc. have been implemented in the organization so as to escalate the proficiency and efficiency of work. Example of such projects included the Cross-border Remittance and Payments Project, Blockchain & e-LG Project, etc.

- Developing the competency of Bank's staffs, especially in technology literacy, through the upskill/ reskill trainings. Accordingly, the Bank can grow sustainably while being able to compete effectively in the changing era caused by the digital disruption.



(Mr. Krairit Euchukanonchai)
Chairman of the Board of Executive Directors

Report of the Compliance Committee 2019

The Compliance Committee of Krungthai Bank PCL consists of three (3) qualified Independent Directors. The Group Head of Compliance and Legal Management Group and the Sector Head of Compliance and Procedures Sector serves as Secretary and Assistant Secretary of the Compliance Committee respectively.

The Compliance Committee performs its duty within the scope of work and responsibility as prescribed in the Charter of the Compliance Committee approved by the Board of Directors, which is in accordance with the requirement of the Stock Exchange of Thailand and regulation of Ministry of Finance. In 2019, the Compliance Committee held 10 meetings in total and submitted the minutes of the meeting to the Board of Directors quarterly. The essential performances are summarized as follows:

1. Consider the Annual Compliance Report 2018

The Committee considered and approved the Annual Compliance Report 2018 before submitted to the Board of Directors, the Bank of Thailand and the Securities and Exchange Commission of Thailand (SEC) respectively. Thus, in an attempt to elevate the efficiency of the Compliance Function for the forthcoming year, the Committee also provided further suggestions e.g. stipulating additional punishment measures for employees who neglect to comply with laws and regulations, together with formulating the appropriate internal control measures to prevent the grant of bribery to the government officers.

2. Consider the Plan, Review and Monitor the Implementation of Compliance Program 2019

The Committee considered improving and providing guidelines for the analysis and the association of data/information to determine the risk level according to the Risk Matrix scheme with the intention to initiate the Compliance Program for the year 2019. In this regard, the compliance risk has been stipulated to be in line with the Bank's strategic/goal and responding to the current situations that the Bank recently got affected by, particularly on the public trust. The Committee supported in establishing the system that help reducing the problems of committing redundant offenses over again as well as thoroughly monitored the operations in relation to the compliance program 2019. Accordingly, the Committee considered the performance report and provided suggestion related to the process improvement with the aim to reflect the compliance risk management. As a result, the Compliance Culture that emphasized on market conduct policy as prescribed by the Bank of Thailand has been targeted to constitute.

3. Consider Regulation and Monitor Performance Result from the Prevention and Suppression of Corruption and Misconduct (Section 20)

The Committee considered the suitability of content and gave beneficial suggestion relevant to the draft of the prevention and suppression of corruption and misconduct (Section 20) regulation, covering definitions, working procedure and timeframe stipulation in an attempt to conform to the measures on the prevention and suppression of corruption and misconduct in the public sector. At the same time, the Committee oversaw the regulation compliance via giving recommendation and tracking the progress of the disciplinary and/or criminal process until the end to ensure that such processes have been carried out effectively within the timeframe.

4. Consider Increasing the Efficiency of the Bank's Board of Directors Meeting

The Committee considered the administration of meeting agenda proposed to the Board of Directors for efficiency and appropriateness as well as increased the meeting duration for Board of Directors to consider or attend in the strategic dialogue and policy-level strategy discussion aimed at the Bank's transformation and the professional organization management. Thus, such proposed process was intended to minimize the duration, however; it shall not decrease the quality and risk management of the agenda consideration by the Board of Directors.

5. Review the Compliance Policy, the Compliance Unit Charter and the Compliance Committee Charter

The Committee considered the appropriateness of content in the Policies and the Charters to be consistent with the Bank of Thailand (BOT) guidelines and current organization structure of the Bank, including adjusting the wording in the charters to be in line with the wording of the law for clarity and in agreement with other policies of the Bank.

6. Review the Anti-Money Laundering Policy and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Policy (AML/CTPF) for 2019

The Committee considered the appropriateness of the amendment in terms of wording so as to comply with the law, cover and correspond with the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act B.E. 2559 (2016). In addition, the amendment must comply with the Anti-Money Laundering Office Notification, Re: Guidelines for Issuing Policy and Procedures for Assessment and Management of Risk Related to Money Laundering and Terrorism Financing B.E. 2556 (2013).

7. Review and Monitor for the Compliance Report of the Bank's Overseas Branches

The Committee regularly reviewed and monitored the Compliance Report of eight (8) overseas branches and one (1) overseas representative office on a quarterly basis in order to be informed of important changes towards the regulation and prevent the occurrence of non-compliance with Thai and foreign regulations or illegal issues or in the case of being fined by the government agency. The Committee also took into account the direction of driving foreign branch supervision, especially on issues that should be considered specially or urgently with the intention of elevating the compliance ground and generating utmost effectiveness.

8. Review and Follow-Up the Summary Report of the Internal Audit Department.

The Committee regularly reviewed the report and followed up the findings of the Internal Audit Department on a quarterly basis. In this regard, the Committee provided suggestions to resolve the misconduct found in order to prevent from repetitive offenses committing and reduce the damage to the Bank.

9. Convey Policy, Oversee and Monitor the Implementation of Krungthai Compliance Champion and Compliance Change Maker (CCM) projects, which are the Pillars of Sustainable Krungthai Initiative

The Committee participated as judges in the Compliance Change Maker (CCM) project, which is the continual project from Krungthai Compliance Champion project. By closely overseeing, encouraging, suggesting and following up the performance of both Krungthai Compliance Champion and Compliance Change Maker projects, the Committee aimed to ensure that the projects ran effectively and generated recognition to public. Accordingly, the Committee also provide recommendation to publicize projects through highlighting on the collaboration from employees in all sectors. In other words, the employees earnestly put their heads together to change mindset and improved working process by means of implementing Design Thinking, Hackathon and the "Inside-out Blasting" approach.

10. Assign Relevant Policies and Give Recommendations to the Management

The Committee gave beneficial recommendations to the Management in relation to the process improvement of the compliance department/unit with the intention to achieve greater efficiency and prudence as follows:

10.1 Integrity issue must start from the Compliance and Legal Management Group as the primary line. Therefore, the operation plan must reflect the management of compliance risk along with eliminating all high-risk issues, such as a combination of risk management that is a preventive plan/ monitoring review. The Committee also emphasized on proactive operation to reinforce staffs to comply with rules and regulations with the intention of creating compliance culture throughout the organization.

10.2 Provide guidelines and recommendations to prepare for the amendment of Labor Protection Act (No. 7) B.E. 2562 (2019). The Committee specified the adjustment on staff regulations namely Chapter 1: Work Regulations, Chapter 7: Discipline and Disciplinary Action and Chapter 8: Being Testify, including matters relating to legal compliance for personal data management and Know Your Customer (KYC) measure in opening a deposit account of a financial institution. Thus, all the issues must be prepared before the law came into force whereas such amendment must be clear and cover all key points.



(Mr. Thanwa Laohasiriwong)
Chairman of the Compliance Committee

Report of the Risk Oversight Committee

The Risk Oversight Committee comprises four members-3 Directors of the Bank and the President. The Senior Executive Vice President-Head of Risk Management Group acts as the secretary of the Risk Oversight Committee.

The Risk Oversight Committee performed the duty within scope and responsibility as written in the Risk Oversight Committee Charter delegated by the Board of Directors. In 2019, the Risk Oversight Committee called 12 meetings and reported the performances to the Board of Directors on a quarterly basis.

The Risk Oversight Committee emphasizes supervision within the guidelines of regulatory agencies and international general practices (COSO), managing the Bank's overall risks level to be within the acceptable levels, and managing capital to be within the appropriate and adequate level for the business operation in both normal situation and stress event. Details are summarized as follows:

1. Reviewed the risk management policy covering various risk types, such as strategic risk, credit risk, market risk, liquidity risk, operational risk, reputation risk, risk related to IT systems and other significant risks so as to ensure that the risk management policy was up-to-date and in line with the Bank of Thailand's notifications and international guidelines.

2. Set up the enterprise risk management framework, comprising key risk indicators, risk appetite, risk tolerance along with conducting report of risk management dashboard by taking into consideration the Bank's strategic objective plans and corresponding with SEPA and Basel regulation.

3. Supervised risk management to be in line with the designated policies by monitoring performance reports of all risks, closely watching risks arising from economic, financial and banking conditions, the competition and the amendment in official rules and regulations, then assessing impacts and conducting stress test to the Bank's stability.

4. Developed tools and improved credit management process in order to prevent and reduce NPLs as well as closely watched and monitored the Bank's credit portfolios and NPLs.

5. Screened and commented on the Bank's strategic plans including key initiatives of the Bank's Groups in order to ensure that all risks in the strategic plans and key initiatives were considered thoroughly.

6. Determined annual IT Master Plan to be in line with the Bank's strategic plans and business plans. By taking into account the development of business competencies and the development of fundamental operation systems, the plans aimed to expand customer requirements continually and effectively. In this regard, the appropriate technology has been adopted to create competitive proficiency and growth of businesses. Details are as follows:

- 6.1 Future Banking-implemented the innovative technology to improve operation processes and create opportunities for future business growth from Future Banking. Procured and developed stronger systems related to cyber security in order to prevent new cyber threats.

- 6.2 Traditional Banking-developed products and solutions, redesigned branches, and provided replacement equipment such as substituting ATMs with RCMs (Recycle Cash Machines). Improved process to be more automated in order to increase service efficiency and support customer needs due to the digital trend.

6.3 Business Infrastructure-strengthened working structure and IT system of the Bank to accommodate the internal operation process, for instance improving the information management systems and enhancing credit process to be the straight through process. Consequently, such infrastructures shall increase more agility, efficiency and in line with the Bank's direction to expand business to Future Banking.

6.4 IT Infrastructure-procured and replaced IT equipment and existing systems that were end-of-support or outdated so that the overall system equipped with stability and the Bank can continually operate business as usual and in comparable with peers.

6.5 Personnel-recruited IT personnel to develop various IT projects, upskilled & reskilled existing personnel to work under the Future Banking strategy, as well as raised awareness and knowledge of new digital banking technology and cyber security for personnel at all levels.

The Bank has emphasized on overseeing the IT risks by assigning responsible units to monitor such risks and track the progress of the security action plans in order to ensure the security to the system. Besides, the Bank also took into consideration other IT aspects as the key policy of the Bank covering the availability-the readiness of system; the capacity-the continuity operation in service providing to customers through the closely monitoring on system; and the integrity-the validity and reliability of systems and data. At present, the Bank placed great importance on the cyber security and the data privacy by means of following the development closely and continually.

7. Supervised and monitored closely on the operation as stated by the orders and observations from the BOT and other regulatory agencies including the AMLO and the SEC. In this regard, the responsible units have been assigned to accelerate the process as well as determined the clear deadlines.

8. Stipulated risk management policy and supervised risk management of the financial business group to comply with the BOT's guidelines for consolidated supervision as well as efficiently controlled, monitored and assessed risks of the financial business group to be at the acceptable levels.



(Mr. Krairit Euchukanonchai)
Chairman of the Risk Oversight Committee

Risk Factors



Systemic Risk
Management



Risk Map
Risk Factors
KRI

1. Overview of the Bank's Risk Management

1.1 Risk Management Framework

Technological innovations in digital economy era have caused rapid and severe disruptive change in economic, social and business competition. There are also new emerging risks, particularly the cyber risk. Therefore, banking business must adjust itself to be in line with the aforementioned digital trends. In this regard, risk management is one of the noticeable factors that help preventing, maintaining and encouraging the Bank to achieve its goals. The effective risk management exhibits the organization's good governance, transparency, integrity and moral practice that will enable the Bank to achieve sustainable growth.

The Bank, as the leading financial institution of the country, gives emphasis to the systematic and effective risk management and control. The Bank has adopted the framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO) and State Enterprise Performance Appraisal (SEPA). The framework has been regarded as the structure of integrated risk management according to international standard. Its main principle is to connect risk management process with strategic planning and business opportunities of the Bank in order to help integrating the administration and managing risks for the whole organization. Accordingly, the Bank has obviously determined the structure, policy and framework for risk management to envelop all aspects of risk management in compliance with the frameworks prescribed by the Bank of Thailand. In this regard, Risk Map has been conducted to identify the Risk Factors causing both positive and negative impacts toward the Bank. Additionally, Key Risk Indicators (KRIs), Risk Appetite, Risk Tolerance covering all risk factors and Risk Causes have been specified in order to control risk management within acceptable limits and in accordance with the set targets. Consequently, the Bank is able to identify the real risk causes in order to establish appropriate management measures and preventive guidelines before incurring losses that might adversely affect revenue and capital funds. Risk Management Group was empowered by the Bank to oversee, monitor, access and report risk performance to the Risk Oversight Committee, the Audit Committee, and the Board of Directors on regular basis. In addition, the Bank has given importance to cyber risk management and data privacy by closely monitoring the risk to enable the Bank to operate its business continuously and safely. The Bank's risk management framework will enable the Bank to achieve its objectives and goals that shall sustainably add more value to the organization, the shareholders and the stakeholders.

The Bank continuously encourages its employees at all levels to be aware of creating risk culture by communicating and providing trainings and seminars about risk management

to the employees at all levels covering to the Board of Directors, senior executives and employees in every department of the Bank. Consequently, all of them realized the importance and have further understanding toward risk management, as well as taking responsibility in regulatory compliance and the Bank's risk management. The trainings and seminars shall effectively support all departments to achieve the goals and conduct the business operations in compliance with good corporate governance, which will help the Bank have further steady and sustainable growth.

1.2 Consolidated Supervision

The Bank has 17 subsidiary companies in the Financial Conglomerate, classified into 4 business groups, namely credit-related business, capital market business, insurance business and general services business supporting the Bank's operation (support business). The Bank had formulated policy and risk management framework in accordance with the BOT's requirements for consolidated supervision and the identical principles to the Bank's risk management and complied. Furthermore, the companies in Financial Business Conglomerate are required to report risk management performance to the Risk Oversight Committee regularly or whenever significant changes occurred. As this regard, risk management performance of respective companies must be monitored closely.

The Bank had encouraged the companies in Financial Conglomerate to have the risk management covering significant risks in compliance with the Internal Capital Adequacy Assessment Process (ICAAP), namely Strategic Risk, Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Reputation Risk, and IT Risk. In this regard, the Bank has continuously provided the trainings and relevant knowledge to the Financial Conglomerate. Furthermore, the Bank also oversees that its subsidiaries has used the KRI as the tool for assessment risk and reported the risk management performance to the Risk Oversight Committee of the Financial Conglomerate and the Board of Directors of the Bank. This resulted in development of the risk management of Financial Conglomerate successively.

1.3 Risk Management Structure

The Bank sets up the organization structure to effectively support risk management with a risk management process that is in line with principles of good corporate governance. Duty and responsibility are clearly segregated for each business unit and the reporting line. The Bank's Risk management structure consists of the Risk Management Committees at policy-level, which are the Board of Directors, the Board of Executive Directors, the Audit Committee and the Risk Oversight committee. In addition, the



Board of Directors also appointed other several committees comprising of senior executives to manage risk in various aspects, namely Management Committee, Assets and Liabilities Management Committee (ALCO), Group Credit Committee (GCC), Credit Scrutiny Committee and IT Steering Committee. Details upon the scope of authority of each committee are provided in section Shareholding and Management Structure on pages 82-92 and section Corporate Governance on page 135

2. Risk and Measure for Risk Management

2.1 Credit Risk

Credit Risk refers to the risks that may arise from the counterparties failing to perform in compliance with the covenants as stating in the contract agreement; including the counterparties' credit rating get diminished which shall cause adverse effects over the Bank's income and capital funds maintaining. However, the Bank attaches highly attention to the Credit Risk Management covering both in the customer level and in the portfolio level. Thus, the Risk management system of the Bank is formed with

major procedures, namely Risk Identification, Risk Evaluation, Risk Monitor and Control and Risk Report.

The Bank has constantly developed credit risk management by reviewing and improving policy and manual of credit risk management as well as developing the process of approving loan through Loan Factory and setting other standards, for instance standard of credit term and condition for corporate loans, underwriting criteria and product program for retail customers and SME-M loan customers. In order to develop competitiveness, encourage business growth and monitor risks within acceptable limits, credit risk management is classified as follows:

- **Retail Loans and Small Business Loans**

The Bank improved criteria of housing loan to expand customer base of leading real estate developers in Thailand. Personal loan is still provided to government agencies, state enterprises and the agencies that have agreement with the Bank. For small business loan, new products are developed; underwriting criteria and product program are modified to be aligned with the initiatives in order to respond the Bank's strategies to expand small business loan in 2019.

- **Medium Enterprises Loans and Corporate Loans**

The Bank developed capabilities to access, control and monitor, and report portfolio status at the level of individual exposures by designing and developing working process for early risk warning through Early Warning System (EWS) for SME-M customers (EWS for SME-M), SME-L customers (EWS for SME-L) and Corporate Banking Center (EWS for Wholesales).

1. **Early warning system for SME-M:** EWS for SME-M will signal to notify customer behaviors that are processed from statistic model and workflow according to level of the incurred risk relating to automatic review of loan renewal through Credit Review System (CR) and editing and improving credit quality through Turnaround System (TA). Consequently, the Bank can oversee customers since the beginning phase of loan withdrawal. The Bank also provides the full-fledge procedure to daily monitor customers until reaching the date of annual loan renewal. These EWS, CR and TA systems are cooperated in form of the End-to-end Process.

2. **Early warning system for SME-L and CBC:** EWS will signal to notify of customer behaviors that are processed from statistic model and workflow according to level of the incurred risk relating to automatic review of loan renewal through Credit Review System (CR). The system also notifies of reviewing credit rating.

EWS has been developed with additional function to notify and monitor customers' daily risk, for example indicating last 12-month risk history; developing report on days of delaying payment in each debt period (DPD Splitter) classified by loan department in order to monitor and control credit quality. The EWS also improved the notification of loan renewal/ credit review as well as the notification of credit rating review in order to notify the officers so that they could monitor and review customers' credit risks in every aspect, i.e. finance, liquidity, business operation, ability to repay, financial statements, use of credit limit and conditions. The Bank scheduled the frequency of credit review in compliance with quality of debtors. However, if any factor signals an increased risk, a review shall be made before due. It resulted in appropriately monitoring and managing such customer groups' risks by using up-to-date information. The Bank could also increase opportunities to offer appropriate loan products to customers and effectively monitor credit policy compliance because the monitoring information is shown in the system.

For SME-L and SME-CBC customers, the Bank uses credit risk rating as a tool for credit approval and credit portfolio management, including setting a pricing policy. Furthermore, the Bank also has a process to control and monitor credit risk rating of major customers according to Single Lending Limit (SLL) prescribed by the Bank of Thailand regulation. Such process was conducted through Credit Exposure Monitoring (CEM) that is monitoring single risk, SLL counterparty risk and industry risk.

Results of Credit risk covered 4 types of transactions: loans, investment, contingent liabilities and credit-like transactions including transactions made with the Financial Conglomerate to reflect credit risks of the Bank and the Financial Conglomerate.

The Bank also places importance on systematic management of qualitative and quantitative database by creating a large credit risk data mart which collects and stores information from databases, for example loan approval data, debt repayment behavior data as well as credit quality data. The Bank utilized credit risk data mart to develop statistical model for credit risk management and credit risk rating process of customers so as to monitor and review credit. This database has also been used for management of the credit quality monitoring so that the Bank could be able to know and evaluate how customers' credit risk changes. The changes shall be notified automatically through the End-to-End EWS. Moreover, such database management also supports the development of a credit risk model for measuring the impairment loss from credit risk, which leads to a compliance to Thai Financial Reporting Standard 9 (TFRS9) regarding Financial Instruments, Measurement Criteria, Impairment. Such process had been conducted by means of the recognition and measurement of loss allowance of financial assets that requires credit changes evaluation.

Besides, the Bank developed Industry Direction report or the classification of industrial group in line with the risk level in order to set as guideline in managing credit portfolio of industrial group as well as provided stress test to assess effect of credit portfolio and capital adequacy. The Bank also monitors/reports risk management result so as to control credit risk to be in consistent with credit risk management plan as well as followed the policy of risk management supervision by the Bank of Thailand and other respective regulators.

- **Credit Concentration Risk**

The Bank pursues policy on assessing risk from credit concentration, investments, contingent liabilities, or credit-like transactions made available to customers and customer groups as prescribed in the regulation prescribed by the authority. In addition, the Bank also sets the sector limit of transaction volume for each category of industry and country limit of transaction volume so as to manage risk diversification and control significant credit concentration. With close monitor for risks, the Sector Limit of respective industry shall be reviewed annually.

Moreover, the Bank manages country risk by determining a lending limit for each country in order to control the counterparty risks and credit risk, investments, and contingent liabilities for customers or counterparties who have a domicile in foreign countries. The Bank also controls the risks by stipulating to report credit line usage of agencies at the end of every month in order to manage credit usage not to exceed the maximum

limit. Additionally, the Bank has a process to assess each country's reliability by using credit rating from the leading international credit rating agency.

- **Counterparty Credit Risk**

Counterparty Credit Risk refers to a risk that a loss arising from the default event of a counterparty in financial contracts, for example financial instrument is not traded or the compensation for any damage is not given as agreed. For Over-the-counter such as Derivatives, Purchase and Sale of Securities and Repurchase Agreement (Repo), its risks of a counterparty can cause main risks, namely pre-settlement risk and settlement risk as well as the risk from decrease in credit quality of a counterparty or credit valuation adjustment risk.

The Bank set credit limit to prepare for both pre-settlement risk and settlement risk by considering factors such as financial status and credit rating of counterparties as well as controlling and monitoring transactions not to exceed daily credit limit. Moreover, the Bank used Sensitivity Analysis to test the impacts on counterparties if crisis arises and reports the Risk Oversight Committee on monthly basis.

The Bank reduces the risks of counterparties caused from signing International Swaps and Derivatives Association (ISDA) and Credit Support Annex (CSA) with counterparties. These require placement of collateral in the form of cash on a daily, weekly and monthly basis in the event that the fair market value of any contract deviates beyond an agreed threshold.

- **Non-Performing Loans: NPLs**

If NPLs increases, the Bank must set more allowance for doubtful account, which affected to its operating performance, financial status and capital adequacy. However, the Bank initiated the corrective measures for controlling the increase of NPLs. The business units which are responsible for credit extension are required to control NPLs amount. Additionally, the Bank carries out the process to manage the customers that might become NPLs as well as improving the credit approval authority and debt restructuring so as to increase more efficiency to the credit considering process and get better control over risks. Besides, the Bank has continuously enhanced the risk assessment tools, which shall help facilitate the process of customer selection to achieve greater efficiency.

- **Collateral Value Impairment Risk**

Most of the loan collaterals are immovable properties with possibility of their value being depended on economic situation. In case that economy encounters recession state, a value of collateral shall be decreased and the Bank must further reserve the allowance

for doubtful and bad accounts. The amount of collateral that the Bank should receive from auctions and the Bank's net profit and capital may also decrease. It might have a significant impact on financial status and operating results of the Bank.

However, the Bank reviews the collateral evaluation to keep the collateral prices up to date while the frequency of collateral price appraisal for each respective type shall be conducted under the BOT requirements so that the actual collateral value is acknowledged. In this regard, the Bank can take it to formulate operation strategies in compliance with the change of credit risk and reserve allowance for impairment of properties for sale according to details provided in Notes in the Financial Statements.

2.2 Market Risk

Market risk refers to the risk that the Bank may sustain loss from changes in value of position on the statements of financial position and off-the statements of financial position, caused by fluctuation of interest rate, foreign exchange rate, equity price, and commodity price resulting in negative impact on the Bank's income and capital funds.

The Bank assigns a department in Risk Management Group, which is independent of Front Office, to control risk with the purpose of ensuring transparency and effectiveness in accordance with the market risk supervisory guideline of the Bank of Thailand and the market risk management policy of the Bank. In this regard, risk limit or risk appetite have been stipulated, for instance trading book position shall be monitored based on value/ investment position, highest loss, the statistical techniques as Value at Risk (VaR) and Sensitivity, while the banking book position shall be monitored based on the net interest income change and economic value change by formulating practice for accommodating the exceeding of approved risk tolerance level; appraising price according to market price and regularly performing stress testing. Additionally, the Bank provides product program and product assessment for making the new derivatives transaction, improves the form of report, working system and tools for evaluating and controlling risk to be effective and supports the further complex transactions.

The Bank oversees the risk of the companies in financial conglomerate by monitoring risk indicators and requiring the companies to submit their operating performance report and risk management result to the Risk Oversight Committee regularly.

In 2019, trading book portfolio was still under the limit or the approved risk tolerance level.

- **Banking Book Interest Rate Risk**

Interest rate risk refers to the risk that the Bank's income or capital funds are adversely affected by changes of interest rates on all the assets, liabilities and off-the statements of financial position that are rate sensitive items. Such risk might have negative impact on net interest income, market values of items in trading account and other income and expenses related to interest rate.

In 2019, Thai interest rate was at low level. Monetary Policy Committee (MPC) of the Bank of Thailand had resolution to decrease interest rates to 1.25 percent per year while anticipated that Thai economy was expected to expand at a lower rate than previously assessed due to a decline in exports, which affected employment and domestic demand. Headline inflation in 2019 was projected to be lower than previously evaluated. Financial conditions over the previous period had been accommodative. Real interest rates and government bond yields remained low. Liquidity in the financial system remained ample. Financial stability remained sound overall but there remained a need to closely monitor risks of financial system. In this regard, the Bank has monitored and controlled interest rate risk within acceptable risk appetite by formulating risk limits and indicators, conducting stress testing on quarterly basis, requiring to present the interest rate environment as well as the economic condition, money and capital market of both domestic and international countries to the Assets and Liabilities Management Committee. Market Risk Management Department was also required to present risk management report to the Risk Oversight Committee on monthly basis. Hence, the Bank also formulated guidelines to ensure the readiness when dealing with the breach of each prescribed limits as per approval.

- **Interest Rate Risk in Trading Book**

Interest rate risk in trading book refers to the risk that income or capital funds got negatively impact due to the change of interest rate affecting the tenure of bonds and financial derivatives of which prices are relied on interest rates in trading book.

In 2019, Thai Baht interest rates dropped from the previous year due to factors such as declined US bond yields, foreign capital outflows from Thai bond market, appreciation of Thai Baht, etc. However, the Bank has monitored and controlled interest rate risk within acceptable risk appetite by formulating risk limit and indicators, performing stress testing on monthly basis, requiring presenting risk management report to the Executive on daily basis and to the Risk Oversight Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

- **Foreign Exchange Rate Risk**

Foreign exchange risk refers to income or capital funds adversely impacted from exchange rate volatility that occurred from the foreign currency transactions and foreign currency assets and

liabilities. When converting all items on financial statement to local currency, it causes decrease in the Bank's book value and the loss of income or foreign exchange.

In 2019, Thai Baht still fluctuated. Thai Baht appreciated more than the previous year due mainly to trade surplus from the decline in imports even with capital outflows caused by investors' concerns about the trade war between the United States and China, the Eurozone economic and political risks and the uncertainty in global financial and economic situation. However, the overall international balance of payment remains in surplus. In this regard, the Bank had monitored and controlled foreign exchange risk within acceptable risk appetite by formulating risk limit and indicators, performing stress testing on monthly basis, requiring presenting risk management report to the Executive on daily basis and to the Risk Oversight Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

- **Equity Price Risk**

Equity price risk refers to the risk arisen from changes of equity securities prices giving adversely impact on income or capital funds, resulting in decline of investment securities for trading.

In 2019, SET index still fluctuated with an increase in the first half of the year and a peak during July before decreasing to the same level from various relevant factors such as the interest rate cut of the US Federal Reserve Bank, the severity of trade protectionism policies, reduce in foreign investors' investment etc. The Bank had monitored and controlled equity price risk within acceptable risk



appetite by formulating risk limit and indicators, performing stress testing on monthly basis, requiring presenting risk management report to the Executive on daily basis and to the Risk Management Committee on monthly basis, as well as formulating guidelines to ensure readiness in dealing with the breach of prescribed limits as per approval.

- **Commodity Price Risk**

Commodity price risk refers to the risk arisen from changes of commodity prices giving adversely impact on income or capital funds resulting in decline of commodity price. In 2019, the commodity price was fluctuating. As the Bank did not have the policy regarding positions taking, the Bank managed risk using back-to-back approach.

2.3 Operational Risk

Operational risk refers to the risk arisen from the lack or deficit in proper internal control, personnel, and the Bank's working system or external situations. Moreover, it also means legal risk but excludes strategic risk and reputational risk.

The Bank oversees operational risk management by adhering to three-tier risk management approach as follows:

Tier 1: Business units and business supporting units have a good understanding in risk arisen in work process and risk in their own unit. As risk owners, business units and business supporting units have a duty to identify, assess, control and monitor risks as well as reporting to their respective managers. Each department has an operational risk officer (ORO) who coordinates with the Operation Risk Management Department who oversees operational risks both regarding tool usage and risk management in accordance with the guideline established by the Bank.

Tier 2: Business units which are responsible for monitoring risk and overseeing other aspects provide tools and methods, guidelines and procedures to the business units in Tier 1.

Tier 3: Audit departments audit and test business process and risk management process to assure the committees that the Bank's risk management and internal control system are effective.

The Bank has formulated risk indicators for managing operational risk in the Bank's overview by specifying key risk indicators; Risk Appetite and Risk Tolerance, including stipulating Standard Operating Procedure (SOP) through various risk control measures, in both prevention and detection. The purpose of this is to reduce mistakes during performing duty as well as preventing and reducing damage that might occur to the Bank and its customers.

The Bank has standardized risk management guidelines, which focus on improving the process to prevent and manage risk in a timely manner before it causes damage to the Bank and customers. Departments in the Bank shall engage in operational risk management, which consists of assessing, controlling,

monitoring and systematically reporting by using tools such as Operational Loss Data Collection, Risk Self Control Assessment (RCSA) and Operational Key Risk Indicator (KRI).

Although the wide use of IT systems in the conduct of business of the Bank, whether transaction, launch of financial products or services in various forms via electronic channels to meet the needs of customers who want modernity and convenience, may increase operational risk, the Bank has established a process for considering risks in each products or services issuance process. All departments in the Bank are required to conduct an assessment of risks and the efficiency of risk control through the product assessment process for new product launches/improvements in order to ensure that the significant risks are managed and prevented from causing damage to the Bank and its customers.

In addition, the Bank manages and controls the risks arising from outsourcing and insourcing for financial business or the government. The Bank also stipulates a support plan in case that external service providers unable to operate so as to ensure that it will not affect the service provided to the customers of the Bank.

As for risk stemming from uncontrollable external factors that may affect the main banking operations, the Bank has stipulated the Business Continuity Management Policy (BCM) and devise Business Continuity Plan (BCP) in order to ensure the ability to provide services to customers without interruption even in emergency or crisis. The BCP is tested regularly by the Bank and external service providers so as to improve its effectiveness and boost employees and customers' confidence.

The Bank summarizes its operational risk status, analyzes risk causes and reports the risks to top executives and the Risk Oversight Committee on monthly basis so that they recognize the risks and can manage risk status to support business consideration.

2.4 Liquidity Risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting income and capital funds.

In 2019, liquidity in the financial market was high. Thus, the Bank adjusted its funding structure by expanding the base of savings and current account of individual and private corporate customers in order to manage financial cost effectively. As on December 31, 2019, the Bank's liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) was higher than the minimum requirement specified by the BOT.



The Bank has established liquidity risk management policy and process in accordance with the Bank's strategy, market condition and BOT's liquidity risk management guidelines. The key processes of liquidity risk management are as follows:

1. Risk Identification

Liquidity Risk Management can be done by analyzing a source of risk from the balance sheet structure aimed at identifying the Bank's liquidity risk. The Bank will analyze source and destination of liquidity used as well as the ability to transform assets into cash.

2. Risk Measurement

Liquidity risk can be measured from estimating cash flow and off-balance sheet for analyzing liquidity gap or financial ratio analysis for knowing the tendency of liquidity risk. Moreover, the Bank also sets survival period that the Bank can sufficiently manage liquidity under critical situation specified by the Bank.

3. Risk Trigger and Risk Control

The Bank controls liquidity risk by assigning duties and responsibilities for related departments in monitoring the liquidity and consistently reporting to assigned committee. The Bank also specifies risk liquidity trigger for both Thai Baht and significant foreign currencies approved by the Bank committee in order to control the liquidity risk to risk appetite level.

4. Risk Monitoring and Reporting

The Bank consistently follows up and reports liquidity condition to the assigned Committee, Top Executives and related

departments for acknowledging the existing risk condition and risk level in order to prepare sufficient investment funds or to reduce the risk of lacking liquidity.

In addition, the Bank quarterly conducts liquidity risk stress testing in accordance to the stress testing policy framework of the Bank by using 3 types of situation set up by the Bank, namely (1) Institution-specific crisis, (2) Market-wide crisis and (3) Crisis stemming from combination of both. In each situation, there shall be an assumption of the withdrawal of each type of customer deposits in different proportions, a decrease of liquidity in liquid assets market, a decrease of the ability to access large source of investment funds, etc. Moreover, the Bank has adjusted the data to conform with the actual behavior in both normal and crisis situations. The Bank has prepared liquidity emergency plan in case of any crisis by taking into account the result of stress test in each situation and setting the indicator for liquidity crisis warning. Therefore, the Bank can promptly reduce negative impacts from liquidity problems with reasonable cost.

• Capital Management

The Bank has been effectively managing capital fund, both for the Bank and for the conglomerate, in compliance with Basel III requirements as prescribed by the Bank of Thailand (BOT) since January 1, 2013. The three pillars of Basel III Capital Framework are as follows:



CAR
19.01%

Pillar I Minimum Capital Requirement: The Bank is required to set out capital requirement covering credit risk, market risk and operational risk.

Pillar II Supervisory Review Process: The Bank is required to hold higher level of capital than the minimum requirements in Pillar I in order to accommodate for all risks that the Bank shall face in both normal situation and stress event. The Bank is required to have good risk management by performing Internal Capital Adequacy Process (ICAAP) while concerning all its risks and conducting stress tests appropriately.

Pillar III Market Discipline: The Bank is required to disclose information on its capital requirements, level of risks and risk management system to the public so that the outsiders and stakeholders can use such information to analyze and assess the Bank's risk. Apart from the Bank's internal control and the supervision of Bank of Thailand, the disclosure is an essential market mechanism that forces the Bank to have effective risk management system.

The Bank has always been operating in compliance with risk management standards and overseeing capital adequacy according to BOT's regulations and international guidelines. Stress tests covering significant risks in both normal and stressed situations have been carried out to evaluate the effect on capital adequacy. The Bank has studied the effect of Basel III for the purpose of capital planning and setting the Bank's dividend policy.

As at 2019 year end, the Bank's capital adequacy ratio (The Bank's Financial Conglomerate) was 19.01 percent. After stress testing, CAR was higher than the minimum requirement set by BOT. This reflected the Bank's strong capital fund, which was capable of accommodating business expansion and possible risks stemming from changes in economy, society and regulations.

As for the BOT consolidated supervision requirement, the Bank submits report on capital adequacy of the conglomerate to BOT quarterly and discloses information on capital fund and risks of the conglomerate as scheduled on the Bank's website. In this regard, the Bank and its conglomerate's capital adequacy was higher than the minimum requirement of BOT.

However, the Bank of Thailand and commercial banks have been considering the revision of risky asset calculation covering credit risk, market risk and operational risk in order to comply with the Framework of Basel Committee on Banking Supervision (BCBS) in the future. In this regard, the Bank has performed Comprehensive Impact Assessment (CIA) in terms of both quantitative and qualitative aspects so as to prepare for business operation in the future.



2.5 Cyber Risk

IT Risk stems from the unavailability of IT, information inaccessibility, unauthorized access to information and computer system, threat to databases of IT system within the organization and external threat such as cyber attack, damaged data, attack/hack on important data, unauthorized changes to data, etc.

The Bank gives precedence to information technology covering applications, information, infrastructure, operation, people and process so as to establish IT Best Practices under 3 major principles prescribed by BOT in order to prevent any risk or damage that might occur to the Bank as follows:

- Confidentiality
- Integrity
- Availability

Presently, the Bank has technology structure improvement in accommodating to transformation into digital banking while taking into account the risk from cyber attack. The Bank places importance to the cyber security, therefore, the Bank prepared readiness to deal with personnel, equipment and work process, and monitored risks continuously. When problems arise or hackers threaten the network, the systems will be controlled and protected as well as being recovered as fast as possible from a hack to reduce an effect on the Bank's customers.

2.6 Other Risks

• Reputation Risk

Reputation risk stems from the public's perception of the Bank's negative image or lack of confidence in the Bank as the Bank's main business involves providing services to the public, which includes customers, partners, investors and regulators. While communication network at present allows quick spread of news and exchange of information, it also a channel to spread rumors and comments the public may have about the Bank. This will reflect the Bank's image and the stakeholders' confidence in the Bank, which may have impact on the Bank's revenue and/or capital fund both at present and in the future. Moreover, reputation risk may result from operational risks due to not complying with the regulations of the government/regulators, not acting in accordance with ethical practice or social expectation or business standards, violating terms and agreement or providing unfriendly services to customers.

The Bank manages reputation risk in addition to other important risks. A guideline for risk management has been established and reviewed as per schedule or whenever there is a significant change. As for risk management procedure, the Bank has defined risk factor, reputation risk index as well as Risk Appetite and Risk Tolerance. Risks are monitored by observing indicators and report is submitted to the Risk Oversight Committee on a monthly basis. If any indicator is higher than the acceptable level, it must be reported along with reasoning and action plan to eradicate/mitigate the risk.

• Strategic Risk

Strategic risk is the risk generated from inappropriate strategic planning, operation and implementation not in line with internal factors and external environment producing undesirable impact on income, capital funds or business survival.

The Bank continued to operate its business with caution and attached importance to action plans and risk management, which can be summarized as follows:

1) The Bank's measures for strategic risk management are in line with Bank of Thailand's examination guideline and State Enterprise Policy Office (SEPO)'s enterprise risk management. Policies and guidelines on strategic risk management have been devised and reviewed annually.

2) The strategic planning process was comprehensive and in line with the guidelines for State Enterprise Performance Appraisal (SEPA). Procedures and persons involved as well as time frame were clearly specified. Committees concerned and top executives participated in the strategic planning that included the transformation of the plan into actual practice

Furthermore, the Bank has declared policy and procedure of IT security protection and reviewed the standard of IT security to comply with current regulations of the Bank of Thailand or meet international standards. IT Steering Committee was appointed to oversee the Bank's IT risk in order to give suggestions that will improve the process and boost confidence in the Bank's IT security, consider risks that may pose threat to the Bank's operation and boost confidence in the Bank's IT security and prepare for Personal Data Protection Act (PDPA).

and communication of the plan to executives of all business units across the board.

3) The Bank's strategic plan is appropriate for both internal and external environment. It focuses on using real data and analyzing in comparison with the Bank's and peers' targets. SWOT Analysis was performed to determine further strategies to enhance the strengths, rectify the weaknesses, capture business opportunities and prevent any threats from external pressures. These were combined into the Bank's overall strategy, both short term and long term, which responds to the statement of Direction (SOD), Vision, Mission and Core Values of the Bank.

4) The Bank monitors and compares its operating performance with the targets regularly, and report to executives to set strategies to achieve the targets. Action plans are reviewed and adjusted to fit changing conditions.

- **Properties for Sale Risk**

The majority of the Bank's properties for sale were impairment of assets, which is caused by the changes of properties condition or environment, for instance physical deterioration of the property, flooding, natural disasters, economic situation, and the decreased price of property after being affected by the current market situation, laws and city plan and utilization of property. These factors affect the Bank's capability to sell. The risk level depends on property types, quality of property, and change of market price and duration of ownership. However, the Bank has developed a guideline on minimizing risks as well as monitoring and controlling risks within acceptable limits such as consideration of property purchase or transfer for debt repayment to be appropriate according to property type and property quality, property valuation in a time frame to reflect market price, managing the properties to be ready for sale, setting marketing strategy and reasonable selling price, etc. The objective is to accelerate the selling of Bank's foreclosed properties.

In addition to risks from impairment or reduced value of assets or depreciation mentioned in the previous paragraph, the Bank still has an obligation to provision for additional holding period to be in accordance with the Bank of Thailand's regulation on Asset Classification and Provisioning of Financial Institutions. The regulation stipulates that the Bank provision for foreclosed properties that the Bank holds exceeding duration of provisioning. In 2019, the Bank had part of foreclosed property that reached provisioning date. In this regard, the Bank had provisioned for this part of foreclosed property in accordance with the abovementioned criteria.

- **Economic Risk**

Thai economy in 2019 grew by only 2.4 percent, decelerating by 4.2 percent from previous year due to trade conflicts between superpowers like China and the United States.

Thailand's exports shrank for the first time in 4 years owing to international trade that was slowing down. Exports amidst uncertain global economy had an effect on domestic economy, especially on private sector investment which declined dramatically. As for private sector consumption, it slightly slowed down, following declined auto sales and low agricultural income. However, the purchasing power of households was continuously supported by the government's economic stimulus measures. The Monetary Policy Committee decided to cut interest rates by 0.25 percent twice to 1.25 percent at the end of 2019 due to the economic slowdown. The Bank closely monitored and assessed domestic and international economic, social, financial and banking risks with analysis of positive and negative effects in order to report to committees. The Bank also signaled to relevant departments about this matter. This allowed the Bank to adjust its strategies to suit the changing situation.

Thai economy in 2020 encounters many risk factors. It is expected that Thai economy will grow at lower rate than 2019 due to the significant risk, the Covid - 19 outbreak, which is expected to have a large impact on tourism and exports, especially in the first half of the year. This has made the government push for urgent policies such as tax measures, debt and fee repayment extension measures, and credit measures to help support the economy and mitigate the impact on the tourism sector. The Bank of Thailand also cut the policy interest rate to 1.00 percent in February. In addition, the drought and the delay of the 2020 fiscal year annual budget expenditure have a tendency to affect the income of the private sector and household sector. When considered the two factors together with the high level of household debt, it is expected that private sector consumption will slow down. However, it is anticipated that the government expedites the budget disbursement after the enforcement of the Annual Budget Expenditure Act, B.E. 2563 and the continuous implementation of consumption and investment stimulus measures. As for real estate measures, there are reduction of transfer fee and mortgage fees and LTV criteria relaxation policy of BOT. These measures are believed to help boost the property market after the sluggishness in the past year. On the subject of external factors, there are still many risk factors, namely, the ongoing trade war, United Kingdom leaving the European Union, the United States' presidential election in November, and the conflict between the United States and Iran. These risk factors will directly affect Thailand's exports and may create fluctuations in money and capital market. In this regard, the Bank will continue to monitor economic risks closely, as well as assessing the impacts under stress testing that covers various situations that may occur. This will reduce the impacts that may have on business operations in time.

Internal Control and Risk Management

1. Internal Control System

The Bank placed emphasis on good internal control system. Environment that provides for effective internal control system can help reduce operational risk and enhance effectiveness and efficiency of all guidelines for any activities, which leads the Bank to achieve its important business objectives.

Accordingly, the Board of Directors has attached importance to the internal control through continuous monitoring and oversight to obtain reasonable assurance that the Bank achieves its objective of business operations, efficient and effective operations, trustworthy financial and operational reporting, corporate compliance as well as preventing the actions adversely affecting the bank's asset and reputation. Internal control system has been reviewed by the Audit Committee in order to be comply with the standard of the Committee of Sponsoring Organizations of Treadway Commission (COSO), to prevent risk and to provide working procedure with care and prudence so as to avoid loss or damage. The Audit Committee shall monthly submit the report to the Board of Directors.

Furthermore, the Bank regularly oversees the operation of companies in its financial conglomerate by assigning the Internal Audit Group to audit the companies in its financial conglomerate and holding joint meetings between the Bank's Audit Department and the companies in its financial conglomerate annually.

The 2019 Report of the Audit Committee (details are provided on page 182) expressed the opinion that the Bank's financial statements and disclosure of information were complete, reliable and in line with accounting standard and generally accepted accounting principles. Additionally, the risk management and internal control system have been implemented effectively and appropriately. Internal audits have been independently conducted in accordance with internal audit standards covering all high-risk processes. Moreover, audit process has complied with audit standard and the Bank has adequately monitored compliance with regulatory and legal requirements, consistent with the current business conditions.

2. Head of Internal Audit and Head of Compliance of the Bank

2.1 Head of Internal Audit

Mr. Santi Parivisutt

First Executive Vice President - Head of Internal Audit Group

Responsibilities of Internal Audit

Internal audit provides the management and the Audit Committee with confidence and counsel, which constructing for value addition and improvement to the Bank's operation to

achieve its goal by means of assessing the adequacy and effectiveness of risk management process, internal control and corporate governance.

The Audit Committee's responsibilities included: to consider and approve the qualification, to appoint, to demote and to remove Head of Internal Audit (The additional details are provided in the section of Shareholding and Management Structures on pages 86-89). The Audit Committee expressed the opinion that Mr. Santi Parivisutt was suitable for performing as the Head of Internal Audit since he was proficient and had banking business comprehension, management skills, positive attitude toward the organization and the qualification as prescribed by the regulator.

His biography, namely education, training, other current positions and experiences during the past 5 years is shown in the unit of Brief Biography of Board of Directors and Executive Officers on page 32

2.2 Head of Compliance

Ms. Vipawadee Lerssrisuriya

Executive Vice President - Sector Head
Compliance and Procedures Sector

Position Taking Date

August 15, 2017

Education

- Master Degree: MBA, Finance, Fairleigh Dickinson University, New Jersey, USA
- Bachelor Degree: Bachelor of Science in Accounting, Rutgers University, New Jersey

Training Course

- 2017 ASCO Compliance Training Program for Head of Compliance, held by the Securities and Exchange Commission, Thailand
- Training program for Compliance Officer of Commercial Bank, Batch 3, organized by Faculty of Law, Chulalongkorn University
- IT Governance & Cyber Resilience Program (ITG)
- Knowledge of Conducting Securities Business for Head of Compliance Training Program
- Legal Strategies for Personal Data Management Training Program

Work Experience (2008 - Present)

- Krungthai Bank PCL.

August 2017 - Present Executive Vice President, Sector Head
Compliance and Procedures Sector

- Sumitomo Mitsui Banking Corporation
2015 - August 2017 Senior Vice President
- Standard Chartered Bank (Thai)
2013 - 2015 Senior Vice President
- 2008 - 2013 Vice President

Responsibilities of Regulatory Compliance

The Compliance Committee's responsibilities are to oversee the regulatory compliance and ensure that the Bank and its departments operate the business in accordance with relevant laws and regulations prescribed by the regulators, namely the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand and the official authorities as well as providing advice on regulatory compliance practices. The Committee has been assigned as the coordinated agent to facilitate cooperation between the regulators and the official authorities and the internal business units of the Bank. In this regard, the Committee has to communicate the internal units of the Bank about the new and amendment of law and regulations.

2.3 Head of Accounting and Finance

Ms. Saranya Vejakul

Senior Executive Vice President - Head of
Financial Management Group

(Her biography, namely education, training, other current positions and experiences during the past 5 years is shown in the unit of Brief Biography of Board of Directors and Executive Officers on page 32)

2.4 Chief Accountant

Mr. Kanok Suwanaratana

First Vice President - Department Head,
Accounting Department, Financial Management Group

Position Taking Date

May 15, 2019

Education

- Master Degree : Economics, Thammasat University
- Bachelor Degree : Accounting, Chulalongkorn University
- Certified Public Accountant (CPA) (Thailand)

Training Course

- 2019 Preparation for IFRS9 Accounting Standard for Executives
- Creating Understanding for 2019 Draft TFRS 16 Lease
- Annual Report (56-2) according to 2019 Integrated Reporting Principle
- 2019 Digital Transformation in Banking for Financial Management Group
- All Topics of 2018 TFRS

- Cost Management to Increase Value and Sustainability
- New Thai Financial Reporting Standards (TFRS) for 2019 and 2020
- FMG's Journey
- Law Related to Debt Restructuring
- Derivatives and Financial Instruments
- IFRS Update Conference at Toronto Canada
- Integrated Reporting
- Forensic Accounting
- Tax Planning

Work Experience (2015-Present)

- Krungthai Bank PCL.
May 2019 - Present First Vice President - Department Head, Accounting Department, Financial Management Group
- March 2018 - April 2019 First Vice President
Financial Management Group
- Thanachart Bank PCL.
August 2016 - March 2018 Vice President, Performance Analysis and Reporting
- 2012 - July 2016 Vice President, Account Policy and Procedure

Report of the Independent Director Committee

The Board of Directors has placed importance on roles and responsibility of the Independent Directors as the essential part that constitute the sufficient checks and balances on the structure and management of the Board of Directors. The structure of Krungthai Bank Board of Directors in general consists of 12 Directors. At the present, there is 11 Directors taking the position - 1 Executive Director and 10 Non-Executive Directors whereas another 1 Director is under the recruitment process. Regarding to the present Bank's Board of Directors, 5 Directors are Independent Directors, which is 45.45% of the total numbers of the Directors. In this regard, it shaped the ratio of Independent Directors of the Bank to exceed the requirement from the Securities and Exchange Commission (SEC) stating that at least one third of the Board of Directors (33.33%) must be the Independent Directors and it must not be less than 3 Independent Directors. Each Independent Director is capable to provide opinion freely regardless of whether it is the controversy opinion or other observations on agenda items under consideration in the Board of Directors meeting with the intention to defend rights and protect benefits of minor shareholders and other stakeholders, as well as contributing to the implementation of good corporate governance of the Bank. Essentially, the Bank's Independent Directors originally has its directorship roles and responsibilities, in consequence; the Board of Directors has enhanced the duty and performance of the Independent Directors to work in a panel like other Committees of the Bank and in conclusion established the Independent Director Committee Charter in which further qualifications and term of office, including roles and responsibilities are specified. Accordingly, the Independent Director Committee deems appropriate to conduct and disclose the report of the Independent Director Committee annually in the Annual Report of the Bank starting from 2018 onwards.

