



Growing Together

Annual Report 2020

// **Krungthai** is ready to grow along with you in the Digital era. With world-class technology, we shall push the limits to enable our customers, employees, shareholders and all Thai people to completely enter a cashless-society and have better quality of life. //



Pillar 1

Sustain core business of the Bank (Carrier) to run firmly as well as grow cautiously and sustainably

Pillar 5

Operate business on transparency and sustainability according to the vision of "Growing Together for Sustainability"



5 EXECUTION PILLARS

To cope with the ongoing impact of the Perfect Storm, the Bank continues to drive the 2 Banking Models strategy with the 5 Execution Pillars.

Pillar 3

Optimize work processes towards Digitization with paperless



Pillar 2

Seek for alliances to create new business models, generate new sources of income and respond to the Next Normal era

Pillar 4

Expand business from the Bank's customers (X2G2X)



19 Awards of Pride

Bank of Thai people for Thai economy
and Thai society to grow sustainably.



The Asian Banker

- Leadership Achievement Award for Best Managed Bank during COVID-19 in Thailand**
- Best CEO Response to COVID-19 in Thailand Award**
The Bank has outstanding administration in all aspects during COVID-19 pandemic.

The Banker

- Bank of the Year 2020 in Thailand Award**
The Bank is a state commercial bank with distinctive management in all dimensions.

CFI

- Best Social Impact Bank - Thailand 2020 Award**
The Bank is a state commercial bank that played an important role in steering the nation's economy

TMA

- Thailand Corporate Excellence Award 2020**
The Bank is an organization with excellence in terms of corporate management in various fields.
- Thailand Digital Excellence Award 2020**
The Bank established Krungthai Innovation Lab as a center for innovation and high technology, endeavoring to lay the foundation for innovative financial services.

LINE Thailand

- Best Smart Channel in Finance & Insurance Award: Krungthai Care**
- Best Official Account of the Year Award: Krungthai Connex**
The Bank has provided the full-fledged financial services.

Thai ESCO Association

- ESCO Excellent Financial Supporting Award**
The Bank is the leading financial institution that supported the energy service companies business.



State Enterprise Policy Office (SEPO)

- 10. Outstanding Board of Director Awards 2020
- 11. Outstanding Corporate Management Awards 2020
- 12. Outstanding COVID-19 Crisis Management Awards 2020
The Bank exhibited the good cooperate governance, operated business effectively and performed outstanding management during the COVID-19 pandemic.

The Stock Exchange of Thailand

- 13. SET Awards 2020 - Thailand Sustainability Investment (THSI) Award
The Bank is a listed company that operated its business with regard to the environment, society and good corporate governance.

Business+

- 14. Thailand Top Company Awards 2020 – Financial Industry
- 15. Product of the Year Awards 2020 – Krungthai NEXT
The Bank had excellent performance and won the award through the consumer survey voting via online media as the best product and services of the year.

Siamrath

- 16. Popular State Bank of Technology and Innovation Award
The Bank received online voting as the organization that truly gained popularity in social media.

Money and Banking

- 17. Financier of the Year Award 2020

Thaipat Institute

- 18. Sustainability Disclosure Award 2020

Bangkokbiz

- 19. Business Person of the Year 2020



จ่าย กับ NEXT
ได้ทุกแพลตฟอร์ม



Krungthai
NEXT

โอน

เงิน



Live Your Life **Smarter** in Just One App

// Krunghai NEXT provides you convenience with AI features: New version, more pleasure to use, quick interaction and fulfillment of all your needs. Easy and convenient online transactions in just one app. //



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Banking Network

Financial Highlights



Loans

(Less Deferred Revenue)

2020
2,334,842
million baht

2019
2,089,873
million baht

2019 2020



Net Interest Income

2020
88,343
million baht

2019
88,316
million baht

2019 2020



BIS Total Capital Ratio

2020
19.11%

2019
19.01%

2019 2020

	Consolidated					Krungthai Bank				
	2020	2019	2018	2017 (Restated)	2016	2020	2019	2018	2017 (Restated)	2016
Financial Standing (Million Baht)										
Loans (Less Deferred Revenue)	2,334,842	2,089,873	2,024,205	1,938,082	1,904,089	2,252,022	2,006,313	1,948,702	1,865,396	1,837,120
Allowance for expected credit loss / Allowance for Doubtful Accounts (Including Revaluation Allowance for Debt Restructuring)	150,528	135,228	133,755	125,381	110,782	140,590	126,732	125,340	116,743	102,922
NPLs	107,138	102,659	106,370	103,020	91,128	103,254	99,224	102,634	98,637	86,786
Total Assets	3,327,780	3,012,216	2,739,203	2,854,210	2,689,703	3,226,987	2,908,358	2,656,181	2,771,583	2,614,798
Total Deposits	2,463,225	2,155,865	2,039,602	2,070,875	1,972,404	2,466,780	2,158,460	2,042,948	2,073,594	1,975,158
Total Liabilities	2,972,717	2,663,890	2,425,062	2,559,991	2,410,299	2,918,012	2,604,135	2,368,676	2,501,454	2,354,343
Total Equity	355,063	348,326	314,141	294,219	279,404	308,975	304,223	287,505	270,129	260,455
Total Equity (Equity Holders of the Bank)	343,466	338,287	305,875	287,861	274,187	308,975	304,223	287,505	270,129	260,455
Operating Performance (Million Baht)										
Interest Income	112,837	122,971	119,770	122,886	129,230	97,894	108,320	105,937	109,374	116,257
Interest Expense	24,494	34,655	36,081	36,023	42,264	22,996	33,161	34,561	34,426	40,784
Net Interest Income	88,343	88,316	83,689	86,863	86,966	74,898	75,159	71,376	74,948	75,473
Non-Interest Income	33,905	37,342	33,532	36,361	37,722	26,567	29,726	25,833	30,475	31,463
Other Operating Expense	53,465	62,474	53,088	49,483	50,631	46,961	55,477	46,305	42,791	43,693
Net Profit	19,439	32,138	31,089	24,110	33,565	13,292	26,326	25,101	21,312	29,968
Net Profit (Equity Holders of the Bank)	16,732	29,284	28,491	22,440	32,304	13,292	26,326	25,101	21,312	29,968
Financial Ratios (%)										
Return on Average Assets (Equity Holders of the Bank)	0.53	1.02	1.02	0.81	1.17	0.43	0.95	0.92	0.79	1.12
Return on Average Assets (Equity Holders of the Bank)	4.91	9.09	9.60	7.99	12.42	4.34	8.90	9.00	8.03	12.11
NPL / Loans	3.81	4.33	4.53	4.19	3.97	3.79	4.33	4.52	4.14	3.89
BIS Total Capital Ratio *	19.11	19.01	18.22	17.15	16.60	18.76	18.66	18.19	17.45	16.85
Book Value per Share (Baht)	25.40	24.91	22.47	21.04	19.98	22.10	21.76	20.56	19.32	18.63

* For 2020, 2019, 2018, 2017 and 2016, consolidated financial statements are financial business groups' s figures.

Note : The Bank restated the 2017 financial statements audited by the auditor in order to be comparable with the 2018 financial statements and notes.

Message from the Chairman





Krungthai Bank, as an economic pillar,

has played an important role in pushing forward measures from both the government sector and the Bank of Thailand.

2020 marked the year that Thai economy has been severely affected by both internal and external environment factors, in particular the COVID-19 outbreak. Thus, the government needed to expedite various measures i.e., public health measures, remedial and compensation measures for persons affected by COVID-19 pandemic, including social and economic recovery measures. Likewise, for the financial sector, the Bank of Thailand in collaboration with financial institutions, has implemented liquidity enhancing measures to support borrowers in diverse groups.

Krungthai Bank, as an economic pillar, has played an important role in pushing forward such measures from both the government sector and the Bank of Thailand. For example, the Bank launched credit measures to continuously assist borrowers affected by COVID-19 pandemic whereas especially building platforms for the government's schemes and measures such as the "Chim-Shop-Chai" (Taste-Shop-Spend) scheme, the "Rao Mai Ting Kan" (No one will be left behind) campaign, the "Rao Tiew Duay Kan" (We travel together) scheme and the "Khon La Khrueng" (Let's go halves) scheme. The achievements from all schemes are the pride of our Krungthai Bank since we have united as part of major driving forces behind the overall economic recovery of the country.

Besides, we have committed ourselves to conduct business within the "Krungthai Moral" framework. In details, the Bank cultivated and encouraged executives and employees to have integrity, honesty, transparency and accountability. The Bank

also inspired them to open up for knowledge and skills development that can support for the Great Reset — the change of economic landscape and business practices in the near future, which focuses more on operations with consideration towards the impact on economy, society, environment and corporate governance. This will enable Krungthai Bank to enter the digital economy era effectively and become the country's leading commercial bank that can fully respond to the needs of all stakeholders, comprising taking care and developing potential of personnel; continuously delivering valuable services and advice to customers; joining in the sustainable development of the economy, society and environment, including sustainably creating good returns to shareholders. Consequently, we shall do our best to align with the Bank's vision of "Growing Together for Sustainability".

On behalf of the Board of Directors, executives, employees and subsidiaries of the Bank, I would like to express thanks to shareholders, business partners and customers from the private and public sector for always giving trust and confidence to Krungthai Bank. I sincerely hope that you will always support the Bank continuously for all time.

Mr. Krisada Chinavicharana

Chairman of the Board of Directors

Message from the President





The Bank has hastily continued the integrated plans

regarding the digital development and internal infrastructure restructuring. As a result, it has helped to mitigate impacts of the Perfect Storm at a certain level.

In 2020, Thailand has faced with many challenges. Apart from the existing challenges from unfavorable economic structures such as high household debt and the growing of aging society, there were new challenges, especially Digital Disruption and the spread of COVID-19 outbreak. Therefore, the Thai economy seemed to undergo a huge historic storm that we have never encountered before or the Perfect Storm, which created uncertainty and severe impacts on all sectors, including the operations of commercial banks.

Krungthai Bank has accelerated the implementation of measures, both in cooperation with the Bank of Thailand and those undertaken by the Bank, in order to mitigate the impact on customers. More importantly, the Bank has hastily continued the integrated plans regarding the digital development and internal infrastructure restructuring simultaneously during the past 3 - 4 years. For example, the rebalancing portfolio was properly adjusted and the coverage ratio was set at an appropriate level, whereas the proportion of non-performing debt was under control. Furthermore, the Bank also executed the technology to help increase efficiency in work processes. As a result, it has helped to mitigate such impacts at a certain level. In the meantime, the Bank still carried out a parallel strategy or 2 Banking Models — Carrier and Speedboat — concurrently to align with the context of extremely abrupt and severe disruption. The Carrier focused on operating key business of the Bank and Speedboat aimed at creating new business models as well as building platforms that can connect to other platforms in an open banking system.

Another important integration was placed on the response to the government missions in parallel with the business management missions. Recently, the Bank supported the government in advocating the Thailand 4.0 policy through the development of a digital platform for people in all sectors to have access to the financial services. After the economy has been affected by the COVID-19 outbreak, Krungthai Bank attained the pride in taking part to develop the platform and

acting as the rights protector for the “Rao Mai Ting Kan” (No One Will Be Left Behind) scheme, since this project can provide assistance and remedies for 15.3 million Thai people. We also joined in “Rao Tiew Duay Kan” (We Travel Together) campaign that generated cash flow in the economy up to 20,000 million Baht throughout the campaign. Meanwhile, “Khon La Khrueng” (Let’s Go Halves) scheme was not only contributed to the economic recovery at the foundation level, but it also helped to educate people on how to use technology (Digital Literacy) through using the Bank’s applications: “Pao Tang” and “Thung Ngern”. Due to the continuous support for government schemes, finally, the Bank can currently serve customers and Thai people of more than 40 million users.

Besides, the Bank has continually endeavored to innovate and develop digital financial products/services in line with the rapidly changing of customer behavior in an attempt to increase its competitiveness. In particular, the new Krungthai NEXT application was developed with world-class technology and added with features that can support future financial activities. For Pao Tang, which is an open banking application, it is capable to support several digital services such as healthcare services via Health Wallet and Thailand’s first digital bond trading via Wallet SBM. Additionally, Thung Ngern, which is convenient for receiving payment, can serve as a replacement for the traditional EDC machines, whereas the Bank also invented a method of payment by using an ID card and implemented for the first time in Thailand. Consequently, from our commitment to progress in various fields, in 2020 many works and success of the Bank have been recognized by many sectors as well as enabled the Bank to receive considerable numbers of national and international awards correspondingly.