As at 31 December 2019, the members of the Independent Director Committee are as follows:

1)	Gen. Tienchai	Rubporn	Chairman
2)	Professor Dr. Kittipong	Kittayarak	Independent Director
3)	Mr. Thanwa	Laohasiriwong	Independent Director
4)	Mr. Vichai	Assarasakorn	Independent Director
5)	Mrs. Nitima	Thepvanangkul	Independent Director
	Mr. Niruj	Maneepun	Secretary
	Mrs. Vipawadee	Lerssrisuriya	Assistant Secretary
	Ms. Sineenard	Damri-anant	Assistant Secretary

In 2019, the Independent Director Committee held a total of 5 meetings and reported the minutes of the meeting to the Board of Directors on the quarterly basis. The significant details are summarized as follows:

1. Review and carry on the policy to determine the scope of the matters proposed as the agenda in the meeting of the Independent Director Committee as follows:

- 1.1 Duties of the Independent Director Committee in administrating and facilitating the minor shareholders
- 1.2 Providing suggestions and recommendations to the management in an attempt to generate balance between the management, internal control and the compliance with laws, regulations and good corporate governance
- 1.3 Monitoring complaints related to the Bank, particularly on the matters that affect the management or authorized directors, either on the problematic issues or issues involving the unbalance between the emphasis on business operation and the lack of measures in compliance or good internal control
- 1.4 Taking care of any issues involving all parties of stakeholders

2. Approve the Director handbook "The Practice Guidelines of Directors that Affect the Directorship Qualifications of the Bank's Directors" and circulate to all Directors. In this regard, the Directors can acknowledge the practices guidelines of the Directors as prescribed by law and regulations of the relevant authorized regulators as well as prudently avoid action that may affect the qualifications as Bank's Directors.

3. Review the policy of the restriction in terms of the number of the companies that each Directors can take a position of the Directors. The details proposed to the Board of Directors for approval are as follows:

- 3.1 Each Director can take a position as the Director in the State-Owned Enterprise for not more than 3 organizations.
- 3.2 The Bank's Directors can take a position of either Chairman or Executive Director or hold several positions in other companies for not more than 3 conglomerates.
- 3.3 The Bank's Directors can take a position of Director in the listed company in both domestic and international Stock Exchange for not more than 5 companies. (This is including Krungthai Bank PCL but excluding the companies from the debt restructuring)

4. Approve the principle in providing the shareholders the chance to propose agenda in the meeting and nominate the qualified candidates to be appointed as the Director in the 27th Annual General Meeting of Shareholders (2020). In this regard, this shall be proposed to the Board of Directors for approval subsequently.

5. Set the meeting schedule in advance for Independent Director Committee of the year 2020 on quarterly basis - on the fourth Wednesday of March, June, September and December. In the case that the Independent Director has any urgent or extraordinary agenda to consider under the duties of the Independent Director Committee, the additional meeting shall be held apart from ordinary schedule. However, in case it is necessary to change the meeting schedule, all Independent Directors shall be informed for the appropriate gathering discussion as the case maybe.

6. The Independent Director Committee considered and agreed to nominate 2 Independent Directors with their profiles, namely Mr. Vichai Assarasakorn and Mr. Thanwa Laohasiriwong, to be appointed as proxies for the shareholders in the 27th Annual General Meeting of Shareholders (2020).

7. Manage to carry out the performance evaluation of the Independent Director Committee for 2019. The performance evaluation is divided into 2 types - the Committee evaluation (group evaluation) and the Director individual evaluation (self-evaluation). For the overall performance evaluation result of 2019, both types of the evaluation show in the excellent level. The evaluation report shall be informed to the Board of Directors for acknowledgement subsequently.

GEN. *Tienchai Rubporn*

(Gen. Tienchai Rubporn)

Chairman of the Independent Director Committee

Report of the Corporate Governance and Social Responsibility Committee

Krungthai Bank realized the importance of corporate governance (CG) and corporate social responsibility (CSR) with the purpose to achieve sustainable development concerning ESG principles-Environmental, Social, and Governance-for all stakeholders of the Bank as in accordance with the "Growing Together" vision. In this regard, the Bank's Board of Directors appointed the Corporate Governance and Social Responsibility Committee consisting of 5 Directors to determine schemes and monitor the CG and CSR operating result. In 2019, the Committee held 13 meetings in total.

Regarding the 2017-2021 corporate governance strategies of Krungthai Bank PCL, the Corporate Governance and Social Responsibility Committee has determined 2019 CG strategies under the Sustainable Krungthai Initiative through implementing the 3 principles-Foster, Prevent and Change. With the objective to elevate organization culture of zero tolerance, the Bank correspondingly adopted the "Inside-out Blasting" approach, which encouraged the executives and employees to participate in brainstorming ideas in order to improve the Bank's operation through "One Unit, One Sustainable Plan" initiative. Henceforth, such operation shall be progressed in line with the identity of the Bank.

Attributable to the deliberate operation in 2019, the Bank received the awards relating to the corporate governance and social responsibility as follows:

- Outstanding State-Owned Enterprise (SOE) Awards 2019 for Outstanding Disclosure and Transparency from the State Enterprise Policy Office (SEPO), Ministry of Finance
- Achieving Excellent CG score in the Corporate Governance Report of Thai Listed Companies (CGR) 2019 organized by Thai Institute of Directors Association (IOD)
- Best Social Impact Bank Thailand Award 2019 presented by CFI Journal
- Thailand Sustainability Investment Award 2019 from the Stock Exchange of Thailand
- TAB Digital Inclusive Awards 2019 from Thailand Association of the Blind
- Sustainability Disclosure Award 2562 from Thaipat Institute
- Certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

All the rewards and assessments the Bank received have reflected the effectiveness of good operation and we ensure that we will continually adhere to the professional standard straight on.



(Professor Dr. Kittipong Kittayarak)
Chairman of the Corporate Governance
and Social Responsibility Committee

Report of the Nominating and Remuneration Committee 2019

The Nominating and Remuneration Committee consists of 2 Directors — one is the Independent Director and another one is non-executives Director. Mr. Nontigorn Kanchanachitra is the Chairman of the Nominating and Remuneration Committee and Mr. Thanwa Laohasiriwong is the members of the Nominating and Remuneration Committee. The Committee has been delegated with the purpose to support the performance of the Board of Directors in setting criteria and guideline that are in line with the Bank of Thailand and to comply with relevant law and regulations.

In 2019, the Nominating and Remuneration Committee held a total of 21 meetings with the intention to carefully, cautiously and transparently adhere to the charter of the Nominating and Remuneration Committee and take into account the utmost benefits for the Bank and its shareholders as the first priority. Moreover, the Committee has scrutinized and provided suggestions in each important issue before proposing to the Board of Directors. The significant operations are as the following details:

1. The Committee reviewed and set policy, criteria and procedure in nominating Directors, Top Executives and Authorized Bank Executives with the purpose to establish the reference guideline for recruiting the appropriate candidates whose qualifications are conforming with the vision and business strategy of the Bank.

2. The Committee has recruited and nominated person to be appointed as Directors of the Bank by utilizing various sources of information for consideration. From different occupations, all the candidates must have appropriate qualifications as specified by relevant laws, related regulations and the Bank's rules and good corporate governance policy. The Committee shall appraise candidates based on the required skills and knowledges from the Skill Matrix of the Bank and take into consideration the Director's Pool from the Ministry of Finance and Thai Institute of Directors (IOD). The Committee has verified background and previous performance of the candidates until presently in order to prevent conflict of interest. The Committee also considered the suitability of organization's size and structure and made adjustment in an attempt to be corresponding with the changing environment. After the selection process, the Committee has submitted the name list of candidates to the Bank of Thailand and related regulators for approval before presenting to the Board of Directors and/or the shareholders for approval.

3. The Committee has recruited and nominated person to be appointed and rotated to the position of Top Executives and Authorized Bank Executives. The Committee has taken into account the qualifications of the candidates based on their knowledge, competence, leadership experience, and proficiency in the position, ability to reasonably make decision for the Bank's business, positive vision and attitude toward the organization. In this regard, the Committee put emphasis to encourage the Executives to rotate across different Group in an attempt to enhance their potential and skill as well as inspire self-development continually through working in diverse fields and learning from new tasks. The Committee aimed that such process would generate benefit to the business operation and facilitate the effective management of the Bank. After the selection, the Committee has presented name list of the candidates to the Board of Directors and/or submitted to Bank of Thailand and regulators for approval.

4. The Committee considered and approved the succession plan and management process of Group Heads (N-1) and Sector Heads (N-2) of the Bank, including reviewing the succession plan to ensure management continuity and to facilitate for the effective operation and management of the Bank.

5. The Committee has considered and designated the performance evaluation guidelines for the Board of Directors, Sub-Committee Directors, the President and the Authorized Bank Executives with the purpose to comply with good corporate governance and outstandingly reflect the Director's performance.

6. The Committee has set the criteria and determined the remuneration of the Board of Directors and Sub-Committee Directors in line with the rules and related regulations before submitting for approval from the Board of Directors and shareholders in the Annual Ordinary General Meeting. The remuneration has been determined in consideration of the individual's duties, assigned responsibilities, operating result of the Bank, overall economic situation, the rules and regulations from the regulators as well as the compliance with good corporate governance policy. The Committee also set the criteria and determined the remuneration of the Directors of the subsidiaries to be along the lines with the remuneration for the Bank's Directors as well as corresponding to the assigned duties and responsibilities.

7. The Committee has set the criteria and determined the remuneration of the Top Executives and Authorized Bank Executives before submitting to the Board of Directors for approval. The remuneration has been determined in consideration of the individual's duties, assigned responsibilities, performance, operating result of the Bank, the remuneration of benchmarking banks as well as the compliance with good corporate governance.

8. The Committee has considered and provided suggestion for greater effective operation in human resource management with the purpose to generate the ultimate benefit to the Bank's business in the following issues:

- 8.1 The remuneration structure for the Authorized Bank Executives
- 8.2 Approach and strategies for human resource development
- 8.3 Approach to talent management

In addition, the Committee has disclosed the policy and details of the recruitment process along with the remuneration policy and all types of remuneration, including conducting the remuneration report and disclosing aforementioned information in the Bank's Annual Report.

N. Kanchanachitra
(Mr. Nontigorn Kanchanachitra)

Chairman of the Nominating and Remuneration Committee

Corporate Governance



1. Corporate Governance Policy

1.1 Corporate Governance

Krung Thai Bank is aware and determined to operate its business with transparency, integrity and fairness in compliance with good corporate governance principles in order to become an efficient organization that excels in operating its business on the basis of ethical responsibility and takes into account the benefits of all stakeholders. Such operation shall establish confidence and generate benefits to the shareholders, who make important contribution to the Bank's sustainable growth and prosperity.

The Board of Directors placed importance on good corporate governance over the past several years as the Bank has been earnestly operating with good corporate governance; encouraging the members of the Board of Directors, managements and employees of all levels to adhere to good corporate governance principles and taking part in activities leading the Bank to become the organization with CG in process, as well as elevating the Bank's compliance to meet international standards.

Moreover, the Board of Directors has entrusted the Corporate Governance and Social Responsibility Committee to formulate the action plans and measures to ensure the execution of the corporate governance policy. The Committee assesses the implementation of the policy, adjusts and updates policy regularly for continual relevancy along with monitors and revises CG guideline practices to comply with both domestic and overseas good corporate governance guidelines in order to meet international standards.

The Bank has stipulated the Corporate Governance policy and guideline in conformity with the principles of corporate governance of the Stock Exchange of Thailand as follows:

- 1) **Creation of Long Term Value :**
- 2) **Accountability :**
- 3) **Responsibility :**
- 4) **Promotion of Best Practices :**
- 5) **Equitable Treatment :**
- 6) **Transparency :**
- 7) **Social and Environmental Awareness :**

The Bank has communicated and publicized the seven principles of good corporate governance to employees of all levels via the Bank's communication channels and assigned all business units of the Bank to adopt these CG principles. With this regard, the Bank shall ensure that all the operation has been carried out in line with good corporate governance. All Directors are aware of performing their duty to create utmost benefit to the Bank and continually undertake activities relating to social responsibility, generating substantial result and truly benefiting the society and environment. The Bank develops effective social and environmental projects by integrating and arranging such activities continuously under the concept of instilling intellectual capital. Most importantly, the Bank also encouraged the society, community and other stakeholders to take part in the Bank's activities, to encourage them to care for each other and be generous toward

the unfortunates, as well as putting emphasis on environmental issues that are becoming more critical.

In 2019, the Bank continued to promote good corporate governance through various means including:

1. Reviewing corporate governance strategy for 2017 - 2021 of Krung Thai Bank Pcl. with the intention to elevate the Bank's operation to be in line with Thailand's Master Plan on national anti-corruption phase 3 (2017 - 2021) and the Bank's strategy plan focusing on becoming a prototypical bank in term of morality and ethics and creating zero-tolerance culture, the Bank's corporate governance strategy for 2017 - 2021, comprising of 5 main strategies as follows:

1st Strategy:

Creating zero-tolerance organization

2nd Strategy:

Elevate the moral intention to combat corruption

3rd Strategy:

Develop proactive corruption prevention systems

4th Strategy:

Elevate the standard of corruption suppression process

5th Strategy:

Improve the Bank's score on Integrity and

Transparency Assessment: ITA

2. Integrating corporate governance principles in their work process (CG in Process) by improving the 2019 CG operation to correspond with the State Enterprise's Integrity and Transparency Assessment: ITA.

3. Carrying out the Sustainable Krungthai Initiative (Krungthai Moral Initiative) through the means of 3 key strategies - Foster, Prevent and Change so that the result of the project affects financial growth, regulators/stakeholders, process improvement/ First Line of Defense and employees and aligns with the Bank's goal to become the prototype moral bank and sustainable organization.

4. Declaring its "intention to manage and operate business with moral in order to become a zero-tolerance organization", as well as having policy communications by the Chairman of the Board of Directors, the President and Chairman of the Corporate Governance and Social Responsibility Committee in various ways.

5. Organizing the Sustainable Krungthai Initiative: Seminar Day (January 9, 2019) to promote the establishment and improvement of moral standards and foster good corporate governance and zero tolerance culture in the organization. The policy was communicated to executives of the Bank and companies in its financial conglomerate by arranging a special speech on "Sustainable Moral Organization" by Professor Emeritus Kasem Watanachai and a talk on "Sustainable Organization" by Chairman of the Compliance Committee, Chairman of the Corporate Governance and Social Responsibility Committee and the President. The event was attended by the members of the Board of Directors, the Bank's executives, executives of the companies in its financial

conglomerate and the Bank's network.

6. Appraising work performance in alignment with corporate governance principles of the affiliates in which the Bank holds 100% of share.

7. Publication of articles and news relating to corporate governance on the Bank's website and intranet homepage and sending directly in employee's mailbox.

8. Participating with external organizations in promoting and developing the Best Practice guidelines as well as building up the co-operation among State Enterprise's network and other organizations.

9. Developing and improving the operational process to be in line with the international anti-corruption standards. The Bank was certified for a membership renewal of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) by the Thailand's Private Sector Collective Action Coalition Against Corruption Project.

1.2 Corporate Governance Policy

The Board of Directors approved the establishment of the policy for the Bank to conduct its business in compliance with the law and corporate governance principles by considering transparency, fairness and responsibility of all stakeholder groups as well as adhering to the code of conduct and the good corporate governance in order to create an important foundation for sustainable and stable business operation. The Board of Directors approved the establishment of the written corporate governance policy in order that the Board of Directors, executives and employees at all levels can comply. The Bank has published its corporate governance policy both in Thai and in English which can be downloaded from the Bank's website.

The Corporate Governance Policy of Krungthai Bank was established and first announced in 2002. There has been continuous improvement to elevate the corporate governance standard of the Bank by adhering to corporate governance guidelines which are internationally accepted both domestic and abroad such as the Principles of Good Corporate Governance of the Organisation for Economic and Co-operation Development (OECD), the Principles of Good Corporate Governance for Listed Companies, Corporate Governance Code (CG Code) of the Securities and Exchange Commission, Thai Institute of Directors, etc. The Bank complied with the Apply or Explain principles by conforming to the guidelines as appropriate to the management of laws and regulations related to the business operation of the Bank.

The Board of Directors, executives and employees at all levels have acknowledged and complied with the Corporate Governance Policy, leading to the organization with corporate governance culture that can raise trust from shareholders and all stakeholders for establishing benefit and sustainable growth of the Bank.

2. Sub-committee

2.1 Structure of the sub-committee

As at December 31, 2019, the structure of the Board of Directors comprises of seven sub-committees as follows:

1. The Board of Executive Directors
2. The Audit Committee
3. The Nominating and Remuneration Committee
4. The Corporate Governance and Social Responsibility Committee
5. The Risk Oversight Committee
6. The Compliance Committee
7. The Independent Director Committee

Names, duties and responsibilities of each committee member including names of financial statement experienced audit committee are prescribed in the Management Structure topic on pages 82-92.

2.2 Sub-committee of the Management Department

- **Management Committee**

Management Committee has duties to formulate the Bank's policy and strategic plan; supervises operation in accordance with policies established by the Board of Directors and the Board of Executive Directors and / or the President; monitor new product approval result of Product Committee; track and review the operation to be in line with the Bank's policy and strategic plan and approves any matter as stated in the regulations/ the Bank's notifications. The meeting of the Management Committee is organized twice a month or as appropriate.

- **Assets and Liabilities Management Committee (ALCO)**

The Committee formulates framework for managing the Bank's assets, liabilities and capital funds in line with external factors affecting liquidity and profitability by implementing appropriate analysis tools to determine interest rate, and benefit returns from loans and deposits. The Committee also recommends strategies in investment, which related with liquidity management of the Bank. The meeting of the ALCO is organized at least once a month.

- **Group Credit Committee Level 7**

Group Credit Committee (GCC) level 7 is authorized to approve lending limits and debt restructuring as stipulated in the Bank's notification on credit approval and debt restructuring. Additionally, the Committee is authorized to approve acceptance of collateral transfer as specified by the Bank. The meeting of the GCC is organized at least once a week.

- **Credit Scrutiny Committee**

The Credit Scrutiny Committee has duties to consider and scrutinize works under the authority of the Board of Directors and the Board of Executive Directors which are scrutinizing credit approvals and debt restructuring as determined by the Bank, trading of non-performing assets as well as underwriting the selling

and/or investment in debt instruments except the debt instruments issued by government, the Bank of Thailand or other government agencies guaranteed by the Ministry of Finance. Moreover, the Committee also considers and approves credit limits, debt restructuring and credit transactions as specified by the Bank as well as performing other duties assigned by the Board of Directors, the Board of Executive Directors and the President. The meeting of the Committee is organized at least once a week.

- **IT Steering Committee**

IT Steering Committee has duties to control and supervise the Bank's operation to be in compliance with laws and regulations related to electronic transactions and information, considers and scrutinizes information technology plan of the Bank as well as the operation plans of each project to be accurate and continuous for customers. The Committee also considers and scrutinizes channels of fraud through information system as well as prevention guidelines of the threats that may occur from the use of information technology, which may affect the business operation of the Bank.

- **Subsidiary Management Committee**

Subsidiary Management Committee has an authority to consider the operation guidelines for the subsidiaries to ensure that it is in alignment with the Bank's objectives and strategies. The Committee also establishes relevant regulations and corporate governance guidelines in order to be in line with the corporate governance regulations of the companies invested by the Banks. Initially, the meeting frequency is set to once per quarter.

3. Nomination and Appointment of Directors and Executives

3.1 Recruiting Procedures

3.1.1 Directors

Process of Nomination and Appointment of Directors

1. The Nominating and Remuneration Committee has duties to recruit committee members including using Director Pool for recruiting new Director. For the replacement of those directors whose terms are expired, the Committee will consider a nominated person (if available) for annual general meeting of shareholders from a pre-nomination by minority shareholders.

2. The Committee shall consider of selections and personal review to be suitable for the position and such person must not have prohibited characteristics according to the relevant laws and regulations, regulations of the Bank and charter of the Board of Directors. The Committee also considers the Board of Directors structure under the Bank's policy that is specified that Director must possess diversified qualifications which are knowledge, skill matrix and experience in line with the Bank's missions and strategies including the lacking qualifications. The Committee also considers knowledgeable and skilled person in order to recruit person with suitable knowledge, skill, expertise, experience and elements related with requirements, objectives as well as missions and strategies of the Bank both now and in the future.



Policy of Nomination of Directors

The Committee shall consider the qualifications of the Board of Directors as follows:

- Must possess director qualifications as specified in the Public Limited Companies Act, Financial Institutions Businesses Act, Standard Qualifications of Directors and State Enterprise Employees Act, Securities and Exchange Act, Royal Decree Regulating on Electronic Payment Services, laws and regulations of the regulatory agencies related to the business operation and regulations of the Bank as well as no unreliable characteristic according to the notification of the Securities and Exchange Commission.

- Have knowledge and expertise according to the skill matrix specified by the Bank, and in compliance with missions and strategies of the Bank. Hence, the Board of Directors shall comprise of persons with different qualifications such as skills, experiences and useful specific abilities as well as comprising of at least one person with knowledge or experience related to commercial banking business, at least one person with knowledge or experience related to accounting and at least one person with knowledge or experience related to information technology.

- Able to perform duties and independently express their opinions as well as dedicating time for duties sufficiently.

- Holding positions in other companies

- Holding director position in state enterprises including Krungthai Bank Public Company Limited, not more than three state enterprises.

- Holding chairman of the board of directors' position or board of executive director position or other positions in other companies, not more than three conglomerates.

- Holding director position in listed companies both domestic and abroad, not more than 5 companies (including



Krungthai Bank Public Company Limited but excluding companies from debt restructuring).

3. The Nominating and Remuneration Committee proposes the names of the nominated persons and opinion to the Board of Directors.

4. The Board of Directors approve the proposal of the names of the nominated persons for requesting an approval of the appointment of directors from the related regulatory agencies.

5. The Board of Directors proceeds on a case by case basis as follows:

5.1 In the case of appointment of directors to replace the directors retiring by rotation

The Board of Directors proposes candidate to the shareholders meeting. The directors who are retired by rotation may be re-elected. Rules and procedures for election of directors are as follows:

- One shareholder has votes equal to one share per one vote.

- In voting for election of directors, shareholders vote for each director separately. Each shareholder will use all of the votes he has to elect one person or many persons as directors but cannot divide the votes for a specific person with more or less votes.

- Persons who receive the highest votes in descending order are elected as directors, equal to the number of directors that should be or should be elected at that time. In the event that the person elected in descending order, have equal votes and exceeding the number of Directors that should be nominated at that time, the Chairman of the meeting will give a casting vote for a final result.

For nominating a person to be appointed as a Director, it must be approved by the Bank of Thailand before presenting to the shareholders' meeting.

5.2 In case of nomination of directors to replace vacancies in other cases which are not the cases of 5.1

The Board of Directors (number of votes must not less than 3 of 4 of remaining Directors) appoint a person to be a director as well as holding the position for the remaining term of the director he replaces.

6. Internal departments of the Bank register the change of directors with the Ministry of Commerce as well as reporting to the relevant departments within specified time.

After all this time, the Bank complies with the process of nomination and appointment of directors correctly and completely.

3.1.2 Independent Directors

The Board of Directors nominated the Independent Directors with prudence and transparency. After all this time, the Bank complies with the process of nomination and appointment of Independent Directors correctly and completely. On December 31, 2019, the Bank has 5 Independent Directors from the total number of 11 directors. It is calculated as 45.45 percent of the Board of Directors. All Independent Directors are qualified, knowledgeable people, capable and experienced which are beneficial to the business of the Bank. All Independent Directors perform their duties with responsibilities, cautious, honesty as well as in compliance with laws, objectives, regulations of the Bank and the meeting resolution. Moreover, Independent Directors independently perform their duties. Their work process are independent from the Management Department and major shareholders of the Bank. Independent Directors supervise appropriate benefits integration of stakeholders within the business operations of the Bank as well as making sure that there is no Independent Director holding the position in the Bank's parent company, subsidiary and subsidiary in the equal level.

Process of Nomination and Appointment of Independent Directors

The process of nomination and appointment of independent directors is the same as the process of nomination and appointment of directors. Besides director qualifications, independent directors must possess complete qualifications in compliance with the Bank's definition of independent director as follows:

Definition of Independent Director

Independent director must not have any business or work related to commercial bank that might have an impact on his/her independent decision-making and must have additional qualifications which are considered to be more intensive than the Capital Market Supervisory Board's regulations in terms of shareholding and formal relationship with participation in management.

(a) An independent director holds no more than 0.5 percent of all shares with voting rights of the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank. This is inclusive of shares held by anyone who is affiliated with such independent director.

(b) An independent director is not being or having been a director which is not an independent director, employees, staff, consultant with monthly salary or entity with controlling authority over the Bank, the parent Company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank, unless such person has resigned from such positions for at least two years. Such prohibitions shall not apply to an independent director who has been a government officer or an advisor of a government authority that is the major shareholder or a regulator the Bank.

(c) An independent director has no connection by blood or legal registration as father, mother, spouse, sibling, son/daughter or spouse of son/daughter of another director. Further, an independent director has no such connection with an executive, a major shareholder, and an entity with controlling authority or an individual who will be nominated as director, executive or entity with controlling authority over the Bank or the subsidiary.

(d) An independent director has no business relationship with the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank in such a manner that may obstruct their exercise of independent discretion. Further, an independent director is not a significant shareholder or an entity with controlling authority over a party with business relationship with the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank, unless having been free from the aforementioned nature for not less than two years.

Such business relationship is inclusive of a trading transaction occurring on a conventional basis or the conduct of business; a rent or lease of property; a transaction involving assets or services; a provision or an acceptance of financial assistance through means of a loan, a guarantee, a use of an asset as collateral against debt; and, other similar actions which result in the Bank or the party to the contract having a debt to be repaid to another party for the amount from 3 percent of net tangible assets (NTA) of the Bank or from 20 million baht, whichever is lower. The value of the business relationship shall be determined using the calculation method for determining the value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The value of obligation shall include any obligations occurred during the period of 1 year preceding the date of the business relationship with the same entity or person.

(e) An independent director is neither being nor used to be an auditor of the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with

controlling authority of the Bank, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank unless the foregoing status has ended no less than 2 years.

(f) An independent director is neither being nor used to be a professional service provider, including legal advisor or financial advisor who receives service fee exceeding 2 million baht from the Bank, the parent company, a subsidiary, an associated company, a major shareholder or an entity with controlling authority of the Bank, and not being a significant shareholder, controlling person or partner of the said professional service provider unless the foregoing status has ended no less than 2 years.

(g) An independent director is not being a director appointed as a representative of the Bank's director, major shareholder, or shareholder related to major shareholder.

(h) An independent director is not undertaking a business of the same nature and in competition with the Bank or a subsidiary company, or not being a significant partner of a partnership, or executive director, employee, staff, advisor with monthly salary, or hold shares exceeding 1 percent of the total number of shares with voting rights of any other companies operating the business of the same nature and in competition with the Bank or a subsidiary company.

(i) An independent director does not have any other characteristics that prohibit the expression of independent opinion towards the Bank's business operation.

(j) An independent director must be a person who has passed the nomination process of the Board of Directors or the Nominating and Remuneration Committee.

After being appointed as Independent Directors with the characteristics under paragraph one (a) to (j), they may be assigned by the Board of Directors to make collective decisions involving the business of the Bank, the parent company, a subsidiary, an associated company, a subsidiary of equal level, a major shareholder or an entity with controlling authority, which can be decided in the form of a collective decision.

Furthermore, when the Capital Market Supervisory Board/the Securities and Exchange Commission announces any improvement/relaxation of the qualifications of Independent Director, it will then be applied afterward.

In case the person who is nominated to be an Independent Director, is the person who has / has had a business relationship or professional service exceeding the value specified in the definition of Independent Director, the Bank will arrange for the Board of Directors' opinion which is considered in compliance with the principle in section 89/7 of Securities and Exchange Act, B.E.2535 and the additional revision stated that the appointment will not interfere with the exercise of independent judgment in the Independent Directors's responsibilities. The Bank shall disclose the following information in the invitation letter of shareholders' meeting in the period of appointing Independent Directors.

- Manner of business relationship or professional service causing the said person not being qualified under the prescribed criteria.

- Reason and necessity to maintain or to appoint the said person as the Independent Director.

- Opinion of the Board of Directors to nominate the said person as the Independent Director.

Business Relationship of Independent Directors

According to the Notification of the Capital Market Supervisory Board Tor Chor. 39/2559, subject: Application for and Approval of Offer for Sale of Newly Issued Shares, the Bank discloses relevant information concerning the business relationship of Independent Directors in an amount from three percent of the net tangible assets of the Bank or from twenty million baht and above, whichever is lower. The Bank uses the criteria of value twenty million baht and above. Details are as follows:

There were 3 Independent Directors as at December 31, 2019 namely:

1. Mr. Vichai Assarasakorn took the position of Independent Director and Chairman of the Audit Committee in PTT PLC., Independent Director and Audit Committee in Asian Sea Corporation PLC., Director in Panel Plus Co., Ltd. and Panel Plus MDF Co., Ltd.

2. Professor Dr. Kittipong Kittayarak took the position of Independent Director and the Chairman of the Corporate Governance Committee in PTT PLC. and Independent Director in Dusit Thani PLC.

3. Mr. Thanwa Laohasiriwong took the position of Independent Director and Chairman of Audit Committee in TPBI PLC.

The abovementioned 6 juristic persons are having business relationship with the Bank. The Bank grants credit lines and contingent liabilities in excess of twenty million Baht, which is referred as the normal business transactions in banking operation on general commercial conditions. Besides, such relationship does not obstruct the use of discretion or affect the performance of duty and the independent opinion as well as being in compliance with the relevant regulations.

3.2 Nomination of the President

The Bank complies with the Standard Qualifications of State Enterprise Directors and Officials Act, B.E. 2518 (1975) in holding a transparent process of nomination and selection without discrimination. Application announcement will be made for giving an opportunity to persons with knowledge, skills, vision and experiences in managing large organization to apply for the President. The Bank shall appoint the Nominating Committee specifically for nominating and selecting the person with knowledge, skills and suitable experiences and then proposing the name of the candidate to the Board of Directors. The Bank shall appoint the Remuneration Subcommittee for determining the remuneration then such person is subsequently appointed as the President.

3.3 Nomination of the Group Head

The Bank holds a transparent process of nomination and selection without discrimination. The President, Human Resources and Corporate Governance Group and relevant Groups consider and recruit internal persons who have knowledge, skills and experiences regarding to the work in the responsibility of that Group from the Successor Pool. Such persons shall receive the opportunity of job rotation for learning new tasks, building potential as well as continual self-improvement, which is beneficial to the Bank's business operations and effective management. If no one is considered suitable for the job, outsiders with knowledge, expertise, skills, experience, leadership as well as vision and good attitude toward the organization will be recruited and propose to the Nominating and Remuneration Committee and the Board of Directors for approval.

4. Supervisory of Subsidiaries and Associated Companies

4.1 Policy on Supervisory of Subsidiaries and Associate Companies

The Bank authorizes its executives to be directors of its subsidiaries and associate companies for controlling, supervising, proceeding and collaborating with the Bank and other companies. The Bank requires its subsidiaries to prepare an annual business plan and annual budget then proposing to the Bank for an approval. Moreover, The Bank determines Key Performance Indicator of its subsidiaries in order that the corporate policies of its subsidiaries are in compliance with the Bank's policies. The Bank requires regular operation performance reports from its subsidiaries. In case that there is a significant change within the financial conglomerate, such change shall be approved by the Bank before proceeding.

4.2 Proceedings of Supervisory of Subsidiaries and Associated Companies

The Bank authorizes the Board of Directors of the Bank to appoint executives of the Bank to be directors of its subsidiaries, meanwhile the Board of Executives Directors appoint executives of the Bank to be directors of its associated companies. The Bank determines regulations for exercise of voting rights of the shareholder meeting of its subsidiaries and associated companies that must be approved by the Board of Executives Directors. The Bank requires its subsidiaries to prepare annual business plan and budget then proposing to the Bank for an approval. The Bank determines Key Performance Indicator of its subsidiaries in order that the corporate policies of its subsidiaries are in compliance with the Bank's policies. Moreover, the Bank shall control and supervise the uses of funds and business operation of its financial conglomerate by preparing the information of the business operation and quarterly performance report of its financial conglomerate as well as proposing to the Board of Executives Directors and reporting the half-yearly risk management performance to the Risk Oversight Committee. Annual performance report must be prepared and proposed to the Board of Directors of the Bank as well as delivering the report to

the regulators. In addition, the Bank requires its financial conglomerate to deliver quarterly financial information and related party transactions to the Bank for conducting consolidated financial transactions as well as reporting the information of transactions within the financial conglomerate to the Bank every month in order that the Bank can verify the accuracy of the information regularly.

Moreover, the Bank requires representatives committee of the financial conglomerate to propose for an approval in case of a significant change within the company such as capital increase, capital reduction and large-scale investment which exceeding half of the current total assets. For subsidiaries, the Bank requires an approval from the Executive Committee, and for associated companies, the Bank requires an approval from the President before proceeding.

The Bank has made an agreement with other shareholders regarding joint venture management. The number of directors depends on the ratio of shareholding. The number of independent directors are as determined by regulatory authorities of such companies.

5. Supervision of the Use of Insider Information

The Bank specified measures for the supervision of the use of insider information in the Corporate Governance Policy as follows:

1. Employees are not allowed to trade, transfer in/out securities in such a way that take advantages of outsiders by using insider information which is a material of change in the price of securities that have not been disclosed to the public or the Stock Exchange of Thailand and such employees perceives the information by their positions that are able to know the facts or by being employees of the Bank whether the said act is done for the benefit of oneself or others or disclosing such insider information for others to do so in which they receive the benefit.

2. The Board of Directors, the President, the Group Head and incumbents of Department Head or equivalent or higher within the Account or Finance Group, are responsible for reporting changes in securities holding issued by the Bank of themselves, their spouses and their children who are underage, to the Securities and Exchange Commission according to the regulations determined by the Securities and Exchange Commission. Moreover, the Board of Directors, the President and Group Heads are responsible for reporting securities holdings issued by the Bank of themselves, their spouses and their children who are underage to the Board of Directors every month as well as reporting their interest to the secretary of the company in order to report to the Chairman of the Board of Directors and the Chairman of the Board of Directors audit according to the regulations of the Securities and Exchange Commission. Copies of such report shall be delivered to the Compliance Department for compiling as a reference for proceedings according to the regulations of the connected transaction thereafter.

3. To supervise securities trading and prevent the use of insider information, time period is determined to limit tradings of securities

that are issued by the Bank as well as regularly informing regulations on prevention of the use of insider information to the Board of Directors, employees and relevant persons via channels of the Bank regularly.

In addition, for transparency and accountability, the Bank determined guidelines for executives to disclose their interest and relevant persons' interest to the Board of Directors which are in compliance with the regulations of relevant agencies such as the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, etc. As for Krung Thai Bank Pcl. shares trading, directors are required to inform a secretary of the Board of Directors meanwhile the top executives are required to inform Compliance Department at least 1 day prior to the trading day.

6. Auditor's Fee

Audit fees

The Bank and its subsidiaries paid audit fee to the auditors of the Bank for 2019 accounting period in the amount of 9,000,000 baht.

Non-audit fees

The Bank and its subsidiaries paid non-audit fee for services consisting of gross profit check from foreign exchange and review of an English translation of financial statement for the auditors of the Bank for 2019 accounting period in the amount of 710,000 baht.

7. Implementation of Good Corporate Governance Code for Listed Companies 2017

In the 27/2017 (974) meeting on December 27, 2017, the Board of Directors considered the CG Code with responsibility and prudence, giving an opinion that CG Code are beneficial for the Board of Directors as a leader and the highest responsible person of the organization, to adapt to the Bank's business context in order to create value for the organization sustainably. The Board of Director also reviewed the Bank's operation complying to CG Code in each practice so as to ensure the appropriateness of outcome. Furthermore, in order to develop operation in any aspect to be in compliance with CG Code appropriately and continually, the Board of Directors agreed to consider and review the implementation of CG Code to be related to the Bank's business context at least once a year. The consideration from the Board was required to be recorded as a part of the Board of Directors' resolution.

There was a review about the application of the CG Code in the Board of Directors Meeting No. 17/2019 (1015) on August 14, 2019, that has been considered by the Corporate Governance and Social Responsibility Committee with responsibility and prudence. It is approved to maintain the policy of the appropriate CG Code compliance, adapting to the business context of the Bank and the Bank practices which are in line with the business context of the Bank that is currently used, consisting of four guidelines as follows:

CG Code Compliance Guideline	Practices of the Bank
<ul style="list-style-type: none"> Chairman of the Board of Directors should be an independent director. In case that the Chairman is not an independent director, the board should consider by: <ol style="list-style-type: none"> having the board comprise a majority of independent directors, <u>or</u> appointing a designated independent director to participate in setting the board meeting agenda. 	<ul style="list-style-type: none"> Charter of the Board of Directors specifies the compositions of the Board that the Chairman of the Board of Directors should be an independent director. In case that the Chairman is not an independent director, the Board of Directors should ensure the balance of power and authority between the Board and management by: <ol style="list-style-type: none"> having the board comprise a majority of independent directors, <u>or</u> appointing a designated independent director to participate in setting the board meeting agenda. <p>As of December 31, 2019, structure of the Board of Directors consists of 5 independent directors out of 11 independent directors or equal to 45.45 percent of the total number of the Board of Directors members.</p> <p>Furthermore, the Charter of Independent Director Committee is stated that one of the responsibilities of the Independent Director is to propose the meeting agenda to the Chairman of the Board of Directors in case that there are important issues or issues that the Board of Directors should consider and they have not been included in the meeting agenda.</p> Although the Chairman of the Board of Directors is not an independent director, it does not affect his/her independent judgement because the Chairman is an outsider with knowledge, expertise and skills, as well as having been nominated by the Nominating and Remuneration Committee, who have specified a skill matrix in alignment with the Bank's strategies. Moreover, the Bank manages the balance of power using the following principles: <ul style="list-style-type: none"> The Bank has adequate internal control system and transparent operation mechanism in balancing power and authority. The Chairman is not an authorized director, not an executive director and does not hold the positions of a chairman or member in any of the Bank's sub-committees. The Chairman is not the same person as the President of the Bank from whose roles and responsibilities are different. The roles and responsibilities of the Chairman is to oversee and ensure the effective operation of both the Committees and the management to accomplish the Bank's objectives and main goals. The roles and responsibilities of the President are to be the highest executive of the management and manage the Bank to be in line with the direction and policies determined by the Board of Directors.

CG Code Compliance Guideline	Practices of the Bank
	<ul style="list-style-type: none"> • The consideration of any significant issue is in the form of committee and not subject to the judgement of any one person. • There is an adequate check and balance process of the structure of the Board of Directors and the management. The Board of Directors has elevated the performance of the Independent Director by operating as a committee, similar to other subcommittees of the Bank. The Board also stipulates the Charter of Independent Director Committee which determines the qualifications, term of office and responsibilities. Moreover, one of the Independent Directors is appointed as the Chairman of the Independent Director Committee. At present, General Tienchai Rubporn is the Chairman of the Independent Director Committee.
<ul style="list-style-type: none"> • The Board of Directors may acquire the help of external consultant in establishing principles and giving suggestions on issues relating the performance evaluation of the Board of Directors at least every three years and disclose details about such proceeding in the annual report. 	<ul style="list-style-type: none"> • The Charter of Independent Director is stated that one of the responsibilities of the Independent Directors is to conduct performance evaluation; self-evaluation, cross-evaluation, and group evaluation twice a year and take into account the results to develop work operation and to consider the appropriateness of the Board of Directors' composition. However, the Board of Directors could invite any person, as it deems appropriate, to be a consultant to assist the Board determine directions and recommend issues in performance evaluation of the Board with appropriate criteria and appropriate time period. Such proceeding must be disclosed in the annual report. At the present, the Bank does not have external consultants to help determining guidelines and suggesting issues for evaluating the Board's performance as the Bank currently has an appropriate system for evaluating the performance of the Board of Directors. <ul style="list-style-type: none"> - In preparing performance evaluation form, the evaluation criteria were determined and comparable with principles/suggestions from regulators which are SEPO, SET, SEC, IOD and BOT. - There is a periodic review of the performance evaluation as appropriate through the approval of the Nominating and Remuneration Committee. - The details of the operation related to the performance evaluation of the Board of Directors are disclosed in the annual report every year. - The performance evaluation process of the Board of Directors is more strict than other listed companies in the Stock Exchange of Thailand. Apart from the self-evaluation of the Board of Directors, there is also a process in which their performance will be evaluated by officers from other organizations, namely the State Enterprise Policy Office (SEPO), which operates according to the State Enterprise Performance Appraisal System (SEPA) on an annual basis. The SEPA evaluates the performance of all aspects including organizational management and the role of the State Enterprise Committee with an explicit criterion by considering two main points as follows:

CG Code Compliance Guideline	Practices of the Bank
	<p>1) The role and performing of duties of the Board of Directors are as follows:</p> <ol style="list-style-type: none"> 1.1) Determining plans, directions, strategies, policies and important goals. 1.2) Monitoring and reviewing the adequacy of important operating systems. 1.3) Supervising operation performance. 1.4) Evaluating performance of Top Executives and the highest Executive. 1.5) The Board of Directors/SubCommittee Meeting. 1.6) Information disclosure and transparency. 1.7) Supporting the CG and CSR operations. <p>2) Self-development of the Board of Directors.</p> <ol style="list-style-type: none"> 2.1) Self-assessment of the Board of Directors. 2.2) Promotion of Knowledge and Ability.
<ul style="list-style-type: none"> • The Board of Directors should ensure that the compensation structure rewards individual performance, incentivises the chief executive officer, key executives, employees and staff at all levels to act in support of the company's objectives and values, and fosters long-term commitment by aligning incentives with future company performance through: <ul style="list-style-type: none"> - appropriate combination of salary and other short-term compensation, such as bonus, and long-term compensation, such as employee stock ownership plan participation. 	<ul style="list-style-type: none"> • The Bank uses the President's performance evaluation guidelines by requiring the evaluation results to be connected with the incentive system once a year. During the year, performance evaluations are made for generating feedback as follows: <ol style="list-style-type: none"> 1) The Nominating and Remuneration Committee reviews and determines regulations of performance evaluation according to the key performance indicators then proposing to the Board of Directors for an approval. 2) The Board of Executives Directors considers the key performance indicator and evaluates the performance by comparing with the Key Performance Indicator (KPI) which is determined according to the strategy and goals in each year and management ability. 3) Human Resources and Corporate Governance Group proposes the operation performance to the Board of Directors for an approval. 4) The Board of Directors reports the evaluation results to the President. • At present, the Bank manages its compensation structure for employees at all levels which is in alignment with the Bank's operating performance both long term and short term by measuring performance according to the Balanced Scorecard. The Bank operates in accordance with the PDO (Performance Driven Organization) policy, which is "Performance-driven organization", whereby employees will be rewarded in line with their performance. Furthermore, the Bank ensure that the employees receive salary and appropriate benefits according to their position and responsibilities. The compensation should be at the comparable rate with other leading commercial banks or financial institutions. The Bank will also provide various welfare which is able to meet the needs of employees properly.

8. Corporate Governance Code Compliance in Other Aspects

• The Report of Corporate Governance Code Compliance

The Board of Directors has a policy for the Bank to operate its business correctly under the law and good ethics on a basis of efficient, transparent and verifiable management system that helps building trust and confidence among shareholders, investors, all stakeholders and relevant parties in order to drive the Bank to reach the stability, worthy and sustainable growth.

For Corporate Governance, the Bank complies with the Principles of Good Corporate Governance for Listed Companies 2012 determined by the Stock Exchange of Thailand, the Principles of Good Corporate Governance for Listed Companies 2017 (CG Code) and the regulations of Corporate Governance Report of Thai Listed Companies 2019 organized by the Thai Institute of Directors (IOD). The Bank received the overall assessment of the said project in the "excellent" criteria with the implementation of Corporate Governance in 2019, summarized as follows:

1. Rights of Shareholders

1.1 Rights of Shareholders Protection Policy

The Bank has Rights of Shareholders Protection Policy to encourage and facilitate all groups of shareholders, including minority shareholders, institutional investors and foreign investors, so that they can exercise their rights to attend the shareholders' meeting by not do anything in which is a violation or depriving the rights of shareholders whether it is a basic legal right or others. Example of such basic legal rights are the right to trade and transfer securities that they are holding; the right to receive dividend; the right to attend the shareholder's meeting; the right to propose the agenda for the shareholder's meeting; the right to vote for an appointment and determination of auditor's remuneration; the right to make decisions on important matters of the Bank through consideration of the agenda of the shareholders' meeting e.g. approval of important transactions affecting the direction of the Bank's business operations, amendment of the memorandum of association and the regulations of the Bank, etc. Moreover, the Bank follows good practices in protecting rights of shareholders more than basic legal rights in other areas as well as refraining from actions that may limit shareholders' opportunity to study the information of the Bank. Shareholders have the right to receive financial and non-financial information and news of the Bank such as operation performance, management policy, analysis of operation performance, credit rating results from various institutions, research information and corporate social responsibility activities including important information that the Bank publishes via the Bank's website that is approachable and convenient. Furthermore, the Bank also provides activities for shareholders to participate such as a visit to the training center of Krungthai Bank PCL., Nakhon Ratchasima, etc.

1.2 Practices regarding to Rights of Shareholders Protection

1.2.1 Shareholders Meeting

The Board of Directors arranges shareholders meeting which is an annual general meeting within 4 months from the end of fiscal year of the Bank. Other shareholders meetings are called extraordinary meetings. Extraordinary meeting shall be arranged at any time, as it deems appropriate or within 1 month from the day that the request was received from the shareholders in accordance with the regulations prescribed by law. Each shareholders meeting shall be arranged with date, time and location regarding to the convenience of shareholders who will attend the meeting. The Board of Directors supports the shareholders who are unable to attend the meeting to use proxy forms that allow the shareholders to decide voting direction as well as nominating at least one independent director as an alternative in proxies of shareholders.

In 2019, the Board of Directors arranged 1 shareholders meeting which was an annual general meeting and there was no extraordinary meeting. The Board of Directors arranged the 26th annual general meeting (2019) on April 12, 2019 at Athenée Crystal Hall, 3rd floor, The Athenée Hotel, a Luxury Collection Hotel, Bangkok, 61 Wireless Road (Witthayu Rd), Lumpini, Pathumwan, Bangkok. The Bank attached the map and travel information with the invitation letter of the meeting and distributed to all shareholders who have a right to attend the meeting.

1.2.2 Meeting Invitations and Meeting Documents

At the meeting of the Board of Directors no. 4/2019 (1002) on February 27, 2019, there was a resolution of the 26th annual general meeting date (2019). The Bank also announced the Board of Directors meeting resolution in Thai and in English simultaneously with details related to the meeting date, agenda of the shareholders' meeting, opinions of the Board of Directors on each period and the record date. Shareholders and investors are required to acknowledge such details via electronic news system on the Stock Exchange of Thailand's website and the Bank's website 44 days in advance before the date of the shareholders meeting. Later, at the meeting of the Board of Directors no. 5/2019 (1003) on March 13, 2019, there is a consideration of the qualifications of suitable persons for the position of directors and independent directors with approval to propose to the 26th (2019) annual general meeting of shareholders (Year 2019). The Bank therefore notified shareholders and investors of the resolutions of the Board of Directors meeting through the electronic news system on the website of the Stock Exchange of Thailand and on the Bank's website on March 26, 2019.

The Bank provides meeting invitation letter and meeting documents including Thai and English version of annual report. In the invitation letter, the Bank specified the information relating to the meeting's date, time, location and the agenda items for either informing or approval. All agendas are clearly classified by specific issue. However, the agenda related to the Directors nomination and remuneration in each term, the Bank shall separate the topic, state the purpose, rational and the directors'

opinion as well as providing adequate supportive information attached with the invitation letter. For example agenda about the approval of dividend payment, the Bank shall provide beneficial information on the dividend policy, the proposed dividend rate with the reason and additional data etc. Then for the election of Directors, the Bank presents the information about name-surname, age, educational background and work experience, the number of listed/non listed company and other organizations of taking the directorship, criteria and remuneration process, position of the directorship, etc. Hence, in case of nominating the existing director to hold the position again, the information about attending the meeting in the past year and the date of taking the position will be provided. As for the agenda of directors' remuneration, the Bank prepares the information about policy and criteria for setting the remuneration of directors in each position. All remuneration will be presented to the shareholders' meeting for approval. There is information for the appointment of auditors and audit fees such as names and details of the auditor, information that shows independence of the auditor, the proposed audit fees, etc.

Agenda for appointment of auditors and determination of audit fees contains information such as names and details of the auditor, information showing the independence of the auditors, number of audit fees that are proposed, etc. In the invitation to the meeting, it is stated that in case of doubt, shareholders can submit their queries prior to the meeting to the E-mail: share.holder@ktb.co.th or contact Office of The Board of Directors, Krung Thai Bank PCL., 13th Fl. Nana Nua Building, Tel: +662 208-4136, +662 208-4144, +662 208-4146 or contact Hot Line Tel: +662 111-1111.

The Bank published the information of shareholders meeting invitation letter and meeting documents in both Thai and English which can be downloaded through the Bank's website from March 21, 2019 and onwards which is 22 days prior to the meeting for providing an opportunity to the shareholders to know the adequate information before receiving the information in terms of the Bank's documents. For shareholders meeting invitation letters distribution, the Bank assigned Thailand Securities Depository Co., Ltd. and the Bank's share registrar as an operator who simultaneously distributed meeting invitation letters to shareholders who have a right to attend by providing Thai version for Thai nationality shareholders and English version for foreign shareholders. They sent through Thailand Post on March 28, 2019 which is 15 days prior to the meeting day. Furthermore, the Bank published on 1 daily newspaper continuously for 3 consecutive days from April 2 - 4, 2019 which is 10 days prior to shareholders meeting day.

1.2.3 Shareholders Meeting Arrangement

The Bank has a policy that Chairman of the Board of Directors, the President and all the relevant chairmen of the respective committees must attend the meeting except that he/she has the mission which is important and necessary so that he/she cannot attend the meeting to present the explanation about the operating performance and management policies and to answer any queries raised. The Bank provides examiner of counting votes in the meeting independently. For 26th annual general

meeting (2019), 11 out of 11 or 100 percent of the Board of Directors attended the meeting. Group Head of Financial Management as a Chief Financial Officer (CFO) also attended the meeting. The Bank assigned KTB Law Co.Ltd. as an inspector for monitoring the meeting to be in compliance with laws and regulations of the Bank as well as the Good Corporate Governance and invited 1 minority shareholder to be a representative of the meeting to witness the vote counting as well. The chairman of the meeting will inform the name of the directors, subcommittee chairman, executives together with the vote counting inspectors who attended the meeting to let the shareholders know before the start of the meeting.

The Bank arranges the use of voting cards for every meeting agenda by using the QR Code system for registration and vote counting as well as showing the results in every meeting agenda in order to facilitate the meeting smoothly and effectively. The Chairman will inform the shareholders of the rules of the meeting and the procedures of voting and run through the set agendas without adding any agendas not stating in the invitation letter. Moreover, all agendas in the meeting, the Chairman gives all shareholders the equitable opportunity and time to exercise their rights freely to oversee the Bank's operation, raise questions, voice their opinions and give suggestions related to the agendas or Bank's matters within the enough time. Those important issues or the bank's clarification have been recorded in the shareholders meeting report.

The Bank proposes all kinds of directors remuneration such as remuneration of directors, remuneration of the position, meeting allowance and director's bonus with no other benefits for consideration of approval in shareholders meeting annually. The Bank specified the policies and regulations of directors remuneration and sub-committee directors remuneration by comparing regulations and remuneration rate including the consideration of the appropriateness of duties and responsibilities in providing policy, solving problems and decision making in the Bank's business operation for aiming the target and business direction of the Bank which is comparing with listed companies in the Stock Exchange of Thailand and commercial banks at the same level and approved by the consideration of the Nomination and Remuneration Committee. The Bank provided the amount of remuneration as well as the information of last year remuneration. At the 26th annual general meeting (2019), there is an approval of directors remuneration of 2019 as proposed by publishing the details of director remuneration under shareholders structure topic, on pages 95-98

In directors nomination, there is a consideration in the replacement of those directors whose terms are expired. The Bank has proposed a list of individuals by person to the shareholders' meeting for consideration and vote individually which has rules and procedures details prescribed under nomination and appointment of director and top executive topic, on pages 136-137 All directors whose name are nominated in this time have to leave the meeting room temporarily until the shareholders' meeting has already considered and voted. Then, they can return to the meeting room.

1.2.4 Disclosure of Resolution and Report of Shareholders Meeting

After the 26th Annual Ordinary General Meeting (2019) ended, within the same day, the Bank published the resolution of the meeting and the result of vote in favor and vote against or vote abstentions of each agenda, both in Thai and English to shareholders and investors through electronic news system on the website of the Stock Exchange of Thailand and on the website of the Bank.

In preparing the 26th Annual General Meeting of Shareholders (2019), the Bank has recorded the details as follows:

- Names and positions of directors attending the meeting and not attending the meeting with calculated proportions of both cases, secretary of the Board of Directors who response as the meeting secretary, the Bank's top executives, Group Head of Financial Management, auditor, representative of the shareholders' rights protection volunteer, Thai Investors Association, representative of KTB Law Co.Ltd. who response as the meeting inspector and minority shareholders who nominate themselves to be representatives of the meeting in witnessing the vote counting.
- Method of voting and vote counting, method and procedure for inquiry or comment which the meeting secretary has informed shareholders before the meeting start.
- Summary of questions, comments, suggestions of shareholders and explanation of directors and executives of the Bank that have answered in each agenda.
- Resolution of the shareholders' meeting with details of the number and proportion of votes of shareholders in each agenda that are obviously specified as agree, disagree, abstain and voided ballot.

The Bank has published the report of shareholders meeting on the Bank's website within 14 days from the shareholders meeting day (April 25, 2019) which can be downloaded both in Thai and in English. The Bank has notified the information via electronic news system on the website of the Stock Exchange of Thailand and the website of the Bank in order to notify the shareholders about publication of the minutes of the shareholders' meeting. The Bank also provide an opportunity for shareholders who have questions or expresses their opinions regarding the minutes of the meeting to ask questions or express opinions to the Bank within 1 month from the date of the resolution.

2. Equitable Treatment of Shareholders

2.1 Policy of Equitable Treatment of Shareholders

The Bank has a policy to treat each shareholder equally and fairly. The Bank does not discriminate the shareholders and will enhance all groups of shareholders; minor shareholders, institutional investors including foreign investors can attend the meeting as well as using their rights as the shareholders together with receiving their benefits fairly. Moreover, the Bank facilitates shareholders by providing the meeting location that is easy for travel and can completely support all shareholders who attend the meeting. The Bank also provide enough warm welcoming staff

who facilitate convenience to shareholders during the meeting. In addition, the Bank prepares security and emergency responding plans for shareholders as well as using technology in the meeting management.

2.2 Principles of Equitable Treatment of Shareholders

The Bank's shares consist of 2 types of shares: ordinary shares and preferred shares which has the equal vote, namely 1 share as 1 vote and with the majority rule except the case as specified in the Bank regulations or as otherwise provided by the law. The Bank determined a shareholders' meeting process in a manner that supports equitable treatment of shareholders as follows:

2.2.1 Information Sharing Prior to Shareholders Meeting

The Bank provides details of proceeding of good corporate governance related to shareholders meeting, meeting invitation with meeting documents, meeting process and disclosure of resolutions and report of shareholders meeting as prescribed under the article 1. Rights of Shareholders, summarizing as follows:

- The Bank discloses resolution of the Board of Directors meeting in Thai and English with details about the date of the meeting of shareholders, meeting agenda and directors opinion on each agenda in order to let the shareholders know through electronic news system on the website of the Stock Exchange of Thailand and the website of the Bank 44 days before the meeting day. Later, the Bank has notified the resolution of the Board of Directors meeting which approve the proposal to shareholders to consider the election of directors and independent directors, in order that shareholders and investors can acknowledge via electronic news system on the website of the Stock Exchange of Thailand and the the website of the Bank on March 26, 2019.
- Shareholders meeting invitation letter are specified about regulations, methods used in the meeting, procedures of voting which are not complicated including voting rights of ordinary shares and preferred shares that have equal vote which is 1 vote for 1 share. Majority vote is a resolution except in case that it is in accordance with the regulations of the bank or as otherwise required by law. Moreover, in the meeting process, the meeting secretary informs shareholders about the abovementioned issue before the meeting start.

- The Bank provides shareholders meeting invitation letter in both Thai and English and publishes on the Bank's website 22 days prior to the meeting day. The Bank simultaneously distributes meeting invitation letters to shareholders who have rights to attend the meeting. Thai invitation letters are for Thai Nationality shareholders and English invitation letters are for foreign shareholders and are sent through Thailand Post 15 days prior to the meeting day.

2.2.2 Protection of Minority Shareholders Rights

For participations of shareholders in supervising the bank and nomination of qualified individuals who perform their duties efficiently for the maximum benefits of all shareholders and stakeholders, the Bank give opportunities for minority shareholders to nominate persons with qualification information and the consent

of the nominee to be selected through the Nomination and Remuneration Committee and the Board of Directors consider and suggest to the shareholders' meeting to consider the election as directors as well as providing the agenda for the meeting of shareholders. The Bank proceeds in compliance with regulations specified by the Bank through the website of the Bank 3 months prior to the end of fiscal year, December 31 of every year. The 26th general annual shareholders meeting (2019) period was specified from October 1 to December 31, 2018. For the 27th general annual shareholders meeting (2020) period was specified from October 1 to December 31, 2019. The Bank informed the shareholders of the rights through electronic news system on the website of the Stock Exchange of Thailand and the Bank's website in September 24, 2018 and 2019 respectively. There is no shareholders nominating the name for a nominating consideration and there is no proposal to be included in the agenda of the shareholders' meeting.

The Bank allows shareholder to assign proxies to vote on his/her behalf. The documents delivered to shareholders along with invitation letter are 3 types of proxy form as required by Ministry of Commerce: type A- this form is general and uncomplicated; type B- the detailed form contained specifying detail of what proxy was needed to do and the Bank recommended this type; type C - this form would be used in case that the shareholder was foreigner investor and has appointed custodian in Thailand to take care of the shares. Additionally, the Bank also attached the information regarding the nominated 2 independent directors as alternatives for assigning proxy to vote in the meeting, as well as the list of the evidence or documents that proxy requires to bring with him/her to claim the right to attend the meeting along with the suggestion for proxy assignation process as well as having no policy to set any criteria which is difficult for shareholders to assign proxy.

The Bank oversees the rights of shareholders by not adding additional agenda items that are not informed in advance without necessity especially the important agenda that shareholders have to take to study the information before making a decision unless it has been done correctly according to the procedures and procedures prescribed by law. In the past, including the 26th Annual General Meeting of Shareholders (2019), the shareholders' meeting has considered various matters in the order of the agenda set in the invitation to the shareholders' meeting which the Bank has delivered to shareholders in advance without changing the order of the agenda and without adding any other agenda Which is not specified in the meeting notice. Moreover, in the agenda regarding the election of directors, the Bank has proposed the names of directors for shareholders to use to vote for election of directors individually.

2.2.3 Prevention of the Use of Insider Information

- The Bank has a policy that no directors, executives, employees and relevant persons are allowed to use insider information of the Bank for personal benefit or for outsiders. The Bank also determines insider information retention in writing

and everyone in the organization shall comply with such determination. The main point is that employees are not allowed to trade and transfer in/out securities in a manner that is likely to be a disadvantage to outsiders by using inside information that is significant to the change in prices of securities that have not been disclosed to the public or the Stock Exchange of Thailand, and such employees perceives the information by their positions that are able to know the facts or by being employees of the Bank whether the said act is done for the benefit of oneself or others or disclosing such insider information for others to do so in which they receive the benefit.

- The Board of Directors, the President, the Group Head and incumbents of Department Head or equivalent or higher within the Account or Finance Group, are responsible for reporting changes in securities holding issued by the Bank of themselves, their spouses and their children who are underage, to the Securities and Exchange Commission according to the regulations determined by the Securities and Exchange Commission.

- The Bank has a report of the Bank's share holding and changes of the Bank's share holding of the Board of Directors, the President and the Group Head including their spouses and their children who are underage, to the Board of Directors every month as well as disclosing the Bank's share holding and changes of the Bank's share holding in the past year in the annual report of the Bank.

- The Bank supervises the trading of securities and the use of inside information retention by determining a limited period of trading of securities issued by the Bank and regularly announce the regulations on the prevention of the use of insider information to the Board of Directors, employees and related persons through various channels of the Bank.

- The Board of Directors has a policy that directors are required to inform a secretary of the Board of Directors meanwhile the top executives are required to inform Compliance Department at least 1 day prior to the trading day.

2.2.4 Interest of Director

For the meeting no. 13/2009 (751) in June 18, 2009, the Board of Directors considered to follow section 89/14, 89/15 and 89/16 of Securities and Exchange Act B.E. 2535 and the additional version which is stated that a director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the Bank or the subsidiary in accordance with the form specified by the Bank and the Bank secretary will be responsible for keeping a report on interest then the Bank secretary shall submit a copy of report on interest to the Chairman of the board of directors and the Chairman of the audit committee within seven business days from the date on which the Bank has received such report. By the past, directors and executives of the Bank have reported in accordance with the rules and procedures prescribed by the Board of Directors.

In addition, as the Bank regulation no.34 is prescribed that any director has a vested interest in any meeting, he/she shall not vote on that matter or The president may invite him/her to leave the meeting temporarily.

3. Consideration of Role of Stakeholders

3.1 Treatment of Stakeholders

The Bank recognized the rights and roles of various groups of stakeholders, internally or externally, and has included it as an integral part in the Code of Conduct disclosed through media including the Bank's website. The Bank emphasized on strict compliance and it is also published as manuals and distributed to all business units, which could enable the Bank to have sustainable growth. The guidelines are summarized below:

3.1.1 Shareholders: The Bank is determined to conduct business with prudence and transparency, making profits grow continuously and steadily, completely comply with laws and regulations, adhere to code of conduct for creating shareholders' trust as well as boosting its competitiveness and creating more value for the shareholders in the long run. Moreover, the Bank considered on shareholders' rights by continuously declaring accurate news and information to shareholders, pays reasonable dividend and allows shareholders to share their opinions and participate in the Bank's operation.

3.1.2 Customers: The Bank operates business under law and standard relating to determination to serve customer with willingness, equity and fairness. The Bank also considers of health and safety of the customers aiming for customer needs and satisfaction by providing diversity of good financial products and services. The Bank develops working process and appropriately applies up-to-date technologies with the process as well as developing service channels using various technologies in order to reduce cost and to facilitate the customers. For data safety, the bank prepares measures to take care of customers' confidentiality as well as providing customer complaints channels and a good care in customers' problems solving. The Bank also conducted customers' satisfaction survey for improving product and service. Any advertisement or promotion (sales conduct) must be done responsibly and must not lead to misunderstand or get advantage from customers' misunderstanding.

3.1.3 Creditors: The Bank's policy is to treat creditors of all groups including depositors, debenture holders and other creditors equally and fairly on the basis of fair returns for both parties and strictly under the agreements of covenants agreed upon. In case of non-compliance with any one of the covenants, the Bank will promptly notify the creditor to jointly discuss the issue. In conducting business negotiation, the Bank shall refrain from demanding or paying any dishonest benefits in trading. Moreover, the Bank regularly prepares financial reports that are accurate, complete and submit to the creditors in a timely manner.

3.1.4 Trading Partners: The Bank operates business with trading partners equally. The Bank honestly conducts procurement and agreement for transparency by emphasizing on the maximum benefit of the Bank as a priority, not benefiting to someone only, providing complete, accurate and truthful information to the customers, avoiding gift / reward / banquet or specific private service receiving. The objective is to avoid rumors and to prevent favoritism in someone specially by strictly complying

with procurement regulations. The Bank supports sustainable business with trading partners by occasionally providing knowledge, developing trading partners' potential, enhancing production capability together with standardized service, clarifying and monitoring that trading partners respect human rights and treating their workers fairly, responding to social and environment as well as monitoring, inspecting and evaluating trading partners.

The Bank Procurement Policy Statement are as follows:

a. Procurement process must be fast, correct, frugal, transparent, worthy, verifiable, trackable and can be evaluated.

b. Procurement process must be the most beneficial for the Bank and the procurement must pertaining to objectives especially in quality, price and the number / amount received.

c. Procurement must be clear, fair as well as must be considered in quality, worthiness and benefits. The Bank must consider about the effect toward people and society by not only focus on the lowest price but also focus on long term worthy resource usage. The Bank also uses factors in evaluating the procurement results and then select the most beneficial choice.

d. Procurement competition must be fair and reasonable. The Bank equally considers of qualifications and abilities of all bidders especially in information provision and the consideration that will not cause 'W'advantages or disadvantages among bidders.

Criteria for trading partner selection

1. The profession of the bidder must be the provider of the goods/services specified by the Bank and/ or the representative appointed by the copyright owner.

2. The bidder must not be named in the list of work abandoner which has been circulated.

3. The bidder must not have any privilege or protection that allows him the possibility to reject presence in Thai court, unless the government of the bidder has issued a disclaimer of such protection.

4. The bidder must be an authorized person to perform juristic act on behalf of the company, partnership or juristic person. In case the bidder cannot submit bid envelope in person, the bidder may assign authority to another director, partner or employee to do so on his behalf on the condition that the assigned person must present the letter of power of attorney signed by the director or authorized partner of the juristic person and stamped by the company's/partnership's seal to the Bank as evidence.

5. The bidder must not be named in the list of those fail to show income-expense statement or show substantially incomplete income-expense statement while participating in the procurement process and at the time of signing the contract.

6. The bidder must have no mutual benefit with other bidders and/or a committee member of that procurement. The bidder must not obstruct fair competition of price.

7. The bidder must not be bankrupted, in the process of being sued for bankruptcy, requesting for business rehabilitation or debt restructuring. The bidder shall prepare the juristic person/person certificate.

Guidelines for working with the Bank

1. Honesty

1.1 The bidder must run its business with honesty, morality and not contrary with laws and moralities.

1.2 The bidder must not exploit its customer such as adulterating products or providing substandard products.

1.3 The bidder must not offer any rewards to the Bank both in monetary and non-monetary form for facilitating any bidder's process or for convincing any decisions.

2. Confidentiality

2.1 The bidder has a policy in concealing the Bank's confidential information.

2.2 The bidder must prevent any confidential information leakage and not using the Bank's information for illegal objective and/or for personal advantage and/or for trading benefit as well as having a storage system for the Bank's documents and information.

2.3 The bidder must possess Business Community Plan for supporting the continual service in case of service suspension occurs

3. Obedience to law and Regulations Compliance

3.1 The bidder must comply with related government's regulations as well as respecting in culture and tradition of all area that the bidder operates its business.

3.2 The bidder must provide wages and benefits under the law to its employees accurately and reasonably.

4. Advantages / Disadvantages and Conflict of Interest

4.1 The bidder must notify the Bank in written form in case of there is a conflict of interest between job deliverer, trading partner, collaborator and the Bank's employees.

4.2 The bidder must operate its business with transparency, verifiability which creates fair and freely competitive business as well as preventing monopoly, corruption and distortion of competition mechanisms.

5. Safety, Occupational Health and Environment (SHE)

5.1 The bidder must conduct and continuously improve safe and hygiene working environment complying with law or regulation related to employees.

5.2 The bidder must conduct safety and health care of employees and communities together with saving environment in all area that the bidder operates its business.

3.1.5 Business Alliances: The Bank is firmly determined to comply with the agreements made with its business partners, provide assistance for mutual business benefits, enhance service to meet standard and assist each business for benefit in overall.

3.1.6 Competitors: The Bank has policy to operate business with fairness, transparency, not create unfair competitive

advantage as well as no policy to falsify or distort competitors' fact. At the same time, the Bank avoids making deals or discussion with employees of other organizations or financial institutions about geographical locations, marketing, customer segmentation, interest rates, fees and commissions as well as products, services or business plans that may exert negative impact on the Bank's business competition.

3.1.7 Social and Environmental Responsibility: The Bank emphasizes on consciousness about social and environmental responsibility among Executives and all levels of employee through CSR policies and projects holding by the Bank, with an intention to be a good organization in the society as well as participating in overall community and society development. For environment, even the Bank's business is about financial and economy which are not directly affect environment and natural resources but the Bank realizes the importance of environmental saving by specifying in the Bank's code of conduct. Moreover, the Bank aims to protect and control any impact that may occur by the Bank's business operations.

3.1.8 Board of Directors and Executives: The Bank's Board of Directors and executives are aware of their rights and they are ready to be a role model in exercising their rights and performing their duties as specified by the Bank. At the same time, they realize the importance of equitable and fair rights among groups of stakeholders.

3.1.9 Employees: The Bank prioritizes human resources management and development. The Bank employs human resources management system in which employees of all levels have equal chance to advance in their career path. The Bank complies with the related law and standard fairly and respects for human right. At the same time, the Bank also ensures that employees' salary, remuneration, welfare and other benefits are comparable to those of other leading companies. The Bank also provides remuneration to its employees in accordance with short term and long term performance of the Bank. The Bank uses Balanced Scorecard as a measurement of employees performance for employees remuneration payment. The Bank proceeds PDO Policy (Performance Driven Organization) in which the employees receiving remuneration in compliance with their own performance. Moreover, the Bank supervises that all employees receive their salaries and welfare suitable for their duties and responsibilities as well as comparable to other leading commercial banks or other financial institutions. The Bank also provides various kinds of welfare in order to meet employees need. Learning method, training courses and human resources development process have been improved to enhance the capability of employees and ensure business competitiveness. The Bank also attaches importance to employees' security by providing environment that is safe and suitable for work. Security measures have been established in compliance with the law and the Bank's regulations. Each business unit is required to prepare a business continuity plan both for normal and critical situations to ensure safety of employees and the Bank's properties. The Bank encourages employees to respect and honor one another

along the guidance stipulated in the personnel code of conduct. In term of employee welfare, the Bank promotes the well-being of employees by providing benefits such as a clinic to provide medical care to employees, their families and retired employees; educational allowance for children of employees, medical allowances, mediation training project and welfare loans.

3.1.10 Government Sector: Besides aiming to generate profits for shareholders, creating wealth for customers and supporting overall society in enhancing better life, the Bank also focuses on strictly complying with law, announcements and regulations from supervisory authority as well as cooperating with other related organization. The Bank believes that rightful and ethical business operation is the important foundation for stability and sustainability.

3.1.11 Respect for Human Rights: The Bank operates business by adhering to domestic and international law and Universal Declaration of Human Rights or (UDHR). The Bank as every departments and every operational area supports every fundamental human rights. Moreover, the Bank commits to protect human rights and not involve with human rights violation as stated in the UDHR.

3.1.12 Respect for Intellectual Property: The Bank will not violate any intellectual property whether they are patent, trademark, copyright, trade secret and other copyright matter by broadcasting or adjusting any intellectual property. The intellectual property must be allowed by the owner. At the same time, all employees must protect the Bank's intellectual properties namely patent trademark, copyright, trade secret and other information of the Bank.

3.1.13 Anti Bribery and Anti Corruption: The Bank has a policy to conduct business operation in compliance with law, morality, related standards together with all kinds of anti bribery and anti corruption. The Bank complies with Corporate Governance Policies which are internationally accepted. At the same time, the Bank declares Anti Bribery and Corruption Policy to public and provides Whistle Blowing as a channel for reporting of misconduct, fraud and corruption as well as preventing internal data usage and conflict of interest. The Bank participates Anti Corruption Network and encourages other companies and trading partners to declare Anti Bribery and Corruption Policy including participating in Anti Corruption Network as well. The Bank is certified for the membership renewal of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

3.1.14 Procurement with Government: The Bank insists to compete in a business world with honesty and transparency. Any work processes related with procurement must comply with procurement law and regulation. The Bank must not interfere or takes the advantage of personal relationship for doing anything inappropriate to any government officers in order to obtain contracts or agreements from governmental organizations or state enterprises both domestically and internationally. Most of all, the Bank must comply with Anti Bribery and Corruption.

3.2 Stakeholders Engagement

In its operation, the Bank adheres to good corporate governance principles, emphasizes on management with transparency, integrity and fairness to all stakeholders and take into account the benefits of all relating parties including employees, customers, society, shareholders, trading partners and regulators. The Bank has also announced its adoption of anti-bribery and corruption policy which is crucial for developing business operation process that meets the standard, generating growth and wealth to all stakeholders following the Bank's "Growing Together" vision. The Bank has established stakeholder engagement policy as part of its corporate governance policy and code of business conduct. The Bank has been treating all groups of stakeholders equally and fairly by considering impact on stakeholders and the rights of stakeholders to engage via various channels. For instance, in 2018, the Bank reviewed and updated its principles in anti-corruption policy to meet international standards. Giving or accepting bribe and corruption are illegal and the Bank employs the Zero Tolerance policy. Furthermore, the Bank has conducted surveys to solicit employees' opinions in order to improve management condition to fulfill the needs and expectations of the employees. Survey of employee engagement are conducted biannually. The Bank allows external stakeholders to participate in occasions, for example, shareholders may voice their opinion freely, propose an agenda and nominate a candidate for director at the Shareholders Meeting. Additionally, stakeholders may directly contact committees and business units involved in the matter to give useful suggestion or information that will benefit the Bank or make complaint about any wrongdoing.

3.3 Whistleblowing and Complaints

The objective of the Board of Directors is to satisfy all groups of stakeholders, provide direct communication channels for stakeholders to reach the Board of Directors and related business units. For example, customers and general public may report any wrongdoing or comment about the Bank through various channels of the Customer Complaint Center as follows:

- Whistle Blowing Channels

The Bank sets the whistle blowing policy and gives opportunity to stakeholders to report any wrongdoing through various channels. Any wrongdoing including corruption, illegal, violating regulation of the Bank's or regulators made by directors, executives, staff, employee or subsidiaries' staff can report through the specified channels. Anyhow, name of the whistle blower will be kept confidential and protected during the examination and after the process finished. Whistle blowing channels are as follows:

- Send an E-Mail to the Chairman of the Board of Director at whistletruth@ktb.co.th
- Send an E-Mail to the Whistle Blowing Team at whistle@ktb.co.th
- Send a letter to the Whistle Blowing Team, the Office of the President, 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District Bangkok 10110.

- Telephone to +662 208-4120
- Fax to +662 256-8778
- Channels for Complaints
 - Krungthai Contact Center +662 111-1111 (24 hours)
 - Krungthai Bank website
 - E-Mail: compliant.center@ktb.co.th
 - <http://www.contactcenter.ktb.co.th> or E-Mail: call.callcenter@ktb.co.th
 - Fax to +662 256-8170
 - Send a letter to Office of the Board of Directors, Krung Thai Bank Pcl., 13th floor, Nana Nue Building, 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District Bangkok 10110 or PO Box 44, Hua Lamphong Bulk Mail Centre, Bangkok, 10331
 - Customer satisfaction survey by Business Risk and Macro Research Team. The responses collected will be submitted to executives and related business units for improvement.
 - Employees can directly report or make comments to the Board of Directors and Executives by sending an E-Mail to their respective email addresses which can be found in the phonebook on intranet. Other complaint channels are:
 - E-Mail to hr.care@ktb.co.th administered by the Head of Human Resources and Corporate Governance Group, the Head of Welfare and Employee Relation Sector and the Head of Discipline and Employee Relation Department.
 - Hotline at +662 208-8887
- Channels for shareholders to present issues that are beneficial to the Bank or to complain about the rights of shareholders through Independent Director Committee via E-Mail; share.holder@ktb.co.th

4. Disclosure and Transparency

4.1 Disclosure and Transparency Policy

The Board of Directors supports policy to realizing the importance of Good Corporate Governance, corporate social responsibility and supervising overall operations complying with Corporate Governance aiming for the maximum benefit of the Bank. The Bank monitors the existence of operation transparency together with information disclosure, fair treatment for stakeholders, adhering to conduct business responsibly to society, enhancing all executives and employees to be good citizen and performing their duties with honesty, transparency and morality as well as leading to Corporate Governance Culture and be accepted by governmental and private organizations. The Board of Directors schedules and supports policy to disclose the Bank's information in accordance with law, regulation, requirement and other

important standard by providing Information Disclosure and Transparency Guideline for all levels of employees, all departments in central part and region as well as publishing on the Bank's website.

4.2 Financial Reporting Quality

The Board of Directors recognizes and is responsible for the financial statement of the Bank and its subsidiaries including the financial information that appears in the annual report. Such financial statement is prepared in compliance with the Generally Accepted Accounting Principles by using appropriate accounting policy based on prudence, accuracy, and completeness in order to accurately reflect the Bank's operating results. It is required to provide performance reports and disclose important information transparently and sufficiently by continuously reporting to the Stock Exchange of Thailand for the benefit of shareholders and general investors. In addition, the Board of Directors appointed the Audit Committee comprising of Independent Directors who are responsible for supervising the reliability and accuracy of financial reporting as well as supervising the internal control system sufficiently and appropriately as to ensure that the financial statement of the Bank is reliable.

4.3 Transparency and Disclosure Practices

4.3.1 Information disclosure under the Official Information Act, B.E. (1997)

The Bank has taken steps to disclose the Bank's information to the public in accordance with the Official Information Act, B.E. 2540 (1997) for the benefit of the people in accessing the Bank's information. The main points of the proceeding are as follows:

4.3.1.1 Dissemination of Information in the Information System

The Bank established the e-Procurement subsite (Procurement) that directly link (Quick Link) with the Bank's website in order to facilitate general public to access information and news about the Bank's procurement. It is required to specify a current summary of procurement considerations between the Bank and external parties, announcements of the Bank's procurements which are announcements of procurement by price examination and e-bidding, announcement of cancellation of price examination and e-bidding, announcements of the winner of price examination. In addition to searching for information from the Bank procurement as already published, those interested in proposing for the Bank's procurement can log in to the system by themselves, by only provide their personal information and comply with terms and conditions determined by the Bank.

4.3.1.2 Disclosure of the Bank and Customer Information to Requesting Agencies and Third Parties

Legally authorized agencies, government and private agencies are able to request for an audit of the Bank's information under the rules and regulations of the Banks as follows:

a) Legally Authorized Agencies

To request documentary evidentiary or information or request for the Bank employees court testimonies,

the legally authorized agencies are able to request information and documentary evidentiary related to account opening application form and accounting transaction of deposit account as well as requesting for deposit-withdrawal information audit, requesting for an acknowledgement of the remaining balance in the deposit account, etc.

b) Non-Legally Authorized Agencies and Individuals

There are government agencies, private sectors and general public who request for information audit. Most of the requests are personal information audit which the Bank cannot disclose due to the section 24 of the Official Information Act, B.E. 2540 (1997) which states that "A State agency shall not disclose personal information in its control to other State agencies or other persons without prior or immediate consent given in writing by the person who is the subject thereof."

4.3.2 Disclosure of Information in Compliance with the Principles of a Listed Company and Good Corporate Governance.

The Bank oversees that key information, financial and performance related data are disclosed adequately, accurately, completely, transparently, comprehensively, timely and reliably as prescribed in the requirements of the Securities and Exchange Commission and those of the Stock Exchange of Thailand. Apart from Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2), most of the information is posted on the Bank's website in Thai and English with regular updates, thus helping shareholders, customers and interested persons to access the reliable information with ease and equality. The Bank proceeded at least as follows:

4.3.2.1 Financial Disclosure

- Delivery of financial statements and financial reports within the time in accordance with the regulations of the regulatory agencies which are the Securities and Exchange Commission, the Stock Exchange of Thailand and as required by the relevant laws.
- Preparation of explanation and analysis of the management for analytical summarization and for using as a reference of quarterly disclosure of financial statements.
- Preparation of accurate financial statements in compliance with the Generally Accepted Accounting Principles and selection of appropriate accounting policies.
- Disclosure of auditor remuneration which are audit fee and non-audit fee in the Annual Report.
- The Board of Directors requires responsibilities of the Board of Directors for financial report. The Bank discloses such report together with the auditor's report in the Annual Report.

4.3.2.2 Non-Financial Disclosure

- Disclosure of the operations of the Board of Directors such as approval and support for the Bank to establish a corporate governance policy in writing e.g. Corporate

Governance Policy, Social and Environmental Responsibility Policy, Anti-Bribery and Corruption Policy, etc.

- Annual preparation of the Principles of Good Corporate Governance Compliance report and the Sustainability report by disseminating policies and Good Corporate Governance Compliance report on the Bank's website.
- Disclosure of name list, personal history, duties & responsibilities and term of office for all directors and sub-committees as well as number of meetings and the number of times each director attended the meeting in last year, comments from duties, training record of each director in the Annual Report and on the Bank's website.
- Disclosure of the shareholder structure of the Bank and the Bank's share holding information of directors and executives for both direct and indirect way.

4.3.2.3 Financial and Non-Financial Information Disclosure

- Disclosure of the Policy and Remuneration of each director and top executive which reflecting their duties and responsibilities. The Bank provides reasonable remuneration to directors. The Bank has a Nominating and Remuneration Committee to review the policy by considering the appropriateness in accordance with the responsibilities of directors, the Bank's financial status, comparable with other companies in the same business and following the resolutions of the shareholders' meetings.

4.3.3 Investor Relations

The Finance Strategy Team has been assigned to equally and fairly provide and disseminate information and activities of the Bank which are beneficial for all related parties, including retail investors, institutional investors, general investors, stock analysts, domestic and foreign fund managers as well as government agencies through communication events. In 2019, the Bank's executives and investor relations officers met with analysts and investors on various occasions and provided them with useful information. The occasions were as follows:

Format	No. of Times
One-on-One Meeting & Conference Call	62
Analyst Meeting & Fund Meeting	8
Road Show	3
Total	73

Finance Strategy Team Contact Information

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 E-Mail: ir@ktb.co.th
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The Bank's Website: Navigate to "Investor Relations"

4.3.4 Communication and Branding of the Bank

Strategic Marketing and Media Management Department has been assigned to publish news and information of the Bank through mass media on various occasions in 2019 as follows:

Format	No. of Times
Press Release	105
Press Conference	22
Press Interview	14
Total	141

5. Responsibilities of the Board

In 2019, the Board of Directors has considered Principles of Corporate Governance Compliance according to the business context of the Bank, that has been considered by the Corporate Governance and Social Responsibility Committee with responsibility and prudence. The meeting approved the maintenance of the appropriate policy of the CG Code Compliance and applied according to the business context of the Bank in order to create sustainable business value. The Board of directors has reviewed the business operation of the Bank in compliance with the CG Code in each principle in order to ensure the appropriate outcome, summarizing as follows:

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

1.1 The Board of Directors oversaw the company and strengthen good governance, including establishing key objectives and goal of sustainable value creation. The Board should strengthen financial stability, provide shareholders with appropriate returns and top-ranking product and service management. The Board of Director approved the determination of the Bank's mission as follows:

Policy Guidelines from the State Owned Enterprise Strategic Plan of Financial Institution Field

To be a financial institution for development in creating opportunities for people to access funding while providing financial education for supporting the strength of the local economy, improving the country's competitiveness potential and reducing inequality in society, under stable, transparent and sustainable organization by applying technology and innovation in financial management and services provision.

Vision

Growing Together: Determine to look after and develop the employees' potential in order to encourage growth and wealth for customers, create better quality for society and environment and create sustainable returns for shareholders.

There are 4 dimensions of the Bank's Mission.

- (1) Employees : Look after and improve potential of employees and operating system.

- (2) Customers : Continuously provide valuable services and advices to the customers.

- (3) Society : Develop economy, society and environment sustainably.

- (4) Shareholders : Create sustainable returns for shareholders.

1.2 Under corporate governance on organization management, the Board of Directors formulates strategies for short-term, medium-term, long-term business operations in compliance with the company's mission, monitors the Management to implement the strategic plans transparently and supports necessary resources to make them achieve the goals. The board also ensures communication and information disclosure to be appropriated, performs duties with the awareness of protecting shareholders' benefit honestly. The Management must make a report to the board within the proper period for evaluation and annually review vision, mission, core value and the Bank's strategies, including informing employees of the Bank's vision, mission and directions in order to have correct understanding and operations in the same directions throughout the organization.

1.3 The Board of Directors' responsibilities are to ensure that all directors and executives perform their duties with responsibility, care, integrity and in compliance with laws. The board also supervises and oversees the operation of the Bank's subsidiaries in accordance with its objectives, regulations, the resolution of the Bank's Board of Directors and a general meeting of shareholders' resolution under conditions and regulations of related laws and good governance in order to create the Bank's value sustainably. In 2018, the Board of Directors approved the Charter of Board of Directors that defined the authority and responsibility of the Board of Directors as well as the role and duty of Chairman of the Board of Directors with the purpose to set as the reference for the operating performance of all Directors. The Charter has become effective since November 21, 2018 onwards while performing the review on at least once a year.

In 2019, the Board of Directors approved the opinion of the Corporate Governance and Social Responsibility Committee to improve the charter of the Board of Directors for the following topics:

1. Policy on Holding Position in Other Companies

(1) Holding director position in state enterprises including Krungthai Bank Public Company Limited, not more than three state enterprises.

(2) Holding chairman of the board of directors position or board of executive director position or other positions in other companies, not more than three conglomerates.

(3) Holding director position in listed companies both domestic and abroad, not more than 5 companies (including Krungthai Bank Public Company Limited but excluding companies from debt restructuring).

2. Meeting of the Board of Directors and its Quorum

The quorum of the meeting of the Board of Directors shall consist of not less than half of the total number of directors of the Bank. One director has one vote and the decision of the meeting shall be decided by the majority of votes. In case of equality of votes, the chairman of the meeting shall have an additional vote as a casting vote except in case that a vacant position that comes from other factors not by retiring by rotation, more than 3/4 of votes of the remaining directors as the Board's resolution, in compliance with the Corporate Governance Code. At least 2/3 of the total number of directors shall be presented to form a quorum at the time of the Board passing a resolution.

1.4 The Board of Directors is determined and aware of business operation with transparency, integrity and fairness according to good corporate governance principles in order to become the effective organization that excels in operating business, concerns ethical responsibility and takes into account the benefits of all stakeholders. Such operation shall establish confidence and generate benefits to the shareholders, who are vital to the Bank's sustainable growth and prosperity. The Board of Directors approved to establish good corporate governance principles in writing and first announced the implementation in 2002. The board also reviewed and adjusted the policy regularly to be appropriate and updated. The Bank published the corporate governance policy in Thai and English version that can be downloaded from the Bank's website.

1.5 The Board of Directors has approved and announced the implementation of code of conduct since 1998. The code of conduct has been adjusted regularly in order to be appropriate and updated as well as raising international standard, complying with dynamic circumstances and the Banking Industry Code of Conduct of the Thai Bankers' Association. The code of conduct is written for directors, executives and employees as a guideline on standard practice, ethical business operations and law compliance. Besides this, all staff should have understanding and intention to comply with applicable law. All supervisors at all levels shall have duties on monitoring to ensure that all employees are aware of the code of conduct as a part of employees' discipline. However, the current code of conduct is divided into 9 categories, covering 3 key principles, namely integrity, fairness and responsible to stakeholders which the Bank always adheres to.

(1) Code of Business Conduct

It consists of practices on personal integrity, compliance with applicable law, ethical business principle, anti-corruption, anti-bribery, donation, giving back to community and corporate social responsibility, environmental care, respect for human rights, respect for intellectual property rights and government procurement.

(2) It consists of principles of administrative role, supervisory role and transactions with the Bank.

(3) Service Standard

It consists of principles of standard of terms and conditions of service, requirements of service standard and debt collection standard.

(4) Personnel and Establishment

It consists of principles of workplace diversity, employment equity, dignity at work, safety workplace and fair treatment.

(5) Responsibility to Customer

It consists of principles of taking care of maximum benefits for customers, handling procedure of customer complaints and advertising and marketing activities.

(6) Conflict of Interest

It consists of principles of internal data usage and data blocking, personal investment activities, conflict avoidance and accepting and providing incentives.

(7) Data Management

It consists of principles of confidential data management and responsible communication.

(8) Overall Governance

It consists of principles of compliance culture and internal whistleblowing procedure.

(9) Trade Monopoly and Dispute Resolution

It consists of principles of trade monopoly and internal and external dispute resolution.

Principle 2 Define Objectives that Promote Sustainable Value Creation

2.1 The Board of Directors considered, reviewed and approved the Bank's vision, mission and strategies in order to be appropriate and comply with business environment. The Bank processed the review systematically by considering them with prudence from internal and external factors in all aspects: economy, politics, environment, current innovation and technology and their future trends, including the Bank's readiness, expertise and competitive capability. Moreover, the Bank collected data from various sources and related persons, including survey result of important stakeholders' needs and expectations and attitude survey result of employees, customers and people etc.

2.2 The Board of Directors operated a policy to have obvious process, engagement channels or communication channels between stakeholders and the Bank and defined groups

of stakeholders related to the Bank's insiders and outsiders, including guidelines for all stakeholders. The Bank formulated these issues in corporate governance policy and disclosed the principles in the topic of consideration for stakeholder role on pages 148-151 such as principle for stakeholders, stakeholder's opportunity to participate, whistleblowing and filing complaints through specified operation channel.

2.3 The Bank has a policy for the treatment of stakeholders with respect to the rights under the relevant laws and not violating right of stakeholders. It is required to provide a process to promote cooperation between the Bank and the interested parties in maintaining fair benefits as well as creating wealth and sustainability for the business which can be summarized as follows:

2.3.1 Respect for Human Rights

The Bank has a policy to conduct business in compliance with domestic law, international laws and the Universal Declaration of Human Rights (UDHR). The Bank encourages the basic principles of human rights in every business line and in all areas where the Bank operates. The Bank also respects the protection of human rights and not involving in human rights violations in accordance with the principles of the Universal Declaration of Human Rights of the United Nations.

2.3.2 Respect for Intellectual Property

The Bank has a policy to conduct the business without violating all intellectual property rights such as trademarks, patents, trade secrets and other copyrighted works. In using or modifying any intellectual property, it is required to obtain permission from the owner of that intellectual property. All employees are required to protect intellectual property of the Bank which are patents, trade marks, copyrights, trade secrets and other information of the Bank.

2.3.3 Anti-Corruption

The Bank has a policy to conduct business under the law, ethics, relevant standards and working against all forms of corruption as well as adhering to the principles of good corporate governance that are accepted internationally. The Bank established "Anti Bribery and Corruption Policy" and announced the policy to the public. The Bank has a policy to provide channels for receiving reports of offense (Whistle Blowing) that allows everyone to report the offense as well as protecting the use of insider information and conflict of interest. The Bank encouraged the participation of the Anti-Corruption Network and encourages other companies and business partners to have anti-corruption policies and participate the Anti-Corruption Network as well as being certified of membership of the Thailand's Private Sector Collective Action Coalition Against Corruption from the Private Sector Collective Action Coalition Against Corruption (CAC) project. The Bank participated in the declaration of intension of the CAC project and has done the self-assessment in establishing policies and guidelines for preventing corruption in compliance with the regulations specified by the CAC Committee. The Bank

was certified by the CAC Committee and became the member of the CAC since September, 2011 and was certified for the second time in November, 2019.

Principle 3 Strengthen Board Effectiveness

3.1 The Board of Directors consists of the Board of Directors consists of the member who passed the recruitment process from the Nominating and Remuneration Committee as stipulated by law and good corporate governance principles. The Nominating and Remuneration Committee considered candidates from various sources, including the director pool in order to nominate the person whose qualification matches with specific skill matrix that is in line with the Bank's strategies. The details of the nominating and selection process is in the Nomination and Appointment of Directors and Executives section on pages 136-137. So, the Bank has the person with skills and expertise that the Bank lacks or requires more thereof, as well as suitable for working along the Bank's strategies consisting of at least 1 person with knowledge or work experience related to the commercial banking business, at least 1 person in accounting and finance and at least 1 person in information technology. All members of the Board of Directors have sacrificed their time to perform their duties responsibly; therefore, the Bank has a strong Board of Directors. The directors' term of office is prescribed clearly in Corporate Governance policy and Clause 22 states that one-third of the members of the Board of Directors must retire from the position at each Annual Ordinary General Meeting. Each member of the Board of Directors may not be in the position for longer than 3 consecutive terms of office unless his qualifications justify it. The Board of Directors will consider the effectiveness of such director in performing his duties and explain the reason thereof and his performance to the shareholders. Until now, the director who has served more than 3 consecutive terms of office is Mr. Nontigorn Kanchanachitra.

3.2 The structure of the Board of Directors consists of 12 members. The number of the directors is appropriate for the size of the organization and efficiently performing duties as well as creating a proper balance of power. On December 31, 2019, there are 11 members of the Board of Directors with 1 vacant position which is in the nominating process. The Board of Directors therefore, is comprised of 1 executive director and 10 non-executive directors whereby 5 them are independent directors or equal to 45.45 percent of the total members. The number of the independent directors exceeds the SEC's regulations requiring at least one-third of the board, and at least 3 persons. All independent directors are qualified as the definition stated in the topic of Shareholders' Structure on page 137 and Capital Market Supervisory Board's regulation that are independent from management and management structure. No Director can serve more than 9 consecutive years.

3.3 The Board of Directors has emphasized the importance of roles and responsibilities of the independent

directors as the essential part that constitute the sufficient checks and balances on the structure and management of the Board of Directors. Each Independent Director is capable to provide independent and controversy expression of opinions or other observations on agenda items under consideration in the Board of Directors meeting, with the intention to defend rights and protect benefits of minor shareholders and other stakeholders, as well as contributing to the implementation of good corporate governance of the Bank. The Bank's Independent Director Committee originally has its directorship roles and responsibilities. However, the Board of Directors has enhanced the duty and performance of the Independent Director Committee to work in a panel like other Committees of the Bank and formulated the Independent Director Committee Charter in which further qualifications and term of office, including roles and responsibilities are specified. The Board of Directors appointed General Tienchai Rubporn as independent director chairman. The Bank provided the details of the Independent Director Committee in the topic of Shareholding and Management Structure on page 91 and in the topic of Nomination and Appointment of Directors and Executives section on pages 137-139.

3.4 The Bank's Articles of Association, Clause 19 states that the committee shall elect a director to be chairman. Presently, Mr. Ekniti Nitithanprapas is chairman of the Board of Directors. According to Charter of the Board of Directors, the chairman of the Board of Directors as the leader of the organization is responsible for overseeing the Bank, shareholders and other stakeholders' interests in order to achieve maximum interests in long term. The Chairman shall be the leader in synergy of potential, ideas, creativity and competency of the Bank's directors and Management in order that strategic plan will succeed in short and long term. The Chairman shall monitor Management's operations closely and continuously by ensuring that the Management reports financial status and necessary information to the Board of Directors 158 monthly. Moreover, the Chairman shall be major force to drive the Bank's corporate governance policy and Responsibility to Society and Environment, create ethics to employees at all levels. Roles and responsibilities of the Chairman are comprised of 6 aspects: management, meetings of the Board of Directors, development and performance evaluation of the Board of Directors, relationship between shareholders, shareholders' meetings and other roles as specified in the topic of Shareholding and Management Structure on pages 84-85.

3.5 For the utmost benefit of the overall shareholders, the Board of Directors must be truly independent of the management while performing their duties. Responsibilities and duties are clearly divided between the Board of Directors and the management. The Board of Directors is in charge of specifying policy for management and working system as well as overseeing that all activities performed by the Bank are legal and ethically sound. To ensure that no person has unlimited authority, the

Chairman of the Board of Directors cannot be the same person as the President. Responsibilities and duties are clearly divided between the Chairman and the President as specified in the topic of CG Code Compliance Guideline page 141.

3.6 The Board of Directors has appointed 7 respective committees: the Board of Directors, the Audit Committee, the Nominating and Remuneration Committee, the Corporate Governance and Social Responsibility Committee, the Risk Oversight Committee, the Compliance Committee and the Independent Director Committee. The committees are appointed to study and filter related matters as needed, particularly in case of judgement with non-discrimination to ensure the Board's greater efficiency and effectiveness in performing its duty. Term of office of the Director must comply with the respective committee charters. The Bank disclosed information about roles and responsibilities of the Board of Directors and respective committees and the number of the meetings and the attendance of each director, including report of the respective committees' performance and annual report. According to Charter of the Board of Directors, the directors shall participate in at least 75 percent of total meetings of the Board of Directors and shareholders in each year, except as necessary. In 2019, all directors complied with the charters.

3.7 The Bank has established guidelines of holding director positions in other companies in accordance with the rules prescribed by the Standard Qualifications of Directors and State Enterprise Employees Act and the notifications of the Bank of Thailand; members of the Board of Directors are required to hold a position for no more than 3 state enterprises and/or juristic persons with state enterprise's shareholding; to serve as a president, executive director or authorized director in no more than 3 business conglomerates; and to serve as directors in no more than 5 domestic and overseas listed companies. The Bank disclosed information on directorship in other companies to shareholders on pages 21-27.

3.8 The Board of Directors supervises to have a framework and mechanism for overseeing the adequacy of policies and operations of the subsidiary and associated company for each business investment. This information is disclosed in the topic of Supervision of the Subsidiary and Associated Company Operations on pages 139-140.

3.9 According to Charter of the Board of Directors, the Board of Directors oversees to ensure the performance assessment of the Board of Directors as a whole, self-assessment and cross assessment of directors twice a year. The assessment results are reviewed to find ways to improve their performance and consider the appropriate composition of the Board of Directors. In this regard, the Board of Directors may seek external consultants or experts to assist in formulating guidelines or suggesting performance assessment of the Board of Directors. At the present, the Bank has not provided external consultants to help establishing guidelines and raise recommendations for performance evaluation

of the Board of Directors as the Bank has an appropriate system for evaluating the performance of the Board of Directors as follows:

- There are evaluation criteria comparable to the principles / recommendations of regulators such as the state Enterprise Policy Office (SEPO), the Stock Exchange of Thailand, the Securities and Exchange Commission, the Thai Institute of Directors and the Bank of Thailand.

- There is a periodic review of the evaluation as appropriate, which shall be approved by the Nominating and Remuneration Committee.

- There is a disclosure of the performance evaluation of the Board of Directors in the annual report annually.

- The Board of Directors' performance assessment is stricter than the listed companies. Besides self-assessment, the Board of Directors is assessed its performance by the outsiders, namely the State Enterprise Policy Office (SEPO), which is conducted according to the State Enterprise Performance Appraisal (SEPA) system on an annual basis. The SEPO annually follows up performance assessment system of state enterprise in all aspects, including organization management whereby the SEPO shall assess roles of the Board of Directors of state enterprise by formulating and considering two clear main criteria as follows:

1) Roles and Duties of the Board of Directors

The considered issues are formulation of plans, directions, strategies, policies and important goals, monitoring and reviewing the adequacy of important work processes, monitoring performance, performance assessment of top executives and the highest executive, the meetings of committee/sub-committee, disclosure of information and transparency, and promotion of CG and CSR operation.

2) Self-Development of the Board of Directors

The considered issues are:

2.1) Self-assessment of the Board of Directors;

2.2) Skill and knowledge enhancement

At present, the Bank has a system for assessing the performance of the Board of Directors that is appropriate. Therefore, the Board of Directors has not yet considered to have an external consultant to help establishing guidelines and provide recommendations for performance assessment in any way.