In 2021, the Bank still continue to place importance on driving the 2 Banking Models strategy with the 5 Execution Pillars so as to cope with the ongoing impact of the Perfect Storm and the New Normal lifestyles. To be precise, [1. Sustain core business of the Bank \(Carrier\) to run firmly as well as grow](#)

cautiously and sustainably: The Bank shall emphasis on the close monitor of quality credit along with supporting the individual customers and entrepreneurs to be able to adapt and go through this difficult period as much as possible in order to reduce the risk of non-performing receivables. Thus, along with risk management in all dimensions, the Bank also prepares to manage bad debt and extends business from the existing customers through finding opportunities to perform cross sell. Then, 2. Seek for alliances to create new business models, generate new sources of income and respond to the Next Normal era: During the past year, the Bank established Infinitas by Krungthai Company Limited to do research and develop new digital financial products through the concept of Open Ecosystem. 3. Optimize work processes towards Digitization with paperless: The Bank will implement RPA or Robotic Process Automation and artificial intelligence (AI) to improve work processes and reduce the cost of services. 4. Expand business from the Bank's customers (X2G2X): By taking the government sector as center, the Bank shall connect together with business partners and retail customers, especially within the Bank's 5 target Ecosystems. Finally, 5. Operate business on transparency and sustainability according to the vision of "Growing Together for Sustainability": The Bank adheres to the principles of corporate governance while building up a zero-tolerance culture. In addition, we take into account the business operation with the principles of ESG (Environment, Social and Governance) that support the implementation of various activities or projects to take care of Thai people, economy, society and environment such as Krungthai Loves Community project, UNDP- Krungthai 'Koh Tao, Better Together' project and etc.

I strongly believe that driving of 2 Banking Models strategy with the 5 Execution Pillars together will enable Krungthai Bank to maintain its role as the leading commercial bank with good asset quality and stable performance. The Bank engages in steering Thailand towards a cashless-society according to the Thailand 4.0 policy while adjusting itself well in the direction of shifting to the future world. Beyond the reduction on the inequality of the financial access of Thai citizens and Thai entrepreneurs, the Bank shall strengthen its digital banking competitiveness and enhance the public trust respectively. As a result, according to the various aforementioned operations, Krungthai Bank shall be able to grow alongside with Thai people steadily and sustainably.



01

- Sustain core business of the Bank (Carrier) to run firmly as well as grow cautiously and sustainably



02

- Seek for alliances to create new business models, generate new sources of income and respond to the Next Normal era



03

- Optimize work processes towards Digitization with paperless



04

- Expand business from the Bank's customers (X2G2X)



05

- Operate business on transparency and sustainability according to the vision of "Growing Together for Sustainability"

Mr. Payong Srivanich

President

Statement of Direction, Vision and Mission



Statement of Direction

Krungthai Bank 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

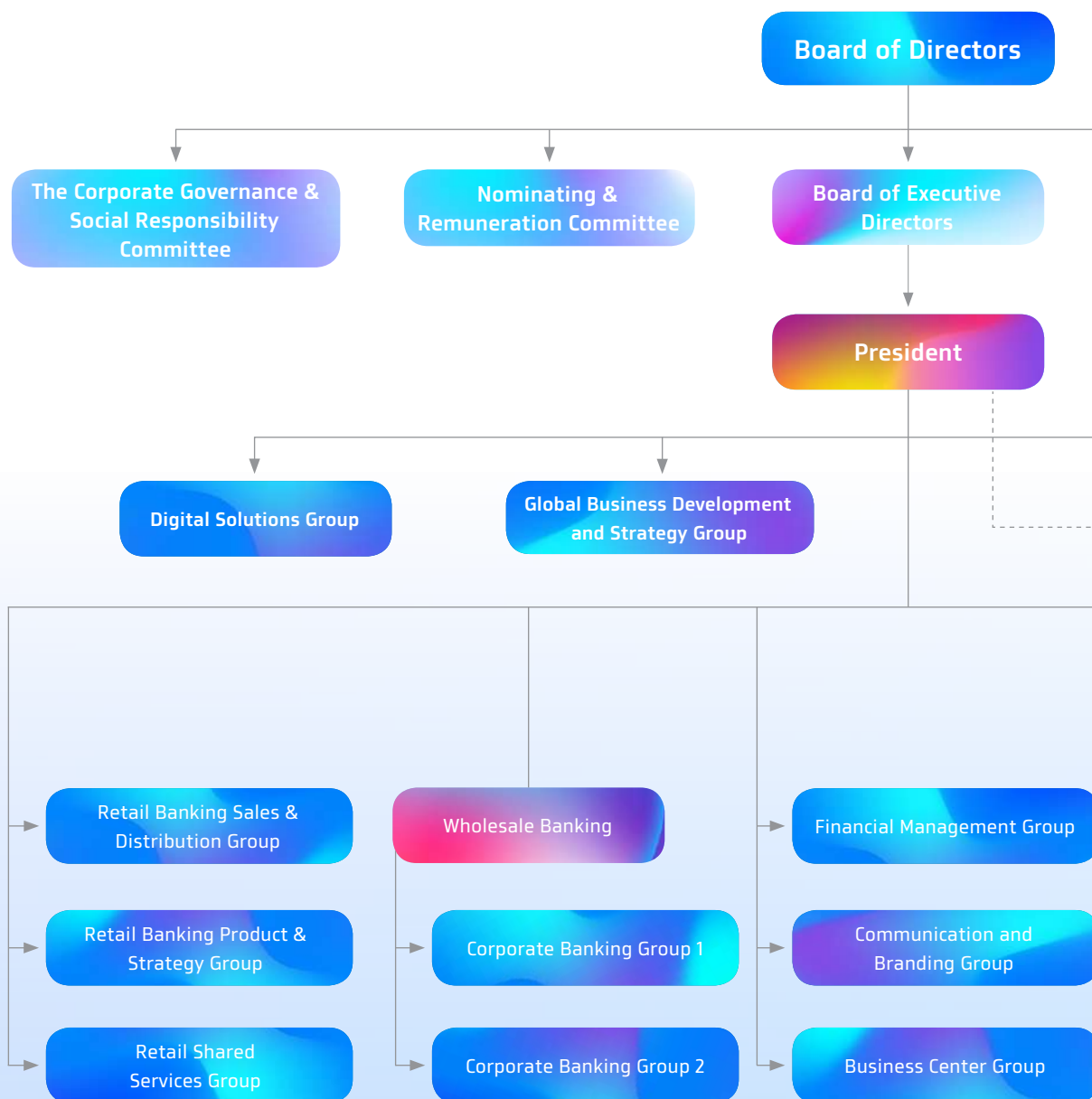
Growing Together for Sustainability – enhance capabilities of employees to support growth and prosperity for customers, enrich quality of society and environment, as well as provide sustainable return for our shareholders

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 1, 2021



Krungthai
Group

Credit-Related Business



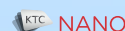
KTBL
KTB Leasing
Co., Ltd.