- **Performance Assessment of the Board of Directors**

The Bank has provided self-assessment of the Board of Directors in order to evaluate efficiency of the Board of Directors in compliance with the principles of good corporate governance. The self-assessment shall be held twice a year, which are in January-June and July-December.

Assessment Process

1) The Nominating and Remuneration Committee reviewed assessment form to be accurate, complete and cover all issues that regulators specified and in accordance with good corporate governance principles.

2) Secretary of the Board of Directors submitted assessment forms to the Board of Directors.

3) Secretary of the Board of Directors collected assessment forms, summarized their results and reported them to the Board of Directors.

4) The Board of Directors analyzed assessment results and find ways to improve their performance.

5) Secretary of the Board of Directors submitted self-assessment results of the Board of Directors to Ministry of Finance.

The objective of self-assessment of the Board of Directors is to focus on assessment that can reflect operational efficiency and plan for enhancing effectiveness in performing duty of the Board of Directors, then use it for considering the appropriate composition and skill matrix of the Board of Directors. The performance assessment is categorized into three types, namely that of the Board as a whole, that of each individual director as a self-assessment, and that of each individual director as a cross assessment. The assessment topic are as follows:

a. Performance assessment of the Board as a whole: there are 6 topics, namely (1) structure and qualifications of directors, (2) roles and responsibilities of the Board of Directors, (3) practices for the Board of Directors, (4) communication of the Board of Directors, (5) relationship between the Board of Directors and the Management and (6) preparation and conduct of the meetings.

In 2019, overall assessment results of 6 topics show an average score of 97.8 percent which was at Excellent level. In summary, the number of directors is appropriate for business size. The number of independent directors complies with standard specified by regulators. Sub-committee is appointed in compliance with good corporate government to help study and filter specific matters, which is enough to take account of important issues of business operation prudently.

b. Performance assessment of each individual director as a self-assessment: there are 6 topics, namely (1) distinction of proficiency, (2) independence, (3) preparation for undertaking missions, (4) attentively perform duties within his/her scope of roles and responsibilities, (5) performance of duties and (6) having vision to create value in long term.

In 2019, overall assessment results of 6 topics show an average score of 97.6 percent which was at Excellent level. In summary, the Bank's directors performed their duties with responsibility, prudence and honesty, in accordance with related laws, the Bank's objectives and regulations, including resolutions of the shareholders. The directors also provided opinions and suggestions according to best practices from which the useful ones will be applied for improvement of business operations and attended the meetings of the Board of Directors and sub-committee regularly.

c. Performance assessment of each individual director as a cross assessment: there are 6 topics, namely (1) distinction of proficiency, (2) independence, (3) preparation for undertaking missions, (4) attentively perform duties within his/her scope of roles and responsibilities, (5) performance of duties

and (6) having vision to create value in long term.

In 2019, overall assessment results of 6 topics show an average score of 98.7 percent which was at .Excellent level. In summary, the Bank's directors performed their duties with responsibility, prudence and honesty, in accordance with related laws, the Bank's objectives and regulations, including resolutions of the shareholders. Directors also had high independence in responsibility for the stakeholders of the bank, performed no conflict of interest with the Bank and do not use internal information to publicize or use for personal benefits or benefits of others.

In addition, according to the Good Corporate Governance Code, the Board of Directors requires every sub-committee conducting a self-assessment at least once a year and report the assessment results to the Board of Directors for acknowledgment as well.

- **Performance Assessment of Sub-committee**

The Bank has provided self-assessment of sub-committees, namely the Board of Executive Directors, the Audit Committee, the Nominating and Remuneration Committee, the Corporate Governance and Social Responsibility Committee, the Risk Oversight Committee, the Compliance Committee and

the Independent Committee. The assessment is made annually and consists of two types, namely that of sub-committee as a whole and each individual of sub-committee as a self-assessment in order to evaluate all sub-committees' efficiency of operations.

Assessment Process

1) Sub-committees prepared and reviewed assessment form in accordance with good corporate governance and guidelines for operations of sub-committees.

2) Secretary of sub-committee submitted assessment forms to sub-committee.

3) Secretary of sub-committee collected assessment forms, summarized their results and reported them to sub-committee.

4) Sub-committee analyzed assessment results and find ways to improve their performance.

5) Secretary of sub-committee reported the results of sub-committee to the Board of Directors. The Board of Directors uses the evaluation results as a framework for review of the duties, problems and obstacles as well as analyzing the performance of the Board of Directors for operational development including the suitability of the composition of the sub-committee.

The assessment results of all sub-committees in 2019 was at an Excellent level as summarized:

Unit :Percent

Sub-committee	Assessment result of sub-committee	
	As a whole	Self-assessment
1. The Board of Executive Directors	99.8	99.0
2. The Audit Committee	99.2	97.7
3. The Nominating and Remuneration Committee	96.4	99.4
4. The CG and CSR Committee	97.8	95.7
5. The Risk Oversight Committee	99.8	98.8
6. The Compliance Committee	100.0	99.2
7. The Independent Director Committee	99.3	96.8



3.10 The Board of Directors oversees that each director has knowledge and understanding about the roles, duties, nature of business and laws related to the Bank's business operations. Whenever a new director is appointed, an orientation is provided in order that a new director knows information about the Bank such as business plans, products and services, shareholder and capital structure, organization structure and legal issues that he/she should know for performing duties of director of the Bank and a listed company. In 2019, the Bank provided an orientation to two new directors, namely Ms. Patricia Mongkolvanich and Mrs. Nitima Thepvanangkul. Moreover, the Bank provides a seminar on the Bank's strategies to directors and executives nationwide and from international branches in December of each year in order to drive the Bank to achieve its goal as planned.

- **Directors Orientation**

The President and the secretary to the Board of Directors presented various key topics in the orientation as follows:

1. The Bank's strategy and business operation
 - 1.1 KTB's Strategy
 - 1.2 Credit Principles
2. Vital information for the Board of Directors
 - 2.1 Structure, roles and duties of the Board of Directors and Sub-Committees

2.2 Guidelines that affect the qualifications of the Board of Directors (Yes & No)

2.3 Meeting guidelines of the Board of Directors

2.4 Information notification of the Board of Directors and relevant persons

2.5 holdings or tradings that affect the qualifications of the Board of Directors

2.6 Evaluation of the Board of Directors and Sub-Committees

3.11 The Board of Directors brings the results of the Board of Directors assessment analysis including guidelines according to the strategies of the Bank in order to establish guidelines for enhancing skills, knowledge as well as developing the members for creating effective board of directors. Secretary of the Board of Directors coordinated with relevant authorities in private and public sector, national and international. Moreover, training courses and activities such as study visit and exchange knowledge and experience about the Bank's strategy and important technology were provided to the Board of Directors in order to apply knowledge and new outstanding financial and trade technology to the Bank's business operations to make proactive change and be able to compete with competitors in the future.

- Training of Directors

The Board of Directors supports its members to attend training courses or participate in seminars that are continuously enhancing operational knowledge. In 2019, there are 6 Directors who have received training from various institutions. Details are as follows:

Name of the Board of Directors	Training Program and Class
1. Mr. Ekniti Nitithanprapas	<ol style="list-style-type: none"> 1. Class 45/2019, Role of Chairman Program (RCP), Thai Institute Of Directors 2. Year 2019, Oxford Programme On Negotiation in Bangkok, SAID Business School of Oxford University, England 3. Year 2019, Cyber Resilience, the Bank of Thailand
2. Mr. Nontigorn Kanchanachitra	<ol style="list-style-type: none"> 1. Year 2019, Thammasat Top Executive Program for Social Insights, Foundation of Thammasat Leadership Program
3. Mr. Thanwa Laohasiriwong	<ol style="list-style-type: none"> 1. Class 8/2019, Board Nomination and Compensation Program (BNCP), Thai Institute of Directors 2. Class 45/2019, Role of Chairman Program (RCP), Thai Institute Of Directors 3. Class 20/2019, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course (PDI), King Prajadhipok's Institute 4. Class 13/2019, Top Executive in Energy Expertise, Thailand Energy Academy 5. Class 3/2019, Executive Program on Rule of Law and Development (RoLD), Thailand Institute of Justice
4. Mr. Poonnis Sakuntanaga	<ol style="list-style-type: none"> 1. Class 10/2019, IT Governance and Cyber Resilience Program (ITG), Thai Institute of Directors 2. Year 2019, Cyber Resilience Program, the Bank of Thailand
5. Ms. Patricia Mongkolvanich	<ol style="list-style-type: none"> 1. Class 34/2019, Advanced Audit Committee Program (AACP), Thai Institute of Directors 2. Class 274/2019, Director Certification Program (DCP), Thai Institute of Directors 3. Year 2019, Exponential Manufacturing Thailand Program, The Federation of Thai Industries 4. Year 2019, Cyber Resilience Program, the Bank of Thailand
6. Mrs. Nitima Thepvanangkul	<ol style="list-style-type: none"> 1. Class 34/2019, Advanced Committee Program (AACP), Thai Institute of Directors 2. Year 2019, Cyber Resilience, the Bank of Thailand

However, the internal training courses that all Directors attended are as follows:

Name of the Board of Directors	Training Program and Class
1. Mr. Ekniti Nitithanprapas	<ol style="list-style-type: none"> Class 9, Advanced Certificate Course in Public Administration and Law for Executive, The College of Politics and Governance, King Prajadhipok's Institute Top Executive Program, Office of the Civil Service Commission (OCSC) Class 45/2019, Role of Chairman Program (RCP), Thai Institute Of Directors Class 4/2017, Board Matters and Trend Program (BMT), Thai Institute Of Directors Class 8/2016, Role of the Nomination and Governance Committee Program (RNG), Thai Institute Of Directors Class 4/2015, Corporate Governance for Capital Market Intermediaries Program (CGI), Thai Institute Of Directors Class 29/2015, Financial Statements for Directors Program (FSD), Thai Institute Of Directors Class 93/2007, Director Certification Program (DCP), Thai Institute Of Directors Financial Markets and New Financial Instruments Program, International Monetary Fund Institute Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Program Year 2018, ACIS Professional Center Year 2019, Oxford Programme On Negotiation in Bangkok, SAID Business School of Oxford University, England Year 2019, Cyber Resilience, the Bank of Thailand
2. Mr. Krairit Euchukanonchai	<ol style="list-style-type: none"> Class 16/2007, Role of Chairman Program (RCP), Thai Institute Of Directors Class 59/2005, Director Certification Program (DCP), Thai Institute Of Directors Top Executive Program in Energy Literacy, Thailand Energy Academy
3. Mr. Vichai Assarasakorn	<ol style="list-style-type: none"> Class 22, National Defence Course for the Joint State-Private Sectors, The National Defence College Class 215/2016, Director Certification Program (DCP), Thai Institute Of Directors Class 7/2016, Top Executive Program in Energy Literacy, Thailand Energy Academy Class 8/2015, Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy, University of the Thai Chamber of Commerce ASEAN Executive Management Programme, Year 2013, Sasin Graduate Institute of Business Administration of Chulalongkorn University (Sasin) Class 12/2011, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, Year 2018, ACIS Professional Center

Name of the Board of Directors	Training Program and Class
4. Mr. Nontigorn Kanchanachitra	<ol style="list-style-type: none"> 1. Class 48, National Defence Course, National Defence College 2. Class 26/2011, Role of Chairman Program (RCP), Thai Institute Of Directors 3. Class 102/2008, Director Certification Program (DCP), Thai Institute Of Directors 4. Class 22/2008, Audit Committee Program (ACP), Thai Institute Of Directors 5. Class 6/2008, Role of the Compensation Committee (RCC), Thai Institute Of Directors 6. Class 1/2008, Financial Statements for Director (FSD), Thai Institute Of Directors 7. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center 8. Year 2019, Thammasat Top Executive Program for Social Insights, Foundation of Thammasat Leadership Program
5. Prof. Dr. Kittipong Kittayarak	<ol style="list-style-type: none"> 1. Class 49, National Defence Course, National Defence College 2. Class 112/2014, Director Accreditation Program (DAP), Thai Institute Of Directors 3. Class 18/2015, Advanced Audit Committee Program (AACP), Thai Institute Of Directors 4. Class 1/2013, Certificate in Law for Democracy, Office of the Constitutional Court 5. Class 1/2012, Top Executive Program in Energy Literacy, Thailand Energy Academy 6. Class 8/2009, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand 7. Class 10/2006, Top Executive Program in Justice Administration, Judicial Training Institute 8. Class 5/2001, Politics and Governance in Development Systems or Executive Course, King Prajadhipok's Institute 9. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, Year 2018, ACIS Professional Center

Name of the Board of Directors	Training Program and Class
6. Mr. Thanwa Laohasiriwong	<ol style="list-style-type: none"> 1. Class 60, National Defence Course, National Defence College 2. Class 8/2019, Board Nomination and Compensation Program (BNCP), Thai Institute of Directors 3. Class 45/2019, Role of the Chairman Program (RCP), Thai Institute of Directors 4. Class 2/2017, Boardroom Success through Financing and Investment (BFI), Thai Institute Of Directors 5. Class 2/2016, Driving Company Success with IT Governance (ITG), Thai Institute Of Directors 6. Class 20/2015, Advanced Audit Committee Program (AACP), Thai Institute Of Directors 7. Class 1/2015, Ethical Leadership Program (ELP), Thai Institute Of Directors 8. Class 22/2014, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors 9. Class 10/2004, Finance for Non-Finance Directors (FND), Thai Institute Of Directors 10. Class 43/2014, Director Certification Program (DCP), Thai Institute Of Directors 11. IBM/Harvard Management Development Program Year 2001 12. IBM/INSEAD Management Development Program Year 1998 13. Environmental Governance for Executive Officer, Class 4/2016, Department of Environmental Quality Promotion (DEQP), Ministry of Natural Resources and Environment 14. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center 15. Class 20/2019, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course (PDI), King Prajadhipok's Institute 16. Class 13/2019, Top Executive in Energy Expertise, Thailand Energy Academy 17. Class 3/2019, Executive Program on Rule of Law and Development (RoLD), Thailand Institute of Justice

Name of the Board of Directors	Training Program and Class
7. Gen. Tienchai Rubporn	<ol style="list-style-type: none"> 1. Class 240/2017, Director Certification Program (DCP), Thai Institute Of Directors 2. Class 22/2016, Advanced Audit Committee Program (AACP), Thai Institute Of Directors 3. Class 3/2016, Ethical Leadership Program (ELP), Thai Institute Of Directors 4. Class 2/2016, Driving Company Success with IT Governance (ITG), Thai Institute Of Directors 5. Class 15/2016, Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute Of Directors 6. Class 28/2016, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors 7. Class 28/2015, Financial Statements for Director (FSD), Thai Institute Of Directors 8. Class 121/2015, Director Accreditation Program (DAP), Thai Institute Of Directors 9. Class 47, Security Studies Program, Royal Thai Army War College 10. Resource Management Introductory Course, United States Army Finance School Fort Benjamin Harrison, Indiana, United States of America 11. Planning, Programing Budgeting, Execution System Course, United States Army Finance School Fort Benjamin Harrison, Indiana, United States of America 12. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, Year 2018, ACIS Professional Center
8. Mr. Poonnis Sakuntanaga	<ol style="list-style-type: none"> 1. Class 10/2019, IT Governance and Cyber Resilience Program (ITG), Thai Institute of Directors 2. Class 7/2017, Ethical Leadership Program (ELP), Thai Institute Of Directors 3. Class 8/2017, Risk Management Program for Corporate Leaders (RCL), Thai Institute Of Directors 4. Class 27/2016, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors 5. Class 113/2009, Director Certification Program (DCP), Thai Institute Of Directors 6. Class 4, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course, Public Director Institute (PDI), King Prajadhipok's Institute 7. In house Training Programs, Citibank 8. Asian Banking and Sovereign Conference 2006 by Moody 9. Regional Workshop "Risk Modeling for Sovereign Debt Portfolio" by World Bank 10. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center 11. Year 2019, Cyber Resilience Program, the Bank of Thailand

Name of the Board of Directors	Training Program and Class
9. Ms. Patricia Mongkolvanich	<ol style="list-style-type: none"> 1. Class 159/2019, Director Accreditation Program (DAP), Thai Institute of Directors 2. Class 274/2019, Director Certification Program (DCP), Thai Institute of Directors 3. Future Economy and Internet Governance — Executive Program, Future Economy and Internet Governance (FEGO) 4. Class 26/2018, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand 5. Year 2019, Exponential Manufacturing Thailand Program, The Federation of Thai Industries 6. Year 2019, Cyber Resilience Program, the Bank of Thailand
10. Mrs. Nitima Thepvanangku	<ol style="list-style-type: none"> 1. Class 34/2019, Advanced Committee Program (AACP), Thai Institute of Directors 2. Class 3/2016, Ethical Leadership Program (ELP), Thai Institute of Directors 3. Class 18/2015, Anti Corruption: The Practical Guide Program (ACPG), Thai Institute of Directors 4. Class 3/2014, Risk Management Committee Program (RMP), Thai Institute of Directors 5. Class 126/2009, Director Certification Program (DCP), Thai Institute of Directors 6. Class 24/2017 Top Executive Program, the Capital Market Academy, the Stock Exchange of Thailand 7. NIDA - Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania, United States of America 8. PTT Executive Leadership Program, General Electric Crotonville, New York, United States of America 9. Year 2019, Cyber Resilience, the Bank of Thailand
11. Mr. Payong Srivanich	<ol style="list-style-type: none"> 1. Class 223/2016, Director Certification Program (DCP), Thai Institute Of Directors 2. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center

3.12 In order that the Board of Directors fully performed its duties and accessed necessary information, the Board of Directors appointed Mr. Niruj Maneepun, Senior Executive Vice President, Group Head, Compliance and Legal Management Group who is expertise in law and has experience in the company's secretary as the company's secretary as detailed in the topic of Management Structure on page 92.

3.13 The Bank's regulations, Clause 31 stated that the Board of Directors shall hold meetings at least once a month. In 2019 and 2020, the meeting of the Board of Directors was scheduled every Wednesday in the second and fourth week of month. The secretary of the Board was assigned to set schedule and standard agendas for each monthly meeting stipulated in advance for the whole year and publicized the meeting schedule in advance through the Bank's intranet in order that directors can arrange their schedule and attend the meetings. Moreover, by the Bank's regulations' clause 32/1 stated that the Board of Directors is able to attend the meeting through electronic media, which must meet the criteria. That is an additional channel for the meeting of the Board of Directors. Previously, the Bank has never held a meeting of the Board of Directors via electronic media. The detail of the number of the meeting and attendance of each director in 2019 is disclosed in the topic of the Board of Directors Meeting on pages 93-94 In this regard, the subcommittee related to the agenda for such particular issue will review the relevant information; make comments and suggestions before proposing to the Chairman of the Board of Directors for approval and inclusion of that issue on the agenda for prudence and risk management in all respects that may arise. In addition, the Board of Directors has the policy for the President to invite top executives to attend the meeting so that they are provided additional information as a person directly related to the problem. According to the regulations of the Bank, Clause 30, the meeting invitation must be sent to the director not less than seven days prior to the meeting date, except for an urgent case in order to maintain the right or interest of the company, a notice for the meeting may be made by other means and the date of the meeting may be earlier fixed. Previously, the Bank has sent invitation to the Board of Directors in time every time.

3.14 The Board of Directors encourages independent directors to organize meetings among themselves in order to discuss various issues of common interest in form of committee. The Charter of Independent Directors is stated that it is required to hold the meetings at least twice a year. In 2019, there were 5 meetings of Independent Director Committee. Moreover, the Board of Directors has a policy in holding the meetings without the presence of the management at least once a year. In 2019, there were 4 meetings of the Board of directors without the presence of the management and a summary of their opinions in each meeting was reported to the President.

3.15 The Bank proposes directors' remuneration in every form in the shareholder general meeting to consider approving annually, e.g. remuneration for directors, position allowances, meeting allowances and directors' pension without any privilege. The Nominating and Remuneration Committee has a duty to consider director's remuneration

to be in accordance with the appropriateness and commensurate with directors' scope of duties and responsibilities; the Bank's financial status comparable to other companies at the same level of business group as detailed in the topic "Management Structures" on pages 95-98.

Principle 4 Ensure Effective CEO and People Management

4.1 Policy Determination and Management Supervision

The Board of Directors perform its duties with consciousness to protect the interests of shareholders with honesty and prudence especially in approving the vision, mission, strategy, and approval of important issues related to the direction and policy of the Bank including a business plan and annual budget by using principle of rationality and analyzing business environment, environment and society carefully. At the end of the 2nd quarter of each year, the Board of Directors shall hold a meeting to review the Bank's policies and goals and shall establish the Bank's business plan of the next year in the last quarter in order to pass on to the management for brainstorming with the executives of every department and every branch in the country to determine effective operational strategies in order to achieve the same goal.

For good corporate governance, the Board and relevant executives shall have an integrated management (GRC: Governance Risk & Compliance) consisting of risk management, regulations compliance and corporate governance compliance. The management process and operations must be connected together and it is required to have responsible person for each step clearly, from the level of strategic planning / strategic plan / business plan of the Bank, product launch policies determination, tools development, processes and procedures to support the implementation of the Bank's plans and policies including results follow up. In addition, the Board also controls and monitors the management of the management to be transparent and in accordance to the Code of Conduct as well as supervising internal control and risk management in order to ensure the appropriateness.

4.2 The Board of Directors assigned the Nominating and Remuneration Committee to ensure that the President and top executives possess the knowledge, skills, proficiency, experience, and characteristics necessary for the organization to achieve its objectives as detailed in the topic of Nomination and Appointment of Directors and Executives on page 139.

4.3 Charter of the Board of Directors states that duties and responsibilities of the Board of Directors that the board should ensure succession plan and development plan for top executives to possess the knowledge, skills, proficiency, experience, and characteristics necessary for the organization to achieve its objectives, including providing efficient performance assessment of the President and top executives annually. The board ensures remuneration structure in line with organization culture regarding

risks, prudent and transparent system of remuneration for top executives in accordance with their duties and responsibilities and performance complying with the Bank's financial performance in both short and long term. The detail of recruitment of the president and top executives is disclosed in the topic of Nomination and Appointment of Directors and Executives on page 139.

- **Succession Plan**

The Board of Directors assigned the Nominating and Remuneration Committee to be responsible for the continuity of management and succession plan development in order to ensure that the Bank has a succession plan for recruiting, selecting and grooming executives at each level that is a critical position. The Bank prepared the one who will be executive or manager through competency gap analysis so that the Bank can provide appropriate trainings and potential development in order to formulate career path roadmap and succession pool for efficient succession. The Bank has clear plan and criteria on selecting successor, covering executives at all levels as below:

1. The President: The Bank complied with Standard Qualifications of Directors and State Enterprise Employees Act B.E. 2518 (1975) and had transparent recruitment and selection process by recruiting from internal executives and giving opportunity to outsiders with knowledge and capability, including experience in managing large organization and vision to apply for the position of President. The Bank has appropriate recruitment process by the Nominating and Remuneration Committee.

2. Group Head and Sector Head: The Bank has considered the nomination and selection of suitable candidate especially the President, Human Resources and Corporate Governance Group and relevant executives from the successor pool and talent pool. The Bank focuses on giving executives the opportunities to rotate their jobs according to the principles of Mobility and Diversity for learning new jobs and expanding their potential as well as regularly developing themselves, which are beneficial to the Bank's operation and effective management. The Bank shall appropriately propose persons who will replace the positions to the Nominating and Remuneration Committee and the Board of Directors for an approval.

3. Department: The Bank prepares readiness of personnel by making succession plan. Each department shall propose information of qualified successor to Sector Head and Group Head to consider selecting qualified successor, including making clear individual development plan. After that, qualified successor shall be recruited for vacant position as specified in the Bank's regulations.

4. Regional Office and Business Office: the Bank prepares readiness of Regional Office Manager and Business Office Manager by recruiting from successor pool. Staff committee of Group shall jointly considers recruitment criteria and provide written examination. Assessment Center ensures that supervisors from 2 levels shall assess suitability and readiness for position and considers selecting the adequate amount of successor as specified in

succession plan and future business expansion plans by reviewing successor pool annually.

5. Branch: the Bank prepares readiness for Branch Manager by recruiting from successor pool. Staff committee of Retail Banking Sales & Distribution Group shall jointly considers recruitment criteria and provide written examination. Assessment Center ensures that supervisors from 2 levels shall assess suitability and readiness for position and considers selecting the adequate amount of successor as specified in succession plan and future business expansion plans by reviewing successor pool as deemed appropriate annually.

Furthermore, the Bank selects and creates potential employee group, consisting of the Bank's scholarship students and high potential employees to develop new executives and prevent the shortage of high potential employees who will be executives in the future.

4.4 The Board of Directors has a policy to encourage the President and top executives including employees to be trained and developed in order to increase knowledge and experience that is beneficial to their operations. There is a primary department which is responsible for training and development of employees and executives as well as gathering information on the needs for the development of executives and employees at the organization level, information of the Bank's strategic plan and policies of the executives in order to define the Bank's human resources development plan covering all necessary dimensions for the Bank's business operations. This is an enhancement of working skills and new knowledge as well as upskilling and reskilling of employees in order that the high level of executives and employees can operate their jobs efficiently and effectively in a sustainable manner.

4.5 Director Positions in Other Companies

1) President: Director position in other companies of the President of the Bank can be no more than 3 listed companies. It shall not impair the job of the Bank and shall not involve the Bank or the position in the Bank in connection with that business. It is required to be approved by the Board of Directors. The information of director position in other companies shall be disclosed to shareholders in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

2) Other Positions of Employees: To comply with the employees regulations of the Bank.

4.6 The Bank disclosed top executives' remuneration in the topic of Management Structure on page 101 The Bank managed top executives' remuneration in compliance with its performance in both short and long term and assessed performance with Balanced Scorecard. Currently, the Bank manages its human resources using performance driven organization model and develops performance management system, which plan, track and appraise performance in alignment with the Bank's business strategies and in relation to both short-term and long-term remuneration that is suitable to the job description and capability of the management and all employees in

the organization. In this regard, the Bank has clearly defined process, method and procedure for performance assessment of the President as detailed in the topic of Management Structure on page 98

4.7 The Board of Directors supports human resource management in line with the direction and strategy of the bank. Employees at all levels have knowledge and ability, including appropriate motivation as well as being treated fairly. The Bank has established a provident fund in order to ensure that its employees have sufficient savings for their retirement.

Principle 5 Nurture Innovation and Responsible Business

5.1 The Board of directors places importance on fostering organizational culture that promotes innovation and supervises Management to use it as a part of reviewing the Bank's strategy, planning operation improvement and promoting innovation creation in order to add value to the business in line with the changing environment conditions with details as described in the Policy and Business Overview, in the topic Overview of the Bank's Operation and Progress of Objective Plans 2019, including design and development of products and services as well as cooperation with partners as follows:

- The Bank has supported digital infrastructure and blockchain technology for improving services of agencies under the Ministry of Finance, increasing efficiency and reducing working procedures. The Bank used blockchain technology for e-Letter of Guarantee (e-LG). Recently, the Bank cooperated with the Comptroller General's Department in using blockchain technology for issuing e-Credit Confirmation in the e-Government Procurement System, which can be connected to the financial institutions' systems and integrated quality assessment system of entrepreneurs who work with the government. In 2020, Entrepreneurs are able to request for e-Credit Confirmations of Krungthai Bank via the Electronic Government Procurement System (e-GP) immediately. Krungthai Bank is the first bank that is able to provide such service in which helping entrepreneurs to reduce the time needed to register for entrepreneurs as well as reducing the burden of document preparation and bidding. Such services provide efficiency and transparency of the procurement system as well as driving the use of budget to drive the economy to the local economy as soon as possible.

- E-Payment Portal of Government is a complete system for receiving and sending money to treasury departments of the government which covers transactions between government and business sector and government and people sector such as fine payment, rental payment, certificate fees payment, fees payment and license fees payment. People and business sector are not required to contact the government by themselves. Government invoice can be issued on the website: www.epayment.cgd.go.th then they can pay via various channels. When the payment is successful, they will receive an electronic receipt. The receipt and remittance information will be linked to the GFMS system immediately.

- The Bank intended to drive Thai society and take care of customers, people, employees and shareholders. The Bank expanded its services and products through 5 Ecosystems. The Bank used big data to analyze and respond to financial needs of various groups of customers. The Bank increase the efficiency of government agencies with blockchain technology. Additionally, the Bank drove financial structure through digital system and intended to become open banking. The Bank focused on 5 Ecosystems which are the target groups of the Bank; Government: The Bank is entrusted to oversee the system connection of the Government Fiscal Management Information System by connecting financial service between the government and Thai people in order to be a mechanism for driving important policies of the country; Payment: The Bank developed the all-in-one payment innovation by creating the digital platform that meets all lifestyles of customers; Health and Wellness: The Bank expanded financial services through Krungthai Corporate Online such as payroll service and direct credit service as well as upgrading services and transforms into the Smart Hospitals; Education: The Bank developed university applications for being platforms that connect all lifestyle dimensions in the digital era; Mass Transit: The Bank installed QR code payment system and installed EDC machines for accepting payment in buses of the Bangkok Mass Transit Authority.

- The Bank adhered to Customer Centricity & Solutions for designing financial products and services by considering about customer needs in each customer segment. The Bank used the data analytics to analyze the customer behavior and solve the pain point of the customers with large database of the Bank in order to create products as well as determining suitable strategies for SME customers, wealth customers, government customers, salaryman customers and university students.

- The Bank cooperated with the SWIFT which consisting of more than 3,500 banks as members around the world. The Bank cooperated with the SWIFT in developing SWIFT Global Payment Innovation (SWIFT GPI) for expanding competition potential of the customers with international standard, convenient and fast products as well as providing the products that are the safest in doing business with international partners. Moreover, there are consulting services in which the customers can contact nationwide branches of the Bank including the Krungthai NEXT Mobile Application and the Krungthai Corporate Online without additional costs from the normal type of international money transfer service. Furthermore, the customers are able to check their status and information of money transfer immediately for 24 hours a day via Krungthai Contact Center +662 111-1111. Government customers and private customers are able to check their transfer status on Krungthai Corporate Online.

5.2 The Board of Directors has emphasized the importance of overseeing the organization management in order to balance the benefits of all stakeholders and defined it as a practice in corporate governance policy approved by the Board of Directors. Moreover, in order that treatment of various groups

of stakeholders is in the same way and employees and normal persons know the channels to express opinions and engage in the Bank's operations, the Bank has issued a guideline for role and participation of stakeholders and promulgated it throughout the organization since 2018. The detail of treatment of stakeholders is disclosed in the topic of Consideration for Role of Stakeholders on pages 148-151.

5.3 The Board of Directors approved the policy on social and environmental responsibility in order to announce the intention to conduct business with social and environmental responsibility under the vision Growing Together, aiming to develop personnel's potential, create valuable services to support growth and wealth for customers and better quality to society. The Bank acts as a financial institution that is alongside Thai people by providing financial services to people at all levels. The Bank is a pillar of the national economy by helping customers and Thai people in every crisis. The Bank also encourages strong sustainable growth of Thai economy such as student loan, the government welfare card, EDC installations for the Blue Flag shops and Chim Shop Chai (Taste, shop, Spend) Campaign according to the Growing Together Vision under 4 dimensions which are 1) Customer: by connecting the needs of each group of customers with a complete financial solution as well as designing products and services for convenience; 2) People by using innovation to raise the level of financial transactions for Thai people through a nationwide network including the banking agent; 3) Employees: by focusing on developing the potential of the employees in order to be able to work efficiently with regard to service quality and morality; 4) Shareholders: by focusing on competitive ability in order to create sustainable returns for shareholders.

Principle 6 Strengthen Effective Risk Management and Internal Control

6.1 The Board of Directors has recognized that the bank is the country's leading financial institution that gives importance to risk management and systematic and effective risk control. The Bank has clearly formulated the structure, policies and guidelines for risk management and established a good risk governance framework in order to support business operations in line with the Bank's direction and target as detailed in the topic of Risk Factors on page 115.

6.2 The Board of Directors has determined and reviewed the policies/guidelines and short-term/long-term business plan by establishing strategic plan for corporate governance between 2017-2021. The Board of Directors, executives and employees aware of importance of driving all forms of anti-corruption under the "Sustainable Krungthai" project by using Inside out blasting process. The Bank also had a market conduct. Moreover, the Bank developed protection mechanism covering conflicts of interest. The Bank also elevated the creation of Zero Tolerance culture by using strategies to raise awareness among employees to have morals and to comply with regulations. The Board of Directors also prevented misconduct that occurs from various risks

as well as elevating standardized process within the Bank. The Board had established guidelines for the prevention of bribery and encouraged the employees to participate in Compliance Champion project to be aware of legal operations. The Board of Directors also continued the No Gift Policy for 3 consecutive years.

To integrate cooperations in the reform of the anti-corruption process and develop the anti-corruption network together with the government agencies and private sector, the Bank has signed the cooperation of the United Nations Convention against Corruption phase 3 with the Office of the National Anti-Corruption Commission, the State Enterprise Policy Office and state owned enterprise agencies, as to become members of the Anti-Corruption Organization of Thailand and to become the committee members of the Integrity and Transparency Assessment of state owned enterprise. The Bank's staffs also attend various training courses. By intensifying competition situation from trade and technology wars, risks management is required to be more concise and comprehensive. Therefore, Zero Tolerance adherence is important for creating confidence and trust among customers and people.

Furthermore, the Bank has announced the Anti-Corruption Policy and participated in the Anti Corruption Network as well as being certified of membership of the Thailand's Private Sector Collective Action Coalition Against Corruption from the Private Sector Collective Action Coalition Against Corruption (CAC) project. The Bank participated in the declaration of intension of the CAC project and has done the self-assessment in establishing policies and guidelines for preventing corruption in compliance with the regulations specified by the CAC Committee. The Bank was certified by the CAC Committee, became the member of the CAC since September 2011, and was certified for the second time in November 2019.

6.3 The Board of Directors has approved anti-corruption and anti-bribery policy that has been regularly adjusted to be adequate and update in accordance with the changing situations. The Bank has announced the latest anti-bribery and corruption policy on January 10, 2019 and published the policy on the Bank's website. Interested persons can download information by clicking menu "About Us" select "Corporate Governance" and selecting "KTb Corporate Governance Policy" and then "KTb Anti Bribery and Corruption Policy" menu.

6.4 The Board of Directors has a policy that the Bank has proactively implemented risk management and anti-corruption policy and requires a guideline to prevent actions against laws and government regulations. In 2018, the Bank has issued guidelines for (1) information disclosure and transparency (2) roles and participation of stakeholders (3) prevention of conflicts of interest and (4) prevention of receiving and giving bribery and corruption. The Bank has announced the implementation of four guidelines and published further details on the Bank's website whereby interested persons can download them.

6.5 The Board of Directors sets whistle blowing policy and gives opportunity to stakeholders to report any wrongdoing through various channels. Any wrongdoing including corruption, illegal, violating regulation of the Bank's or regulators made by directors, executives, staff, employees or subsidiaries' staff can be directly reported to the Chairman of the Board of Directors through email: whistletruth@ktb.co.th. Anyhow, name of the whistle blower will be kept confidential and protected during the examination and after the process finished as detailed in the topic of Whistleblowing and Complaints on pages 150-151.

6.6 The Board of Directors has given importance to supervision and management of Subsidiaries and Associate groups to strictly comply with the policies as detailed in the topic of Corporate Governance of Subsidiaries and Associate groups on pages 139-140.

Principle 7 Ensure Disclosure and Financial Integrity

7.1 The Board of Directors has policy to encourage the Bank to disclose its information in compliance with laws, regulations, obligations and crucial standards that the Bank has strictly followed as detailed in the topic of Disclosure of Information and Transparency on page 151. Moreover, the Bank has issued guideline for information disclosure and transparency as a practice and standard for employees at all levels in all departments in both central and regional sectors. The guideline is published on the Bank's website whereby interested persons can download them.

7.2 The Board of Directors has supervised the Bank to disclose information about financial status and operation results according to the criteria of related regulators by submitting financial report on a quarter and annual basis as per the criteria and within the prescribed time and publicizing the report in Thai and English version through electronic news on the website of the Stock Exchange of Thailand and the Bank so that shareholders can access the report equally. However, the Bank has placed importance on the preparation of financial statements to be accurate in accordance with generally accepted accounting standards and chosen to use the appropriate accounting policy and comply with it regularly. The financial statements of the Bank have been unconditionally certified by the auditor. The Bank has never ordered to amend the financial statements by the Securities and Exchange Commission and never delayed submission of the financial report.

7.3 The Board of Directors has a policy for the Bank to prepare the Management's explanation and analysis of financial status, operation results, crucial changes, including factors affecting the Bank's financial status and operation results, and publicize the explanation and analysis in Thai and English version through electronic news on the website of the Stock Exchange of Thailand and the Bank so that investors can access the report equally.

7.4 The Board of Directors has a policy that the Bank shall prepare a report on compliance with the good corporate governance principle on an annual basis as detailed in the topic of Corporate Governance in Annual Registration Statement and

the Annual Reports. The report is publicized through electronic news on the website of the Stock Exchange of Thailand and the Bank so that shareholders can access the report equally.

7.5 The Board of Directors has a policy that the Bank shall prepare sustainable development report in which the Bank has revealed three dimensions of sustainability in operations: economy, society and environment. Stakeholders have been informed of that since 2006. The sustainability development report 2017 is the first issue that the Bank has used the standards of Global Reporting Initiative as a framework for information disclosure of the Bank's operations at core level, covering sustainability in operations. The Bank has published it on the Bank's website whereby interested persons can download it.

7.6 The Bank assigns the Finance Strategy Team to take responsible for providing services and disseminating news and information about the Bank's activities that are beneficial to all related groups. The detail of this matter is in the topic of Disclosure of Information and Transparency - Investor Relations on page 152.

7.7 The Board of Directors has a policy that the Bank shall disclose information as required by law and others as deemed appropriate with transparency on basis of accuracy, equality and timeliness. The Bank has prepared a guideline for information disclosure and transparency and announced the implementation of guideline on June 22, 2018 and publicized them on the Bank's website whereby interested persons can download them.

7.8 All documents that the Bank has submitted through electronic news on the website of the Stock Exchange of Thailand. The Bank has published them in Thai and English version on the Bank's website every time.

7.9 The website of the Bank has disseminated various information, both financial and non-financial related to the Bank such as vision, mission, core value, the nature of business, the names of the Board of Directors and executives, financial statements, current and previous reports of financial status and operation results, Annual Registration Statement (Form 56-1) and The Annual Report that can be downloaded, and other information as specified in descriptions of Principle 7.6 of CG Code.

Principle 8 Ensure Engagement and Communication with Shareholders

The Bank disclosed compliance with Principle 8 in the topic of Rights of Shareholders on page 144 and Equitable Treatment of Shareholders on page 146.

Related-Party Transactions

1. The Important Related-Party Transactions

Apart from the Notes in the Financial Statements No. 6.24, the transactions related to individuals or companies, important information on related-party transaction of the Bank and its subsidiaries, associated and affiliated companies are shown below:

The details of the Bank's loans and Obligations to its subsidiaries, associated and affiliated companies are as follows:

Unit : Million Baht

The Bank's Financial Statements	December 31, 2018		December 31, 2019			
	Loans	Obligations	Loans	Obligations	Shares held by the Bank (%)	Common Director or Top Executive
<u>The Bank's Subsidiaries</u>						
KTB Law Co., Ltd.	-	-	-	-	100.00	Mr. Niruj Maneepun
KTB General Services and Security Co., Ltd.	9.00	0.96	8.45	0.56	100.00	Mr. Poonpat Sripleng Mr. Chanchai Sinsuparatn
KTB Computer Services Co., Ltd.	2,356.11	4.55	2,088.64	4.55	100.00	Mr. Tawatchai Cheevanon
Krung Thai Asset Management Pcl.	0.03	-	0.06	-	100.00	-
KTB Advisory Co., Ltd.	-	-	-	-	100.00	-
KTB Leasing Co., Ltd.	9,825.38	0.98	3,693.43	0.89	100.00	Ms. Praralee Ratanaprasartporn Mr. Chanchai Sinsuparatn
Krungthai Card Pcl.	3,190.59	0.50	3,490.56	0.50	49.10	Ms. Praralee Ratanaprasartporn Mr. Pichit Jongsaliswang
KTC Nano Co., Ltd.	-	-	-	-	24.95	-
KTC Pico (Bangkok) Co., Ltd.	-	-	-	-	24.95	-
<u>The Bank's Associated Companies</u>						
Krungthai Panich Insurance Pcl.	0.55	-	0.59	5.00	45.00	Mr. Niruj Maneepun
Krung Thai IBJ Leasing Co., Ltd.	2,000.12	1.80	5,738.65	2.09	49.00	Mr. Pativate Santavanond Mr. Ekachai Techawiriyakul Mr. Tawatchai Cheevanon
Krungthai Zmico Securities Co., Ltd. ⁽¹⁾	0.58	-	605.53	-	50.00	Mr. Poonpat Sripleng Mr. Werapong Suppasedsak Mr. Rawin Boonyanusasna Mr. Therdchai Wiroonpanich
Krungthai-AXA Life Insurance Pcl.	-	0.85	-	0.85	50.00	Ms. Praralee Ratanaprasartporn Mr. Rawin Boonyanusasna
National ITMX Co.,Ltd.	-	-	-	-	19.82	Mr. Payong Srivanich
BCI (Thailand) Co., Ltd.	-	-	-	-	22.17	Mr. Tawatchai Cheevanon

⁽¹⁾ Formerly KT Zmico Securities Co., Ltd.

Unit : Million Baht

The Bank's Financial Statements	December 31, 2018		December 31, 2019			
	Loans	Obligations	Loans	Obligations	Shares held by the Bank (%)	Common Director or Top Executive
<u>The Bank's Affiliated Companies</u> (in which the Bank holds more than 10 percent shares)						
Dhipaya Insurance Pcl.	0.48	20.89	0.52	19.04	10.00	Mr. Suratun Kongton
Suvarnabhumi Airport Hotel Co.,Ltd.	-	-	-	-	10.00	Mr. Ekachai Techawiriyakul
Saraburi New Industrial City Co., Ltd.	-	-	-	-	10.00	-
Kung Pei San Food Products Pcl.	-	0.67	-	0.67	12.42	-
Manager Media Group Co., Ltd.	-	0.29	-	0.29	16.09	-
Alphatec Electronics Pcl.	-	-	-	-	30.51	-
Sahaviriya Steel Industries Pcl. ⁽²⁾	8,949.19	-	8,490.44	-	40.49	-
Private Equity Trust for SME Growing Together 1	-	-	-	-	88.11	Mr. Pichit Jongsaliswang
Private Equity Trust for SME Growing Together 2	-	-	-	-	85.84	Mr. Pichit Jongsaliswang
<u>The Bank's Affiliated Companies</u> (with Directors in common)						
Thai Airways International Pcl. ⁽³⁾	10.95	-	3,510.52	-	-	Mr. Ekniti Nitithanprapas
IRPC Pcl.	3,850.00	333.47	2,750.00	-	-	Mr. Ekniti Nitithanprapas
PTT Pcl.	-	44.67	5,001.29	11.00	-	Mr. Krairit Euchukanonchai
						Prof. Dr. Kittipong Kittayarak
						Mr. Vichai Assarasakorn
Mass Rapid Transit Authority of Thailand ⁽³⁾	0.03	-	0.02	-	-	Mr. Krairit Euchukanonchai
Advanced Info Service Pcl.	0.02	-	0.01	-	-	Mr. Krairit Euchukanonchai
Advanced Wireless Network Co.,Ltd	3,005.00	-	3,005.09	-	-	Mr. Krairit Euchukanonchai
Panel Plus Co., Ltd.	0.35	-	0.19	-	-	Mr. Vichai Assarasakorn
Asian Sea Corporation Pcl.	97.93	-	90.62	-	-	Mr. Vichai Assarasakorn
Dusit Thani Pcl.	-	80.48	662.00	80.48	-	Prof. Dr. Kittipong Kittayarak
Electricity Generating Authority of Thailand ⁽³⁾	14,245.74	11,153.13	12,208.91	4,090.23	-	Mr. Distat Hotrakitya
State Railway of Thailand	17,509.00	-	18,855.15	-	-	Mr. Thanwa Laohasiriwong
TPBI Pcl.	162.69	22.82	255.63	35.07	-	Mr. Thanwa Laohasiriwong
The Platinum Group Pcl. ⁽³⁾	0.03	-	0.02	-	-	Mr. Somchai Boonnamsiri
<u>The Bank's Affiliated Companies</u> (with Top Executives in common)						
Bangkok Expressway and Metro Pcl. ⁽³⁾	5,970.48	533.63	6,867.87	1,227.63	5.21	Mr. Werapong Suppasedsak

⁽²⁾ The Bank discloses loans and obligations of Sahaviriya Steel Industries Pcl. because the Bank has held its share due to debt restructuring since 2018.

⁽³⁾ The Company had no Directors or Top Executives in common in 2019.

The details of the Bank's balances of deposits, income and expenses from its subsidiaries and associated companies are as follows:

Unit : Million Baht

The Bank's Financial Statements	December 31, 2018	December 31, 2019
<u>Subsidiaries</u>		
Deposit	3,547	2,898
<u>Associated companies</u>		
Deposit	2,786	3,321
<u>Subsidiaries</u>		
Interest Income	473	252
Interest Expenses	15	14
Other Income	959	946
Other expenses	6,820	6,828
<u>Associated companies</u>		
Interest Income	21	93
Interest Expenses	181	162
Other Income	2,558	2,410
Other expenses	257	226

2. Policy on Pricing

To prevent conflict of interest that may arise from conducting related-party transactions, the Bank has used the market price or fair price in conducting all types of transactions unless otherwise specified by the regulators.





3. Necessity and Justifications of Related-Party Transactions

Related-party transactions or connected transactions conducted in 2019 were normal business transactions or support transactions for normal business of the Bank; were conducted under the same general trading conditions as those done with outsiders and were necessary for business operation and supporting business operation. However, the Bank has considered those related-party transactions between the Bank or subsidiaries and related persons

or persons who might have conflict of interest with the Bank or subsidiaries; and found that such transactions were conducted in accordance with general nature of business. In addition, the Bank received and paid remunerations at market prices or fair prices. Such transactions were also complied with the requirements of the regulators and were disclosed accurately and completely.

4. Measures for Related-Party Transactions Approval

The Bank gives importance to prevention of conflict of interest from conducting related-party transactions or connected transactions. In approving such transactions, the Bank has carefully considered the issues with integrity, good faith, justification and independence within ethical framework, adhering to the code of conduct and good corporate governance principles of the Bank. To ensure that related-party transactions or connected transactions will be conducted in accordance with the requirements of the regulators, the Bank has assigned the Compliance and Procedures Sector of the Compliance and Legal Management Group to oversee and re-check the approval procedures of such transaction.

For any related-party transaction or connected transaction that is required by the regulators or the Bank's procedure to be approved by the Board of Directors, the Bank has formulated best practices for the Board of Directors to follow in order to prevent conflict of interest. The best practice is as follows:



1. Each Director must disclose information on transactions that might lead to conflict of interest, connected transactions or related-party transactions as required by the Securities and Exchange Commission and the Stock Exchange of Thailand.



2. Directors having interest are prohibited from taking part in approval process. If connected transactions have been conducted, the Audit Committee shall participate in the approval and give opinion to comply with good corporate governance and the regulations of the Stock Exchange of Thailand.



3. Lending or investing in business in which Director has interest must be unanimously approved by the Board of Directors without attendance of such Director. To prevent conflict of interest, pricing and terms and conditions must be determined in accordance with the Bank's normal trading and with the same treatment given to general customers.

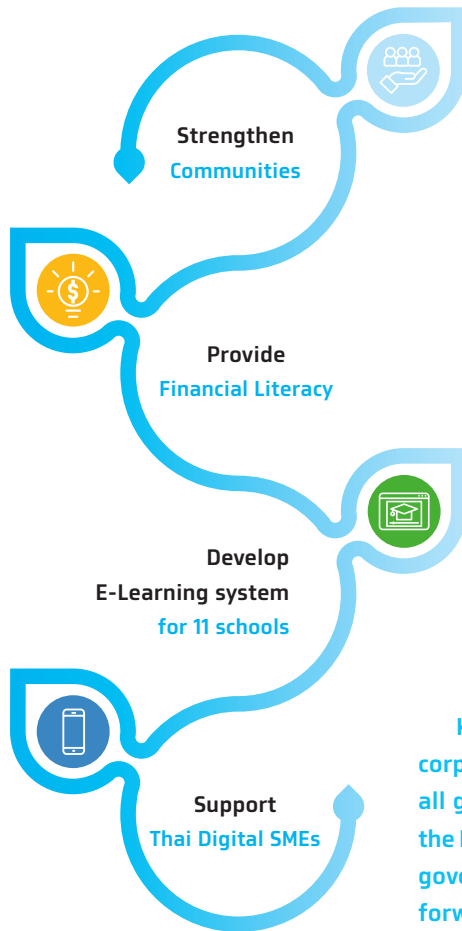
5. Policy on Conducting Future Related Party Transactions

Related-party transactions or connected transactions may occur in general business operation if the Bank sees that such transactions will bring utmost benefit to the Bank. The transactions must be conducted in compliance with the regulators' requirements and the Bank's measure in which clear approval procedures are stipulated.

Moreover, in conducting future related-party transactions or connected transactions, the Bank will adhere to the same practices as those employed in conducting transactions with general customers under the trading terms and conditions that

are not different from those observed by general business or business of the same type. Remuneration paid or received from such transactions shall comply with market price or fair price. Complete and accurate disclosure of relevant information concerning related-party transactions or connected transactions is required to be in compliance with the regulators.