KTIBJ
Krung Thai IBJ
Leasing Co., Ltd.



KTC
Krungthai Card
Pcl.



KTC NANO
Co., Ltd.



KTC PREPAID
Co., Ltd.



PICO
กรุงเทพฯ
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.



KTBA Advisory
Co., Ltd.



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

Insurance Business



Krungthai-AXA
Life Insurance Pcl.



Krungthai Panich
Insurance Pcl.

Support Business



KTBS General Services
and Security Co., Ltd.



KTBS computer services
co. ltd



KTBS Law Co., Ltd.



Infinitas by krungthai
co. ltd

The Board of Directors

As at December 31, 2020



01 | **Mr. Krisada Chinavicharana**
Chairman

02 | Mr. Krairit Euchukanonchai

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

03 | Mr. Vichai Assarasakorn

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

04 | Mr. Thanwa Laohasiriwong

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

05 | Mr. Payong Srivanich

President (Authorized Signatory Director),
Executive Director,
Member of the Risk Oversight Committee and
Corporate Secretary



The Board of Directors

As at December 31, 2020

06 | Mr. Teerapong Wongsiwawilas

Director, Independent Director,
Chairman of the Compliance Committee and
Member of the Nominating and Remuneration Committee

07 | Prof.Dr. Kittipong Kittayarak

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

08 | General Tienchai Rubporn

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

09 | Mr. Poonnis Sakuntanaga

Director, Executive Director and
Member of the Risk Oversight Committee



10 | Ms. Patricia Mongkhonvanit

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

11 | Ms. Nitima Thepvanangkul

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

12 | Mr. Lavaron Sangsnit

Director, Executive Director and Member of the Risk Oversight Committee



The Executive Officers

As at December 31, 2020



01 | Mr. Payong Srivanich
President

02 | Mr. Poonpat Sripleng

Senior Executive Vice President -
Head of Risk Management 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. Suratun Kongton

Senior Executive Vice President -
Head of Corporate Banking Group 2

06 | Mr. Ekachai Techawiriyakul

Senior Executive Vice President -
Head of Corporate Banking Group 1



The Executive Officers

As at December 31, 2020

07 | Mr. Rawin Boonyanusasna

Senior Executive Vice President -
Head of Global Markets Group

08 | Ms. Saranya Vejakul

Senior Executive Vice President -
Head of Financial Management Group

09 | Mr. Santi Parivisutt

Senior Executive Vice President -
Head of Operation Group

10 | Mr. Suppawat Wadhanapatee

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

11 | Mr. Tawatchai Cheevanon

Senior Executive Vice President -
Head of Global Transaction Banking Group



12 | Mr. Pongsit Chaichatpornasuk

Senior Executive Vice President –
Head of Compliance and Legal Management Group

13 | Dr. Polawat Witoolkollachit

Senior Executive Vice President –
Head of Technology Group

14 | Mr. Kittipat Peantham

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

15 | Mr. Pichit Jongsaliswang

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

16 | Mr. Chanchai Sinsuparatn

First Executive Vice President –
Head of Retail Shared Services Group



The Executive Officers

As at December 31, 2020

17 | Mr. Panabhand Hankijjakul

First Executive Vice President –
Head of Internal Audit Group

18 | Mr. Krit Chamapisit

First Executive Vice President –
Head of Communication and Branding Group

19 | Mr. Chalerm Pradidarecheep

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

20 | Ms. Suwanna Anantanond

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

21 | Mr. Pativate Santavanond

First Executive Vice President



Brief Biography of Board of Directors and Executive Officers

Brief Biography of Board of Directors

(As at December 31, 2020)

1. Mr. Krisada Chinavicharana

Chairman

Age 57

Date of Appointment

February 7, 2020

Education

- M.B.A., University of New Haven, USA
- LL.B., Chulalongkorn University

Training Program

- Class 54, National Defense Course, National Defense College
- Class 186/2014, Director Certification Program (DCP), IOD
- Year 2010, Top Executive Program, The Office of the Civil Service Commission
- Year 2004, Financial Instrument and Markets, Harvard Business School

Number of Shares in Company None

% of Shares in Company None

(not changed since 7 February 2020)

Family Relationship with Director and Executive officer None

Positions in Other Listed Companies

2020 - Present Independent Director, BCPG Pcl.

2009 - Present Director and Member of Nomination Committee, Airports of Thailand Pcl.

Positions in Non-Listed Companies/Other Organizations

2020 - Present Permanent Secretary, Ministry of Finance

2015 - Present Director, Erawan Hotel Pcl.

Experience over Past 5 Years

2018 - 2020 Director-General, Thai Customs

2017 - 2019 Director, Bank for Agriculture and Agricultural Cooperatives

2015 - 2019 Director, Deposit Protection Agency (DPA)

2018 Director, PTT Pcl.

2017 - 2018 Director-General, The Excise Department

2016 - 2017 Director, Muang Thai Insurance Pcl.

2015 - 2017 Director, Bangchak Corporation Pcl.

2014 - 2017 Director, Bank of Thailand

2014 - 2017 Director, Aeronautical Radio of Thailand Ltd.

2014 - 2017 Director-General, The Fiscal Policy Office

2. Mr. Krairit Euchukanonchai

Vice Chairman

Chairman of the Board of Executive Directors

Chairman of the Risk Oversight Committee

Age 65

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

- 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 1 January 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies

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

2020 - Present Chairman, Infinitas by Krungthai Co., Ltd.

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

2003 - Present Chairman, V.Body & Paint Co., Ltd.

2000 - Present Chairman, V.Group Honda Cars Co., Ltd.

1998 - Present Chairman, V.Auto Sales Co., Ltd.

1998 - Present Chairman, V.Conglomerate Co., Ltd.

Experience over Past 9 Years

2018 - 2020 Chairman and Independent Director, PTT Pcl.

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.

3. Mr. Vichai Assarasakorn

Director

Independent Director

Chairman of the Audit Committee

Member of the Corporate Governance and
Social Responsibility Committee

Age 60

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
- 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 1 January 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies

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

Positions in Non-Listed Companies/Other Organizations

2020 - Present Committee member of the Prevention
and Suppression of Corruption and Abuse of
Powers Reform of the Thailand's National
Reform, Office of the National Economic
and Social Development Council

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

2014 - 2020 Independent Director and Member of
the Audit Committee, PTT Pcl.

2011 - 2014 Secretary General,
Anti-Corruption Organization of Thailand

4. Mr. Thanwa Laohasiriwong

Director

Independent Director

Chairman of the Nominating and Remuneration Committee

Member of the Compliance Committee

Member of the Risk Oversight Committee

Age 55

Date of Appointment

January 26, 2016

Education

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

Training Program

- Class 30/2020, Top Management Program, Capital
Market Academy, The Stock Exchange of Thailand
- Year 2020, Cyber Resilience Program, Bank of Thailand
- 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 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 1 January 2020)

Family Relationship with Director and Executive officer None

Positions in Other Listed Companies

2018 - Present Advisor of Investment Committee, BCPG Pcl.

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

Positions in Non-Listed Companies/Other Organizations

2019 - Present Director, Relationship Republic Co.,Ltd

2018 - Present Member of the Support Research and Innovation Administration Committee, National Research Council of Thailand (NRCT)

Experience over Past 5 Years

2018 - 2020 Independent Director and Member of the Audit Committee, State Railway of Thailand

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.

5. Mr. Payong Srivanich

President (Authorized Signatory Director)

Executive Director

Member of the Risk Oversight Committee

Corporate Secretary

Age 52

Date of Appointment

- President : November 8, 2016
- Renewal the President for another term : November 8, 2020
- Corporate Secretary : July 8, 2020

Education

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

Training Program

- TIJ Executive Program on the Rule of Law and Development : RoLD 2019 ,Thailand Institute of Justice (TIJ)
- Year 2018, Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, ACIS Professional Center
- Class 223/2016, Director Certification Program (DCP), IOD
- Training and Development for High Executive Project, Royal Thai Police

Number of Shares in Company None

% of Shares in Company None

(not changed since 1 January 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2020 - Present Chairman, Thai Bankers' Association

2020 - Present Private Sector Committee, Board of the Office of SMEs Promotion, The Office of SMEs Promotion

2020 - Present Director, National Strategic Committee, Office of the National Economic and Social Development Council

2020 - Present Director, Eastern Economic Corridor (EEC) Policy Committee, Eastern Economic Corridor (EEC)

2020 - Present Director, Commission Policy on Private Participation in State Affairs, State Enterprise Policy Office

2020 - Present Director, Business Advisory of Center for Covid-19 Situation Administration (CCSA), Office of the National Economic and Social Development Council

2020 - Present Committee, The Board of Anti-Corruption Organization of Thailand Foundation, Anti-Corruption Organization of Thailand Foundation

2020 - Present Advisor, Bureaucracy System Development Subcommittee about Studying and Setting Guidelines the Thailand National Digital Trade Platform Office of the Public Sector Development Commission

2020 - Present Committee, Capital Market Development Commission, Fiscal Policy Office

2020 - Present Chairman, Analyze and Propose Economic Management Measures in the Urgent Period Subcommittee under the Executive Committee on Economic Situation Affected by the Coronavirus 2019 Outbreak, Office of the National Economics and Social Development Council

2020 - Present Director, Payment Systems Committee (PSC), Bank of Thailand

2020 - Present Board Member, Thailand Board of Investment (BOI)

2020 - Present Chairman, National Digital ID Co., Ltd.

2020 - Present Co-Chairmen, The Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)

2020 - Present Chairman, Development of Database Systems and Information Technology in Public Financial Institutions Subcommittee

2020 - Present Director, The ASEAN Bankers Association (ABA)

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

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

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

Experience over Past 5 Years

2016 Director, Krungthai-AXA Life Pcl.

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

6. Mr. Teerapong Wongsiwawilas

Director

Independent Director

Chairman of the Compliance Committee

Member of the Nominating and Remuneration Committee

Age 56

Date of Appointment

December 21, 2020

Education

- Bachelor of Laws, Thammasat University

Training Program

- Class 246/2017, Director Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Class 57, National Defence Course, The National Defence College
- Class 8, Senior Executive Program, The Office of the Civil Service Commission
- Class 12/2013, Public Law and Management, King Prajadhipok's Institute

Number of Shares in Company None

% of Shares in Company None

(not changed since 21 December 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies

2017 - Present Independent Director and Member of the Audit Committee, Bangchak Corporation Pcl.

Positions in Non-Listed Companies/Other Organizations

2020 - Present Honorable Executive Director of the Judicial Administration (Administration and Management), Court of Justice

2020 - Present Committee member of the Political Reform of the Thailand's National Reform, Office of the National Economic and Social Development Council

2019 - Present National Science and Technology Development Committee, National Science and Technology Development Agency

2019 - Present Honorable Special Investigation Committee (Law), Department of Special Investigation, Ministry of Justice

2018 - Present Council of State No.7 (Natural Resources and Environment Law), Office of the Council of State

2017 - Present Secretary-General to the Cabinet, The Secretariat of the Cabinet

Experience over Past 5 Years

2015 - 2017 Deputy Secretaries-General to the Cabinet, The Secretariat of the Cabinet

7. Prof.Dr. Kittipong Kittayarak

Director

Independent Director

Chairman of the Corporate Governance and

Social Responsibility Committee

Member of the Compliance Committee

Age 62

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, Netherland
- Barrister-at-Law, Institute of Legal Education Thai Bar Association
- Bachelor of Laws (Honors), Chulalongkorn University

Training Program

- Year 2020, Cyber Resilience Program, Bank of Thailand
- 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 1 January 2020)

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

8. General Tienchai Rubporn

Director

Chairman of the Independent Directors Committee

Member of the Audit Committee

Member of the Compliance Committee

Age 65

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
- 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 1 January 2020)

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

9. Mr. Poonnis Sakuntanaga

Director

Executive Director

Member of the Risk Oversight Committee

Age 62

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

- Class 46/2020, Role of the Chairman Program (RCP), IOD
- Year 2020, Cyber Resilience Program, Bank of Thailand
- 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 1 January 2020)

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.

10. Ms. Patricia Mongkhonvanit

Director

Member of the Nominating and Remuneration Committee

Member of the Corporate Governance and

Social Responsibility Committee

Age 49

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

- Class 43/2020 Financial Statements for Directors (FSD), IOD
- Class 13/2020 IT Governance and Cyber Resilience Program (ITG), IOD
- Year 2020, Cyber Resilience Program, Bank of Thailand
- 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

Number of Shares in Company None

% of Shares in Company None

(not changed since 1 January 2020)

Family Relationship with Director and Executive officer
None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2020 - Present Independent Director and Member of
the Audit Committee, BBGI Pcl.

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

11. Ms. Nitima Thepvanangkul

Director

Independent Director

Member of the Audit Committee

Member of the Corporate Governance and
 Social Responsibility Committee

Age 63

Date of Appointment

April 12, 2019

Education

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

Training 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 since 1 January 2020)

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 – 2018 Executive Vice President, Corporate
Accounting and Finance, PTT Pcl.