Corporate Social Responsibility (CSR)



Krungthai Bank adheres to business operations complying with corporate social responsibility in order to steer the organization and all groups of stakeholders toward the sustainable development as per the Bank's mission. In this regard, the Bank has stipulated good corporate governance policy, code of conduct and anti-corruption policy to push forward the Bank's operation under the zero-tolerance approach.

In 2019, the Bank has carried out several CSR activities with the intention to improve the environment, society and economy to strengthen communities that are an important foundation for the development of the country's grassroots economy as well as providing financial and digital literacy so that people in communities can access modern financial services to create new opportunities for the communities' business.

Moreover, the Bank has implemented the Krungthai Young Enterprise Project to boost Thailand's economic strength and competitiveness sustainably. In 2019, the Bank aimed to support Thai Digital SMEs to have potential business growth, which is a part of developing under the Thailand 4.0 Policy that aims to build digital economy by providing knowledge, business planning and competitions.

For education that was the foundation of human resources and economic development, the Bank continued the "Krungthai Weaving Dream Schools: Good School near Home Project" to support the education development in which the Bank has coordinated with a social enterprise "Learn Education" to develop Mathematics and Science instructional media via E-Learning System for 11 schools for 3 consecutive years. The Bank has also proceeded with the "Krungthai Weaving Dream for University Graduates Project" by offering university scholarships to students.

The Bank has selected the potential communities that played an important role to the Bank. With the Bank's specialty, the Bank has implemented community development projects in various dimensions by considering the Bank's policies, strategies and the specialty of the organization in understanding its provincial and government customers. In 2019, the Bank carried out the "Krungthai Loves Communities" project to improve people's quality of life in various aspects: management, community products and services, tourism, marketing, art and culture.

Furthermore, the Bank realized the importance of transparency by completely disclosing information about its sustainable operations through the sustainability development report conducted under the latest Standard version of the Global Reporting Initiative (GRI) and in compliance with guidelines and annual information disclosure form (Form 56-1) stipulated by the Securities and Exchange Commission (SEC).

All operations of the Bank had created confidence from all groups of stakeholders, which constructed as the important foundation in developing the Bank into a sustainable organization in all aspects. For more details related to the corporate social responsibility, the Bank has published the information on the Bank's website by clicking the menu ["Sustainability Report"](#) and select ["Sustainability Report 2019"](#).

The Bank also closely monitored the corporate governance of its subsidiaries and coordinated with the subsidiaries in case that there were possibilities that their operations could affect the society and environment. After investigation, the subsidiaries may require to solve the problems and report the progress of their solutions to the Bank. However, in the past year, case from subsidiaries' business operation that impacts the corporate social responsibility has not been found.

Additional guideline on prevention of involvement in corruption

The Board of Directors place the importance on anti-corruption, bribery and corruption by adhering to the business operation with honesty and integrity and encouraging all employees to perform duty with transparency and no corruption. In 2019, the Board of Directors approved and revised the "Anti Bribery and Corruption Policy" in order to prevent all kinds of bribery and corruption in the organization that were against the law and to ensure that all employees practiced on the basis of anti-corruption. Another important thing is the Board of Directors aimed to encourage employees to be aware of bribery and corruption prevention which will lead to the creation of good culture within the Bank.

Moreover, the Compliance Committee assigned Compliance and Legal Management Group to establish a regulation of prevention of bribery of government employees and officials to set a guideline for establishing internal control measures in order to prevent bribery of government employees and officials and be in line with Organic Act on Counter Corruption B.E. 2561 (2018), Section 176. For the regulation, the Bank announced the regulation on prevention of bribery of government employees and officials to be a guideline for the Bank's employees to practice correctly and in line with laws related to the Bank, which is an important preventive measure. In such regulation, the operational guideline of the Bank is established to comply with the guideline on establishing appropriate internal control measures to prevent bribery of government employees and officials of Office of the National Anti-Corruption Commission and the crucial principle is established that giving any property or other benefits to government employees and officials shall not be done, except such giving is done under Organic Act on Counter Corruption and as stipulated in this regulation. The said regulation unified the process of prevention of bribery of government employees and officials. The essentials are summarized as follows:

1) **In risk assessment process**, risk of bribery of government employees and officials must be identified and assessed by collecting data and analyzing risk of bribery of government employees and officials. When getting the result of risk that may arise, for significant risks, the Bank will establish preventive measures and mitigate potential risks to the Bank. Furthermore,

it is required to provide regular risk assessment at least once a year to correspond with the changing environment and business of the Bank.

2) **Audit and assessment process of internal control measures of the Bank**: Audit and assessment of internal control measures to prevent bribery of government employees and officials may consider the results of audit inside and outside the Bank, including rules and regulations of external regulator together with business model of the Bank by regularly audit and assess appropriateness, sufficiency, efficiency and effectiveness at least once a year to consider and improve measures of prevention of bribery of government employees and officials to be more effective.

However, after auditing and assessing measures of bribery prevention, the results must be reported to the Audit Committee.

3) **In review process of the internal control measures of the Bank**, the internal control measures to prevent bribery of government employees and officials shall be reviewed to correspond with the changing situation and laws.

4) **Communication and training is provided to spread knowledge and understanding about the compliance with related laws and regulations to personnel of the Bank and its subsidiaries.**

The communication is sent through Email "CLMG POST" in the Anti Bribery and Corruption column where articles about anti-bribery and anti-corruption are regularly provided. Moreover, The training course "Prevention of Bribery or Other Benefits Considered to Be Corruption" is provided to all employees in Head Offices and in all regional offices, including employees of the Bank's subsidiaries to promote knowledge and understanding and raise awareness about the said issue throughout the year.

In 2019, the Bank uplifted measures of prevention of corruption to be Anti Bribery and Corruption Policy to cover all kinds of bribery and corruption that were against the law while the Bank totally held no acceptance for any fraud and violation (Zero tolerance). The policy was effective from 10th January 2019 onwards. The Bank disclosed abovementioned policy to public and all stakeholders via the Bank's website by clicking on the menu "Corporate Governance", then select "Corporate Governance Policies" and "KTB Anti Bribery and Corruption Policy."

Besides the Anti Bribery and Corruption Policy, the Bank had complied with National Strategy in National Anti-Corruption Strategy Phase 3 (2017-2021), which specified that Prevention and Suppression of the Corruption in the Government Agencies is one of the most important policies. The Bank's Board of Directors, executives and employees declared "the intention of Ethical Administration to Become Zero-Tolerance Organization" and carried on the Krungthai Moral Initiative as well as participated in an exchange of Anti-Corruption Network (Public and Private Sectors) working guidelines.

Guideline on Responsible Lending



Responsible Lending is an approach in operating banking business through incorporating environmental, social and good governance (ESG) responsibility that is tangible and its efficiency can be measured. By means of creating a corporate culture that focuses on long-term growth rather than short-term returns, the responsible lending will lead to the sustainable banking.

The Bank's operational guidelines on Responsible Lending can be summarized in 3 areas as follows:

1. Policy: Responsible Lending Strategy will be set by establishing a guideline on credit portfolio with ESG risk management that adheres to the principle of analyzing both positive and negative impacts or the impacts on the stakeholders that may occur from the Bank's credit granting or from the customers of the Bank. The Bank shall also take into account ESG issues other than those required by the law, as there are some issues that are not covered by any legal measures. In addition, the Bank shall specify specific industry to focus on or provide support to with the purpose of encouraging ESG operation.

2. Compliance: The Bank will strictly comply with Responsible Lending Strategy, credit policy, and credit granting process.

3. Information Disclosure: Information shall be disclosed publicly in the Bank's Annual Report and Sustainability Report or on the Bank's website. The key information to be disclosed are the commitment of the Board of Directors and the President to support the implementation of the Sustainable Banking Guideline, including information related to credit policy and credit granting process regarding ESG criteria. In addition, the Bank shall communicate the Responsible Lending Strategy to both internal and external stakeholders. However, the internal communication will mainly focus on providing knowledge to both executives and employees in a wide range relating to ESG concepts and the sustainable development to ensure a practical implementation.



More details can be found on the Bank's website at Krungthai.com on the "Sustainability Report" menu, selecting "Sustainability Report 2019".

Awards of Pride 2019



National Awards

1. TAB Digital Inclusive Awards 2019

The Bank received the TAB Digital Inclusive Awards 2019 from Thailand Association of the Blind as the Krungthai NEXT application has been voted by the blind for being the mobile banking application that helped the blind to securely make financial transactions via a mobile phone conveniently like other ordinary people.

2. Best Bank Website Award 2018

The Bank received the Best Bank Website Award 2018 at the WebAwards, hosted by the Web Marketing Association (WMA) for the outstanding Bank's website based on the criteria of best design, ease of use, copywriting, user interactivity, use of technology, innovation and content.

3. Outstanding State-Owned Enterprise (SOE) Award

For the fourth consecutive year since 2016, the Bank received the Outstanding State-Owned Enterprise (SOE) Awards

2019 for Outstanding Disclosure and Transparency from the State Enterprise Policy Office (SEPO). The award reflected the Bank's determination to manage the organization with transparency, integrity along with providing report and information disclosure by taking into account the responsibility for all stakeholders, which is in accordance with the international standard of good corporate governance.

4. Thailand Sustainability Investment Award 2019

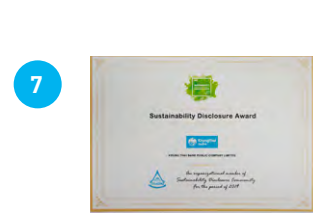
The Bank received the Thailand Sustainability Investment Award 2019 from the Stock Exchange of Thailand resulting from the sustainable business operation by taking into the consideration of environmental, social and governance (ESG). This was an alternative for investors who prefer investing according to sustainable investment concept while taking the analysis of the organization's financial information for generating the long-term continuous returns.



➤ Best Deal of the Year Award



➤ Outstanding Deal of the Year Awards



➤ Sustainability Disclosure Award 2019

5. Best Deal of the Year Award

The Bank received the Best Deal of the Year Award at the SET Awards 2019 presented by the Stock Exchange of Thailand, as the Bank was a financial advisor for the initial public offering of the Thailand Future Fund (TFFIF).

6. Outstanding Deal of the Year Awards

The Bank received the Outstanding Deal of the Year Awards at the SET Awards 2019 presented by the Stock Exchange of Thailand, as the Bank was a financial advisor and an underwriter of the Thailand Future Fund (TFFIF).



7. Sustainability Disclosure Award 2019

The Bank received the Sustainability Disclosure Award 2019 from Thaipat Institute. This award was granted to the listed company that conducted a sustainability report to disclose its operations regarding the ESG (Environmental, Social and Governance) principles with the complete and reliable content presented in the interesting presentation and being beneficial to all stakeholders.

8



Best Social Impact Thailand Award 2019

9



Best Thailand Deal Award



Best Laos Deal Award

10



The Asset Triple A Country Awards 2019

International Awards

8. Best Social Impact Thailand Award 2019

The Bank received the Best Social Impact Thailand Award 2019 for three consecutive years from the Capital Finance International (CFI) magazine, England. The Bank was praised as the financial institution that played important role in steering the nation's economy through the development of the financial innovation that reached all groups of people as well as supported the government policies such as e-tax Project, Smart City Project and Government Welfare Card Scheme.



9. Best Thailand Deal and Best Laos Deal Award

The Bank received awards at the FinanceAsia Achievement Award 2018 organized by the FinanceAsia Magazine, Asia's leading investment and finance magazine, as the underwriter of the Thailand Future Fund (TFFIF) and the debentures of EDL-Generation Public Company (EDL-GEN).

10. The Asset Triple A Country Awards 2019 for Infrastructure Fund IPO of the Year

The Bank received the Asset Triple A Country Awards 2019 for Infrastructure Fund IPO of the Year from the Asset Magazine, the leading financial business magazine in the Asia Pacific region, as a financial advisor and an underwriter of the Thailand Future Fund (TFFIF).

11. Best Local Currency Bond Deal in Thailand Award 2019

The Bank is awarded by Alpha Southeast Asia, a leading international organization as an underwriter for the deal of issuing and offering senior unsecured bond of Minor International Public Company Limited with total issuance and offering price of 33,000 million Baht.

12. Best Refinancing Deal in Southeast Asia Award 2019

The Bank is awarded by Alpha Southeast Asia, a leading international organization as an underwriter for the deal of issuing and offering senior unsecured bond of Thai Beverage Public Company Limited with total issuance and offering price of Baht 53,000 million.

Report of the Audit Committee 2019

The Audit Committee of Krungthai Bank PCL consist of three (3) qualified Independent Directors namely:

- | | | |
|---------------------|---------------|---------------------------------|
| 1. Mr. Vichai | Assarasakorn | Chairman of the Audit Committee |
| 2. General Tienchai | Rubporn | Member of the Audit Committee |
| 3. Mrs. Nitima | Thepvanangkul | Member of the Audit Committee |

Mr. Santi Parivisutt, First Executive Vice President - Head of Internal Audit Group, is the secretary for the Audit Committee.

The Audit Committee performed the duties in accordance with the scope of work and responsibilities defined in the Audit Committee Charter as assigned by the Board of Directors, which comply with the Best Practice of the Securities and Exchange Commission and the regulations of the Ministry of Finance. The Committee put emphasis on stipulating systematic working procedures in terms of good corporate governance, risk management system and the adequate internal control. Additionally, the Committee also stressed the importance on efficient and effective internal audit process in an attempt to promote value added creation, prevent any damages that may occur to the Bank as well as enable the Bank to become the Trusted Advisor furnished with transparency. The details of the Committee responsibilities are clarified as follows:

- The Audit Committee emphasized on the systematic internal control management and encouraged employees to work accurately right at the first time by means of pushing forward the Three Lines of Defense model in management. Through the collaborated integration between the regulatory agency and the risk management department regarding the principles of Governance, Risk and Compliance, the Committee aimed to establish good corporate governance and the business operation that complied with law and regulation as prescribed by the regulators. In addition, the Audit Committee urged for the information exchange between the Compliance Committee and the Risk Oversight Committee with the purpose of supporting all employees to perform their duty precisely and in line with Code of Conduct, leading the organization to conform to good corporate governance principle.
- The Audit Committee gave priority to creating risk culture so that it helped pushing forward the Bank's operations to be in compliance with the principles of good governance. In this regard, through carrying out the Krungthai Sustainable Initiative (One Unit, One Sustainable Plan), the Committee aimed that the initiative as an important foundation shall drive the Bank to accomplish the goal of being "Sustainable Krungthai". By adhering to Zero Internal Fraud policy, the Bank shall take actions against corrupt employees seriously. That means, no matter how much damage is cost, the fraudster shall undergo the disciplinary and legal action.
- The Audit Committee elevated the internal audit quality while supported the Proactive Audit by applying technology as tool in analyzing and overseeing the irregularity continually. This is also included the implementation system of Robotic Process Automation to increase the efficiency of the audit operation. Furthermore, the prevention and solution from the inaccuracy operation due to the system failure is required to be upgraded in order to prevent damages that may happen to the Bank.
- The Audit Committee encouraged staffs in the Internal Audit Group to enhance their knowledge and competency relating to IT literacy and complicated business transactions. The Committee also urged Bank's staffs to acquire special qualifications associated to internal audit and risk management along with reinforcing them to continuously develop their audit profession to accommodate for the Bank's business operation towards the digital banking era as well as to achieve the department objectives as the supporter and advisor for other departments.

During the year 2019, the Audit Committee held 20 meetings in total with the objectives to consider related issues with the Management, Senior Executives and external auditors. The Audit Committee reported the operation results to the Board of Directors on a monthly basis. The meeting attendance of the Audit Committee is as follows:

Audit Committee		Meeting Attendance
Mr. Vichai	Assarasakorn	14 (took the position since 12 April 2019)
General Tienchai	Rubporn	20
Mrs. Nitima	Thepvanangkul	15 (took the position since 12 April 2019)

The summary of the Audit Committee performance is as follows:

Review of the Financial Report

The Audit Committee with the support from the external auditor and executives of the Financial Management Group monthly reviewed the operation performances and quarterly, half-yearly and annually reviewed financial statement of the Bank and the consolidated financial statement of the Bank and consolidated group. The Committee has regularly discussed with the external auditors without the participation of the Management for the accuracy of the financial statements and the adjustment of significant accounting entries, which have impact on the financial statement. This was to ensure that the process of conducting the financial statement and the financial reports complied with the specified laws and general accepted accounting principles while the disclosures of information were adequate, complete, timely, reliable and practical to the users of financial statement. However, the Committee shall track the consequence that may arise due to the announcement of new International Financial Reporting Standard - IFRS9.

Review of the Related-Party Transactions and Conflicts of Interest

The Audit Committee reviewed related-party transactions between the Bank and its subsidiaries, the interconnected transactions or the transactions that may involve a conflict of interest to ensure that such transactions were reasonable, followed the normal

business conditions and provided the utmost benefit to the Bank. The Committee oversaw that the information was adequately disclosed with transparency and without transactions that caused negative impact on the Bank significantly.

Review of the Risk Management

The Audit Committee reviewed the risk management of the Bank and financial business group. Furthermore, the Committee followed up the operation results of risk management through the summary report of the operation result of the Risk Oversight Committee on monthly basis to ensure that the risk management of the Bank in each fields were appropriate, effective and the risk management was at the acceptable level.

Review the Effectiveness of Internal Control System

According to the requirements by the Office of the Auditor General of Thailand, the report of internal control assessment was reviewed. The Committee followed up the establishment of internal control system and self-assessment of the internal controls to ensure that the Bank's internal control system was adequate and appropriate.

Review of the Compliance Operations

The Audit Committee regularly reviewed the compliance with laws and regulations relevant to the Bank's business operations. Regarding to this, the Committee considered the result of overseeing the compliance with laws and regulations from the minutes of the Compliance Committee's meeting, the inspection results of regulatory agencies and the external auditors in order to ensure that the Bank has complied with related laws, requirements of the regulators and the Bank's regulations. The Audit Committee reviewed the accuracy of information, which was filing as part of a request form submitted to Thailand's Private Sector Collective Action Coalition against Corruption for the renewal of the member certificate.

Monitoring the Operations of Internal Audit

The Audit Committee approved the review of the Internal Audit Group Charter in order to consider the appropriateness of duty, responsibility, scope of work, including the rights and independence in performing duty. The Committee approved the Bank's plans together with the Internal Audit Group's strategic plan, 5-year audit plan, annual audit plan and working manual of the Internal Audit Group. Additionally, the Committee considered approving the annual budget of Internal Audit Group, the recruitment plan, the human resource development plan, the career path plan, the retention plan, the adequacy assessment of resources, KPIs index, the annual performance appraisal of Internal Audit Group Head, the audit result of Internal Audit Group as well as monitoring the revised of crucial points and the performance progress in conforming with the approved audit plans. For further efficient operations, the Committee also provided recommendations and supervised the handling of complaints or whistleblowing appropriately and fairly to all related parties.

Maintaining Quality of the Audit Committee

The Audit Committee Charter was reviewed and revised. The performance evaluation of the Audit Committee was conducted individually and as a team (self-assessment and cross evaluation) in accordance with the best practice guidance of the State Enterprise Policy Office and Ministry of Finance to ensure that the operations of the Audit Committee were efficient and achieved the objectives as defined in the Audit Committee Charter.

External Auditor

The Audit Committee considers the appointment of the external audit on an annual basis. After getting approval by the Board of Directors, the Audit Committee proposes the appointment of the external audit in the Annual Ordinary General Meeting of Shareholders. In 2019, the shareholders have a resolution to appoint Office of the Auditor General of Thailand to be the Bank's auditor. In addition, the Audit Committee and the external auditor considered the audit's scope and audit program of the external auditor without the participation of the Management.

The Audit Committee performed its duty as assigned by the Board of Directors and complied with the responsibilities specified in the Audit Committee Charter with prudence and independence. All the opinions expressed were straightforward, transparent, verifiable and in line with good corporate governance. In this regard, the Audit Committee is of the opinion that the Bank's financial statements and information disclosure are complete, reliable and consistent with generally accepted accounting principles while the auditor is independent and performs due professional care. Overall risk management and internal control system have been implemented effectively and adequately. Internal audits have been independently conducted covering high-risk operations and complying with the audit standards. Besides, the appropriate system of control in place was ensured to follow the applicable laws and regulations concerning with the current business environment.



(Mr. Vichai Assarasakorn)

Chairman of the Audit Committee

The Board of Directors' Responsibility for Financial Reports

The Board of Directors has attached great importance and has been well aware of its duty as Directors to take responsibility for the Krung Thai Bank's financial statements and the consolidated financial statements of Krung Thai Bank and its subsidiaries, as well as the financial information stated in the annual report, by overseeing to ensure that the financial statements were prepared in accordance with financial reporting standards and generally accepted accounting principles by appropriate and consistence practicing base on the prudence, accuracy, completeness, truthfulness, and rationality should be adhered to at all times so that the statements accurately reflect the Bank's operating performance. In this connection, the Bank has reported its operating performance regularly as per schedule and transparently disclosed adequate substantial information to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in the interest of the shareholders and general investors.

The Bank's management, under the supervision of the Board of Directors, adhered to good corporate governance and maintained appropriate and effective risk management, internal control system and internal audit to ensure accurate, complete and adequate financial information for retention of assets including prevention and verification of frauds or any significant irregularities.

The Board of Directors has appointed the Audit Committee comprising of Independent Directors to oversee and review the reliability and accuracy of the financial reports together with the appropriateness and adequacy of internal control as well as the efficiency and effectiveness of internal audit to ensure the accuracy and reliability of the Bank's financial statements. The Audit Committee has expressed its opinions in the Report of the Audit Committee in this annual report.

The Board of Directors' opinion is that the overall internal control is sufficient and appropriate. It contributes to enhance reasonable confidence that the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries for the year ended December 31, 2019, meet generally accepted accounting standards and comply with relevant laws and regulations.



(Mr.Ekniti Nitithanprapas)
Chairman of the Board of Directors



(Mr.Payong Srivanich)
President



AUDITOR'S REPORT

To: THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), and the Bank's financial statements of Krung Thai Bank Public Company Limited (the Bank), which comprise the consolidated and the Bank's statements of financial position as at December 31, 2019, the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of the Group and the Bank as at December 31, 2019, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Bank in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the audit of the consolidated and the Bank, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these standards and requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Key Audit Matters

Key audit matter is this matter that, in the State Audit Office of the Kingdom of Thailand professional judgment, was of most significance in the audit of the consolidated and the Bank's financial statements of the current period. This matter was addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Bank's financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on this matter.

The State Audit Office of the Kingdom of Thailand identifies the following as key audit matter to communicate:

Allowance for Doubtful Accounts

The allowance for doubtful accounts for loans to customers requires the application of judgment and use of subjective assumptions and related factors applied by management in the estimates. Bank and its subsidiaries which engaged in the business of lending business recorded allowance for doubtful accounts in compliance with the Bank of Thailand's notifications and policy regulations on assets classification, determining provisions and the application of value of collateral in determining provisions. In addition, management considered determining additional allowances to cover any loss that may occur in the future by using more strict criteria than the requirements of the Bank of Thailand. Additional allowances consist of specific allowance for an individual that is likely to be non-performing loans or is likely to have loss more than allowance determined under normal regulations, and general allowance, including an individual that is not non-performing loans but there are any indicators of impairment.

Loans to customers as at December 31, 2019 represented 69.40% of the Group's total assets and 68.99% of the Bank's total assets, which an allowance for doubtful accounts in the consolidated and the Bank's financial statements amount of Baht 135,227.78 million and Baht 126,731.65 million was provided, respectively.

The State Audit Office of the Kingdom of Thailand focuses on allowance for doubtful accounts. Due to the adoption of regulations on allowance for doubtful accounts, management shall determine the quantitative and qualitative factors used for assets classification, assumptions and methods of calculating the allowances, such as present value of future cash flows expected to be received from the sale of collateral, previous loss experience, the ability of the borrower to repay loans, the declining of economic and industries conditions. This is a process related to uncertainty. The accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts are disclosed in Notes 3.8 and 6.7 to the financial statements, respectively.

The State Audit Office of the Kingdom of Thailand's key audit procedures include understanding and assessing the effectiveness of the key controls, and test of controls as follows:

- The identification of circumstances which indicate that the borrower is likely to be non-performing loans, and may affect ability to repay;
- The governance over the determining allowances processes, including the continuous re-assessment by management that models, assumptions used in the calculation are still calibrated in a way which is appropriate for the impairment risks in the Bank's loan portfolios;
- The review and approval process that management have in place for the models, assumptions used in the calculation, outputs from such models, and the adjustments that are applied to modelled outputs;
- The accuracy, completeness and quality of data input to the system;
- The data interface between systems from the approval to recording and monitoring of loans; and
- The transfer of data between underlying source systems and models used in the calculation.

For the selected borrowers, the State Audit Office of the Kingdom of Thailand reviewed credit process, tested the accuracy, completeness and quality of data input to the system, assessed reasonableness of assumptions applied to identify circumstances which indicate that the borrower is likely to be non-performing loans and re-computed the calculation of allowances, assessed reasonableness of assumptions applied to forecast of future cash flows, valuation of collaterals and loss given default, and tested the accuracy of data transfer from credit systems to data captured in the accounting records.

Other Information

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

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Bank's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and the Bank's financial statements, the State Audit Office of the Kingdom of Thailand's 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 accompanying consolidated and the Bank's financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group's 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 Group 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 Group and the Bank's financial reporting process.

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

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the 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 the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank's financial statements.

As part of an audit in accordance with Thai Standards on Auditing, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal controls.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the Group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.

The State Audit Office of the Kingdom of Thailand communicates 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 the State Audit Office of the Kingdom of Thailand identifies during the audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

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

(Signed) Pornchai Jumroonpanichkul

(Pornchai Jumroonpanichkul)

Deputy Auditor General

(Signed) Kaniitha Tassanapitak

(Kaniitha Tassanapitak)

Director of Financial and Procurement Audit Office No.4

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

(Thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	NOTE	DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
ASSETS					
CASH		68,433,721	68,878,125	68,361,786	68,661,544
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	338,770,589	372,513,779	338,273,821	371,763,700
CLAIMS ON SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES ASSETS	6.3	55,811,418	36,229,566	55,811,462	36,231,033
INVESTMENTS, NET	6.4	395,227,970	223,332,594	395,174,162	223,228,712
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	30,945,612	16,834,298	10,830,013	10,697,855
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.6				
LOANS TO CUSTOMERS		2,090,343,082	2,025,130,041	2,006,349,261	1,948,747,872
ACCRUED INTEREST RECEIVABLES		5,159,595	5,424,063	4,568,822	4,877,860
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		2,095,502,677	2,030,554,104	2,010,918,083	1,953,625,732
LESS DEFERRED REVENUE		(469,554)	(925,374)	(36,401)	(45,990)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.7	(135,227,782)	(133,754,394)	(126,731,649)	(125,339,870)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.8	(39,859)	-	(39,859)	-
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,959,765,482	1,895,874,336	1,884,110,174	1,828,239,872
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROPERTIES FOR SALE, NET	6.9	32,182,562	35,983,101	32,175,895	35,912,796
PREMISES AND EQUIPMENT, NET	6.10	24,200,896	26,501,196	22,293,897	24,592,840
OTHER INTANGIBLE ASSETS, NET	6.11	3,900,228	3,943,802	1,398,367	994,705
DEFERRED TAX ASSETS	6.12	8,164,563	5,127,961	5,697,176	2,666,690
ACCRUED INCOME		3,487,317	3,837,229	3,193,301	3,627,623
OTHER ASSETS, NET	6.13	23,842,421	16,343,974	23,554,727	15,760,774
TOTAL ASSETS		3,012,216,120	2,739,203,191	2,908,358,122	2,656,181,374

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

(Thousand Baht)

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	NOTE	DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
LIABILITIES AND EQUITY					
DEPOSITS	6.14	2,155,864,986	2,039,601,901	2,158,459,942	2,042,947,825
INTERBANK AND MONEY MARKET ITEMS, NET	6.15	215,822,527	157,395,930	208,239,974	151,999,937
LIABILITIES PAYABLE ON DEMAND		4,744,254	5,579,659	4,744,254	5,579,659
LIABILITIES TO DELIVER SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES LIABILITIES	6.3	51,868,539	32,345,613	51,868,539	32,345,613
DEBT ISSUED AND BORROWINGS	6.16	96,841,300	95,205,510	51,322,900	50,521,110
BANK'S LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROVISIONS	6.17	15,239,758	11,837,740	13,776,104	10,734,911
OTHER LIABILITIES	6.18	56,025,029	49,292,505	48,239,602	40,743,911
TOTAL LIABILITIES		2,663,889,734	2,425,062,088	2,604,134,656	2,368,676,196
EQUITY					
SHARE CAPITAL	6.19				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		33,006,142	19,074,388	16,094,673	14,970,218
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.20	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		205,241,876	186,761,783	188,089,515	172,495,682
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		338,287,296	305,875,449	304,223,466	287,505,178
NON-CONTROLLING INTEREST		10,039,090	8,265,654		
TOTAL EQUITY		348,326,386	314,141,103	304,223,466	287,505,178
TOTAL LIABILITIES AND EQUITY		3,012,216,120	2,739,203,191	2,908,358,122	2,656,181,374

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	6.27	122,971,682	119,770,299	108,319,525	105,936,898
INTEREST EXPENSES	6.28	34,655,374	36,081,433	33,160,897	34,560,623
INTEREST INCOME, NET		88,316,308	83,688,866	75,158,628	71,376,275
FEES AND SERVICE INCOME		29,596,109	29,492,754	23,274,977	23,587,445
FEES AND SERVICE EXPENSES		6,358,577	5,830,770	4,706,151	4,197,264
FEES AND SERVICE INCOME, NET	6.29	23,237,532	23,661,984	18,568,826	19,390,181
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	6.30	3,196,695	3,500,468	3,196,195	3,493,051
GAINS ON INVESTMENTS, NET	6.31	4,371,598	434,487	4,375,388	434,392
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,424,575	1,129,638	-	-
DIVIDEND INCOME		495,561	453,358	2,474,526	1,860,076
OTHER OPERATING INCOME		4,615,370	4,352,345	1,111,411	654,698
TOTAL OPERATING INCOME		125,657,639	117,221,146	104,884,974	97,208,673
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		31,389,836	29,226,146	25,484,299	23,634,815
DIRECTORS' REMUNERATION		108,558	92,592	64,785	58,530
PREMISES AND EQUIPMENT EXPENSES		8,941,746	8,792,226	5,326,923	5,066,785
TAXES AND DUTIES		4,363,018	4,303,293	3,801,607	3,789,024
IMPAIRMENT LOSS OF PROPERTIES FOR SALE		7,219,052	269,319	7,260,850	255,106
OTHERS		10,451,485	10,404,407	13,538,254	13,500,465
TOTAL OTHER OPERATING EXPENSES		62,473,695	53,087,983	55,476,718	46,304,725
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.32	23,813,535	26,191,865	17,504,328	20,500,076
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		39,370,409	37,941,298	31,903,928	30,403,872
INCOME TAX EXPENSES	6.33	7,232,606	6,851,974	5,578,231	5,303,252
NET PROFIT		32,137,803	31,089,324	26,325,697	25,100,620

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,585,753	218,971	1,605,929	210,190
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS					
OF FOREIGN OPERATIONS		(15,867)	(207,348)	(15,867)	(207,348)
SHARE OF OTHER COMPREHENSIVE INCOME (LOSS)					
OF ASSOCIATES (EQUITY METHOD) WILL BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		12,823,440	(2,805,627)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER					
COMPREHENSIVE INCOME (LOSS) WILL BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		(317,151)	(43,794)	(321,186)	(42,038)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(180,526)	(8,194)	(180,526)	(8,194)
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		(989,619)	1,121,945	(865,316)	1,063,450
INCOME TAX RELATING TO COMPONENTS OF OTHER					
COMPREHENSIVE INCOME (LOSS) WILL NOT BE RECLASSIFIED					
SUBSEQUENTLY TO PROFIT OR LOSS		234,029	(222,750)	209,168	(211,051)
OTHER COMPREHENSIVE INCOME (LOSS), NET	6.34	13,140,059	(1,946,797)	432,202	805,009
TOTAL COMPREHENSIVE INCOME		45,277,862	29,142,527	26,757,899	25,905,629
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		29,284,042	28,491,290	26,325,697	25,100,620
NON-CONTROLLING INTEREST		2,853,761	2,598,034		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		42,451,458	26,543,796	26,757,899	25,905,629
NON-CONTROLLING INTEREST		2,826,404	2,598,731		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		2.09	2.04	1.88	1.80

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS												(Thousand Baht)
ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK												
NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTEREST	TOTAL	
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES					
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943	
	6.21	-	-	-	-	-	-	(8,529,602)	(8,529,602)	(690,765)	(9,220,367)	
	TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	175,178	-	(207,348)	(2,805,627)	29,388,148	26,543,796	2,598,731	
	ENDING BALANCE AS AT DECEMBER 31, 2018	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103
BEGINNING BALANCE AS AT JANUARY 1, 2019	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103	
	6.21	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)	
	TOTAL COMPREHENSIVE INCOME	-	-	(144,421)	1,268,602	-	(15,867)	12,823,440	28,519,704	42,451,458	2,826,404	
	ADJUSTMENT GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	646,230	(646,230)	-	-	-	-	-	-
NON-CONTROLLING INTEREST INCREASES FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY COMPANY	-	-	-	-	-	-	-	-	-	15,762	15,762	
ENDING BALANCE AS AT DECEMBER 31, 2019	72,005,040	20,833,734	8,206,016	8,180,228	(1,877)	(115,736)	16,737,511	212,442,380	338,287,296	10,039,090	348,326,386	

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

NOTE	THE BANK'S FINANCIAL STATEMENTS							TOTAL
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	RETAINED EARNINGS	
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	5,907,145	644,353	107,479	162,274,408	270,129,151
DIVIDEND PAID	-	-	-	-	-	-	(8,529,602)	(8,529,602)
TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	168,152	-	(207,348)	25,951,380	25,905,629
ENDING BALANCE AS AT DECEMBER 31, 2018	72,005,040	20,833,734	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178
BEGINNING BALANCE AS AT JANUARY 1, 2019	72,005,040	20,833,734	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178
DIVIDEND PAID	-	-	-	-	-	-	(10,039,611)	(10,039,611)
TOTAL COMPREHENSIVE INCOME	-	-	(144,421)	1,284,743	-	(15,867)	25,633,444	26,757,899
ADJUSTMENT GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	646,230	(646,230)	-	-	-
ENDING BALANCE AS AT DECEMBER 31, 2019	72,005,040	20,833,734	8,206,016	8,006,270	(1,877)	(115,736)	195,290,019	304,223,466

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneeat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	39,370,409	37,941,298	31,903,928	30,403,872
ADJUSTMENTS TO RECONCILE PROFIT FROM OPERATING BEFORE INCOME				
TAX EXPENSES TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,763,549	2,745,040	1,326,159	1,265,182
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	23,813,535	26,191,865	17,504,328	20,500,076
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,424,575)	(1,129,638)	-	-
(GAIN) LOSS ON DISPOSAL OF ASSETS	20,378	(44,080)	(2,702)	(35,572)
GAIN ON DISPOSAL OF INVESTMENTS	(4,414,888)	(425,630)	(4,414,888)	(425,630)
GAIN ON REVALUATION OF INVESTMENTS	(362,586)	(74,932)	(362,586)	(74,932)
LOSS ON IMPAIRMENT OF PROPERTIES FOR SALE	7,219,052	269,319	7,260,850	255,106
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	43,290	(8,856)	39,500	(8,761)
LOSS ON IMPAIRMENT OF OTHER ASSETS	156,039	544,980	156,039	544,980
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(141,772)	(93,267)	(133,895)	(88,861)
(GAIN) LOSS ON FOREIGN CURRENCY TRANSLATION	5,381,188	(695,569)	5,381,193	(695,553)
INCREASE IN PROVISIONS	2,353,957	111,143	2,175,878	273,792
(INCREASE) DECREASE IN OTHER ACCRUED INCOME	679,662	(477,558)	764,071	(556,000)
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES	(244,897)	2,074,755	(389,683)	2,029,973
	75,212,341	66,928,870	61,208,192	53,387,672
INTEREST INCOME, NET	(88,316,308)	(83,688,866)	(75,158,628)	(71,376,275)
DIVIDEND INCOME	(495,561)	(453,358)	(2,474,526)	(1,860,076)
PROCEEDS FROM INTEREST INCOME	123,037,526	119,842,818	108,429,940	106,034,961
CASH PAID ON INTEREST EXPENSES	(34,042,988)	(35,454,554)	(32,515,693)	(34,016,197)
PROCEEDS FROM DIVIDEND INCOME	495,188	452,828	495,188	452,828
CASH PAID ON INCOME TAX EXPENSES	(9,264,684)	(6,281,035)	(7,481,420)	(4,716,969)
PROFIT FROM OPERATION BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	66,625,514	61,346,703	52,503,053	47,905,944
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	33,612,438	176,987,974	33,359,128	177,248,549
CLAIMS ON SECURITIES	(33,754,900)	24,926,600	(33,754,900)	24,926,600
DERIVATIVES ASSETS	(19,581,852)	(2,396,168)	(19,580,429)	(2,388,518)
INVESTMENTS IN TRADING SECURITIES	(25,709,953)	(14,929,216)	(25,709,953)	(14,926,206)
LOANS TO CUSTOMERS	(91,757,936)	(106,479,458)	(77,472,456)	(97,747,211)
PROPERTIES FOR SALE	1,447,826	854,890	1,340,227	860,928
OTHER ASSETS	(9,057,339)	2,819,877	(9,352,780)	1,683,494

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	116,263,085	(31,272,780)	115,512,117	(30,646,187)
INTERBANK AND MONEY MARKET ITEMS	58,426,597	(71,295,465)	56,240,037	(67,066,811)
LIABILITIES PAYABLE ON DEMAND	(835,405)	287,967	(835,405)	287,967
LIABILITIES TO DELIVER SECURITIES	33,754,900	(24,926,604)	33,754,900	(24,926,604)
DERIVATIVES LIABILITIES	19,522,926	2,061,191	19,522,926	2,061,191
OTHER LIABILITIES	4,983,357	1,308,110	5,559,807	597,733
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,939,258	19,293,621	151,086,272	17,870,869
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(291,294,598)	(150,051,299)	(291,941,198)	(150,701,899)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	147,235,586	112,267,675	147,879,162	112,267,675
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(2,197,552)	(2,503,804)	(1,181,324)	(973,828)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	2,816,898	42,507,927	1,758,895	41,513,591
PURCHASES OF GENERAL INVESTMENTS	(523,940)	(363,133)	(523,940)	(363,133)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	265,376	294,567	265,376	294,567
PURCHASES OF INVESTMENTS IN SUBSIDIARY/ASSOCIATED COMPANIES	(117,500)	-	(144,945)	-
PROCEEDS FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY/ASSOCIATED COMPANIES	427,052	-	427,052	-
PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES AND ASSOCIATES	253,386	214,938	1,978,965	1,406,718
PURCHASES OF INTANGIBLE ASSETS	(949,398)	(678,611)	(585,824)	(264,394)
PURCHASES OF PREMISES AND EQUIPMENT	(2,925,920)	(1,268,953)	(2,152,332)	(612,329)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	30,906	100,644	3,311	35,917
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(146,979,704)	519,951	(144,216,802)	2,602,885
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	30,115,000	9,065,000	24,000,000	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(26,394,750)	(24,145,600)	(21,113,750)	(16,410,000)
DIVIDEND PAID-ORDINARY SHARE	(10,034,812)	(8,525,397)	(10,034,812)	(8,525,397)
DIVIDEND PAID-PREFERRED SHARE	(4,799)	(4,205)	(4,799)	(4,205)
DIVIDEND PAID TO NON-CONTROLLING INTEREST	(1,068,730)	(690,765)	-	-
NET CASH USED IN FINANCING ACTIVITIES	(7,388,091)	(24,300,967)	(7,153,361)	(24,939,602)
LOSS ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(15,867)	(207,348)	(15,867)	(207,348)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444,404)	(4,694,743)	(299,758)	(4,673,196)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	68,878,125	73,572,868	68,661,544	73,334,740
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	68,433,721	68,878,125	68,361,786	68,661,544

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

Krung Thai Bank Public Company Limited (the Bank) is a public company limited registered in the Kingdom of Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok. The Bank engages in commercial banking business and conducts its business through a nationwide branch network and in certain major centers of the world.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT

2.1 Basis of Preparation of the Consolidated and the Bank's Financial Statements

The consolidated and the Bank's financial statements are presented in accordance with the Notification of the Bank of Thailand (BOT) No. SOR NOR SOR.21/2558 dated December 4, 2015, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BOT's notifications; and with the regulations of the Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the Preparation and Submission of Financial Statements, and Financial reports and Operating results of Listed Companies, B.E. 2560 (2017). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest after eliminating material intercompany transactions and balances. The 13 consolidated subsidiaries are KTB Law Company Limited, KTB General Services and Security Company Limited, Krungthai Asset Management Public Company Limited, KTB Computer Services Company Limited, KTB Leasing Company Limited, KTB Advisory Company Limited, Krungthai Card Public Company Limited, KTC Nano Company Limited, KTC Pico (Bangkok) Company Limited, KTC Pico (Chonburi) Company Limited, KTC Pico (Pathum Thani) Company Limited, KTC Pico (Samut Prakan) Company Limited and KTC Pico (Samut Sakhon) Company Limited.

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.5.

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

The Bank's Financial Statements

Investments in subsidiaries and associates are accounted in the Bank's financial statements using the cost method.

The Bank's financial statements for the year ended December 31, 2019 and 2018 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statements

This English translation of financial statements have been prepared from the statutory financial statements that were issued in Thai language. In case of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.2 Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) Effective in Current Period

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the period beginning on or after January 1, 2019. The Bank administrators have considered to constitute no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

2.3 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) Announced but not yet Effective.

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations, TFRIC Interpretations and Thai Accounting Guidances that are relevant to the Bank, those are effective for the financial statements of the period beginning on or after January 1, 2020 as follows:

* TAS 32 (revised 2019)	Financial Instruments: Presentation
* TFRS 7 (revised 2019)	Financial Instruments: Disclosures
* TFRS 9 (revised 2019)	Financial Instruments
TFRS 16 (revised 2019)	Leases
* TFRIC 16 (revised 2019)	Hedges of a Net Investment in a Foreign Operation
* TFRIC 19 (revised 2019)	Extinguishing Financial Liabilities with Equity Instruments

* Financial reporting standards related to financial instruments

(A) Financial reporting standards related to financial instruments

Financial reporting standards related to financial instruments which establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these financial reporting standards are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of Financial reporting standards related to financial instruments are as follows:

1. Classification - Financial assets

Thai Financial Reporting Standards No. 9 (TFRS 9) classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, trading securities, available-for-sale securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

2. Measurement at Amortized Cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Bank and its subsidiaries on recognition of both interest income and interest expenses at the rate specified in the contract.

3. Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries estimate allowance for doubtful account based on relevant BOT's criteria and regulations by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments
- Lease receivables
- Loan commitments and financial guarantee contracts issued (previously, impairment was measured under

TAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under TFRS 9, no impairment loss is recognized on equity investments.

Three stage approach

Financial assets are classified in any of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1: 12-month ECL

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no Stage 2 or 3 triggers apply). Financial assets are classified as stage 1 upon initial recognition (with the exception of purchased or originated credit impaired (POCI) assets) and have a provision for ECL associated with the probability of default (PD) events occurring with the next 12 months (12 months ECL). For those financial assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity. Interest income is calculated from gross carrying amount without deduction for ECL.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

Stage 2: Lifetime ECL with Non-Credit Impairment

Financial assets showing a significant increase in credit risk since initial recognition. The Bank must recognize for the lifetime ECL over the whole life of financial assets in profit or loss. Interest income is calculated as same as Stage 1 (Gross Carrying Amount)

Stage 3: Lifetime ECL with Credit Impairment

When the credit risk of a financial asset increases to the point that it is considered credit impaired, interest income is calculated based on the amortized cost by using the gross carrying amount less the loss allowance. The financial assets in this Stage will generally be assessed individually. Lifetime ECL are recognized on these financial asset.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of the estimated future cash flow
- Undrawn loan commitments: as the present value of the 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 if the loan is drawn down
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Modification

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. The gross carrying amount of the financial asset will be recalculated using the original effective interest rate of the existing financial asset.
- If the modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

Credit impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

Purchase or Originated Credit Impaired (POCI) assets

POCI assets are financial assets that are credit-impaired on initial recognition. Impairment on a POCI asset is determined based on lifetime ECL from initial recognition. POCI assets are recognized initially at an amount net of impairments and are measured at amortized cost using a credit-adjusted effective interest rate. In subsequent periods any changes to the estimated lifetime ECL are recognized in profit or loss. Favourable changes are recognized as an impairment gain even if the lifetime ECL at the reporting date is lower than the estimated lifetime ECL at origination.

4. Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- The amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of fair value changed is presented in profit or loss.

5. Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRS are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation.

Under TFRS 9, the Bank and its subsidiaries are required to ensure that hedge accounting relationships are aligned with the Bank and its subsidiaries' risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank and its subsidiaries had derivative, entering for the banking book purpose, with interest components which are recognized on an accrual basis and foreign exchange components which are recognized based on exchange rate ruling on the reporting date. However, TFRS 9 had an option to apply the hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

6. Disclosures

TFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

7. Impact assessment

The Bank and its subsidiaries expect to initially adopt these TFRS by adjusting the impact to retained earnings or other reserves on 1 January 2020. Therefore, the Bank and its subsidiaries will not apply the requirements of these TFRS to comparative information.

The Bank and its subsidiaries present items in the financial statements in alignment with Thai Accounting Standards No.32: Financial Instruments Presentation and with Thai Financial Reporting Standards No.7: Financial Instruments Disclosures as well as in accordance with the BOT's notification.

(B) Thai Financial Reporting Standards No.16 (Revised 2562 B.E.): Leases will lead to recording adjustment on the Bank's long-term leases by recognizing as the right of use and liabilities from leases obligations in the financial statement. The Bank is fully prepared for compliance on this standard as follows:

TAS 1 (revised 2019)	Presentation of Financial Statements
TAS 7 (revised 2019)	Statement of Cash Flows
TAS 8 (revised 2019)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2019)	Events after the Reporting Period
TAS 12 (revised 2019)	Income Taxes
TAS 16 (revised 2019)	Property, Plant and Equipment
TAS 19 (revised 2019)	Employee Benefits
TAS 20 (revised 2019)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2019)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2019)	Borrowing Costs
TAS 24 (revised 2019)	Related Party Disclosures
TAS 26 (revised 2019)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2019)	Separate Financial Statements
TAS 28 (revised 2019)	Investments in Associates and Joint Ventures
TAS 29 (revised 2019)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2019)	Earnings per Share
TAS 34 (revised 2019)	Interim Financial Reporting
TAS 36 (revised 2019)	Impairment of Assets
TAS 37 (revised 2019)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2019)	Intangible Assets
TAS 40 (revised 2019)	Investment Property

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

TFRS 1 (revised 2019)	First Time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2019)	Share-based Payment
TFRS 3 (revised 2019)	Business Combinations
TFRS 4 (revised 2019)	Insurance Contracts
TFRS 5 (revised 2019)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2019)	Operating Segments
TFRS 10 (revised 2019)	Consolidated Financial Statements
TFRS 11 (revised 2019)	Joint Arrangements
TFRS 12 (revised 2019)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2019)	Fair Value Measurement
TFRS 15 (revised 2019)	Revenue from Contracts with Customers
TSIC 10 (revised 2019)	Government Assistance-No Specific Relation to Operating Activities
TSIC 25 (revised 2019)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 32 (revised 2019)	Intangible Assets-Web Site Costs
TFRIC 1 (revised 2019)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5 (revised 2019)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2019)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2019)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2019)	TAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2019)	Distributions of Non-cash Assets to Owners
TFRIC 21 (revised 2019)	Levies
TFRIC 22 (revised 2019)	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

The Bank administrators have considered not to constitute no significant impacts on the Bank's accounting policies and its subsidiaries' financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Income

3.1.1 Interest Income

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

3.1.2 Fees and Service Income

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

3.1.3 Dividend Income

Dividend income from investments is recognized when declared.

3.1.4 Lease Income

The lease income of the Bank and its subsidiaries is recognized as follows:

- Interest income from hire-purchase and financial lease is recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 3 months is ceased to recognize and reversed from the due date, and interest income will be recognized on an accrual basis when received all overdue payments.
- Income from operating lease contract is recognized on a straight-line basis over the term of lease.

3.2 Recognition of Expenses

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

3.3 Cash and Cash Equivalents

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

3.4 Derivatives

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

1) Trading Derivatives

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

2) Hedging Derivatives

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

3.5 Embedded Derivatives

The Bank records embedded derivatives in consistent with the IAS 39 Financial Instruments: Recognition and Measurement as follows:

1) In the case that embedded derivatives are not closely related with their host contract and could be separated from their host contracts, the Bank will separately account the embedded derivatives from their host contract and measure the embedded derivatives at fair value including recognizes gains (losses) arising from changes in fair value in gains (losses) on trading and foreign exchange transaction, net in the statements of profit or loss and other comprehensive income. For the host contract, the Bank will comply with the related accounting standards. If embedded derivatives could not be separated from their host contracts, the Bank will measure the entire combined contract at fair value and classify as trading book at fair value through profit or loss and recognized gains or losses arising from changes in fair value in the statements of profit or loss and other comprehensive income.

2) In the case that embedded derivatives are closely related with the host contract, the Bank will not separately account the embedded derivatives from their host contract and classify the entire combined with their host contract in accordance with the related accounting standards.

3.6 Investments

3.6.1 Basis of Classification of Investments

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

3.6.2 Basis of Valuation of Investments

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

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

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

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

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

3.6 Investments (Continued)

3.6.2 Basis of Valuation of Investments (Continued)

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

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment (if any). Moreover, investments in associates, shown in the consolidated financial statements, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

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

3.7 Loans

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

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

3.8 Allowance for Doubtful Accounts

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

1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent, respectively, in accordance with the BOT's regulations. The Bank also applies collective approach to set aside provision for each debtor group, grouping by similar credit risk.

2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BOT.

3) Collateral using for calculating the present value of expected cash flows from disposals are such as immovable properties and leasehold rights (e.g. the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the litigation process equal to 62.03 percent of the appraisal value and the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the public auction process equal to 66.38 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BOT.

4) Collateral valuation has been conducted according to the BOT's regulations relating to types of collateral, valuation methodology, valuation frequency, and values of collateral that could be deductible from loans balances before provisioning as follows:

3.8 Allowance for Doubtful Accounts (Continued)

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-years basis excluding collateral of credit lines of housing loans and other loans in the charge of retail business and network support team, will be reappraised or revalued when changed to sub-standard, doubtful and doubtful of loss, as well as the collateral which have been reappraised or revalued over the past 3 years.

- As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BOT. Immovable properties collaterals are required to reappraise or revalue on a 3-years basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

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

3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR)

The Bank has policies in managing non-performing loans and potential non-performing loans by focusing on methodology of restoring customers' businesses back to normal as the first priority. If that is not possible, then the Bank's debt restructuring methodology also includes the reduction of principal and/or accrued interest receivables which already recorded as revenue, interest rate reduction, debt-equity conversion or debt-convertible securities conversion, repayment period extension, debt conversion from short-term to long-term, grace period on principal and/or interest, collateral assets transfers, non-collateral assets transfers, assets transfers with buy back contracts within the due date or with first right of refusal, or the transfer of assets to the Bank in order to reduce its damage given the practicality to the customers.

Losses arising from debt restructuring are determined as follows:

1) In case of relaxation of the debt repayment conditions without reducing of principal and accrued interest receivables prior to troubled debt, the present value of expected cash flow received is discounted by using the interest rate under the conditions specified in the TDR contract. Where such interest rate is lower than financial cost rate, the financial cost rate will be used instead. If the present value computed is lower than the book value (the principal amount plus accrued interest receivables included in the outstanding balance of restructured debt), an allowance for losses on troubled debt restructuring will be fully recognized in the statements of profit or loss and other comprehensive income for the relevant period.

The component of financial costs features the weighted average cost of deposits and borrowings, contributions to the BOT and the Deposit Protection Agency (DPA), and expenses incurred to maintain liquidity.

3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR) (Continued)

2) In case of the acceptance on reduction of principal and accrued interest prior to restructuring or debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion and relaxation of the residual debt repayment to customers, the Bank will write off such receivables and record losses on debt restructuring in the statements of profit or loss and other comprehensive income instantly upon the transfer of assets while considering the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded no higher than the book value of the debt plus accrued interest legally entitled by the Bank.

In case of partial debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank's will follow no. 2) in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow no. 1).

3.10 Properties for Sale

Properties for sale are immovable and movable properties which are stated at lower of cost or market value less allowance for impairment (if any). Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of profit or loss and other comprehensive income. Gains or losses on disposals of those properties after deducting selling expenses are recognized as other operating income or expenses in the statements of profit or loss and other comprehensive income.

The Bank has followed the BOT's Notification No. SOR NOR SOR.20/2558 dated December 4, 2015, regarding Regulations on Accounting of Financial Institutions Section 1, Accounting for the Sales of Foreclosed Assets, SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions, SOR NOR SOR.22/2552 dated December 11, 2009, regarding Immovable Properties for Sale, and SOR NOR SOR.23/2552 dated December 11, 2009, regarding the Rules of the Purchase and Holding of Immovable Properties Used as Premises for the Business or as Facilities for its Officers and Employees of Financial Institutions.

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

3.11 Land, Premises, Equipment, and Depreciation

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3-5 years basis by independent appraisers in accordance with the BOT's regulations. In case that revaluation result decreased or decreased more than surplus on land revaluation which had been recognized in other components of equity, the Bank will recognize deficit in the statements of profit or loss and other comprehensive income. In case that revaluation result increased, the Bank will recognize surplus through appraisal surplus on assets in other components of equity. Except for the case that the Bank revalued decreased on land and already recognized loss in the statements of profit or loss and other comprehensive income, the Bank will recognize only surplus amounts that excess of the deficit amounts used to recognized of such land.

3.11 Land, Premises, Equipment, and Depreciation (Continued)

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

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

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

3.12 Intangible Assets

Intangible assets, comprising software, licenses, and computer system development costs, are presented at cost net accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line basis over their useful lives and recognized as expense in the statements of profit or loss and other comprehensive income.

3.13 Deferred Tax Assets or Liabilities

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxes basis used in the computation of taxable profit (tax base). The Bank recognized deferred tax assets arising from such temporary differences to the extent that it is probable that taxable profit will be available against those temporary differences could be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and shall be reduced to the extent that the tax benefit will be realized.

The Bank and its subsidiaries recognize deferred tax in the statements of profit or loss and other comprehensive income, except for the extent that relates to items recognized in equity, shall be recognized directly in equity.

The Bank and its subsidiaries calculate amounts of deferred tax assets and liabilities by using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset when 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.

3.14 Leaseholds

Leaseholds, which are included in other assets, are stated at cost less accumulated amortization. Amortization charge is calculated by the straight-line basis over the lease period between 3-30 years and recognized as expense in the statements of profit or loss and other comprehensive income.

3.15 Impairment of Assets

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

3.16 Foreign Currency Translation

3.16.1 Presentation Currency

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

3.16.2 Foreign Currency Translation

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

Gains or losses on foreign currency exchange and foreign currency translation are presented in the statements of profit or loss and other comprehensive income as gains (losses) on trading and foreign exchange transactions, net.

3.16.3 Foreign Currency Translation of Foreign Branches' Financial Statements

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

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

3.17 Employees Benefit

3.17.1 Employees Provident Fund

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

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

3.17.2 Defined Benefit Plan

The Bank and its subsidiaries have defined benefit plan to pay their employees under the employment agreements. The estimate of employee benefits obligations are calculated by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of expected future payments and discounts by using market yields on high quality corporate bonds with the approximate maturity of those obligations. The estimate amount is shown in a part of the provisions. The actuarial gains (losses) are recognized in other comprehensive income and transferred immediately to the retained earnings.

3.18 Income Taxes

Income taxes comprise of current tax and deferred tax.

Current tax is the amount expected to be paid to the tax authorities by calculating from taxable profit for the period under Revenue Code.

3.19 Earnings per Share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding.

3.20 Provisions

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

The BOT's Notification No. SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for off-the statements of financial position obligations in conformity with TAS 37: Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set aside provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

- 1) Off-the statements of financial position obligations classified as substandard, doubtful, doubtful of loss, and loss.
- 2) Off-the statements of financial position obligations which the Bank should recognize provisions according to TAS 37

when satisfied all of the following criteria:

2.1 A present obligation (a legal or a constructive obligation) resulting from past events.

2.2 It is possibly certain that there will be a future outflow of resources embodying economic benefit to settle such obligation and

2.3 An estimate of obligation can be reliably made.

3) Off-the statements of financial position obligations engage in high credit risk such as guarantees on borrowings, aval to bills or irrevocable obligations whereby the Credit Conversion Factor stipulated by the BOT in calculating Capital Fund to be maintained is equal to 1.0.

3.21 Customer Loyalty Programme

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

3.22 Fair Value Measurement

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

4. Risk Management

4.1 The Bank's Risk Information

Credit Risk

Credit risk is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement or the deterioration of assets' quality resulting in non-performing debt and adverse effect over the Bank's income and capital. The assets on the statements of financial position, net of allowance for doubtful accounts, represent the Bank's credit risk exposure.

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

The Bank focuses on a credit expansion to both existing and new customers with high potentiality and high yield. The Bank highly concentrates on customer evaluation, business potential, ability to repay debt, and obvious objective of loan purpose. The Bank develops not only risk management tool to rank credit rating in order to be an element to estimate risk of large and middle size of loans, but also develops Credit Scoring tool in order to consider retail loan debtors including the Early Warning System that notices credit departments and set the loan policy guideline to prevent debtors becoming NPLs. Moreover, the Bank had developed the credit risk model to comply with Thai Financial Reporting Standard 9 - Financial Instrument. The Bank also has regularly improved credit risk management by reviewing/ revising credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BOT and The credit risk management policies and guidelines are reviewed/improved at least once a year in order to match with current situation.

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

The Bank monitors and reports risk management results with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BOT's supervision policy and other regulators' rules. The risk management results reports are normally submitted to the Risk Oversight Committee at least once a month and the Audit Committee and the Board of Directors at least quarterly.

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

4.1 The Bank's Risk Information (Continued)

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

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

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

Market Risk

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

Market Risk in the Trading Book

Market risk in the Trading Book is the risk that the Bank may be affected by changes in value of the trading book position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of foreign exchange rate, interest rate, equity securities price and commodity price.

Interest Rate Risk

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rates which affect the value of all assets, liabilities and off-statement of financial position items which are rate sensitive items in the trading accounts.

4.1 The Bank's Risk Information (Continued)

The Bank's significant financial assets and liabilities classified by periods of interest rate repricing are as follows:

(Million Baht)

December 31, 2019							
	Call to				Non-interest		Total
	1 month	1-3 Months	3-12 Months	Over 1 year	Bearing	NPLs	
Financial assets							
Interbank and money market items	288,901.69	8,179.64	3,224.35	1.11	39,048.52	4.00	339,359.31
Investments*	8,320.63	63,764.60	64,324.83	193,297.05	20,079.30	-	349,786.41
Loans to customers	1,345,204.53	224,671.91	227,562.48	108,649.97	1,040.60	99,219.77	2,006,349.26
Total financial assets	1,642,426.85	296,616.15	295,111.66	301,948.13	60,168.42	99,223.77	2,695,494.98
Financial liabilities							
Deposits	1,571,306.88	121,186.58	247,084.34	134,112.83	84,769.31	-	2,158,459.94
Interbank and money market items, net	144,648.66	19,627.19	1,042.47	27,947.87	14,973.78	-	208,239.97
Debt issued and borrowings	0.70	-	7,322.20	44,000.00	-	-	51,322.90
Total financial liabilities	1,715,956.24	140,813.77	255,449.01	206,060.70	99,743.09	-	2,418,022.81

(Million Baht)

December 31, 2018							
	Call to				Non-interest		Total
	1 month	1-3 Months	3-12 Months	Over 1 year	Bearing	NPLs	
Financial assets							
Interbank and money market items	346,566.65	4,298.12	976.22	1.51	21,429.77	31.00	373,303.27
Investments*	2,511.60	5,545.29	5,819.40	169,639.31	20,647.94	-	204,163.54
Loans to customers	1,336,352.05	206,749.42	232,056.08	69,932.78	1,054.55	102,602.99	1,948,747.87
Total financial assets	1,685,430.30	216,592.83	238,851.70	239,573.60	43,132.26	102,633.99	2,526,214.68
Financial liabilities							
Deposits	1,480,298.73	158,496.43	295,432.07	20,538.01	88,182.59	-	2,042,947.83
Interbank and money market items, net	90,117.44	5,513.47	17,275.48	30,464.34	8,629.21	-	151,999.94
Debt issued and borrowings	0.70	-	22,714.86	27,805.55	-	-	50,521.11
Total financial liabilities	1,570,416.87	164,009.90	335,422.41	78,807.90	96,811.80	-	2,245,468.88

* Included investments in subsidiaries and associates. (excluded trading securities, allowance for revaluation and impairment)

4.1 The Bank's Risk Information (Continued)

Foreign Exchange Rate Risk

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

Equity Security Price Risk

Equity security price risk is the risk that income or capital is negatively affected by changes in equity security prices. However, the Bank focuses on investing in potential securities which have growth performance and have opportunities to generate bank's return.

Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank conducts commodity derivative transactions to accommodate customer hedging of risk. The Bank eliminates those risk exposures by doing back-to-back transactions.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is the risk that income or capital is adversely affected by changes in interest rate of the assets, liabilities and off-the statements of financial position items which are Rate Sensitive Items. These may have negative impact on Net Interest Income, Economic Value, and other income and expenses related to interest rate.

The Bank's Market Risk Management Structure and Supervision

The Bank has designated the Board of Directors and Risk Oversight Committee to formulate policy and market risk limit as follows:

Board of Directors

Board of Directors are responsible for the approval of market risk management policy and the limitation acceptance or threshold of Bank in order to control risk exposure that affects to the market risk and decentralized to relevant committees or responsible departments to supervise as appropriate.

Risk Oversight Committee - ROC

ROC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented and observed.

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms to the BOT's market risk supervision regulations and the Bank's market risk management policy. Besides, the Market Risk Management Department is responsible to follow up and supervise market risk not exceeding the limit specified by the Bank. Then, it reports to top-level executives and ROC.

4.1 The Bank's Risk Information (Continued)

The Bank has set the risk management policy to be in line with the Bank's strategy and the BOT's market risk supervision regulations.

For transactions in trading accounts, the Bank set the maximum acceptable risk limit such as investment value/position, maximum loss, including statistic risk measurement namely Value at Risk (VaR) and Sensitivity for the trading book portfolio. The Bank also regularly assesses market value and conducts stress testing for both trading book portfolio and banking book portfolio. Besides, the Bank prepares Product Program while enhancing applications and tools used in risk assessment and control for higher efficiency capable of accommodate more complex transactions.

The Bank regularly monitors the interest rate risk in the Banking book portfolio by simulating the net interest income change and economic value change. The Bank also regularly conduct stress testing and closely monitor whenever there are some changes in the interest rate market movement that affects to the Bank significantly.

Market Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business groups and prescribes policy of risk management of the financial business groups. The policy was approved by the Board of Directors determining the subsidiaries within the financial business groups to complete all aspects of risk management in accordance with the Company's significant risks and risk management policies which defines the organization chart that support the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business groups. Moreover, the subsidiaries are required to prepare their market risk management report and relating information for submission to the Bank in order that the Bank can monitor market risk and risk level of companies in the financial business groups and assess effect to the Bank's capital.

The Bank's financial business group has decentralized risk management that means companies within the financial business groups manage their own risk and the Bank will consider and comment the companies' key market risk indicators as appropriate.

Liquidity Risk

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

The Bank's Liquidity Risk Management Structure and Supervision

The Bank has designated the Board of Directors, Risk Oversight Committee, Assets and Liabilities Management Committee to prescribe policy and strategy of liquidity risk management as follows:

Board of Directors

Board of Directors is responsible for the approval of liquidity risk management policy and liquidity emergency plan and to approve the Bank's acceptable limit or trigger of liquidity risk.

4.1 The Bank's Risk Information (Continued)

Risk Oversight Committee - ROC

ROC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators. ROC also submits the operational report to the Audit Committee and the Board of Directors for acknowledgement and/or for considering on quarterly basis.

Assets and Liabilities Management Committee - ALCO

ALCO is responsible for the determination of strategy to manage the Bank's assets, liabilities, and capital to be appropriate. ALCO monitors various external factors affecting the Bank's liquidity, specifies strategy to manage liquidity and interest rate risk and submits ALCO report to the Board of Executive Directors for acknowledgement and/or for considering.

Liquidity Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that supports the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the group is required to prepare liquidity position report and relating information for submission to the Bank in order that the Bank can monitor liquidity position and risk level of companies in the financial business group and assess effect to the Bank's liquidity.

The Bank's financial business group has decentralized risk management that means companies within the financial business groups manage their own risk and the Bank will consider supporting their liquidity as appropriate.

Structure of Sources and Uses of Funds

Liquidity risk is the significant risk of commercial banks. The Bank's liquidity risk factors are the structure of sources and uses of funds. The Bank's sources of funds are from short-term deposits mostly less than one year including saving deposits, while uses of funds for lending mostly have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from asset to cash turning period not matching with liability's maturity date. Besides, cost of fund that higher than acceptable limit could affect to the Bank's income and capital at present and in the future.

Thus, the Bank has liquidity risk management process through variety of tools. The Bank also assigns the indicator to control liquidity risk such as high-quality liquid assets to net cash outflow ratio etc. In addition, the Bank also monitors structure of sources and uses of funds and funding concentration to monitor important sources of funds then consistently report the risk to the Asset and Liability Management Committee (ALCO), the Risk Oversight Committee (ROC) and other related parties.

4.1 The Bank's Risk Information (Continued)

Liquidity Risk Management Tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity to top-level executives and relating departments in order to efficiently apply to use of liquidity risk management. The Bank prepares liquidity risk report to determine liquidity risk on a daily and monthly basis by comparing with the approved risk limit/ indicators to manage and control the risk level to the prescribed limit. There are liquidity risk reports as follows;

- Net liquidity position report is prepared on a daily basis in the first 14 calendar days to present daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, preceding cash flow model together with future trend considerations adhere to realistic and conservative principles.

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior assumptions in normal situation.

- Daily financial position report presents the Bank's liquid assets in terms of balance amount of daily average deposits with the BOT. The BOT's regulation requires maintaining sum of the average daily deposit balance and the average daily cash balance at the cash inventory management center not less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates high quality liquid assets in each asset category reserved as an operating liquidity for the Bank's normal operations.

- Liquidity Coverage Ratio (LCR) Report is reported to the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis in accordance with BOT's regulations. LCR is the liquidity risk measurement standard that aims to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or no loss of value in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

- Net Stable Funding Ratio (NSFR) Report is reported to BOT on a quarterly basis and the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis. NSFR is the liquidity risk measurement standard that aims to promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis.

- Simulation liquidity risk stress testing report is submitted to the Risk Oversight Committee on a quarterly basis.

Liquidity Risk Stress Testing

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

4.1 The Bank's Risk Information (Continued)

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

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

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

Information as at December 31, 2019

Liquidity Assets Ratio

The Bank has average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BOT. As at December 31, 2019 and 2018, the Bank has deposits at the BOT and cash at the Cash Center of Baht 36,767.14 million and Baht 20,754.02 million, respectively.

Sources and Uses of Funds

Sources and uses of funds as at December 31, 2019, the Bank and its subsidiaries' major sources of funds were deposits accounting for 71.57 percent of total funds. Other significant sources of funds included net interbank and money market items (liabilities) of 7.16 percent, debt issued and borrowings of 3.21 percent, and equity of 11.56 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 69.38 percent of total uses of funds. Other significant uses of funds included net interbank and money market items (assets) of 11.25 percent and net investments of 14.15 percent.

	December 31, 2019	December 31, 2018
Sources of Funds		
Deposits	71.57%	74.46%
Interbank and money market items, net	7.16%	5.75%
Debt issued and borrowings	3.21%	3.48%
Equity	11.56%	11.47%
Uses of Funds		
Loans to customers	69.38%	73.90%
Interbank and money market items, net	11.25%	13.60%
Investments, net	14.15%	8.77%

Loans to Deposits Ratio

	December 31, 2019	December 31, 2018
Loans to deposits ratio (Consolidated financial statements)	96.94%	99.25%
Loans to deposits ratio (The Bank's financial statements)	92.95%	95.39%

On the consolidated financial statements as at December 31, 2019, the Bank has loans to deposits ratio of 96.94 percent which has decreased from 99.25 percent as at December 31, 2018.

4.1 The Bank's Risk Information (Continued)

Sources and Uses of Funds (Continued)

Loan to deposits ratio on the Bank's financial statements as at December 31, 2019 is 92.95 percent which has decreased from 95.39 percent as at December 31, 2018. As a result of loan increased 2.96 percent and the reduction of deposits increased 5.65 percent from the end of the year 2018.

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

As at December 31, 2019 and 2018, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

	December 31, 2019					
	Less than	Over 3 Months				Total
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	
Financial Assets						
Interbank and money market items, net	303,453.78	7,272.26	27,546.67	1.11	-	338,273.82
Investments, net*	19,569.51	71,102.30	65,635.27	238,867.08	10,830.01	406,004.17
Loans to customers	96,099.95	98,475.76	473,815.49	1,337,958.06	-	2,006,349.26
Total financial assets	419,123.24	176,850.32	566,997.43	1,576,826.25	10,830.01	2,750,627.25
Financial Liabilities						
Deposits	1,654,575.49	121,569.05	242,935.92	139,379.48	-	2,158,459.94
Interbank and money market items, net	154,707.95	18,618.84	6,439.33	28,473.85	-	208,239.97
Debt issued and borrowings	0.70	-	-	51,322.20	-	51,322.90
Total financial liabilities	1,809,284.14	140,187.89	249,375.25	219,175.53	-	2,418,022.81

* Included investments in subsidiaries and associates.

(Million Baht)

	December 31, 2018					
	Less than	Over 3 Months				Total
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	
Financial Assets						
Interbank and money market items, net	318,849.59	12,927.72	34,734.35	5,252.04	-	371,763.70
Investments, net*	25,868.76	5,533.16	5,863.18	185,963.61	10,697.86	233,926.57
Loans to customers	86,115.46	69,022.50	511,843.17	1,281,766.74	-	1,948,747.87
Total financial assets	430,833.81	87,483.38	552,440.70	1,472,982.39	10,697.86	2,554,438.14
Financial Liabilities						
Deposits	1,565,018.62	160,721.35	293,575.31	23,632.55	-	2,042,947.83
Interbank and money market items, net	98,625.63	5,500.55	15,948.38	31,925.38	-	151,999.94
Debt issued and borrowings	0.70	-	-	50,520.41	-	50,521.11
Total financial liabilities	1,663,644.95	166,221.90	309,523.69	106,078.34	-	2,245,468.88

* Included investments in subsidiaries and associates.

4.2 Fair Value of Financial Instruments

(Million Baht)

	Consolidated Financial Statements			
	December 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash	68,433.72	68,433.72	68,878.13	68,878.13
Interbank and money market items, net	338,770.59	338,770.59	372,513.78	372,513.78
Derivatives assets	55,811.42	55,811.42	36,229.57	36,229.57
Investments, net*	426,173.58	427,499.90	240,166.89	241,460.11
Loans to customers and accrued interest receivables, net	1,959,765.48	1,959,765.48	1,895,874.34	1,895,874.34
Total financial assets	2,848,954.79	2,850,281.11	2,613,662.71	2,614,955.93
Financial Liabilities				
Deposits	2,155,864.99	2,155,864.99	2,039,601.90	2,039,601.90
Interbank and money market items, net	215,822.53	218,148.07	157,395.93	157,878.58
Liabilities payable on demand	4,744.25	4,744.25	5,579.66	5,579.66
Derivatives liabilities	51,868.54	51,868.54	32,345.61	32,345.61
Debt issued and borrowings	96,841.30	98,454.03	95,205.51	95,376.82
Total financial liabilities	2,525,141.61	2,529,079.88	2,330,128.61	2,330,782.57

* Included investments in subsidiaries and associates.

(Million Baht)

	The Bank's Financial Statements			
	December 31, 2019		December 31, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash	68,361.79	68,361.79	68,661.54	68,661.54
Interbank and money market items, net	338,273.82	338,273.82	371,763.70	371,763.70
Derivatives assets	55,811.46	55,811.46	36,231.03	36,231.03
Investments, net*	406,004.17	480,017.57	233,926.57	282,932.37
Loans to customers and accrued interest receivables, net	1,884,110.17	1,884,110.17	1,828,239.87	1,828,239.87
Total financial assets	2,752,561.41	2,826,574.81	2,538,822.71	2,587,828.51
Financial Liabilities				
Deposits	2,158,459.94	2,158,459.94	2,042,947.83	2,042,947.83
Interbank and money market items, net	208,239.97	210,565.52	151,999.94	152,482.59
Liabilities payable on demand	4,744.25	4,744.25	5,579.66	5,579.66
Derivatives liabilities	51,868.54	51,868.54	32,345.61	32,345.61
Debt issued and borrowings	51,322.90	52,935.63	50,521.11	50,692.42
Total financial liabilities	2,474,635.60	2,478,573.88	2,283,394.15	2,284,048.11

* Included investments in subsidiaries and associates.

4.3 Capital Requirements

As at December 31, 2019 and 2018, the Bank has calculated the capital fund in accordance with the BOT's Basel III Framework. Since 2016, which is required the commercial banks that registered in Thailand to maintain the additional common equity Tier 1 ratio more than minimum capital fund 2.5 percent of total risk-weighted assets by gradually maintained the additional more than 0.625 percent of each year, beginning from January 1, 2016 until fully amount on January 1, 2019.

The BOT had added the regulation for commercial banks that were classified as the Domestic Systemically Important Banks (D-SIBs), maintain additional higher loss of 0.5 percent of total risk-weighted assets from January 1, 2019 and increase to 1 percent of total risk-weighted assets from January 1, 2020 onward.

Capital Adequacy Ratios

	2019	2018
	More than %	More than %
Common Equity Tier 1 Ratio	7.50	6.375
Tier 1 capital fund ratio	9.00	7.875
Capital Adequacy Ratio	11.50	10.375

Capital fund and Capital adequacy ratio information as at December 31, 2019 is preliminary information prepared by criteria and methodologies, that prescribed by the BOT, which is required the Bank to prepare and submit the information to the BOT within 3 months from the end of the quarter including disclose the information as at June 30 and December 31 of each year via the Bank's Web Site. For the comparable information as at December 31, 2018 already submitted to the BOT as follow:

	(Million Baht)	
	Financial Business Groups	
	December 31, 2019	December 31, 2018
Common Equity Tier 1		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	193,994.14	174,631.23
Other components of equity	33,011.94	19,063.98
Capital deduction items on common equity Tier 1	(22,340.14)	(9,721.13)
Tier 1 capital fund - financial instruments	1,100.01	968.79
Total tier 1 capital fund	305,805.23	284,982.15
Tier 2 capital fund		
Long-term subordinated debt	53,091.45	51,810.16
Allowance for assets classified as normal	22,442.66	21,908.25
Total tier 2 capital fund	75,534.11	73,718.41
Total capital fund	381,339.34	358,700.56

4.3 Capital Requirements (Continued)

		(Million Baht)	
		The Bank's Financial Statements	
		December 31, 2019	December 31, 2018
Common equity Tier 1			
Paid-up share capital		72,005.04	72,005.04
Premium on share capital		20,833.73	20,833.74
Legal reserve		7,200.50	7,200.50
Net income after appropriation		179,309.87	162,860.95
Other components of equity		16,090.27	14,965.81
Capital deduction items on common equity Tier 1		(9,977.16)	(5,850.76)
Total tier 1 capital fund		285,462.25	272,015.28
Tier 2 capital fund			
Long-term subordinated debt		53,091.45	51,810.16
Allowance for assets classified as normal		21,524.11	21,045.98
Total tier 2 capital fund		74,615.56	72,856.14
Total capital fund		360,077.81	344,871.42

Capital Adequacy Ratio

	Financial Business Groups		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Common equity Tier 1 ratio	15.19	14.42	14.80	14.35
Tier 1 capital fund ratio	15.24	14.47	14.80	14.35
Capital adequacy ratio	19.01	18.22	18.66	18.19

The Bank discloses information about capital requirements of the Bank and financial business groups under the BOT's Notifications regarding the Disclosure of Capital Requirements of Commercial Banks and regarding the Disclosure of Capital Requirement of the Financial Business Group.

Channel of disclosure www.krungthai.com>Investor-Relations>Financial Information>Pillar III Disclosures

Date of disclosure Within 4 months after the end of period

Information as at December 31, 2019

5. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Thai financial reporting standards requires managements to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected. Information about significant areas at estimation uncertainty and assumptions in applying accounting policies that have a significant effect on the amounts recognized in the financial statements.

6. SUPPLEMENTARY INFORMATION

6.1. Supplementary Information of Cash Flows

6.1.1 Significant non-cash items for the year ended December 31, 2019 and 2018 are as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Increase in revaluation surplus on available-for-sale investments net income tax expenses	1,268.60	175.18	1,284.74	168.15
Increase in properties for sale from loans payment	1,704.23	2,202.22	1,704.23	2,202.22

6.1.2 Disclosures of Related change in Liabilities from Financing Activities

(Million Baht)

Item	Consolidated Financial Statements			
	January 1, 2019	Cash Flows From Financing Activities, Net	None-Cash Item Exchange Rate Conversion	December 31, 2019
Debt Issued and Borrowings	95,205.51	3,720.25	(2,084.46)	96,841.30
Total	95,205.51	3,720.25	(2,084.46)	96,841.30

(Million Baht)

Item	The Bank's Financial Statements			
	January 1, 2019	Cash Flows From Financing Activities, Net	None-Cash Item Exchange Rate Conversion	December 31, 2019
Debt Issued and Borrowings	50,521.11	2,886.25	(2,084.46)	51,322.90
Total	50,521.11	2,886.25	(2,084.46)	51,322.90

6.2 Interbank and Money Market Items, Net (Assets)

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Demand	Time	Total	Demand	Time	Total
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	32,134.96	221,061.37	253,196.33	16,311.10	252,001.37	268,312.47
Commercial banks	474.94	22,531.60	23,006.54	734.15	17,799.78	18,533.93
Special purpose financial institutions	22.85	6,126.57	6,149.42	16.75	818.09	834.84
Other financial institutions	39.54	28,992.69	29,032.23	41.00	45,819.66	45,860.66
Total	32,672.29	278,712.23	311,384.52	17,103.00	316,438.90	333,541.90
Add Accrued interest receivables	-	117.40	117.40	-	174.72	174.72
Less Deferred Revenue	-	(22.41)	(22.41)	-	(15.11)	(15.11)
Allowance for doubtful accounts	(0.78)	(1,149.01)	(1,149.79)	(0.73)	(1,744.93)	(1,745.66)
Total domestic items	32,671.51	277,658.21	310,329.72	17,102.27	314,853.58	331,955.85
6.2.2 Foreign Items						
US Dollar	15,327.27	5,775.25	21,102.52	25,227.34	8,877.93	34,105.27
Japanese Yen	2,562.38	-	2,562.38	544.54	-	544.54
Euro	1,406.37	-	1,406.37	1,462.91	-	1,462.91
Other currencies	2,224.26	1,176.02	3,400.28	1,642.29	2,756.44	4,398.73
Total	21,520.28	6,951.27	28,471.55	28,877.08	11,634.37	40,511.45
Add Accrued interest receivables	-	56.62	56.62	-	130.04	130.04
Less Deferred revenue	-	(2.20)	(2.20)	-	(2.61)	(2.61)
Allowance for doubtful accounts	(1.53)	(83.57)	(85.10)	-	(80.95)	(80.95)
Total foreign items	21,518.75	6,922.12	28,440.87	28,877.08	11,680.85	40,557.93
Total domestic and foreign items	54,190.26	284,580.33	338,770.59	45,979.35	326,534.43	372,513.78

6.2 Interbank and Money Market Items, Net (Assets) (Continued)

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Demand	Time	Total	Demand	Time	Total
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	32,134.96	221,061.37	253,196.33	16,311.10	252,001.37	268,312.47
Commercial banks	1.02	22,531.60	22,532.62	0.82	17,799.78	17,800.60
Special purpose financial institutions	-	6,126.57	6,126.57	-	818.09	818.09
Other financial institutions	39.54	28,992.69	29,032.23	41.00	45,819.66	45,860.66
Total	32,175.52	278,712.23	310,887.75	16,352.92	316,438.90	332,791.82
Add Accrued interest receivables	-	117.40	117.40	-	174.72	174.72
Less Deferred Revenue	-	(22.41)	(22.41)	-	(15.11)	(15.11)
Allowance for doubtful accounts	(0.78)	(1,149.01)	(1,149.79)	(0.73)	(1,744.93)	(1,745.66)
Total domestic items	32,174.74	277,658.21	309,832.95	16,352.19	314,853.58	331,205.77
6.2.2 Foreign Items						
US Dollar	15,327.27	5,775.25	21,102.52	25,227.34	8,877.93	34,105.27
Japanese Yen	2,562.38	-	2,562.38	544.54	-	544.54
Euro	1,406.37	-	1,406.37	1,462.91	-	1,462.91
Other currencies	2,224.26	1,176.02	3,400.28	1,642.29	2,756.44	4,398.73
Total	21,520.28	6,951.27	28,471.55	28,877.08	11,634.37	40,511.45
Add Accrued interest receivables	-	56.62	56.62	-	130.04	130.04
Less Deferred revenue	-	(2.20)	(2.20)	-	(2.61)	(2.61)
Allowance for doubtful accounts	(1.53)	(83.57)	(85.10)	-	(80.95)	(80.95)
Total foreign items	21,518.75	6,922.12	28,440.87	28,877.08	11,680.85	40,557.93
Total domestic and foreign items	53,693.49	284,580.33	338,273.82	45,229.27	326,534.43	371,763.70

6.3 Derivatives Held for Trading

The Fair Values and the Notional Amounts Classified by Type of Risk

(Million Baht)

Type of Risk	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Fair Value		Notional Amounts	Fair Value		Notional Amounts
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	31,046.49	27,322.84	2,083,532.71	23,368.23	18,779.56	2,214,299.83
Interest rate	18,789.48	17,215.25	2,177,441.35	6,739.14	7,037.15	1,784,644.83
Others	5,975.45	7,330.45	163,261.84	6,122.20	6,528.90	111,623.79
Total	55,811.42	51,868.54	4,424,235.90	36,229.57	32,345.61	4,110,568.45

(Million Baht)

Type of Risk	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Fair Value		Notional Amounts	Fair Value		Notional Amounts
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	31,046.49	27,322.84	2,083,532.71	23,368.23	18,779.56	2,214,299.83
Interest rate	18,789.52	17,215.25	2,177,469.75	6,740.60	7,037.15	1,784,982.84
Others	5,975.45	7,330.45	163,261.84	6,122.20	6,528.90	111,623.78
Total	55,811.46	51,868.54	4,424,264.30	36,231.03	32,345.61	4,110,906.45

The Proportion of Derivative Transactions Classified by Type of Counterparty based on the Notional Amounts

Counterparty	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Proportion	Proportion	Proportion	Proportion
Financial institutions	76.68%	75.18%	76.68%	75.18%
Group companies	0.24%	0.26%	0.24%	0.27%
Third parties	23.08%	24.56%	23.08%	24.55%
Total	100.00%	100.00%	100.00%	100.00%

6.4 Investments, Net

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Fair Value	Fair Value	Fair Value	Fair Value
6.4.1 Trading Securities				
Government and state enterprises securities	29,736.91	15,670.50	29,736.91	15,670.50
Private enterprises debt securities	25.79	239.95	25.79	239.95
Foreign debt securities	18,488.86	7,452.93	18,488.86	7,452.93
Total	48,251.56	23,363.38	48,251.56	23,363.38
6.4.2 Available-for-Sale Securities				
Government and state enterprises securities	278,824.60	132,192.80	278,824.60	132,192.80
Private enterprises debt securities	15,729.72	14,045.36	16,387.72	14,687.18
Foreign debt securities	36,527.06	35,046.70	36,527.06	35,046.70
Domestic marketable equity securities	12,849.27	15,133.22	12,849.27	15,133.22
Foreign marketable equity securities	267.48	382.34	267.48	382.34
Total	344,198.13	196,800.42	344,856.13	197,442.24
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
6.4.3 Held-to-Maturity Debt Securities				
Government and state enterprises securities	709.28	1,745.65	-	1,000.00
Private enterprises debt securities	604.46	35.71	604.46	35.71
Foreign debt securities	459.39	646.30	459.39	646.30
Total	1,773.13	2,427.66	1,063.85	1,682.01
<u>Less</u> Allowance for impairment	(35.71)	(35.82)	(35.71)	(35.82)
Total	1,737.42	2,391.84	1,028.14	1,646.19
6.4.4 General Investments				
Domestic non-marketable equity securities	2,241.34	1,933.74	2,238.81	1,933.69
Foreign non-marketable equity securities	3.43	3.77	3.43	3.77
Others	0.75	0.81	0.75	0.81
Total	2,245.52	1,938.32	2,242.99	1,938.27
<u>Less</u> Allowance for impairment	(1,204.66)	(1,161.37)	(1,204.66)	(1,161.37)
Total	1,040.86	776.95	1,038.33	776.90
Total investments, net	395,227.97	223,332.59	395,174.16	223,228.71

6.4 Investments, Net (Continued)

As at December 31, 2019 and 2018, general investments which are domestic non-marketable equity securities of Baht 2,238.81 million and Baht 1,933.69 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million, which the Bank reserved the full amount of allowances for impairment and included investments in Private Equity Trust for SME Growing Together of Baht 409.49 million which support the government policies.

6.4.5 As at December 31, 2019 and 2018 unrealized gains (losses) on revaluation of available-for-sale securities are as follows:

(Million Baht)

	Consolidated Financial Statements							
	December 31, 2019				December 31, 2018			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gains</u> ²	<u>Losses</u> ²	<u>Value</u>	<u>Cost</u> ¹	<u>Gains</u> ²	<u>Losses</u> ²	<u>Value</u>
Available-for-Sale Securities	334,204.04	10,803.94	(809.85)	344,198.13	188,392.08	10,532.73	(2,124.39)	196,800.42

(Million Baht)

	The Bank's Financial Statements							
	December 31, 2019				December 31, 2018			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gains</u> ²	<u>Losses</u> ²	<u>Value</u>	<u>Cost</u> ¹	<u>Gains</u> ²	<u>Losses</u> ²	<u>Value</u>
Available-for-Sale Securities	334,850.64	10,815.34	(809.85)	344,856.13	189,042.68	10,532.73	(2,133.17)	197,442.24

¹ net of allowance for impairment

² Included Gains (Losses) from reclassification of investments

6.4.6 As at December 31, 2019 and 2018, the Bank has investments in foreign securities that are affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 1,317.05 million and Baht 608.53 million, respectively.

6.4.7 The Bank has the other investments with holding of 10 percent and upwards of the paid-up capital, classified by industrial sector and represented at their fair value as follows:

(Million Baht)

Consolidated and The Bank's Financial Statements		
	December 31, 2019	December 31, 2018
Public utilities and services	1,537.58	1,434.11

6.4.8 As at December 31, 2019, the Bank has investments in 3 listed companies that are subject to delisting from SET, their cost of Baht 0.10 million which are fully reserved allowance for impairment.

6.5 Investments in Subsidiaries and Associates, Net

6.5.1 The Bank's Financial Statements

(Million Baht)

			December 31, 2019		
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
Direct subsidiaries					
KTB Law Company Limited	Legal Services	Ordinary	100.00	30.00	27.00
KTB General Services and Security Company Limited	General Services	Ordinary	100.00	140.00	118.65
Krunghthai Asset Management Public Company Limited	Securities Business	Ordinary	100.00	210.90	455.00
KTB Computer Services Company Limited	IT Services	Ordinary	100.00	1,300.00	79.43
KTB Leasing Company Limited *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Company Limited **	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krunghthai Card Public Company Limited	Credit Card Business	Ordinary	49.10	1,980.36	1,045.50
KTC Nano Company Limited ****	Personal Loan to Natural Person in order to use for Career	Ordinary	24.95	12.48	-
KTC Pico (Bangkok) Company Limited ****	Personal Loan	Ordinary	24.95	14.97	-
Indirect subsidiaries					
KTC Pico (Chonburi) Company Limited *****	Personal Loan				
KTC Pico (Pathum Thani) Company Limited *****	Personal Loan				
KTC Pico (Samut Prakan) Company Limited *****	Personal Loan				
KTC Pico (Samut Sakhon) Company Limited *****	Personal Loan				
Total				4,728.71	1,725.58
Less Allowance for impairment ***				(798.76)	-
Total				3,929.95	1,725.58
Associates					
Krunghthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	4,071.77	-
Krunghthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	1,518.82	193.05
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	43.12
Krunghthai Zmico Securities Company Limited *****	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Company Limited	Service	Ordinary	19.82	35.70	17.22
BCI (Thailand) Company Limited	Service	Ordinary	22.17	117.50	-
Total				6,900.06	253.39
Investments in subsidiaries and associates, net				10,830.01	1,978.97

6.5 Investments in Subsidiaries and Associates, Net (Continued)

6.5.1 The Bank's Financial Statements (Continued)

(Million Baht)

			December 31, 2018		
			Percentages of	Investments	
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Company Limited	Legal Services	Ordinary	100.00	30.00	22.50
KTB General Services and Security Company Limited	General Services	Ordinary	100.00	140.00	157.15
Krunghthai Asset Management Public Company Limited	Securities Business	Ordinary	100.00	210.90	320.00
KTB Computer Services Company Limited	IT Services	Ordinary	100.00	1,300.00	16.38
KTB Leasing Company Limited *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Company Limited **	Financial Counseling &	Ordinary	100.00	40.00	-
	Advisory Services				
Krunghthai Card Public Company Limited	Credit Card Business	Ordinary	49.45	1,994.60	675.75
Total				4,715.50	1,191.78
Less Allowance for impairment ***				(802.56)	-
Total				3,912.94	1,191.78
Associates					
Krunghthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	4,071.77	-
Krunghthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	1,518.82	168.30
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	41.36
Krunghthai Zmico Securities Company Limited *****	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Company Limited	Service	Ordinary	21.13	38.05	5.28
Total				6,784.91	214.94
Investments in subsidiaries and associates, net				10,697.85	1,406.72

* Under consideration of business restructuring plan.

** Under operation of business plan preparation.

*** Allowance for impairment in subsidiaries occurs from cost higher than book value.

**** The Bank invested in 24.95% shareholding of KTC Nano Company Limited and KTC Pico (Bangkok) Company Limited and by indirectly shareholding through Krunghthai Card Public Company Limited. The Bank invested in 49.10% shareholding of Krunghthai Card Public Company Limited and Krunghthai Card Public Company Limited invested in 75.05% shareholding of KTC Nano Company Limited and KTC Pico (Bangkok) Company Limited.

***** The Bank invested though KTC Pico (Bangkok) Company Limited by KTC Pico (Bangkok) Company Limited invested in 100% shareholding of KTC Pico (Chonburi) Company Limited, KTC Pico (Pathum Thani) Company Limited, KTC Pico (Samut Prakan) Company Limited and KTC Pico (Samut Sakhon) Company Limited.

***** Formerly named as KT ZMICO Securities Company Limited.

6.5 Investments in Subsidiaries and Associates, Net (Continued)

6.5.2 The Consolidated Financial Statements

(Million Baht)

			December 31, 2019		
			Percentages of	Investments	Investments
Name of Company	Type of Business	Type of Shares	Shareholdings	(Cost Method)	(Equity Method)
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	593.57	25,662.80
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	971.30	2,952.24
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	694.96
Krungthai Zmico Securities Company Limited *	Securities Business	Ordinary	50.00	1,068.89	1,147.92
National ITMX Company Limited	Service	Ordinary	19.82	35.70	379.16
BCI (Thailand) Company Limited	Service	Ordinary	22.17	117.50	108.53
Total investments in associates, net				2,874.34	30,945.61

(Million Baht)

			December 31, 2018		
			Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	593.57	11,900.65
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	971.30	2,761.78
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	659.77
Krungthai Zmico Securities Company Limited *	Securities Business	Ordinary	50.00	1,068.89	1,167.81
National ITMX Company Limited	Service	Ordinary	21.13	38.05	344.29
Total investments in associates, net				2,759.19	16,834.30

* Formerly named as KT ZMICO Securities Company Limited.

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

6.5.3 Financial Positions and Operations of Associates

(Million Baht)

Name of Company	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	"Unaudited"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krungthai-AXA Life Insurance Public Company Limited	334,283.68	282,958.08	51,325.60	275,484.29	251,627.05	23,857.24
Krungthai Panich Insurance Public Company Limited	10,506.36	3,945.84	6,560.52	9,792.84	3,652.00	6,140.84
Krung Thai IBJ Leasing Company Limited	12,908.03	11,489.74	1,418.29	11,203.31	9,851.20	1,352.11
Krungthai Zmico Securities Public Company Limited *	6,181.96	3,886.12	2,295.84	6,661.43	4,368.05	2,293.38
National ITMX Company Limited	2,266.87	348.48	1,918.39	1,847.03	219.48	1,627.55
BCI (Thailand) Company Limited	525.99	36.43	489.56	-	-	-
	366,672.89	302,664.69	64,008.20	304,988.90	269,717.78	35,271.12

6.5 Investments in Subsidiaries and Associates, Net (Continued)

6.5.3 Financial Positions and Operations of Associates (Continued)

(Million Baht)

Name of Company	Consolidated Financial Statements			
	December 31, 2019		December 31, 2018	
	"Unaudited"		"Audited"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krungthai-AXA Life Insurance Public Company Limited	68,962.87	1,881.13	67,381.16	1,455.27
Krungthai Panich Insurance Public Company Limited	2,856.98	730.89	3,015.72	690.43
Krung Thai IBJ Leasing Company Limited	958.31	154.18	871.51	170.37
Krungthai Zmico Securities Company Limited *	1,097.54	13.24	1,335.81	(0.81)
National ITMX Company Limited	1,048.50	372.32	748.52	205.77
BCI (Thailand) Company Limited	66.56	(40.44)	-	-
	74,990.76	3,111.32	73,352.72	2,521.03

* Formerly named as KT ZMICO Securities Company Limited.

6.6 Loans to Customers and Accrued Interest Receivables, Net

6.6.1 Classified by Type of Loans

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Overdrafts	168,673.00	171,033.53	168,673.00	171,033.53
Loans	1,407,818.38	1,347,062.18	1,324,105.64	1,273,401.07
Bills	505,162.36	492,393.92	512,322.36	503,233.92
Hire purchase receivables	3,599.32	9,173.43	1.02	1.04
Financial lease receivables	1,165.03	2,338.81	-	-
Others	3,924.99	3,128.17	1,247.24	1,078.31
<u>Less</u> Deferred revenue	(469.55)	(925.37)	(36.40)	(45.99)
Total loans to customers net of deferred revenue	2,089,873.53	2,024,204.67	2,006,312.86	1,948,701.88
<u>Add</u> Accrued interest receivables	5,159.59	5,424.06	4,568.82	4,877.86
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,095,033.12	2,029,628.73	2,010,881.68	1,953,579.74
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's regulations				
Individual approach	(66,722.58)	(71,305.17)	(64,393.52)	(69,052.44)
Collective approach	(4,045.90)	(3,781.72)	-	-
2. Excess allowance	(64,459.30)	(58,667.50)	(62,338.13)	(56,287.43)
<u>Less</u> Revaluation allowance for debt restructuring	(39.86)	-	(39.86)	-
Total loans to customers, net	1,959,765.48	1,895,874.34	1,884,110.17	1,828,239.87

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.1 Classified by Type of Loans (Continued)

As at December 31, 2019, the Bank has loans to interbank and money market items which subject to government policy program, the loans are as follows : KTB-Soft Loan which is a working capital for Medium-Sized Enterprises and Retails (SMEs), KTB-Soft Loan which is a principal of machinery improvement and increase productivity for Medium-Sized Enterprises and Retails (SMEs), financial support for the three Southern provinces' entrepreneur, revolving fund project for energy conservation by financial institution phase 6, and Loan project for environment totaling amount Baht 26,427.38 million.

As at December 31, 2019 and 2018 , the Bank's other loans of Baht 1,247.24 million and Baht 1,078.31 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,198.00 million and Baht 1,031.55 million, respectively.