12. Mr. Lavaron Sangsrit

Director

Executive Director

Member of the Risk Oversight Committee

Age 53

Date of Appointment

December 21, 2020

Education

- M.S. (Economic Policy and Planning),
Northeastern University, USA
- Bachelor of Economics, Chulalongkorn University

Training Program

- Class 12/2018, Top Executive Program in Energy Literacy,
Thailand Energy Academy
- Class 25/2017, Top Management Program,
Capital Market Academy
- Class 205/2015 Director Certification Program (DCP), IOD
- Class 58, National Defence Course,
The National Defence College
- Class 7, Executive Program in Public Administration,
Office of the Civil Service Commission (OCSC)

Number of Shares in Company None

% of Shares in Company None

(not changed since 21 December 2020)

Family Relationship with Director and Executive officer

None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2020 – Present Director-General, The Excise Department
 2018 – Present Director and Chairman of
the Board of Executive Directors,
Aeronautical Radio of Thailand Ltd.

2018 – Present Director, Tobacco Authority of Thailand

Experience over Past 5 Years

2018 – 2020 Director-General, The Fiscal Policy Office
 2018 – 2020 Chairman, Deposit Protection Agency
 2018 – 2020 Board Member,
Capital Market Supervisory Board,
The Securities and Exchange Commission
 2018 – 2020 Director, Bank of Thailand
 2018 – 2020 Member of the Financial Institutions Policy
Committee, Bank of Thailand
 2016 – 2020 Director and Chairman of the Risk
Management Committee,
Krungthai Asset Management Pcl.
 2016 – 2018 Inspector General,
Office of the Permanent Secretary,
Ministry of Finance

Brief Biography of Executive Officers

(As at December 31, 2020)

1. Mr. Payong Srivanich

President

Age 52

- Please refer to page 21

2. Mr. Poonpat Sripleng

Senior Executive Vice President -

Head of Risk Management Group

Age 56

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, 2020)

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

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, Krung Thai Bank Pcl.

3. Ms. Praralee Ratanaprasartporn

Senior Executive Vice President -

Head of Digital Solutions Group

Age 51

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, 2020)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies

Apr. 2019 - Present Director, Krungthai Card Pcl.

Positions in Non-Listed Companies/Other Organizations

Oct. 2020 - Present Director and Acting President, Infinitas by Krungthai Co., Ltd.

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

Experience over Past 5 Years

2019 - Sep. 2020 Director, National Digital ID Co., Ltd.

2014 - Feb. 2020 Director, KTB Leasing Co., Ltd.

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, Krung Thai Bank Pcl.

4. Mr. Weerapong Suppasedsak

Senior Executive Vice President -

Head of Business Center Group

Age 54

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

- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- 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, Class 60, 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, 2020)

Family Relationship with Director and Executive Officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2019 - 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, Krung Thai 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, Krung Thai Bank Pcl.

5. Mr. Suratun Kongton

Senior Executive Vice President -

Head of Corporate Banking Group 2

Age 54

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

- National Defence Course, Class 62, National Defence College
- Introduction to Thai Financial Reporting Standards 9 (IFRS 9) (2020)
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2019)
- Reimaging Your Business for the Digital Age 2019

Number of Shares in company None
 % of Shares in company None
 (Not changed since January 1, 2020)
 Family Relationship with Director and Executive officer None
 Position in Other Listed Companies
 2019 - Present Director, Dhipaya Insurance Pcl.
 Position in Non-Listed Companies/Other Organizations None
 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 2,
 Bank of Ayudhya Pcl.

6. Mr. Ekachai Techawiriyakul

Senior Executive Vice President -
 Head of Corporate Banking Group 1

Age 59

Date of Appointment

November 1, 2017

Education

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

Training Program

- Top Executive Program in Commerce and Trade (TEPCoT), Class 13 (2020)
- Digital Transformation for CEO (2020)
- Introduction to Thai Financial Reporting Standards 9 (TFRS 9) (2020)
- Power of The Kingdom, Class 5/2019, 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
- Leaders 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, 2020)

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 Audit 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 2, Krung Thai Bank Pcl.
- 2014 - 2017 Executive Vice President - Sector Head Corporate Banking Sector 8, Krung Thai Bank Pcl.

7. Mr. Rawin Boonyanusasna

Senior Executive Vice President -
 Head of Global Markets Group

Age 46

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
- Blockchain & Bitcoin for Management, Class 1/2018, 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)
- Media Training for Spokespersons (2017)
- Customer Segmentation and Micro Segment Analytics by SAS (2016)
- KTB Executive Refining Program (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, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2019 – Present	Director/Director of the Investment Subcommittee, The Thai Bond Market Association (ThaiBMA)
2019 – Present	Director of Nomination and Remuneration Committee, Krungthai ZMICO Securities Co., Ltd.
2018 – Present	Director/Executive Director, Krungthai ZMICO Securities Co., Ltd.
2017 – Present	Director/Chairman of Investment Committee, Krungthai-AXA Life Insurance Pcl.

Experience over Past 5 Years

2016 – 2018	First Executive Vice President – Head of, Global Markets Group, Krung Thai Bank Pcl.
2015 – 2016	Executive Vice President Team Leader, Trading Team, Global Markets Group, Krung Thai Bank Pcl.

8. Ms. Saranya Vejikul

Senior Executive Vice President –
Head of Financial Management Group

Age 51

Date of Appointment

July 1, 2019

Education

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

Training Program

- Top Management Program in Government Fiscal Management (GFM) 2020
- TFRS 9: Financial Instruments – Hedge Accounting (Advanced Workshop) 2020
- 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, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2020 – Present	Executive Director, Krungthai Panich Insurance Pcl.
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Experience over Past 5 Years

Jul. 2019 – Oct. 2019	Financial Management Advisor to the President, Krung Thai Bank Pcl.
2010 – 2019	EVP, Head of Financial Planning & Analysis (PF&A), Siam Commercial Bank Pcl.

9. Mr. Santi Parivisutt

Senior Executive Vice President –
Head of Operation Group

Age 58

Date of Appointment

October 1, 2016

Education

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

Training Program

- Ethical Leadership Program (ELP) 20/2020
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2020)
- Introduction to Thai Financial Reporting Standards 9 (TFRS 9) (2020)
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- Personal Data Protection Act with Roles and Responsibilities of the Enterprise 2020
- 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
- How to Develop a Risk Management Plan (HRP), Class 16/2018, Thai Institute of Directors Association (IOD)
- Risk Management Program for Corporate Leaders (RCL), Class 10/2018, Thai Institute of Directors Association (IOD)
- One on One Executive Coaching, Class 1/2017, Slingshot Coaching Co., Ltd.
- Director Certification Program (DCP) 237/2017, Thai Institute of Directors (IOD)
- Advanced Audit Committee Program (AACP), Thai Institute of Directors (IOD) (2017)

- Internal Audit in Disruptive Technology, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King (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
- Situational Leadership Certification (Train the Trainer) by Slingshot Group (2015)

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

% of Shares in company 0.00001%

(Not changed since January 1, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

Apr. 2020 - Present	Director, KTB General Services and Security Co., Ltd.
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Experience over Past 5 Years

Oct. 2016 - Mar. 2020	First Executive Vice President - Head of Internal Audit Group, Krung Thai Bank Pcl.
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2014 - 2015	Senior Vice President - Sector Head, Credit Transaction, Audit Sector, Krung Thai Bank Pcl.
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- 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, 2020)

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. 2016 - Mar. 2020	First Executive Vice President - Head of Human Resources and Corporate Governance Group, Krung Thai Bank Pcl.
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2013 - 2016	Executive Vice President - Sector Head of Human Resources Sector, Human Resources and Corporate Governance Group, Krung Thai Bank Pcl.
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10. Mr. Suppawat Wadhanapatee

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

Age 50

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 Program

- Thailand HR Forum 2020 (Virtual Conference) 2020
- 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)

11. Mr. Tawatchai Cheevanon

Senior Executive Vice President -

Head of Global Transaction Banking Group

Age 52

Date of Appointment

January 2, 2019

Education

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

Training Program

- National Defence Course, Class 63, National Defence College
- Master Deal Maker Program, University of Pennsylvania, USA
- Director Certification Program (DCP), Thai Institute of Directors (IODs)
- Banking Institutes Program, Sydney, Australia
- IBM Client Executive Program (CEP) Harvard University, USA

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Position in Non-Listed Companies/Other Organizations

2020 - Present	Committee Member, College of Innovation, Thammasat University
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2019 - Present	Director, KTB Computer Services Co.,Ltd.
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2019 - Present	Director, BCI (Thailand) Co.,Ltd.
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2019 - Present	Director, InnoSpace (Thailand) Co.,Ltd.
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2016 - Present	Director, Cycling Cloud Company Limited
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Experience over Past 5 Years

Apr. 2019 - Apr. 2020	Director, Krungthai IBJ Leasing Co., Ltd.
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Jan. 2019 - Mar. 2020	First Executive Vice President - Head of Global Transaction Banking Group, Krung Thai Bank Pcl.
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2017 - 2018	Director and Managing Director, Daingern Dotcom Co., Ltd.
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2015 - 2018	Director and Managing Director, ASN Broker Public Co., Ltd.
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2015 - 2018	Director and Managing Director, ASN Life Broker Co., Ltd.
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12. Mr. Pongsit Chaichatpornasuk

Senior Executive Vice President -

Head of Compliance and Legal Management Group

Age 56

Date of Appointment

October 1, 2020

Education

- Bachelor of Laws, Ramkhamhaeng University

Training Program

- Financial Crime Prevention Program (Federal Bureau of Investigation: FBI), USA
- LS Course University of Washington, USA
- IMD Advanced Strategic Management
- National Security Management for Senior Executives, Class 2,
- National Defence Course for the Joint State-Private Sectors, Class 24, The National Defence College
- Ethical Leadership Program (ELP), Class 11/2018, IOD
- Top Executive Program in Energy Literacy, Class 13, Thailand Energy Academy
- Top Executive Program in Justice Administration, Class 24, Judicial Training Institute

Number of Shares in company None

% of Shares in company None

(Not changed since January 1, 2020)

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 - Oct. 2020	Director, TOT Pcl.
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2014 - Oct. 2020	Executive Vice President, The Siam Commercial Bank Pcl.
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13. Dr. Polawat Witoolkollachit

Senior Executive Vice President -

Head of Technology Group

Age 51

Date of Appointment

October 5, 2020

Education

- Diploma Thai Board of Orthopedic Surgery, Thai Medical Council
- Master of Science, Chiang Mai University
- Bachelor of Medicine, Doctor of Medicine Chiang Mai University

Training Program

- Digital Leadership and Organization Innovation Management, Office of the Permanent Secretary, Ministry of Digital Economy and Society
- Director Certification Program (DCP), Class 259/2018, IOD
- Corporate Governance for Director and Top Management of State-Owned Enterprise and Public Organization Course, Class 20, Public Director Institute (PDI), King Prajadhipok's Institute
- Politics and Governance in Development Systems or Executive Course, Class 19, King Prajadhipok's Institute
- Certificate: The Driving Digital and Social Strategy, Harvard Business School (2015)
- Top Management Program, Class 56, Ministry of Interior

Number of Shares in company None

% of Shares in company None

(Not changed since October 5, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

Nov. 2020 – Present Director,
Infinitas by Krungthai Co., Ltd.

2017 – Present Chairman of the Board of Directors,
KTB Computer Services Co.,Ltd.

Experience over Past 5 Years

2019 – Oct. 2020 Inspector, Higher Level, Ministry of
Digital Economy and Society

2018 – 2019 Deputy Secretary General (Deputy
Director – General, Executive
Position, Primary Level) Office of
the Digital Economy and Society
Commission, Ministry of Digital
Economy and Society

2018 – 2018 Director of Personnel Division
(Managerial Position, Higher Level),
Foreign Affairs Division, Office of
the Permanent Secretary, Ministry of
Digital Economy and Society

2013 – 2018 Director of Personnel Division
(Managerial Position, Higher Level),
Information and Communication
Technology Center,
Office of the Permanent Secretary,
Ministry of Public Health

14. Mr. Kittipat Peantham

First Executive Vice President –

Head of Government & State Enterprise Relations Group

Age 54

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

- Digital Transformation for CEO (2020)
- 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 (IRD) (2018)

- National Defence Course, National Defence College
(2018)
- One on One Executive Coaching, Slingshot Group
(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, 2020)

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, Krung Thai Bank Pcl.

2016 – 2017 Executive Vice President – Sector Head,
Corporate Banking Sector 3, Corporate
Banking Group 1, Krung Thai Bank Pcl.

2558 – 2559 Executive Vice President – Sector Head,
Corporate Banking Sector 2, Corporate
Banking Group 1, Krung Thai Bank Pcl.