6.6.2 Classified by Currency and Customer's Residency

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	2,032,882.30	-	2,032,882.30	1,951,161.43	0.69	1,951,162.12
US Dollar	46,025.07	9,867.12	55,892.19	51,886.21	18,246.89	70,133.10
Other currencies	1,069.29	29.75	1,099.04	2,832.30	77.15	2,909.45
Total	2,079,976.66	9,896.87	2,089,873.53	2,005,879.94	18,324.73	2,024,204.67

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	1,949,321.63	-	1,949,321.63	1,875,658.64	0.69	1,875,659.33
US Dollar	46,025.07	9,867.12	55,892.19	51,886.21	18,246.89	70,133.10
Other currencies	1,069.29	29.75	1,099.04	2,832.30	77.15	2,909.45
Total	1,996,415.99	9,896.87	2,006,312.86	1,930,377.15	18,324.73	1,948,701.88

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.3 Classified by Business Types and Loan Classification

(Million Baht)

Consolidated Financial Statements						
December 31, 2019						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	20,841.16	2,020.63	592.66	275.30	2,791.64	26,521.39
Manufacturing and commercial	451,428.74	26,390.56	7,635.26	6,292.16	41,450.80	533,197.52
Real estate and construction	92,733.51	7,587.68	395.32	1,811.52	9,430.65	111,958.68
Public utilities and services	335,074.78	21,615.19	146.70	983.58	5,130.94	362,951.19
Housing loans	371,806.19	6,063.24	2,427.85	2,748.19	12,990.56	396,036.03
Others	646,909.93	4,746.48	1,579.83	535.87	5,436.61	659,208.72
Total	1,918,794.31	68,423.78	12,777.62	12,646.62	77,231.20	2,089,873.53

(Million Baht)

Consolidated Financial Statements						
December 31, 2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	23,526.18	2,007.05	631.43	891.49	1,071.43	28,127.58
Manufacturing and commercial	465,452.34	29,348.22	8,628.32	9,378.12	37,615.46	550,422.46
Real estate and construction	97,000.24	6,793.99	501.00	2,261.81	8,538.57	115,095.61
Public utilities and services	329,581.33	14,772.72	484.01	2,525.40	7,376.07	354,739.53
Housing loans	353,537.67	6,394.85	2,396.85	2,388.22	12,016.19	376,733.78
Others	584,555.30	4,896.05	1,761.14	478.13	7,395.09	599,085.71
Total	1,853,653.06	64,212.88	14,402.75	17,923.17	74,012.81	2,024,204.67

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.3 Classified by Business Types and Loan Classification (Continued)

(Million Baht)

The Bank's Financial Statements						
December 31, 2019						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	20,717.59	2,012.52	591.91	275.30	2,791.64	26,388.96
Manufacturing and commercial	450,655.26	26,351.18	7,628.84	6,290.48	41,395.82	532,321.58
Real estate and construction	93,897.15	7,510.22	394.83	1,808.63	9,410.25	113,021.08
Public utilities and services	333,940.56	21,580.57	145.73	982.91	5,124.05	361,773.82
Housing loans	371,806.19	6,063.24	2,427.85	2,748.19	12,990.56	396,036.03
Others	569,311.48	3,247.28	1,338.50	388.42	2,485.71	576,771.39
Total	1,840,328.23	66,765.01	12,527.66	12,493.93	74,198.03	2,006,312.86

(Million Baht)

The Bank's Financial Statements						
December 31, 2018						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	23,358.96	1,996.60	622.81	887.03	1,038.19	27,903.59
Manufacturing and commercial	463,829.89	29,295.21	8,589.74	9,303.26	37,356.60	548,374.70
Real estate and construction	97,273.62	6,762.16	489.39	2,233.69	8,417.40	115,176.26
Public utilities and services	327,490.70	14,753.20	454.79	2,492.46	7,151.87	352,343.02
Housing loans	353,537.67	6,394.85	2,396.85	2,388.22	12,016.19	376,733.78
Others	518,169.77	3,236.55	1,543.86	317.45	4,902.90	528,170.53
Total	1,783,660.61	62,438.57	14,097.44	17,622.11	70,883.15	1,948,701.88

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.4 Classified by Loans Classification

(Million Baht)

Consolidated Financial Statements				
December 31, 2019				
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,923,615.73	883,840.78	1	13,907.87
Special mention	68,696.56	30,545.00	2	8,477.50
Substandard	12,779.63	6,428.87	100	6,433.38
Doubtful	12,646.62	4,526.67	100	4,546.77
Doubtful of loss	77,294.58	37,398.49	100	37,402.96
2. Excess allowance				64,459.30
Total	2,095,033.12	962,739.81		135,227.78

(Million Baht)

Consolidated Financial Statements				
December 31, 2018				
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,858,756.46	872,883.93	1	13,399.00
Special mention	64,464.87	25,554.66	2	11,584.89
Substandard	14,404.28	7,898.81	100	7,898.81
Doubtful	17,923.17	9,196.18	100	9,196.18
Doubtful of loss	74,079.95	31,511.21	100	33,008.01
2. Excess allowance				58,667.50
Total	2,029,628.73	947,044.79		133,754.39

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.4 Classified by Loans Classification (Continued)

(Million Baht)

The Bank's Financial Statements				
December 31, 2019				
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,844,572.60	808,034.02	1	11,390.92
Special mention	67,026.16	29,098.14	2	7,941.76
Substandard	12,527.68	6,199.65	100	6,204.16
Doubtful	12,493.92	4,388.48	100	4,408.58
Doubtful of loss	74,261.32	34,443.63	100	34,448.10
2. Excess allowance				62,338.13
Total	2,010,881.68	882,163.92		126,731.65

(Million Baht)

The Bank's Financial Statements				
December 31, 2018				
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,788,230.40	810,450.16	1	11,142.66
Special mention	62,679.70	24,206.50	2	11,091.42
Substandard	14,097.45	7,689.49	100	7,689.49
Doubtful	17,622.11	9,019.90	100	9,019.90
Doubtful of loss	70,950.08	28,612.17	100	30,108.97
2. Excess allowance				56,287.43
Total	1,953,579.74	879,978.22		125,339.87

¹ Net amount used for setting the allowance for doubtful accounts represents outstanding amount of principal excluding accrued interest receivables after deducted collateral, or debts after deducted the present value of expected cash flows from debtors, or present value of expected cash flows from sale of collateral.

² Included loss rate net of recovery.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.5 Non-Performing Loans (NPLs)

As at December 31, 2019 and 2018, the Bank and its subsidiaries had NPLs defined according to the BOT's notification as loans classified substandard, doubtful, doubtful of loss, and loss. Including interbank and money market items but excluding accrued interest receivables.

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
NPLs before allowance for doubtful accounts	102,659.44	106,369.71	99,223.62	102,633.69
NPLs as percentage of total loans	4.33	4.53	4.33	4.52
NPLs after allowance for doubtful accounts	42,333.25	44,396.08	42,217.61	43,942.97
NPLs as percentage of net total loans	1.83	1.94	1.89	1.98

For the year ended December 31, 2019 and 2018, the Bank write off bad debts from non-performing debtors which included principal and accrued interest receivables of Baht 18,833.52 million and Baht 18,330.35 million, respectively.

6.6.6 Non-Accrual Loans based on the Accrual Basis

As at December 31, 2019 and 2018, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BOT's requirement which included loans are in interbank and money market items as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Non-accrual loans	102,659.44	106,369.71	99,223.62	102,633.69
Percentage of total loans before allowance for doubtful accounts	4.33	4.53	4.33	4.52

6.6.7 Loans to Potential Delisted Companies

As at December 31, 2019 and 2018, the Bank and its subsidiaries have loans and accrued interest receivables to 2 potential delisted companies of Baht 8,501.34 million which have allowance for doubtful accounts of Baht 3,141.46 million. Moreover, there are 3 potential delisted companies of Baht 9,052.68 million, which have allowance for doubtful accounts of Baht 7,616.11 million, respectively.

6.6.8 Troubled Debt Restructuring (TDR)

For the year ended December 31, 2019, the Bank conducts the troubled debt restructuring contracts in 7,660 cases, which the debt balance before restructuring of Baht 60,638.10 million, principal repayment is in amount of Baht 16,760.81 million, whereas its loans increase in amount of Baht 34,678.27 million, and bad debt after restructuring of Baht 40.03 million.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.8 Troubled Debt Restructuring (TDR) (Continued)

TDR for the year ended December 31, 2019 is set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>The Bank's Financial Statements</u>			
	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Transfers of assets	23	302.41	Land & Premises	302.41
Change of repayment conditions	457	28,667.72		
Debt restructuring in various forms	7,180	31,667.97		
	7,660	60,638.10		

As at December 31, 2019, the Bank has outstanding balance of loans restructured debts 37,540 cases of Baht 159,686.98 million, of which 18,581 cases of Baht 10,641.55 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2019, the Bank and its subsidiaries restructured debts of 7,731 cases, which the debts before restructuring were Baht 62,292.22 million.

For the year ended December 31, 2018, the Bank conducts the troubled debt restructuring contracts in 9,410 cases, which the debt balance before restructuring of Baht 67,302.08 million, principal repayment is in amount of Baht 10,857.72 million, whereas its loans increase in amount of Baht 44,680.60 million, and bad debts from troubled debt restructuring of Baht 3.80 million.

TDR for the year ended December 31, 2018 was set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>The Bank's Financial Statements</u>			
	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Transfers of assets	6	52.56	Land & Premises	52.56
Change of repayment conditions	381	29,283.27		
Debt restructuring in various forms	9,023	37,966.25		
	9,410	67,302.08		

As at December 31, 2018, the Bank has outstanding balance of loans restructured debts 36,782 cases of Baht 165,455.48 million, of which 16,175 cases of Baht 8,830.08 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2018, the Bank and its subsidiaries restructured debts of 9,467 cases, which the debts before restructuring were Baht 69,562.05 million.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.9 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)

(Million Baht)

	Consolidated Financial Statements							
	December 31, 2019				December 31, 2018			
	Amount Due of the Contract				Amount Due of the Contract			
	Not Over	Over	Over		Not Over	Over	Over	
	1 Year	1 - 5 Years	5 Years	Total	1 Year	1 - 5 Years	5 Years	Total
Gross investment of leases payment	2,532.23	2,168.64	63.48	4,764.35	6,778.78	4,712.38	21.08	11,512.24
Less Unearned financial income				(433.30)				(879.53)
Present value of minimum leases payment				4,331.05				10,632.71
Less Allowance for doubtful accounts				(515.03)				(1,238.29)
Financial lease receivables, net				3,816.02				9,394.42

(Million Baht)

The Bank's Financial Statements								
	December 31, 2019				December 31, 2018			
	Amount Due of the Contract				Amount Due of the Contract			
	Not Over	Over	Over		Not Over	Over	Over	
	1 Year	1 - 5 Years	5 Years	Total	1 Year	1 - 5 Years	5 Years	Total
Gross investment of leases payment	1.02	-	-	1.02	1.04	-	-	1.04
Less Unearned financial income				(0.15)				(0.15)
Present value of minimum leases payment				0.87				0.89
Less Allowance for doubtful accounts				(0.87)				(0.89)
Financial lease receivables, net				-				-

6.7 Allowance for Doubtful Accounts

(Million Baht)

Consolidated Financial Statements							
December 31, 2019							
	Special		Doubtful		Allowance in Excess of BOT's		
	Normal	Mention	Substandard	Doubtful	of Loss	Requirement	Total
Beginning balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39
Doubtful accounts	647.75	(1,942.05)	3,285.70	(4,571.38)	21,181.03	5,238.84	23,839.89
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	(39.86)	-	-	-	-	(39.86)
Bad debt recovered	-	-	-	-	2,319.45	-	2,319.45
Bad debt written-off	(144.21)	(1,125.75)	(4,751.13)	(101.46)	(19,053.19)	-	(25,175.74)
Others	5.33	0.27	-	23.43	(52.34)	552.96	529.65
Ending balances	13,907.87	8,477.50	6,433.38	4,546.77	37,402.96	64,459.30	135,227.78

(Million Baht)

Consolidated Financial Statements							
December 31, 2018							
	Special		Doubtful		Allowance in Excess of BOT's		
	Normal	Mention	Substandard	Doubtful	of Loss	Requirement	Total
Beginning balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73
Doubtful accounts	(1,300.47)	(4,752.43)	4,952.00	(15,682.55)	19,260.70	23,735.97	26,213.22
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	4,343.30	-	4,343.30
Bad debt written-off	(216.14)	(1,083.64)	(4,342.78)	(119.51)	(18,607.45)	-	(24,369.52)
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40
Ending balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39

6.7 Allowance for Doubtful Accounts (Continued)

(Million Baht)

The Bank's Financial Statements							
December 31, 2019							
	Special		Doubtful		Allowance in Excess of BOT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Requirement</u>	<u>Total</u>
Beginning balances	11,142.66	11,091.42	7,689.49	9,019.90	30,108.97	56,287.43	125,339.87
Doubtful accounts	242.93	(3,110.07)	(1,485.33)	(4,634.75)	20,989.48	5,497.74	17,500.00
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	(39.86)	-	-	-	-	(39.86)
Bad debt recovered	-	-	-	-	2,235.51	-	2,235.51
Bad debt written-off	-	-	-	-	(18,833.52)	-	(18,833.52)
Others	5.33	0.27	-	23.43	(52.34)	552.96	529.65
Ending balances	11,390.92	7,941.76	6,204.16	4,408.58	34,448.10	62,338.13	126,731.65

(Million Baht)

The Bank's Financial Statements							
December 31, 2018							
	Special		Doubtful		Allowance in Excess of BOT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Requirement</u>	<u>Total</u>
Beginning balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35
Doubtful accounts	(1,654.12)	(5,828.09)	685.94	(15,600.36)	18,934.50	23,962.13	20,500.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	4,240.21	-	4,240.21
Bad debt written-off	-	-	-	-	(18,330.35)	-	(18,330.35)
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40
Ending balances	11,142.66	11,091.42	7,689.49	9,019.90	30,108.97	56,287.43	125,339.87

For the year ended December 31, 2019, the Bank has the allowance for doubtful accounts of Baht 17,500 million.

For the year ended December 31, 2018, the Bank has the allowance for doubtful accounts of Baht 20,500 million.

6.8 Revaluation Allowance for Debt Restructuring

(Million Baht)

	Consolidated and the Bank's Financial Statements	
	December 31, 2019	December 31, 2018
Beginning balance	-	17.26
Transfer from (to) allowance for doubtful accounts	39.86	(17.26)
Ending balance	39.86	-

The revaluation allowance for debt restructuring was transferred from allowance for doubtful accounts for restructured debtors, and transferred to allowance for doubtful accounts when the debtors defaulted to comply with the new troubled debt restructuring agreement.

The revaluation allowance for debt restructuring has not been amortized and recognized as income upon receipt of debt repayment but transferred to allowance for doubtful accounts instead as the restructured debts may become non-performing.

6.9 Properties for Sale, Net

(Million Baht)

	Consolidated Financial Statements							
	December 31, 2019				December 31, 2018			
Type of Properties for Sale	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	5,386.10	4,428.75	31,675.41	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,632.49	251.60	8,461.54	4,190.69	2,172.98	283.02	6,080.65
Movable properties	297.35	40.87	146.30	191.92	236.44	168.47	107.56	297.35
Total	37,096.06	8,059.46	4,826.65	40,328.87	36,429.53	4,577.56	3,911.03	37,096.06
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	985.55	901.95	985.55	826.01	901.95	826.01	901.95
Total	38,066.63	9,045.01	5,728.60	41,383.04	37,324.16	5,479.51	4,737.04	38,066.63
Less Allowance for impairment	(2,083.53)	(7,116.95)	-	(9,200.48)	(1,814.22)	(269.31)	-	(2,083.53)
Properties for sale, net	35,983.10	1,928.06	5,728.60	32,182.56	35,509.94	5,210.20	4,737.04	35,983.10

6.9 Properties for Sale, Net (Continued)

(Million Baht)

	The Bank's Financial Statements							
	December 31, 2019				December 31, 2018			
	Beginning	Additions/	Disposals/	Ending	Beginning	Additions/	Disposals/	Ending
Type of Properties for Sale	Balance	Transfer in	Transfer out	Balance	Balance	Transfer in	Transfer out	Balance
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	5,386.10	4,428.75	31,675.41	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,632.49	251.60	8,461.54	4,190.69	2,172.98	283.02	6,080.65
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,909.31	8,018.59	4,680.35	40,247.55	36,303.69	4,409.09	3,803.47	36,909.31
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	985.55	901.95	985.55	826.01	901.95	826.01	901.95
Total	37,879.88	9,004.14	5,582.30	41,301.72	37,198.32	5,311.04	4,629.48	37,879.88
Less Allowance for impairment	(1,967.08)	(7,158.74)	-	(9,125.82)	(1,711.98)	(255.10)	-	(1,967.08)
Properties for sale, net	35,912.80	1,845.40	5,582.30	32,175.90	35,486.34	5,055.94	4,629.48	35,912.80

As at December 31, 2019 and 2018, the Bank has allowance for impairment of properties for sale, net which are increased in the amount of Baht 7,158.74 million and Baht 255.10 million, respectively, from additional of loss on impairment.

For the year ended December 31, 2019 and 2018, the Bank generated gains on sale of properties for sale in the amount of Baht 878.26 million and Baht 498.30 million, respectively (before including revenue from ownership transferring fees which were paid by customer in the amount of Baht 74.28 million and Baht 82.10 million and selling expenses in the amount of Baht 231.16 million and Baht 187.44 million, respectively).

6.10 Premises and Equipment, Net

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

(Million Baht)

	Consolidated Financial Statements									
	December 31, 2019									
	Cost				Accumulated Depreciation				Allowance	Premises and
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending		for	Equipment,
	Balance	Transfer in	Transfer out	Balance	Balance	Depreciation	Disposals	Balance	Impairment	Net
Land										
Historical cost	9,521.70	3.49	3,676.85	5,848.34	-	-	-	-	49.00	5,799.34
Appraisal increase *	10,438.05	-	180.53	10,257.52	-	-	-	-	-	10,257.52
Premises	12,272.51	299.77	196.82	12,375.46	8,641.63	254.73	172.76	8,723.60	16.05	3,635.81
Equipment	20,675.74	2,783.27	469.22	22,989.79	17,530.86	1,542.47	420.60	18,652.73	-	4,337.06
Others	1,353.73	629.84	1,088.09	895.48	652.60	74.40	2.69	724.31	-	171.17
Total	54,261.73	3,716.37	5,611.51	52,366.59	26,825.09	1,871.60	596.05	28,100.64	65.05	24,200.90

(Million Baht)

	Consolidated Financial Statements									
	December 31, 2018									
	Cost				Accumulated Depreciation				Allowance	Premises and
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending	for	Equipment,	
	Balance	Transfer in	Transfer out	Balance	Balance	Depreciation	Disposals	Balance	Impairment	Net
Land										
Historical cost	9,213.10	311.28	2.68	9,521.70	-	-	-	-	919.40	8,602.30
Appraisal increase *	10,446.24	-	8.19	10,438.05	-	-	-	-	-	10,438.05
Premises	11,909.89	445.31	82.69	12,272.51	8,420.97	284.60	63.94	8,641.63	16.05	3,614.83
Equipment	21,897.66	1,505.59	2,727.51	20,675.74	18,430.89	1,604.87	2,504.90	17,530.86	-	3,144.88
Others	888.82	965.29	500.38	1,353.73	565.04	92.44	4.88	652.60	-	701.13
Total	54,355.71	3,227.47	3,321.45	54,261.73	27,416.90	1,981.91	2,573.72	26,825.09	935.45	26,501.19

6.10 Premises and Equipment, Net (Continued)

(Million Baht)

	The Bank's Financial Statements									
	December 31, 2019									
	<u>Cost</u>				<u>Accumulated Depreciation</u>			Allowance	Premises and	
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending	for	Equipment,	
	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,738.63	3.49	3,676.85	6,065.27	-	-	-	-	49.00	6,016.27
Appraisal increase *	10,438.05	-	180.53	10,257.52	-	-	-	-	-	10,257.52
Premises	11,367.08	241.37	152.94	11,455.51	7,940.74	216.45	129.55	8,027.64	16.05	3,411.82
Equipment	11,279.38	1,772.89	215.29	12,836.98	9,762.91	819.16	204.76	10,377.31	-	2,459.67
Others	1,061.40	178.51	366.98	872.93	652.60	74.40	2.69	724.31	-	148.62
Total	43,884.54	2,196.26	4,592.59	41,488.21	18,356.25	1,110.01	337.00	19,129.26	65.05	22,293.90

(Million Baht)

	The Bank's Financial Statements									
	December 31, 2018									
	Cost				Accumulated Depreciation				Allowance	Premises and
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending	for	Equipment,	
	Balance	Transfer in	Transfer out	Balance	Balance	Depreciation	Disposals	Balance	Impairment	Net
Land										
Historical cost	9,430.04	311.28	2.69	9,738.63	-	-	-	-	919.40	8,819.23
Appraisal increase *	10,446.24	-	8.19	10,438.05	-	-	-	-	-	10,438.05
Premises	10,956.57	435.15	24.64	11,367.08	7,698.21	249.11	6.58	7,940.74	16.05	3,410.29
Equipment	12,905.52	448.09	2,074.23	11,279.38	11,000.32	739.56	1,976.97	9,762.91	-	1,516.47
Others	858.41	208.74	5.75	1,061.40	565.04	92.44	4.88	652.60	-	408.80
Total	44,596.78	1,403.26	2,115.50	43,884.54	19,263.57	1,081.11	1,988.43	18,356.25	935.45	24,592.84

* The Bank Appraisal its land in year 2016.

6.10 Premises and Equipment, Net (Continued)

As at December 31, 2019 and 2018, the allowance for impairment is as follows:

(Million Baht)

	December 31, 2019	December 31, 2018
Beginning balance	935.45	919.40
Increase (Decrease)	(870.40)	16.05
Ending balance	65.05	935.45

6.11 Other Intangible Assets, Net

(Million Baht)

Consolidated Financial Statements									
December 31, 2019									
	Cost			Accumulated Amortization				Intangible	
	Beginning	Disposals/	Ending	Beginning	Disposals/	Ending		Assets,	
	Balance	Additions	Transfer out	Balance	Balance	Additions	Transfer out	Balance	Net
Software licenses	6,849.08	858.37	481.91	7,225.54	4,307.34	633.19	198.00	4,742.53	2,483.01
Other licenses	11.41	3.22	-	14.63	10.14	0.76	-	10.90	3.73
Development cost	4,261.58	24.12	-	4,285.70	3,095.54	244.22	-	3,339.76	945.94
Partial payment of intangible assets	508.20	774.80	815.45	467.55	-	-	-	-	467.55
Total	11,630.27	1,660.51	1,297.36	11,993.42	7,413.02	878.17	198.00	8,093.19	3,900.23

(Million Baht)

	Consolidated Financial Statements									
	December 31, 2018									
	Cost				Accumulated Amortization			Allowance	Intangible	
	Beginning	Disposals/		Ending	Beginning	Disposals/		Ending	for	Assets,
	Balance	Additions	Transfer out	Balance	Balance	Additions	Transfer out	Balance	Impairment	Net
Software licenses	6,120.21	763.53	34.66	6,849.08	3,717.66	619.13	29.45	4,307.34	-	2,541.74
Other licenses	10.61	0.80	-	11.41	9.44	0.70	-	10.14	-	1.27
Development cost	4,224.13	40.23	2.78	4,261.58	2,838.67	259.65	2.78	3,095.54	-	1,166.04
Partial payment of intangible assets	390.76	294.68	177.24	508.20	-	-	-	-	273.45	234.75
Total	10,745.71	1,099.24	214.68	11,630.27	6,565.77	879.48	32.23	7,413.02	273.45	3,943.80

6.11 Other Intangible Assets, Net (Continued)

(Million Baht)

The Bank's Financial Statements									
December 31, 2019									
	Cost			Accumulated Amortization			Intangible		
	Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Assets,		
	Balance	Additions	Transfer out	Balance	Balance	Additions	Transfer out	Balance	Net
Software licenses	1,172.56	606.17	284.37	1,494.36	650.42	126.05	0.46	776.01	718.35
Other licenses	5.12	1.96	-	7.08	4.99	0.04	-	5.03	2.05
Development cost	735.32	-	-	735.32	393.15	56.53	-	449.68	285.64
Partial payment of intangible assets	130.27	614.80	352.74	392.33	-	-	-	-	392.33
Total	2,043.27	1,222.93	637.11	2,629.09	1,048.56	182.62	0.46	1,230.72	1,398.37

(Million Baht)

The Bank's Financial Statements									
December 31, 2018									
	Cost			Accumulated Amortization			Intangible		
	Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Assets,		
	Balance	Additions	Transfer out	Balance	Balance	Additions	Transfer out	Balance	Net
Software licenses	967.00	205.56	-	1,172.56	545.21	105.21	-	650.42	522.14
Other licenses	5.12	-	-	5.12	4.97	0.02	-	4.99	0.13
Development cost	738.10	-	2.78	735.32	336.11	59.82	2.78	393.15	342.17
Partial payment of intangible assets	71.43	58.84	-	130.27	-	-	-	-	130.27
Total	1,781.65	264.40	2.78	2,043.27	886.29	165.05	2.78	1,048.56	994.71

6.12 Deferred Tax Assets and Deferred Tax Liabilities

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

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deferred Tax Assets	8,164.56	5,127.96	5,697.18	2,666.69
Deferred Tax Liabilities	-	-	-	-
Net	8,164.56	5,127.96	5,697.18	2,666.69

Movements in deferred tax assets and deferred tax liabilities during the period/year are as follows:

(Million Baht)

	Consolidated Financial Statements			
	Charged / credited to:			
	Other Comprehensive Income			
	January 1, 2019	Profit / Loss	Income	December 31, 2019
Deferred Tax Assets				
Investments	680.13	8.63	(262.91)	425.85
Investments in subsidiaries and associates	160.51	(0.76)	-	159.75
Loans to customers and accrued interest receivables, net	4,008.39	1,443.65	-	5,452.04
Properties for sale	416.90	1,423.29	-	1,840.19
Premises and equipment	268.60	(250.94)	-	17.66
Provisions	2,966.05	516.33	197.93	3,680.31
Guarantee deposit under financial lease	15.20	(13.71)	-	1.49
Others	1,514.33	26.16	-	1,540.49
Total	10,030.11	3,152.65	(64.98)	13,117.78
Deferred Tax Liabilities				
Investments	2,138.32	72.90	54.24	2,265.46
Premises and equipment	2,492.00	26.35	(36.11)	2,482.24
Loans to customers and accrued interest receivables, net	271.71	(66.52)	-	205.19
Others	0.12	0.21	-	0.33
Total	4,902.15	32.94	18.13	4,953.22
Net	5,127.96	3,119.71	(83.11)	8,164.56

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	The Bank's Financial Statements			
	Charged / credited to:			
	Other			
	Comprehensive			
	January 1, 2018	Profit / Loss	Income	December 31, 2018
Deferred Tax Assets				
Investments	470.70	(2.62)	213.81	681.89
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	1,851.40	234.17	-	2,085.57
Properties for sale	342.39	51.03	-	393.42
Premises and equipment	183.88	3.21	-	187.09
Provisions	2,416.25	129.06	(212.69)	2,332.62
Others	981.98	419.11	-	1,401.09
Total	6,407.09	833.98	1.12	7,242.19
Deferred Tax Liabilities				
Investments	1,867.86	14.61	255.85	2,138.32
Premises and equipment	2,408.88	29.94	(1.64)	2,437.18
Total	4,276.74	44.55	254.21	4,575.50
Net	2,130.35	789.43	(253.09)	2,666.69

6.13 Other Assets, Net

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Prepaid expenses	1,332.05	1,349.14	1,117.90	1,006.47
Account receivables - Revenue Department	357.51	1,071.03	3.86	4.81
Leaseholds	51.12	74.75	51.12	74.75
Suspense account debtors	5,905.73	5,520.20	5,896.16	5,508.86
Collateral under Credit Support Annex Contract and Cash Margin Debtors	6,974.68	3,935.01	6,974.68	3,935.01
Interbranch transactions	-	20.48	-	20.48
Settlement account between the Bank and other financial institutions	968.24	1,269.40	968.24	1,269.40
Sundry assets	11,425.58	6,132.11	11,699.08	6,942.49
Total	27,014.91	19,372.12	26,711.04	18,762.27
Less Allowance for impairment	(3,172.49)	(3,028.15)	(3,156.31)	(3,001.50)
Total other assets, net	23,842.42	16,343.97	23,554.73	15,760.77

As at December 31, 2019 and 2018, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 6.37.1).

6.14 Deposits

6.14.1 Classified by Type of Deposits

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Demand deposits	84,692.34	86,498.72	84,705.12	88,144.96
Savings deposits	1,493,161.77	1,402,459.13	1,495,080.35	1,403,335.22
Time deposits	578,010.88	550,644.05	578,674.47	551,467.65
Total	2,155,864.99	2,039,601.90	2,158,459.94	2,042,947.83

6.14.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,112,824.00	17,011.27	2,129,835.27	1,978,710.89	14,746.40	1,993,457.29
US Dollar	14,216.81	6,823.93	21,040.74	33,355.94	5,811.85	39,167.79
Other currencies	2,620.75	2,368.23	4,988.98	4,004.60	2,972.22	6,976.82
Total	2,129,661.56	26,203.43	2,155,864.99	2,016,071.43	23,530.47	2,039,601.90

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,115,418.95	17,011.27	2,132,430.22	1,982,056.82	14,746.40	1,996,803.22
US Dollar	14,216.81	6,823.93	21,040.74	33,355.94	5,811.85	39,167.79
Other currencies	2,620.75	2,368.23	4,988.98	4,004.60	2,972.22	6,976.82
Total	2,132,256.51	26,203.43	2,158,459.94	2,019,417.36	23,530.47	2,042,947.83

6.15 Interbank and Money Market Items, Net (Liabilities)

(Million Baht)

Consolidated Financial Statements						
December 31, 2019			December 31, 2018			
Demand	Time	Total	Demand	Time	Total	
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	597.57	24,156.25	24,753.82	79.00	27,507.65	27,586.65
Commercial banks	382.55	92,620.09	93,002.64	407.46	35,497.89	35,905.35
Special purpose financial institutions	3,565.08	29,963.61	33,528.69	411.87	27,128.74	27,540.61
Other financial institutions	38,443.25	20,137.95	58,581.20	29,138.55	34,633.88	63,772.43
Total domestic items	42,988.45	166,877.90	209,866.35	30,036.88	124,768.16	154,805.04
6.15.2 Foreign Items						
US Dollar	289.43	5,427.72	5,717.15	346.46	1,946.99	2,293.45
Euro	78.53	-	78.53	112.05	-	112.05
Other currencies	160.50	-	160.50	185.39	-	185.39
Total foreign items	528.46	5,427.72	5,956.18	643.90	1,946.99	2,590.89
Total domestic and foreign items	43,516.91	172,305.62	215,822.53	30,680.78	126,715.15	157,395.93

(Million Baht)

The Bank's Financial Statements						
December 31, 2019			December 31, 2018			
Demand	Time	Total	Demand	Time	Total	
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	597.57	24,156.25	24,753.82	79.00	27,507.65	27,586.65
Commercial banks	685.48	86,633.50	87,318.98	407.46	30,700.08	31,107.54
Special purpose financial institutions	3,565.08	29,963.61	33,528.69	411.87	26,928.74	27,340.61
Other financial institutions	38,443.24	18,239.06	56,682.30	29,339.85	34,034.40	63,374.25
Total domestic items	43,291.37	158,992.42	202,283.79	30,238.18	119,170.87	149,409.05
6.15.2 Foreign Items						
US Dollar	289.43	5,427.72	5,717.15	346.46	1,946.99	2,293.45
Euro	78.53	-	78.53	112.05	-	112.05
Other currencies	160.50	-	160.50	185.39	-	185.39
Total foreign items	528.46	5,427.72	5,956.18	643.90	1,946.99	2,590.89
Total domestic and foreign items	43,819.83	164,420.14	208,239.97	30,882.08	121,117.86	151,999.94

6.16 Debt Issued and Borrowings

Classified by type of debts and sources of fund as follows:

(Million Baht)

				Consolidated Financial Statements					
				December 31, 2019			December 31, 2018		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2015	Baht	3.14-4.00	2019-2025	4,695.00	-	4,695.00	7,080.00	-	7,080.00
2016	Baht	1.88-4.00	2019-2026	14,600.00	-	14,600.00	17,496.00	-	17,496.00
2017	Baht	2.46-3.80	2022-2027	11,043.40	-	11,043.40	11,043.40	-	11,043.40
2018	Baht	2.20-3.83	2020-2028	9,065.00	-	9,065.00	9,065.00	-	9,065.00
2019	Baht	2.40-3.20	2021-2029	6,115.00	-	6,115.00	-	-	-
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	-	-	-	22,714.86	22,714.86
No.1/2015	MYR	5.10	2025	-	7,322.20	7,322.20	-	7,805.55	7,805.55
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
No.1/2019	Baht	3.70	2029	24,000.00	-	24,000.00	-	-	-
Short-term bill of exchange (B/E) *	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				89,519.10	7,322.20	96,841.30	64,685.10	30,520.41	95,205.51

(Million Baht)

				The Bank's Financial Statements					
				December 31, 2019			December 31, 2018		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	-	-	-	22,714.86	22,714.86
No.1/2015	MYR	5.10	2025	-	7,322.20	7,322.20	-	7,805.55	7,805.55
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
No.1/2019	Baht	3.70	2029	24,000.00	-	24,000.00	-	-	-
Short-term bill of exchange (B/E) *	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				44,000.70	7,322.20	51,322.90	20,000.70	30,520.41	50,521.11

* A maturity B/E that its holder is still not redeemable, is included in short-term bill of exchange.

6.16 Debt Issued and Borrowings (Continued)

Bonds under Euro Medium Term Note Programme (EMTN Programme) amount USD 2,500 Million

On June 26, 2014, the Bank issued and offered USD 700 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debentures has tenor 10.5 years. The constant interest rate of 5.20 percent per annum for the first 5.5 years, after that the interest rate is equal to 5-years US Treasury Rate plus margin that is the interest rate of 3.535 percent per annum with a payment of interest every six months. It's on 26th of June and December of each year until maturity.

The Bank already redeemed all debentures mentioned above as at 5.5 years maturity date.

Subordinated Debentures pursuant to Malaysian Ringgit Medium Term Note Programme amount MYR 5,000 Million

On July 6, 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debenture has tenor 10 years, constant interest rate of 5.10 percent per annum. The right to early redeem the debentures after 5 years.

Subordinated Debentures

The Bank issued subordinated debentures No. 1/2560 that amount Baht 20,000 million, 20 million units of Baht 1,000 each, constant interest rate of 3.40 percent per annum with a payment of interest every three months until maturity. The debenture has tenor of 10 years and is due in 2027 (B.E.2570). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

The Bank issued subordinated debentures No. 1/2562 that amount Baht 24,000 million, 24 million units of Baht 1,000 each, constant interest rate of 3.70 percent per annum with a payment of interest every three months until maturity. The debenture has tenor of 10 years and is due in 2029 (B.E.2572). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

Redemption of Subordinated Debentures

The right to early redeem the debenture after 5 years or any interest payment date after 5 years or according to the condition of agreement, except for the subordinated debenture pursuant to EMTN Programme, the right to early redeem the debenture after 5.5 years or any interest payment date after 5.5 years.

6.17 Provisions

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Provisions for employee benefits	14,418.80	10,987.65	12,973.06	9,904.19
Provisions for contingent loss from legal case	686.76	684.40	686.76	684.40
Other provisions	134.20	165.69	116.28	146.32
Total provisions	15,239.76	11,837.74	13,776.10	10,734.91

6.17 Provisions (Continued)

Provisions for Employee Benefits

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Provisions for employee benefits				
Beginning balance	10,987.65	11,947.70	9,904.19	10,859.40
Current service costs	742.14	686.65	643.00	664.10
Interest costs	392.68	415.30	351.37	408.33
Past service cost	2,541.19	76.86	2,373.67	-
Employee benefits paid during the period	(1,234.48)	(1,016.92)	(1,164.48)	(964.19)
Actuarial losses (gains) on defined benefit plans				
- Demographic assumptions	1,403.94	23.27	1,097.74	22.36
- Financial assumptions	2,011.35	(1,145.21)	1,843.62	(1,085.81)
- Experience adjustment	(2,425.67)	-	(2,076.05)	-
Total provisions for employee benefits	14,418.80	10,987.65	12,973.06	9,904.19

The Principal Actuarial Assumptions

	December 31, 2019	December 31, 2018
Average discount rate	1.63% - 1.96%	2.75% - 4.42%
Average future salary increase rate	3.00% - 6.00%	3.62% - 6.50%
Average turnover rate	0.57% - 45.84%	0.07% - 30.26%
Retirement age	55 - 60 Years	55 - 60 Years

Sensitivity Analysis of Principal Actuarial Assumptions

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

(Million Baht)

	Increase (Decrease) in present value of the provisions			
	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Average discount rate				
Increase of 1 %	(1,808.19)	(1,062.94)	(1,307.14)	(947.72)
Decrease of 1 %	2,190.98	1,262.30	1,562.95	1,126.69
Average future salary increase rate				
Increase of 1 %	1,688.55	976.53	1,083.99	854.32
Decrease of 1 %	(1,442.84)	(835.33)	(933.66)	(733.88)

6.17 Provisions (Continued)

Maturity Profile of Defined Benefit Plan

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

(Years)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Weighted average duration of the defined benefit plan	8-17	9-31	16	21

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Maturity analysis of benefits expected to be paid				
Amount expected to be paid within 12 months	700.44	552.75	627.29	502.09
Amount expected to be paid between 1 to 2 years	675.47	605.71	636.08	556.44
Amount expected to be paid between 2 to 5 years	3,357.15	2,773.87	3,109.39	2,567.40
Amount expected to be paid between 5 to 10 years	6,734.28	6,472.42	6,145.35	5,877.44
Amount expected to be paid between 10 to 15 years	5,412.31	5,615.08	4,628.91	4,760.77
Amount expected to be paid between 15 to 25 years	9,430.24	10,377.94	8,188.84	8,151.06
Amount expected to be paid over 25 years	12,497.10	20,779.86	12,205.90	19,699.43

In accordance with the State Enterprise Labour Relations Committee notification, regarding “The Minimum Wage Standard of State Enterprise (No.4)” that was published in the Royal Thai Government Gazette directive dated September 26, 2019 and the Labour Protection Act (No.7) B.E. 2562 (2019) that was published in the Royal Thai Government Gazette directive dated April 5, 2019, the employer is obligated of additional pay in the case of termination of an employee who has worked for a continuous period of twenty years and more shall be paid for the amount of not less than the last rate of wages for four hundred days or of not less than his or her wages for the last four hundred days for an employee who receives wages based on calculated performance in units. Hence, the Bank and its subsidiaries have included such impacts into the financial statements.

Provisions for Contingent loss from legal case

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Provisions for Litigations				
Beginning balance	684.40	518.85	684.40	518.85
Increase	2.36	165.55	2.36	165.55
Ending balance	686.76	684.40	686.76	684.40

6.17 Provisions (Continued)

Other Provisions

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Other provisions				
Beginning balance	165.69	159.12	146.32	146.32
Increase (Decrease)	(31.49)	6.57	(30.04)	-
Ending balance	134.20	165.69	116.28	146.32

6.18 Other Liabilities

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Accrued interest expenses	4,610.77	4,193.71	4,269.23	3,819.36
Accrued expenses	13,958.37	14,007.94	12,019.77	12,214.13
Interbranch account	911.04	-	911.04	-
Suspense account creditors	2,626.91	2,801.96	3,586.59	4,126.09
Tax payables	5,713.49	4,250.44	4,862.94	3,352.70
Deferred revenue for reward points	2,277.23	2,335.67	-	-
Settle account between the Bank and other financial institutions	132.09	613.90	132.09	613.90
Advanced account	5,650.44	2,222.63	5,650.44	2,222.63
Cheque in transit	1,745.14	5,282.65	1,745.14	5,282.65
Sundry liabilities	18,399.55	13,583.60	15,062.36	9,112.45
Total	56,025.03	49,292.50	48,239.60	40,743.91

6.19 Share Capital

6.19.1 Ordinary Shares

As at December 31, 2019 and 2018, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.19.2 Preferred Shares

The 5.5 million of preferred shares are fully paid-up. Preferred share has more preference over the ordinary share. Apart from entitling to the same voting rights and claims on dividends as ordinary shares, it may enjoy preferential rights to a special dividend at a 3 percent fixed rate per annum prior to the ordinary shares when paid.

6.19.3 The Bank is the state enterprise; its major shareholder is the Financial Institutions Development Fund (FIDF). As at December 31, 2019, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.20 Legal Reserve

According to the Public Limited Company Act, the Bank is required to appropriate net profit of the year as legal reserve which is not less than 5 percent after deducting accumulated losses brought forward (if any) until legal reserve reaches an amount not less than 10 percent of authorized share capital. The Bank also set aside full amount of legal reserve.

6.21 The Appropriation of 2018 Net Profit and Dividend Payment

On April 12, 2019, the 26th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2018 net profit of Baht 25,100.62 million. On April 27, 2018, the 25th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2017 net profit of Baht 21,312.47 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2018</u>	<u>Net Profit of 2017</u>
Dividend - preferred shares (@ Baht 0.8725 and Baht 0.7645)	4.80	4.20
Dividend - ordinary shares (@ Baht 0.718 and Baht 0.61)	10,034.81	8,525.40
Net profit carried forward	15,061.01	12,782.87

6.22 Obligations and Contingent Liabilities

6.22.1 Contingent Liabilities

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Avals to bills	8,127.87	9,996.58
Guarantees of loans	3,544.24	3,781.13
Liability under unmatured import bills	6,589.69	5,626.47
Letters of credit	53,243.74	54,990.07
Other contingencies		
Unused credit line of overdraft	153,648.80	154,399.93
Other guarantees	180,860.79	172,789.00
Others	-	246.59
Total	406,015.13	401,829.77

Besides the contingent liabilities are mentioned above, as at December 31, 2019 and 2018, the Bank has contingent liabilities owing to prosecutions that are significant case of Baht 13,349.19 million and Baht 12,560.20 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at December 31, 2019 and 2018, the Bank has recognized provisions of Baht 686.76 million and Baht 684.40 million, respectively (Note 6.17).

6.22 Obligations and Contingent Liabilities (Continued)

6.22.2 Obligations under Long-Terms Leased

The Bank has obligations arising from lease agreements. The amounts due are classified as follows:

(Million Baht)

Period	Consolidated Financial Statements							
	December 31, 2019				December 31, 2018			
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Land and/or Premises	832.32	639.33	30.17	1,501.82	844.42	790.38	44.84	1,679.64
Vehicles	445.37	859.56	-	1,304.93	427.73	839.88	-	1,267.61
Others	228.92	202.43	-	431.35	202.39	183.97	-	386.36
Total	1,506.61	1,701.32	30.17	3,238.10	1,474.54	1,814.23	44.84	3,333.61

(Million Baht)

Period	The Bank's Financial Statements							
	December 31, 2019				December 31, 2018			
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Land and/or Premises	615.88	503.42	30.17	1,149.47	598.71	548.27	44.84	1,191.82
Vehicles	401.42	792.26	-	1,193.68	383.18	775.87	-	1,159.05
Others	2.69	3.32	-	6.01	1.03	0.03	-	1.06
Total	1,019.99	1,299.00	30.17	2,349.16	982.92	1,324.17	44.84	2,351.93

6.23 Assets with Obligations and Restrictions

(Million Baht)

	Consolidated and the Bank's Financial Statements	
	December 31, 2019	December 31, 2018
Government and state enterprise bonds pledged as collateral		
Court collateral	497.97	517.71
Repurchase agreements	26,051.16	-
Properties for sale (debtor is granted the right to buy back or first right for this portion)	8,435.45	8,450.02
Total	34,984.58	8,967.73

6.24 Related Party Transactions

6.24.1 As at December 31, 2019 and 2018, loans to the Bank's executives (First Vice President and above) are Baht 121.15 million and Baht 126.69 million. The average outstanding balances of such loans at month end are Baht 118.50 million and Baht 125.68 million, respectively.

The loans and obligation outstanding as at December 31, 2019 and 2018 to close family of the Bank's executives mentioned above are Baht 5.65 million and Baht 16.58 million, respectively.

6.24.2 Loans, Obligations, Derivatives, and Other Assets

The balances of loans and obligations to related parties, normal bank pricing policies, as at December 31, 2019 and 2018 are as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Loans				
Related parties which the Bank totally held from 10 to 20 percent of their paid-up capital	0.52	0.48	0.52	0.48
Related parties which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	8,490.44	8,949.19	8,490.44	8,949.19
<u>Less</u> Allowance for doubtful accounts	(3,141.46)	(7,616.08)	(3,141.46)	(7,616.08)
Total	5,348.98	1,333.11	5,348.98	1,333.11
Subsidiaries				
KTB General Services and Security Company Limited	-	-	8.45	9.00
KTB Computer Services Company Limited	-	-	2,088.64	2,356.11
KTB Leasing Company Limited	-	-	3,693.43	9,825.38
Krunghai Asset Management Public Company Limited	-	-	0.06	0.03
Krunghai Card Public Company Limited	-	-	3,490.56	3,190.59
<u>Less</u> Allowance for doubtful accounts	-	-	(92.81)	(153.81)
Total	-	-	9,188.33	15,227.30
Associates				
Krung Thai IBJ Leasing Company Limited	5,738.65	2,000.12	5,738.65	2,000.12
Krunghai Zmico Securities Company Limited *	605.53	0.58	605.53	0.58
Krunghai Panich Insurance Public Company Limited	0.59	0.55	0.59	0.55
<u>Less</u> Allowance for doubtful accounts	(63.45)	(20.01)	(63.45)	(20.01)
Total	6,281.32	1,981.24	6,281.32	1,981.24
Related parties with directors or key management personal	30,619.97	27,245.27	30,619.97	27,245.27
<u>Less</u> Allowance for doubtful accounts	(170.12)	(393.97)	(170.12)	(393.97)
Total	30,449.85	26,851.30	30,449.85	26,851.30

6.24 Related Party Transactions (Continued)

6.24.2 Loans, Obligations, Derivatives, and Other Assets (Continued)

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Obligations				
Related parties which the Bank totally held from 10 to 20 percent of their paid-up capital	19.04	20.89	19.04	20.89
Related parties which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	0.96	0.96	0.96	0.96
Subsidiaries				
KTB General Services and Security Company Limited	-	-	0.56	0.96
KTB Computer Services Company Limited	-	-	4.55	4.55
KTB Leasing Company Limited	-	-	0.89	0.98
Krungthai Card Public Company Limited	-	-	0.50	0.50
Associates				
Krung Thai IBJ Leasing Company Limited	2.09	1.80	2.09	1.80
Krungthai-AXA Life Insurance Public Company Limited	0.85	0.85	0.85	0.85
Krungthai Panich Insurance Public Company Limited	5.00	-	5.00	-
Related parties with directors or key management personal	126.55	12,168.19	126.55	12,168.19
Derivatives				
Subsidiaries				
KTB Leasing Company Limited	-	-	28.39	338.01
Associates				
Krung Thai IBJ Leasing Company Limited	932.80	-	932.80	-
Krungthai-AXA Life Insurance Public Company Limited	9,689.75	10,773.81	9,689.75	10,773.81
Krungthai Zmico Securities Company Limited *	0.15	-	0.15	-
Other Assets				
Subsidiaries				
KTB General Services and Security Company Limited	-	-	-	2.70
KTB Computer Services Company Limited	-	-	0.32	0.72
KTB Leasing Company Limited	-	-	0.30	3.81
Krungthai Card Public Company Limited	-	-	902.94	1,772.88
Krungthai Asset Management Public Company Limited	-	-	54.73	46.59
Associates				
Krungthai-AXA Life Insurance Public Company Limited	249.94	171.36	249.94	171.36
Krungthai Panich Insurance Public Company Limited	31.66	28.52	31.66	28.52
Krungthai Zmico Securities Company Limited *	0.72	1.03	0.72	1.03

* Formerly named as KT ZMICO Securities Company Limited.

6.24 Related Party Transactions (Continued)

6.24.3 Deposits, Interbank and Money Market Items, and Other Liabilities

The balances of deposits and interbank and money market items to related parties, normal bank pricing policies, as at December 31, 2019 and 2018 are as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deposits				
Subsidiaries				
KTB Law Company Limited	-	-	500.72	556.72
KTB General Services and Security Company Limited	-	-	702.96	580.91
KTB Computer Services Company Limited	-	-	275.99	46.77
KTB Leasing Company Limited	-	-	190.01	251.74
Krungthai Asset Management Public Company Limited	-	-	302.93	201.31
KTB Advisory Company Limited	-	-	43.72	44.13
Krungthai Card Public Company Limited	-	-	881.01	1,865.65
KTC Nano Company Limited	-	-	0.16	-
KTC Pico (Bangkok) Company Limited	-	-	0.39	-
Associates				
Krung Thai IBJ Leasing Company Limited	19.41	36.91	19.41	36.91
Krungthai Zmico Securities Company Limited *	19.39	38.73	19.39	38.73
Krungthai Panich Insurance Public Company Limited	400.96	129.42	400.96	129.42
Krungthai-AXA Life Insurance Public Company Limited	2,880.91	2,580.73	2,880.91	2,580.73
Other parties related with directors or key managements	7,398.96	21,867.66	7,398.96	21,867.66
Interbank and Money Market Items				
Associates				
Krungthai-AXA Life Insurance Public Company Limited	3,700.00	4,200.00	3,700.00	4,200.00
Other Liabilities				
Subsidiaries				
KTB General Services and Security Company Limited	-	-	240.27	336.15
KTB Computer Services Company Limited	-	-	708.97	1,008.03
KTB Leasing Company Limited	-	-	-	0.35
Krungthai Card Public Company Limited	-	-	0.72	1.17
KTB Law Company Limited	-	-	126.34	125.00
Krungthai Asset Management Public Company Limited	-	-	0.04	0.04
Associates				
Krungthai Zmico Securities Company Limited *	-	0.03	-	0.03
Krungthai Panich Insurance Public Company Limited	8.89	13.22	8.89	13.22
Krungthai-AXA Life Insurance Public Company Limited	25.57	29.35	25.57	29.35
National ITMX Company Limited	15.66	13.86	15.66	13.86

* Formerly named as KT ZMICO Securities Company Limited.

6.24 Related Party Transactions (Continued)

6.24.4 Income and Expenses

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

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest Income				
Subsidiaries				
KTB Computer Services Company Limited	-	-	69.89	67.61
KTB Leasing Company Limited	-	-	122.57	383.48
Krungthai Card Public Company Limited	-	-	59.18	21.57
Associates				
Krungthai Zmico Securities Company Limited *	21.82	19.24	21.82	19.24
Krung Thai IBJ Leasing Company Limited	71.24	1.63	71.24	1.63
Interest Expenses				
Subsidiaries				
KTB Law Company Limited	-	-	3.98	3.84
KTB General Services and Security Company Limited	-	-	4.64	5.33
KTB Computer Services Company Limited	-	-	1.01	0.98
KTB Leasing Company Limited	-	-	0.80	1.78
Krungthai Asset Management Public Company Limited	-	-	1.27	1.68
KTB Advisory Company Limited	-	-	0.16	0.16
Krungthai Card Public Company Limited	-	-	1.94	1.39
Associates				
Krungthai Zmico Securities Company Limited *	0.06	0.06	0.06	0.06
Krungthai Panich Insurance Public Company Limited	2.30	0.95	2.30	0.95
Krungthai-AXA Life Insurance Public Company Limited	159.66	180.20	159.66	180.20
Krung Thai IBJ Leasing Company Limited	0.01	0.01	0.01	0.01

6.24 Related Party Transactions (Continued)

6.24.4 Income and Expenses (Continued)

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Other Income				
Subsidiaries				
KTB Law Company Limited	-	-	0.12	0.13
KTB General Services and Security Company Limited	-	-	5.45	4.92
KTB Computer Services Company Limited	-	-	0.25	0.07
KTB Leasing Company Limited	-	-	20.74	21.77
Krungthai Asset Management Public Company Limited	-	-	650.55	637.93
Krungthai Card Public Company Limited	-	-	268.43	334.44
Associates				
Krung Thai IBJ Leasing Company Limited	8.31	2.62	8.31	2.62
Krungthai Zmico Securities Company Limited *	7.83	6.24	7.83	6.24
Krungthai Panich Insurance Public Company Limited	191.19	182.83	191.19	182.83
Krungthai-AXA Life Insurance Public Company Limited	2,202.80	2,366.14	2,202.80	2,366.14
National ITMX Company Limited	0.07	0.08	0.07	0.08
Other Expenses				
Subsidiaries				
KTB Law Company Limited	-	-	774.28	939.79
KTB General Services and Security Company Limited	-	-	2,370.72	2,342.65
KTB Computer Services Company Limited	-	-	3,675.94	3,529.44
Krungthai Card Public Company Limited	-	-	7.39	8.36
Associates				
Krung Thai IBJ Leasing Company Limited	35.60	127.57	35.60	127.57
Krungthai Zmico Securities Company Limited *	9.34	8.75	9.34	8.75
National ITMX Company Limited	180.85	120.36	180.85	120.36

* Formerly named as KT ZMICO Securities Company Limited.

6.24 Related Party Transactions (Continued)

6.24.5 The Bank and its subsidiaries have no compensations or other benefits, both monetary and non-monetary, to directors and executives except the benefits that are normally paid as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Short-term employee benefits	1,185.70	1,099.38	797.30	751.17
Post-employment benefits	63.03	54.68	27.06	27.42
Total	1,248.73	1,154.06	824.36	778.59

6.24.6 Intercompany Trading Transactions

Subsidiaries

1) KTB Computer Services Company Limited has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method for the year ended December 31, 2019 and 2018 of Baht 3,545.00 million and Baht 3,398.50 million, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTB Computer Service Company Limited. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. For the hiring contract of the fiscal year 2019 budget, is in the progress to joint signatories. The government informs the Bank that the Annual Expenditure Budget Act B.E.2563 (2020) has not been launched. By the way, the GFMIS project remains necessity and has to be continued for the utilization of the government agencies. The Bank incurs service charges for the year ended December 31, 2019 and 2018 of Baht 130.94 million.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB Law Company Limited has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the year ended December 31, 2019 and 2018 of Baht 590.21 million and Baht 786.99 million, respectively.

3) KTB General Services and Security Company Limited is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTB General Services and Security Company Limited also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the year ended December 31, 2019 and 2018 of Baht 2,370.72 million and Baht 2,342.65 million, respectively.

6.24 Related Party Transactions (Continued)

6.24.6 Intercompany Trading Transactions (Continued)

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Public Company Limited for the year ended December 31, 2019 and 2018 of Baht 0.33 million and Baht 0.53 million, respectively.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No. 1) to 4)] for the year ended December 31, 2019 and 2018 of Baht 6,828.33 million and Baht 6,820.24 million, respectively, at the rate upon agreement.

6) The Bank generates fees income from service contracts for the year ended December 31, 2019 and 2018 of Baht 856.91 million and Baht 903.08 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the year ended December 31, 2019 and 2018 of Baht 20.14 million and Baht 19.52 million at the rate upon agreement.

Intercompany Considerations

Intercompany income and expenses are based on the rate upon agreement and the amount specified in the contract, whereas cost plus system has been applicable to some certain transactions.

The consolidated financial statements include the accounts of subsidiaries after eliminating intercompany transactions and balances.

Associates

1) The Bank generates premises rental income from associates for the year ended December 31, 2019 and 2018 at the amount of Baht 0.45 million and Baht 1.18 million, respectively, at the rate upon agreement.

2) The Bank generates fees income from supportive service contracts for the year ended December 31, 2019 and 2018 of Baht 2,231.08 million and 2,482.87 million, respectively, at the rate upon agreement.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment

6.25.1 Financial Position Classified by Business Segment

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	Segment	Segment	Total	Segment	Segment	Total
Total assets	2,999,663.81	20,959.97	3,020,623.78	2,704,603.14	39,363.72	2,743,966.86
Interbank and money market items, net	329,784.11	8,986.48	338,770.59	357,494.13	15,019.65	372,513.78
Investments, net*	423,819.89	2,353.69	426,173.58	238,710.38	1,456.51	240,166.89
Loans to customers and						
accrued interest receivables, net	1,950,476.82	9,284.05	1,959,760.87	1,878,056.87	17,817.47	1,895,874.34
Deposits	2,151,129.97	4,735.02	2,155,864.99	2,033,590.08	6,011.82	2,039,601.90
Interbank and money market items, net	215,810.44	12.09	215,822.53	155,433.18	1,962.75	157,395.93
Debt issued and borrowings	89,519.10	7,322.20	96,841.30	64,685.10	30,520.41	95,205.51

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	Segment	Segment	Total	Segment	Segment	Total
Total assets	2,895,805.82	20,959.97	2,916,765.79	2,621,581.33	39,363.72	2,660,945.05
Interbank and money market items, net	329,287.34	8,986.48	338,273.82	356,744.05	15,019.65	371,763.70
Investments, net*	403,650.48	2,353.69	406,004.17	232,470.06	1,456.51	233,926.57
Loans to customers and						
accrued interest receivables, net	1,874,826.12	9,284.05	1,884,110.17	1,810,422.40	17,817.47	1,828,239.87
Deposits	2,153,724.92	4,735.02	2,158,459.94	2,036,936.01	6,011.82	2,042,947.83
Interbank and money market items, net	208,227.88	12.09	208,239.97	150,037.19	1,962.75	151,999.94
Debt issued and borrowings	44,000.70	7,322.20	51,322.90	20,000.70	30,520.41	50,521.11

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at December 31, 2019 and 2018, have total assets before eliminating net interbranch transactions of Baht 8,407.66 million and Baht 4,763.67 million, respectively.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)

6.25.2 Operations Classified by Business Segment

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic Business Segment	Foreign Branches Business Segment	Total	Domestic Business Segment	Foreign Branches Business Segment	Total
Interest income	122,160.63	2,889.96	125,050.59	118,396.49	4,184.55	122,581.04
Interest expenses	(34,552.27)	(2,182.01)	(36,734.28)	(35,952.80)	(2,939.37)	(38,892.17)
Interest income, net	87,608.36	707.95	88,316.31	82,443.69	1,245.18	83,688.87
Fees and service income, net	23,184.69	52.84	23,237.53	23,608.61	53.37	23,661.98
Other operating income	14,017.96	85.84	14,103.80	9,715.62	154.68	9,870.30
Other operating expenses	(86,038.03)	(249.20)	(86,287.23)	(79,194.22)	(85.63)	(79,279.85)
Profit from operating before income tax expenses	38,772.98	597.43	39,370.41	36,573.70	1,367.60	37,941.30

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2019			December 31, 2018		
	Domestic Business Segment	Foreign Branches Business Segment	Total	Domestic Business Segment	Foreign Branches Business Segment	Total
Interest income	107,508.48	2,889.96	110,398.44	104,563.09	4,184.55	108,747.64
Interest expenses	(33,057.80)	(2,182.01)	(35,239.81)	(34,431.99)	(2,939.37)	(37,371.36)
Interest income, net	74,450.68	707.95	75,158.63	70,131.10	1,245.18	71,376.28
Fees and service income, net	18,515.99	52.84	18,568.83	19,336.81	53.37	19,390.18
Other operating income	11,071.68	85.84	11,157.52	6,287.53	154.68	6,442.21
Other operating expenses	(72,731.85)	(249.20)	(72,981.05)	(66,719.17)	(85.63)	(66,804.80)
Profit from operating before income tax expenses	31,306.50	597.43	31,903.93	29,036.27	1,367.60	30,403.87

The consolidated and the Bank's financial statements for the year ended December 31, 2019 and 2018, have total interest income and interest expenses before eliminating net interbranch transactions of Baht 2,078.91 million and Baht 2,810.74 million, respectively.

6.26 Operations Classified by Operating Segment

Segment Definition

The Bank is organized into segments for internal management which the Management Committee of each segment is the chief operating decision-maker (CODM). Three reportable segments have been divided based on customer types and nature of businesses:

1) Retail banking segment: develops financial products and services, and also provides services for individual customers relating to deposits, loans, payment for goods and services as well as sale of products released by the Bank's subsidiaries and business alliances through network branches nationwide.

2) Wholesale banking segment: provides credit facilities and financial services to corporate clients.

3) Treasury and investment segment: controls the Bank's financial structure to appropriate to make profit from the Bank's equity investment, international business and excess liquidity, and also supervising overseas branches and companies in which the Bank has invested and etc.

Other segments comprise of middle offices, back offices, subsidiaries and associates.

Accounting Procedures for Segment Reporting

In contrast to the accounting procedures for financial statements preparation, the accounting procedures of the operating segments are based on the principle of Economic Value Management (EVM), whereby performance is measured, as included in the internal management reports that are reviewed by the Bank's CODM. In accordance with the EVM concept, all business units are treated as profit centers, having internal service charge (ISC) between service providing unit and service receiving unit. Fund Transfer Pricing (FTP) concept is used to calculating value of fund for fund provider unit and cost of fund for fund user unit. Income and expenses are allocated according to ownership basis in order to gain net operating profit after tax (NOPAT).

(Million Baht)

Consolidated Financial Statements						
December 31, 2019						
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	50,120.78	32,798.79	8,746.10	33,991.97	-	125,657.64
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(32,550.10)	(16,304.92)	(2,849.05)	(18,002.23)	-	(69,706.30)
Bad debts, doubtful accounts and loss on impairment	(1,814.11)	(5,928.26)	(165.64)	(15,905.53)	-	(23,813.54)
Net profit	15,756.57	10,565.61	5,731.41	84.21	-	32,137.80
Segment assets	934,786.32	1,076,577.91	857,030.34	148,925.65	(5,104.10)	3,012,216.12
Segment liabilities	1,570,438.12	671,318.58	228,332.67	196,987.07	(3,186.71)	2,663,889.73

6.26 Operations Classified by Operating Segment (Continued)

(Million Baht)

	Consolidated Financial Statements					
	December 31, 2018					
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	51,471.53	30,921.73	6,163.93	28,663.96	-	117,221.15
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(33,406.87)	(10,542.99)	(2,459.15)	(13,530.95)	-	(59,939.96)
Bad debts, doubtful accounts and loss on impairment	(1,910.85)	(507.10)	103.27	(23,877.19)	-	(26,191.87)
Net profit (loss)	16,153.81	19,871.64	3,808.05	(8,744.18)	-	31,089.32
Segment assets	885,645.65	1,077,054.10	658,657.31	143,871.84	(26,025.71)	2,739,203.19
Segment liabilities	1,517,542.20	597,752.99	155,224.32	179,208.11	(24,665.53)	2,425,062.09

6.27 Interest Income

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interbank and money market items	7,112.92	9,881.92	7,112.62	9,881.70
Investment and trading transactions	482.49	324.84	482.49	324.84
Investment in debt	4,943.12	3,807.67	4,952.53	3,803.06
Loans *	109,783.69	104,680.94	95,568.67	91,788.34
Hire-purchase and finance lease	427.87	935.98	-	0.01
Others	221.59	138.95	203.22	138.95
Total interest income	122,971.68	119,770.30	108,319.53	105,936.90

* Interest income from loans for the year ended December 31, 2019 included the income received from the auction of mortgaged collaterals of a particular debtor amounting Bath 3,898.70 million (Note 6.37.1).

6.28 Interest Expenses

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Deposits	17,860.99	19,444.98	17,873.54	19,458.45
Interbank and money market items	2,532.00	2,707.39	2,453.92	2,640.61
Contributions to Bank of Thailand (BOT)	9,765.77	9,498.23	9,765.77	9,498.23
Contributions to Deposit Protection Agency (DPA)	212.01	206.59	212.01	206.59
Debt issued				
Subordinated notes	4,062.59	4,068.92	2,654.93	2,621.99
B/E	-	0.45	-	0.45
Borrowings	3.02	5.12	1.72	2.80
Borrowing Fees	19.98	18.42	-	-
Others	199.01	131.33	199.01	131.50
Total interest expenses	34,655.37	36,081.43	33,160.90	34,560.62

6.29 Fees and Service Income, Net

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fees and service income				
Acceptance, aval and guarantee	1,674.26	1,762.07	1,674.26	1,762.07
Others	27,921.85	27,730.68	21,600.72	21,825.37
Total fees and service income	29,596.11	29,492.75	23,274.98	23,587.44
Fees and service expenses	(6,358.58)	(5,830.77)	(4,706.15)	(4,197.26)
Fees and service income, net	23,237.53	23,661.98	18,568.83	19,390.18

6.30 Gains on Tradings and Foreign Exchange Transactions, Net

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Gains (losses) on tradings and foreign exchange transactions				
Foreign currencies and foreign currency related derivatives	1,378.26	3,470.30	1,379.18	3,470.53
Interest rate related derivatives	1,356.37	(175.92)	1,354.94	(183.57)
Debt securities	1,245.41	(2.94)	1,245.41	(2.94)
Others	(783.34)	209.03	(783.34)	209.03
Total gains on tradings and foreign exchange transactions, net	3,196.70	3,500.47	3,196.19	3,493.05

6.31 Gain on Investments, Net

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Gains on sale of				
Available-for-sale securities	3,957.86	422.64	3,957.86	422.64
General investments	46.56	2.99	46.56	2.99
Total	4,004.42	425.63	4,004.42	425.63
Gains on investments in the subsidiaries and associates	410.47	-	410.47	-
Reversal (losses) on impairment of				
General investments	(43.29)	8.86	(43.29)	8.85
Investments in subsidiaries	-	-	3.79	(0.09)
Total	(43.29)	8.86	(39.50)	8.76
Total gains on investments, net	4,371.60	434.49	4,375.39	434.39

6.32 Impairment Loss of Loans and Debt Securities

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interbank and money market items	(591.56)	(2,421.82)	(591.56)	(2,421.82)
Held-to-maturity debt securities	(0.10)	0.08	(0.10)	0.08
Loans to customers	24,365.17	28,627.08	18,055.96	22,935.29
Loss from troubled debt restructuring	40.03	(13.47)	40.03	(13.47)
Total bad debts, doubtful accounts, and loss on impairment	23,813.54	26,191.87	17,504.33	20,500.08

6.33 Income Tax Expenses

The Bank has tax management policy and has been conducting tax management pursuant to the policy that correctly operates tax payment, tax filing and tax benefit utilization according to the legal regulations.

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

6.33 Income Tax Expenses (Continued)

Income tax expenses recognized in profit or loss for the year ended December 31, 2019 and 2018 are as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Current tax				
Current period	10,352.32	7,653.71	8,720.73	6,092.68
Deferred tax				
Movement in temporary differences	(3,119.71)	(801.74)	(3,142.50)	(789.43)
Total	7,232.61	6,851.97	5,578.23	5,303.25

Reconciliation of effective tax rates for the year ended December 31, 2019 and 2018 are as follows:

(Million Baht)

	Consolidated Financial Statements			
	December 31, 2019		December 31, 2018	
	Tax Rate	Amount	Tax Rate	Amount
Profit from operating before income tax expenses		39,370.41		37,941.30
Income tax calculated statutory tax rates	20.00%	7,874.08	20.00%	7,588.26
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(641.47)		(736.29)
Total	18.37%	7,232.61	18.06%	6,851.97

(Million Baht)

	The Bank's Financial Statements			
	December 31, 2019		December 31, 2018	
	Tax Rate	Amount	Tax Rate	Amount
Profit from operating before income tax expenses		31,903.93		30,403.87
Income tax calculated statutory tax rates	20.00%	6,380.79	20.00%	6,080.77
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(802.56)		(777.52)
Total	17.48%	5,578.23	17.44%	5,303.25

6.34 Components of Other Comprehensive Income and Related Taxes

Components of other comprehensive income and related taxes for the year ended December 31, 2019 and 2018.

(Million Baht)

Consolidated Financial Statements						
December 31, 2019			December 31, 2018			
Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount	
<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	
Changes in revaluation surplus on assets	(180.53)	36.11	(144.42)	(8.19)	1.64	(6.55)
Gains (losses) on remeasuring available-for-sale investments	1,585.75	(317.15)	1,268.60	218.97	(43.79)	175.18
Losses arising from translating the financial statements						
of foreign operations	(15.87)	-	(15.87)	(207.35)	-	(207.35)
Actuarial gains (losses) on defined benefit plans	(989.62)	197.93	(791.69)	1,121.94	(224.39)	897.55
Share of other comprehensive income from associates	16,029.30	(3,205.86)	12,823.44	(3,507.03)	701.40	(2,805.63)
Other comprehensive income	16,429.03	(3,288.97)	13,140.06	(2,381.66)	434.86	(1,946.80)

(Million Baht)

The Bank's Financial Statements						
December 31, 2019			December 31, 2018			
Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount	
<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	
Changes in revaluation surplus on assets	(180.53)	36.11	(144.42)	(8.19)	1.64	(6.55)
Gains (losses) on remeasuring available-for-sale investments	1,605.93	(321.19)	1,284.74	210.19	(42.04)	168.15
Losses arising from translating the financial statements						
of foreign operations	(15.87)	-	(15.87)	(207.35)	-	(207.35)
Actuarial gains (losses) on defined benefit plans	(865.32)	173.07	(692.25)	1,063.45	(212.69)	850.76
Other comprehensive income	544.21	(112.01)	432.20	1,058.10	(253.09)	805.01

6.35 Fair Value of Financial Instruments

Financial assets and financial liabilities instruments carried at fair value classified by the levels of fair value hierarchy as follows:

(Million Baht)

Consolidated Financial Statements								
December 31, 2019					December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivatives assets	-	55,811.42	-	55,811.42	-	36,229.57	-	36,229.57
Trading investments	18,488.86	29,762.70	-	48,251.56	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	48,355.22	295,842.91	-	344,198.13	50,380.46	146,419.96	-	196,800.42
Total financial assets	66,844.08	381,417.03	-	448,261.11	57,833.39	198,559.98	-	256,393.37
Financial liabilities								
Derivatives liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61
Total financial liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61

(Million Baht)

The Bank's Financial Statements								
December 31, 2019					December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivatives assets	-	55,811.46	-	55,811.46	-	36,231.03	-	36,231.03
Trading investments	18,488.86	29,762.70	-	48,251.56	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	48,355.22	296,500.91	-	344,856.13	50,380.46	147,061.78	-	197,442.24
Total financial assets	66,844.08	382,075.07	-	448,919.15	57,833.39	199,203.26	-	257,036.65
Financial liabilities								
Derivatives liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61
Total financial liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61

There are no transfers between level 1 and level 2 of the fair value hierarchy during the period.

Fair Value Hierarchy

Fair value hierarchy of the above financial assets and liabilities depends on differences of data inputs in valuation, which determined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2 – Inputs that, can be observed either directly or indirectly for those assets and liabilities other than quoted prices in level 1.
- Level 3 – Inputs that are unobservable for those assets and liabilities.

6.35 Fair Value of Financial Instruments (Continued)

Valuation Techniques for Level 2

Fair value of derivatives is calculated by using valuation techniques included discounted cash flow model and option pricing model used practically by market participants. Data used in the valuation, is the observable input from reliable institutions, such as interest rates, exchange rates, and volatilities.

Fair value of investment in domestic issued debt securities is calculated by using price published by the Thai Bond Market Association (ThaiBMA), whilst fair value of investment in foreign issued debt securities are presented fair value by using the latest published price from reliable institutions.

Moreover, because of using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk, such as credit valuation adjustment (CVA), bid-offer spread adjustment for market liquidity risk, and model risk arising from option valuation for SMEs' currency guarantee program.

6.36 Business Transaction within the Financial Business Group Policies and Risk Management Policies regarding Business Transaction within the Financial Business Group.

The BOT's Notification No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated April 27, 2017, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated April 11, 2018, and SOR NOR SOR. 12/2561 dated May 22, 2018, regarding the Consolidated Supervision Policy requires the Bank to disclose the business transaction within the financial business group policies and risk management policies are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 17 companies within the financial business group (Note 6.5 except National ITMX Company Limited and BCI (Thailand) Company Limited), in terms of common standards and procedures which conform to the BOT's consolidated supervision policy. The business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, capital requirements of the financial business groups and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

In case of the Bank having business transactions with a company within the financial business groups as it is the Bank's sector, the Bank will follow the BOT's relenting regulations.

6.37 Others

6.37.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at December 31, 2019, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BOT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

These debtors, together with certain other defendants, have also been prosecuted to the Criminal Division for Persons Holding Political Position of The Supreme Court by the Office of the Attorney General. The Supreme Court had issued the order of acceptance on July 25, 2012 and later gave a final judgment on August 26, 2015 that all defendants must be accountable for the damage caused to the Bank. The Bank submitted the letter to the Office of the Attorney General to designate its Department of Legal Execution as the Bank's legal executioner. In January 2016, the Office of the Attorney General filed a complaint to the Supreme Court to nominate the executing officers. The Supreme Court has nominated executing officers accordingly. The Bank also provided them with the result of property investigation of all debtors in accordance with the court judgment. On October 5, 2016 the attorneys of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office and the Bank to consider the problems regarding the legal execution of the Supreme Court's order. They will coordinate and exchange information, and each party will utilize its authority by the law and the Supreme Court's order for legal execution towards the defendants for the Bank's benefits and legal rights.

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of the Supreme Court.

In the present, criminal, other bankruptcy, and other civil case judgments are bought to levy compulsory execution of the mortgaged assets that assure debt obligation according to preferential mortgage in the Bank's civil case for auction. The court commanded the Bank to be settled as a mortgagee accepting aforementioned mortgaged guarantee assets as the Bank requested for being mortgage settled. Afterwards, on October 17, 2018, the Legal Execution Department noticed to auction and managed auction the mortgaged guarantee assets, which outsiders bid at Baht 8,914.07 million. At present, the Bank has received a settlement of aforementioned mortgaged guarantee assets according to preferential mortgage from the Legal Execution Department, which were sold under criminal case, of Baht 3,898.99 million. The Bank has the rights as prescribed by Thai laws by deducting the transaction fees and litigation expenses of Baht 0.29 million and the net amount of Baht 3,898.70 million resulted as the interest payment per civil case judgments under the financial statements for the year ended December 31, 2019. Moreover, on September 25, 2019, a defendant of the criminal suit of the Persons Holding Political Positions have prosecuted the civil case to the Bank take the amount in dispute which is recorded the damage fees per criminal case judgment. After, the Bank will defend the case and still insist the act.

6.37 Others (Continued)

6.37.1 (Continued)

For the mortgaged guarantee assets sold in other bankruptcy and other civil cases, buyer has submitted a request for extending the payment on the remaining amount as there were applicants filing to withdraw the auction. The enforcement officer then commanded to allow such extension until the court verdict on withdrawing the auction has been established. At present, other bankruptcy cases were ordered to dismiss the request on auction withdrawal in which the court order was finalized. Hence, the Bank has further proceeded for relevant actions.

Under the civil case that the Bank being a plaintiff suing for the mortgage enforcement on the aforementioned mortgaged guarantee assets, the Civil Court has the verdict for the Bank to receive according to the charge principal in whole together with interest on September 28, 2017. On October 31, 2018, the Court of Appeals has appointed for the verdict and sustained such prior Civil Court's verdict, in which the defendant has filed for the petition to the Supreme Court on December 25, 2018 while the Bank also filed against such defendant's petition to the Supreme Court on February 25, 2019. At present, such case is in the period of consideration by the Supreme Court.

6.37.2 In 2010, the Bank lend a company of USD 95.67 million (Baht 2,884.61 million) pledged an investment in ordinary shares of a foreign financial institution as collateral. Although such shares equaled to 50 percent of its authorized shares capital, are on the Bank's behalf, but the Bank has no influences over this invested financial institution. The Bank has already received full loan repayment under this contract since July, 2011, but not yet transferred those ordinary shares as collateral back to the company because the company need to find a financial institution to be a new investor first. At present, the Bank has submitted a request to the BOT for extending the period of changing the Bank's name from the company's shareholders registration; this is under the consideration by the BOT.

6.37.3 On October 12, 2016, the Bank has considered closing a certain foreign branch. Currently, the Bank continues to follow advice from legal consultants. Assets, liabilities and operating performance of the branch do not have a material effect on the Bank's financial statements.

6.38 Approval of the Financial Statements

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

General Information and Other Major Information

1. Company Information

Name of Company	:	Krung Thai Bank Public Company Limited
Business Type	:	Commercial Banking
Head Office	:	35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110
Registration Number	:	0107537000882 (formerly Bor.Mor.Jor.335)
		The Bank registered its transformation to public limited company on March 24, 1994
Head Office	:	Building 1:
		35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110
		Tel.: +662 255-2222 Fax. : +662 255-9391-3
		Building 2:
		10 Sukhumvit Road, Klong Toey Subdistrict, Klong Toey District, Bangkok 10110
		Tel. : +662 208-7000, 8000 Fax. : +662 255-9391
Website	:	krungthai.com
		(The Bank changed its domain from www.ktb.co.th on February 19, 2020)
Krungthai Contact Center	:	+662 111-1111

2. Bank's Shares

2.1 Number and Type of the Total Shares Issued

As at December 31, 2019

Bank's registered and paid-up capital	amounted to	72,005,040,437.50	Baht	classified into
Ordinary shares	amounted to	13,976,061,250	shares	at THB 5.15 per share
Preferred shares	amounted to	5,500,000	shares	at THB 5.15 per share
	Total	13,981,561,250	shares	

2.2 Details of Remaining Debt Instruments of the Bank

Issuance Date	Type of Debt Instruments	Credit Rating	Outstanding	Period	Redemption Date	Type of Offerings
Jul. 6, 2015	Subordinated Debentures in accordance with Basel III (Subordinated Tier 2) under Malaysian Ringgit Medium Term Note Program	AA2 (RAM Ratings)	MYR 1,000 million	10 yrs. (Call option in 5th year)	Jul. 4, 2025	Offered for sale abroad
Nov. 23, 2017	Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank No. 1/2017 (Redemption in 2027). The Subordinated Instruments are redeemable at the instance of the issuer before the maturity date and can be written down (fully or partially) after the official decided to offer financial aid.	AA(thai) (Fitch Ratings Thailand)	THB 20,000 million	10 yrs. (Call option in 5th year)	Nov. 23, 2027	Offered for sale in Thailand for institutional investors and/or high net worth investors
Jun. 1, 2018	USD Debentures of Krung Thai Bank Pcl. No. 1/2018 (Redemption in 2023).	AA+(thai) (Fitch Ratings Thailand)	USD 230 million	5 yrs.	Jun. 1, 2023	Offered for sale in Thailand for institutional investors and/or high net worth investors
Jul. 12, 2019	Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank No. 1/2019 (Redemption in 2029). The Subordinated Instruments are redeemable at the instance of the issuer before the maturity date and can be written down (fully or partially) after the official decided to offer financial aid.	AA(thai) (Fitch Ratings Thailand)	THB 24,000 million	10 yrs. (Call option in 5th year)	Jul. 12, 2029	Offered for sale in Thailand for institutional investors and/or high net worth investors

3. Companies in which Krungthai Bank holds 10 percent or more of the total shares issued As at December 31, 2019

Name and Head Office's Address	Type of Business	Total Shares Issued	No. of Shares Invested	Percentage of Shareholding	Type of Share
Life / Non-Life Insurance					
1. Krungthai-AXA Life Insurance Pcl. 9 G Tower Grand Rama 9, 1st , 20th-27th Fl., Rama 9 Rd., Huaykwang, Bangkok 10310 Customer Service: 1159	Life Insurance	135,500,000	67,750,000	50.00	Ordinary
2. Krungthai Panich Insurance Pcl. 1122 KPI Tower, New Phetchaburi Rd., Makasun, Rajathevi, Bangkok 10400 Tel. : +662 624-1111 Fax. : +662 624-1234	Non-Life Insurance	33,000,000	14,850,000	45.00	Ordinary
3. Dhipaya Insurance Co., Ltd. 1115 Rama 3 Road, Chong Nonsi, Yannawa, Bangkok 10120 Tel. : +662 239-2200	Non-Life Insurance	600,000,000	60,000,000	10.00	Ordinary
Hire Purchase / Leasing					
4. KTB Leasing Co., Ltd. 20 Suan Mali Tower, 6th - 8th Fl., Yukol 2 Rd., Wat Debsirin, Pom Prap Sattru Phai, Bangkok 10100 Tel. : +662 299-3800 Fax. : +662 299-3801-2	Hire Purchase	100,000,000	99,999,993	100.00	Ordinary
5. Krung Thai IBJ Leasing Co., Ltd. 161 Nantawan Bldg., 18th Fl., Rajadamri Rd., Lumpini, Pathumwan, Bangkok 10330 Tel. : +662 651-8120 Fax. : +662 254-6118	Hire Purchase	10,000,000	4,899,998	49.00	Ordinary

Name and Head Office's Address	Type of Business	Total Shares Issued	No. of Shares Invested	Percentage of Shareholding	Type of Share
Credit-Related					
6. Krungthai Card Pcl. 591 UBC II Bldg., 14th Fl., Sukhumvit Rd., Klong Ton Nua, Wattana, Bangkok 10110 Tel. : +662 123-5000 Fax. : +662 661-7721	Credit Card and Personal Loan	2,578,334,070	1,265,908,500	49.10	Ordinary
7. KTC Nano, Co., Ltd. 591 UBC II Bldg., G Fl., Room G3, Sukhumvit Rd., Klong Ton Nua, Wattana, Bangkok 10110 Tel. : +662 123-5300	Retail Loan	5,000,000	1,247,500	24.95	Ordinary
8. KTC Pico (Bangkok) Co., Ltd. 591 UBC II Bldg., G Fl., Room G4, Sukhumvit Rd., Klong Ton Nua, Wattana, Bangkok 10110 Tel. : +662 123-5300	Retail Loan	6,000,000	1,497,000	24.95	Ordinary
Securities / Financial Consultant					
9. Krung Thai Asset Management Pcl. 195 Empire Tower., 32nd Fl., South Sathorn Rd., Yannawa, Sathorn, Bangkok 10120 Tel. : +662 686-6100 Fax. : +662 670-0430	Asset Management	20,000,000	19,999,986	100.00	Ordinary
10. Krungthai Zmico Securities Co.,Ltd. 287 Liberty Square Bldg., 8th, 15th-17 th, 19th , 21th Fl., Silom Rd., Bang Rak, Bangkok 10500 Tel. : +662 695-5000 Fax. : +662 695-5173	Securities	259,127,200	129,563,600	50.00	Ordinary
11. KTB Advisory Co., Ltd. 35 Nana Nua Bldg., 5th Fl., Sukhumvit Rd., Klong Toey Nua, Wattana, Bangkok 10110 Tel. : +662 208-3047 Fax. : +662 256-8659	Financial Consultant	4,000,000	3,999,997	100.00	Ordinary

Name and Head Office's Address	Type of Business	Total Shares Issued	No. of Shares Invested	Percentage of Shareholding	Type of Share
Services					
12. KTB Law Co., Ltd. 191/50-53, 55, 21 CIT Tower, 18th - 19th, 27th Fl., Ratchadapisek Rd., Klong Toey, Bangkok 10110 Tel. : +662 096-8800 Fax. : +662 261-3748-50	Legal Services	300,000	299,993	100.00	Ordinary
13. KTB General Services and Security Co., Ltd. 96/12 Soi. Ladprao 106 (Boon-Udom 1), Ladprao Rd., Wang Thong Lang, Bangkok 10310 Tel. : +662 791-9800-1 Fax. : +662 791-9855	General Services	1,400,000	1,399,990	100.00	Ordinary
14. KTB Computer Services Co., Ltd. 22/1 Sawai Brown 2 Bldg., Soi Sukhumvit 1, Sukhumvit Rd., Klong Toey Nua, Wattana, Bangkok 10110 Tel. : +662 646-8000	IT Services	13,000,000	12,999,994	100.00	Ordinary
Others					
15. National ITMX Co., Ltd. 5/13 Moo 3, Klong Kluea, Pak Kret, Nonthaburi 11120 Tel. : +662 558-7555 Fax. : +662 558-7566	Interbank Transaction Management	500,000	99,100	19.82	Ordinary
16. BCI (Thailand) Co., Ltd. 5/13 Moo 3, 4th Fl., Chaeng Watthana Rd., Klong Kluea, Pak Kret, Nonthaburi 11120	Electronic Letter of Guarantee Service on Blockchain System	53,000,000	11,750,000	22.17	Ordinary
17. Suvarnabhumi Airport Hotel Co., Ltd. 999 Moo 1 Suvarnabhumi Airport Hotel Bldg., Nongprue, Bang Phli, Samut Prakarn 10540 Tel. : +662 131-1042-4 Fax. : +662 131-1189	Hotel	10,177,800	1,017,780	10.00	Ordinary

Name and Head Office's Address	Type of Business	Total Shares Issued	No. of Shares Invested	Percentage of Shareholding	Type of Share
18. Saraburi New Industrial City Co., Ltd. 123 Thai Life Insurance Bldg., 12th Fl., Ratchadapisek Rd., Huaykwang, Bangkok 10400 Tel. : +662 246-9487 Fax. : +662 246-9819	Industrial Estate	25,000,000	2,500,000	10.00	Ordinary
19. Alphatec Electronics Pcl. (Contact Office of the Liquidator) 889 Thai CC Tower, 14th Fl., North Sathorn Rd., Sathorn, Bangkok 10120	Electronics Components Manufacturing	2,642	806	30.51	Ordinary
20. Manager Media Group Pcl. 98/3-10 Phra-Athit Rd., Chana Songkram, Phra Nakorn, Bangkok 10200 Tel. : +662 629-4488 Fax. : +662 629-4469	Publishing	129,354,620	20,814,928	16.09	Ordinary
21. Kuang Pei San Food Products Pcl. 43 Tanasarn Tower, Chiangmai Rd., Khlong San, Bangkok 10600 Tel. : +662 863-3288 Fax. : +662 437-8123	Producing and Selling Tinned Foods	500,489,990	62,145,000	12.42	Ordinary
22. Sahaviriya Steel Industries Pcl. 28/1 Prapawit Building, 2nd - 3rd Fl., Surasak Rd., Bangrak, Silom, Bangkok 10500 Tel. : +662 238-3063-82 Fax. : +662 236-8890, +662 236-8892	Steel Industries	11,113,018,280	4,499,394,589	40.49	Ordinary
23. Private Equity Trust for SME Growing Together 1 989 Siam Piwat Tower Building, 9th , 24th Fl., Rama I Rd., Pathumwan, Pathumwan, Bangkok, 10330	Private Fund (Fund established to promote small and medium-sized enterprises (SMEs))	5,500,000	4,845,813.5	88.11	Trust Certificate
24. Private Equity Trust for SME Growing Together 2 989 Siam Piwat Tower Building, 9th , 24th Fl., Rama I Rd., Pathumwan, Pathumwan, Bangkok, 10330	Private Fund (Fund established to promote small and medium-sized enterprises (SMEs))	42,060,000	36,103,000.14	85.84	Trust Certificate

4. Other References

- **Securities Registrar**

Thailand Securities Depository Co., Ltd.

93 Ratchadapisek Rd., Dindaeng,

Bangkok 10400

Tel. : +662 009-9000

SET Contact Center : +662 009-9999

Fax. : +662 009-9991

- **Debenture Holder Agent and Debenture Registrar**

- > Malaysian Ringgit Medium Term Note Program consists of Subordinated Debentures in accordance with Basel III (Subordinated Tier 2) amounting to MYR 1,000 million.

CIMB Investment Bank Berhad

(Facility Agent)

Level 21, Menara CIMB,

Jalan Stesen Sentral 2,

Kuala Lumpur Sentral, 50470 Kuala Lumpur

CIMB Commerce Trustee Berhad

(Debenture Holder Agent)

Level 21, Menara CIMB,

Jalan Stesen Sentral 2,

Kuala Lumpur Sentral, 50470 Kuala Lumpur

- > Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank No. 1/2017 (Redemption in 2027). The Subordinated Instruments are redeemable at the instance of the issuer before the maturity date and can be written down (fully or partially) after the official decided to offer financial aid.

Krung Thai Bank Pcl. (Debenture Registrar)

Registrar Team, Capital Market Service Department

977/2 SM Tower, 3rd Fl.,

Phahonyothin Rd., Samsen Nai,

Phaya Thai, Bangkok 10400

Tel. : +662 298-0830-3 ext. 109, 130, 124

Fax. : +662 298-0835

- > USD Debentures of Krung Thai Bank Pcl. No. 1/2018 (Redemption in 2023).

Bank of Ayudhya Pcl. (Debenture Registrar)

Securities Services Operations Department

1222 AA Fl., Rama III Rd.,

Bang Phongphang, Yan Nawa,

Bangkok 10120

Tel. : +662 296-5715

Fax. : +662 683-1302

Bank of Ayudhya Pcl. (Debenture Holder Agent)

Securities Services Marketing Department

1222 AA Fl., Rama III Rd.,

Bang Phongphang, Yan Nawa,

Bangkok 10120

Tel. : +662 296-3582

Fax. : +662 683-1298

- > Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank No. 1/2019 (Redemption in 2029). The Subordinated Instruments are redeemable at the instance of the issuer before the maturity date and can be written down (fully or partially) after the official decided to offer financial aid.

Krung Thai Bank Pcl. (Debenture Registrar)
Registrar Team, Capital Market Service Department
 977/2 SM Tower, 3rd Fl.,
 Phahonyothin Rd, Samsen Nai,
 Phaya Thai, Bangkok 10400
 Tel. : +662 298-0830-3 ext. 109, 130, 124
 Fax. : +662 298-0835

- Auditor

Office of the Auditor General of Thailand
 Rama VI Rd., Sam Sen Nai,
 Phaya Thai, Bangkok 10400
 Tel. : +662 271-8000
 Fax. : +662 618-5769

- Legal Advisors

Legal Affairs Department,
Compliance & Procedures Sector,
Compliance & Legal Management Group,
 Krung Thai Bank Pcl.
 10 Sukhumvit Bldg., 17th Fl., Sukhumvit Rd.,
 Klong Toey, Bangkok 10110
 Tel. : +662 345-1992, 1778-9, 1988-95

KTB Law Co., Ltd.
 191/50-53, 21 CTI Tower 18th-19th, 27th Fl.,
 Ratchadapisek Rd., Klong Toey,
 Klong Toey, Bangkok 10110
 Tel. : +662 096-8800
 Fax. : +662 261-3748-50

5. Credit Ratings of the Bank

	Dec 2019	Dec 2018
<ul style="list-style-type: none"> S&P Global Ratings <ul style="list-style-type: none"> Long-term/Short-term Outlook Stand-Alone Credit Profile (SACP) 	BBB / A-2 Stable bb+	BBB / A-2 Stable bb+
<ul style="list-style-type: none"> Moody's Investors Service <ul style="list-style-type: none"> Long-term/Short-term Outlook Baseline Credit Assessment (BCA) 	Baa1 / P-2 Positive baa3	Baa1 / P-2 Stable ba1
<ul style="list-style-type: none"> Fitch Ratings <ul style="list-style-type: none"> Foreign Currency Credit Ratings <ul style="list-style-type: none"> Long-term/Short-term Outlook Viability Rating Subordinated Debt (USD) National Credit Ratings <ul style="list-style-type: none"> Long-term/Short-term Outlook Unsubordinated Debt (USD) Subordinated Debt 	BBB / F2 Positive bbb- BBB- AA+(tha) / F1+(tha) Stable AA+(tha) AA(tha)	BBB / F2 Stable bbb- BBB- AA+(tha) / F1+(tha) Stable AA+(tha) AA(tha)

In July 2019, Fitch Ratings and Moody's Investor Service adjusted the Bank's foreign currency credit rating from Stable to Positive, in line with adjusting the foreign currency credit rating of Thailand. In addition, Moody's Investor Service also adjusted the Baseline Credit Assessment (BCA) from ba1 to baa3 based on the Bank's basic financial status.

6. Other Major Information

In 2019, the Settlement Committee of the Bank of Thailand (BOT) had imposed fine on Krungthai Bank in amount of THB 4,960,000.- (four million nine hundred and sixty thousand baht) for incorrect debtor classification and wrongly report to the BOT which is regarded as a violation of Article 60 and Article 71 of the Financial Institution Businesses Act, B.E. 2551(2008) and related BOT notifications.

In this regard, the Bank had proceeded an improvement of working process concerning debtor classification so as to comply with the abovementioned regulations. The Board of Directors and the Executives of the Bank are aware that all executives and employees is an important force in driving the Bank to become a prototypical moral organization that adheres to business operations based on integrity, transparency and fairness under the principle of “Zero Tolerance” — any form of corruptions or acts that are against the law, rules, regulations and any code of conduct shall not be tolerated. Under the “Zero Tolerance” policy, the Bank also aims to be “Your Trusted Banking Partner” that places importance on good governance in all business operations and aiming to be the Best Place to Work, creating good and skillful people for sustainable growth of the society and environment of the Bank, focusing on the business with sustainable growth, and creating a public trust through carrying out the following projects:

- One in Compliance Policy — to conduct business operations to be number one in good governance.
- Zero Tolerance Policy — to build up a culture that does not tolerate corruptions or violations of laws and regulations
- Sustainable Krungthai Initiative — to adhere to conducting business with determination and to supervise and develop the potentials of its employees to support growth and wealth of customers, create better society and environment, sustainably create high returns for shareholders, and build public trust and good corporate image for the Bank. The Bank has established a management framework for executives and employees to practice in the same direction, which is comply with the Bank’s corporate governance policy with integrity, transparency, fairness. They must also conform to regulations and laws in order to achieve sustainable growth under the corporate culture of Zero Tolerance. The Bank believes that the foundation of sustainable and stable business growth must come from operating business and providing good service paralleling with morality and ethics. Performing so shall raise the corporate governance standard to implementation and achieve concrete results throughout the organization. The Bank therefore arranges the Sustainable Krungthai Initiative and enhances it to a strategic-level project by using principles “Inside-out Blasting” to give the executives and employees the opportunity to participate in brainstorming ideas under the concept “A problem to solve, A good deed to do”. The Bank follows the 3 strategic principles of the initiative (Foster, Prevent, Change) with the aim of achieving 4 areas: 1) Financial Growth 2) Regulators/Stakeholder 3) Process Improvement/First Line of Defense and 4) Employees. In this regard, the Bank has integrated important projects and activities in the Sustainable Krungthai Initiative, such as the Quality Assurance Project (QA), the One Unit One Sustainable Plan Initiative, Krungthai Compliance Champion Project, and Krungthai Loves Communities Project.


1) The “One Unit, One Sustainable Plan Initiative” in 2018-2019: The Bank considered that combining the advantages of the QA (Quality Assurance) Project and the One Unit, One Sustainable Initiative would be an integration of tools and criterias in order to effectively cultivate corporate culture and sustainable business growth. The integration of two projects encourages all departments in the Bank to establish sustainable plans from the concept of “Inside-out Blasting” and find solutions to solve problems or improve operations in their department which was in line with three strategic principles (Foster, Prevent and Change) with the aim of achieving four outcomes (Financial Growth, Regulators/Stakeholders, Process Improvement/First Line of Defense, Employees). This project gave the Bank a total of 1,540 sustainable plans, dividing into 1,221 plans from Retail Banking Group and 319 plans from all departments in the headquarter of the Bank. If divided according to the four outcomes of the Sustainable Krungthai Initiative, the 1,540 sustainable plans would consist of 43% Financial Growth, 51% Regulators/Stakeholders, 75% Process Improvement / First Line of Defense, and 15% Employee. In 2019, the Bank enhanced One Unit, One Sustainable Plan Initiative to improve the 2018 plans and create new projects in 2019 to close the gap occurred after evaluating the outcomes of the One Unit, One Sustainable Plan Initiative in 2018, including developing the plans to be more concrete, to better respond to stakeholders and create higher productivity.

Moreover, the Bank has organized a workshop on Sustainable Plan under the Bank’s core value for all groups in order to prepare and help the employees brainstorm ideas of unwanted behaviors (the problem) and desired behaviors in their own department and determine guidelines for creating a sustainable plan (One Unit, One Sustainable Plan) for further systematic development in the year 2020.

2.) Krungthai Compliance Champion Project focused on integrating laws and official regulations to which the Bank complies in order to implement them in business operation in a correct and concrete manner through plans that each department formulates. The plans that each department create was to facilitate the employees to work systematically and concretely with the aims to control, prevent, and/or manage risks that may arise from non-compliance with laws, regulations, the Bank’s policies and practice guidelines. In addition, the plans were extended to actual operation which leads to the Compliance Change Maker (CCM) Program. The program was based on the analyzed content about Compliance to arrange the Design Thinking: Mindset of Compliance: Towards Culture of Integrity Workshop to further cultivate Compliance Culture.

Banking Network

as at January 31, 2020


Domestic Branches
1,066 Branches
38 Service Points


Business
Office Centers
74
Centers


International Business
Centers (IBC)
25
Centers


Exchange
Booths
52
Booths

Bangkok
& Vicinity


336
Branches

13
Service Points

Central
Region


103
Branches

2
Service Points

Northern
Region


163
Branches

6
Service Points

Northeastern
Region


205
Branches

6
Service Points

Eastern
Region


100
Branches

5
Service Points

Southern
Region


159
Branches

6
Service Points





(For more detail of domestic
network and service hours,
please visit
[krungthai.com
/en/contact-us/ktb-location](http://krungthai.com/en/contact-us/ktb-location)
or scan QR Code)





Contact Channels


Retail Banking

 Krunghthai Contact Center +662-111-1111
 Call.Center@ktb.co.th

Krunghthai Corporate

 Corporate (08:00 - 19:00 hrs.) +662-111-9999
 Government Sector (24 hrs.) +662-111-1144
 Cash.management@ktb.co.th

Complaints and Suggestions

 Krunghthai Contact Center +662-111-1111
 Customer Complaint Center
P.O. Box 44 Hua Lam Pong
Post Office Bangkok 10331
 complaint.center@ktb.co.th



Krunghthai Care

OVERSEAS OFFICES

As at January 31, 2020

Kunming Branch

Overseas Branch Manager : Ms. Weeranee Tanasanvimol
 Address : 19th Floor, Shuncheng East Building,
 No.11, Dongfeng Road (West),
 Kunming, Yunnan, China, 650031
 Tel. : +86 (871) 6313-8370
 Fax. : +86 (871) 6313-8367
 SWIFT : KRTHBKKNM
 E-Mail : br.kunming@ktb.co.th

Los Angeles International Branch

Senior Manager-Credit : Mr. Ittisoonthorn Nuangyindee
 & Acting GM
 Address : 707 Wilshire Boulevard, Suite 3150
 Los Angeles, CA. 90017, USA
 Tel. : +1 (213) 488-9897, 488-9899
 Fax. : +1 (213) 891-0733
 SWIFT : KRTHUS6L
 E-Mail : br.losangeles@ktb.co.th

Mumbai Branch

General Manager : Ms. Duangruthai Sriwarom
 Address : 6th Floor, 62 Maker Chambers VI,
 Nariman Point, Mumbai 400021,
 India
 Tel. : +91 (22) 2287-3741, 2283-7693
 Fax. : +91 (22) 2287-3744
 SWIFT : KRTHINBB
 E-Mail : br.mumbai@ktb.co.th

Phnom Penh Branch

Senior Overseas Branch : Mr. Sethayut Maneesri
 Manager
 Address : 149, Street 215, Sangkat phsar Depo 1,
 Khan Toulkok, Phnom Penh 120401,
 Cambodia
 Tel. : +855 (23) 882-959, 883-720
 Fax. : +855 (23) 883-719
 SWIFT : KRTHBKPMP
 E-Mail : br.phnompenh@ktb.co.th

Siem Reap Province Sub-Branch

Senior Overseas Branch : Mr. Watcharapong Sompong
 Manager
 Address : 10-11, Sivatha Road, Mondol 2,
 Khum Svay Dangkm Siem Reap District,
 Siem Reap 17200, Cambodia
 Tel. : +855 (63) 964-758
 Fax. : +855 (63) 964-759
 E-Mail : br.siemreap@ktb.co.th

Singapore Branch

FVP, Overseas Branch Head : Mr. Pisit Buranakitpinyo
 Address : 65 Chulia Street, OCBC Centre,
 32-05/07, Singapore 049513
 Tel. : +65 6533-6691
 Fax. : +65 6533-0930
 SWIFT : KRTHSGSG
 E-Mail : br.singapore@ktb.co.th

Vientiane Branch

Senior Overseas Branch : Ms. Weeranuch Tharmasakti
 Manager
 Address : 80 Lanexang Road, Ban Xiengyuen,
 Chanthabouly, Vientiane
 People's Democratic Republic of Lao
 Tel. : +856 (21) 213-480, 222-761
 Fax. : +856 (21) 222-762
 E-Mail : br.vientiane@ktb.co.th

Cayman Islands Branch

FVP, Overseas Branch Head : Mr. Wittaya Archewaparisut
 Address : 5th Floor, Harbour Place,
 103 South Church Street, P.O. Box 1353,
 George Town, Grand Cayman KY1-1108
 E-Mail : br.cayman@ktb.co.th

Yangon Representative Office

Senior Manager, : Mr. Wutichai Sermongsakunchai
 Representative Office
 Address : Centre Point Tower, 7th Floor,
 No.65 Corner of Sule Pagoda Road and
 Merchant Street, Kyuaktada Township,
 11182, Yangon, Myanmar
 Tel. : +95 - 9-420 277 056, +95 - 1- 243 186
 E-Mail : br.yangon@ktb.co.th,
 wutichai.sermongsakunchai@ktb.co.th



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care for the environment.

This Annual Report 2019 contains forward-looking statements concerning analysis and other information (as well as the Bank's prospects, plans and business strategies). The Bank has based those forward-looking statements on the current view of the Bank with respect to future events, but it does not guarantee future results. The actual results in the future may differ materially from those anticipated in this report. Investors should consider the information carefully and must not place undue reliance on the forward-looking statements.

Hence, investors are cautioned to be particularly careful and exercise individual judgement in studying the Bank's information stated in this report.

Produced by
Business Risk and Macro Research Team
Global Business Development and Strategy Group
Krungthai Bank

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Krungthai Contact Center: +662 111-1111 Corporate Call Center: +662 111-9999

🌐 krungthai.com Swift: KRTTHBK