15. Mr. Pichit Jongsaliswang

First Executive Vice President –

Head of Retail Strategy Product & Segmentation Group

Age 39

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 January 1, 2020)

Family Relationship with Director and Executive officer None

Position in Non-Listed Companies/Other Organizations

2019 – Present Director, Krungthai Card Pcl.

Positions in Non-Listed Companies/Other Organizations

2020 – Present Director,
Krungthai-AXA Life Insurance Pcl.

2019 – Present	Member of Investment Committee, Private Equity Trust for SME Growing Together 1
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, Krung Thai Bank Pcl.
2018 – Jan. 2019	Director, Nestify Co., Ltd.
2015 – 2017	Advisor to the President, Krung Thai Bank Pcl.
2013 – 2015	Executive Vice President, Head of SME Segment, TMB Bank Pcl.

16. Mr. Chanchai Sinsuparatn

First Executive Vice President -

Head of Retail Shared Services Group

Age 57

Date of Appointment

December 1, 2019

Education

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

Training Program

- e-Government Program for Chief Executive Officer, Class 7
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- IFRS9 Preparation for Executives (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 January 1, 2020)

Family Relationship with Director and Executive officer None

Position in Other Listed Companies None

Positions in Non-Listed Companies/Other Organizations

2019 – Present Director, KTB Leasing Co., Ltd.

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, Krung Thai Bank Pcl.

17. Mr. Panabhand Hankijjakul

First Executive Vice President -

Head of Internal Audit Group

Age 57

Date of Appointment

March 2, 2020

Education

- Master of Economics, The University of Kansas, USA
- Bachelor of Economics,
University of the Thai Chamber of Commerce

Training Program

- Introduction to Thai Financial Reporting Standards 9 (TFRS 9) (2020)
- Audit with New Normal (2020)
- Design thinking: Credit Process to Enhance Productivity-Efficiency (2020)
- Procedures for Dealing with Cyber Threats that Come in The Form of Phishing Email (Phishing Email Process) 2019
- Personal Data Protection Act B.E. 2562: PDPA (2019)
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2020)
- Introduction to Personal Data Protection Act B.E. 2562: PDPA (2019)
- Digital Leadership for Executive 2019
- Identity Determination and Desirable Behavior Management 2019
- Fostering Best Corporate Governance Practices (2018)
- Workshop Loan Process (2018)
- The Sustainable Krungthai Initiative for Sustainable Risk Management (2018)
- Cyber Security Awareness (2018)
- Leadership Performance Development (2017)
- Behavioral Economics for Financial Institution Managers (2017)
- Annual Audit Committee CAACC (2017)
- Thailand 4.0: Drive Organizations to Success (2017)
- Leaders as Coach (2017)
- Leadership Development Program for Executive (2016)
- Dealing with Fintech (2016)
- Top Team Workshop (2016)
- Credit Rating Workshop (2016)
- Executive Brand Solicitation, Krung Thai Bank Pcl. (2016)

Number of Shares in company None

% of Shares in company None

(Not changed since March 2, 2020)

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 – 2020 Executive Vice President- Head of
Credit Risk Management Sector,
Risk Management Group, Krung Thai Bank Pcl.

18. Mr. Krit Chamapisit

First Executive Vice President -

Head of Communication and Branding Group

Age 50

Date of Appointment

October 1, 2020

Education

- Master of Marketing, Thammasat University
- Bachelor of Accounting, Chulalongkorn University

Training Program

- General Management, DUKE University, USA
- Innovation Workshop (2020)
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2020)
- Introduction to Thai Financial Reporting Standards 9 (IFRS 9) (2020)
- Ransomware: Ransom Malware 2020
- Cyber Security Awareness (2019)
- Procedures for Dealing with Cyber Threats that Come in The Form of Phishing Email (Phishing Email Process) 2019
- 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 2019

Number of Shares in company None

% of Shares in company None

(Not changed since October 1, 2020)

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

Nov. 2018 – Sep. 2020 Executive Vice President - Head of
Communication and Branding
Sector, Communication and
Branding Group, Krung Thai Bank Pcl.

2018 – Nov. 2018 Advisor to the President, Krung Thai
Bank Pcl.

2011 – 2018 Senior Director - Head of Corporate
Marketing & Channel Management
Division, Siam Commercial Bank Pcl.

19. Mr. Chalerm Pradidarecheep

First Executive Vice President -

Head of Retail Banking Sales and Distribution Group

Age 57

Date of Appointment

October 1, 2020

Education

- Master of Public and Private Management,
National Institute of Development Administration
- Bachelor of Science, Kasetsart University

Training Program

- Digital CEO (2020)
- Thailand HR Forum 2020 (Virtual Conference) (2020)
- Service requirement for operation (2020)
- Digital Enablement Program (2020)
- Workshop Retail Branch Strategy (2020)
- Ransomware: Ransom Malware 2020
- The Anti-Money Laundering and the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) (2020)
- Innovation Workshop (2020)
- Introduction to Thai Financial Reporting Standards 9 (IFRS 9) (2020)
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- 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 2019
- Procedures for Dealing with Cyber Threats that Come in The Form of Phishing Email (Phishing Email Process) 2019
- Introduction to Personal Data Protection Act B.E. 2562: PDPA (2019)
- Cyber Security Awareness
- Leadership Performance Development (2017)

Number of Shares in company None

% of Shares in company None

(Not changed since October 1, 2020)

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

2018 – 2020 Executive Vice President - Head of
Metropolitan Business Center Sector 2,
Retail Banking Sales and Distribution Group,
Krung Thai Bank Pcl.

2017 – 2018 Senior Vice President - Head of Metropolitan
Business Center Sector 2, Retail Banking Sales
and Distribution Group, Krung Thai Bank Pcl.

2015 – 2017 Senior Vice President – Regional Office Manager, Suan Mali Regional Office, Metropolitan Business Center Sector 1, Retail Banking Sales and Distribution Group, Krung Thai Bank Pcl.

20. Ms. Suwanna Anantanond

First Executive Vice President –

Head of Credit Restructuring and Asset Management Group

Age 47

Date of Appointment

October 1, 2020

Education

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

Training Program

- Digital Transformation in Banking & CBC2 2020 Strategic Plan (2020)
- Credit Restructuring and Debtors Management Techniques (2020)
- Corporate Restructure (2020)
- Personal Data Protection Act B.E. 2562: PDPA (Updated) (2020)
- Procedures for Dealing with Cyber Threats that Come in The Form of Phishing Email (Phishing Email Process) 2019
- IFRS 9 Preparation for Executives (2019)
- Crucial Conversation (2019)
- Reimaging Your Business for the Digital Age (2019)
- The Sustainable Krungthai Initiative Day Seminar (2019)
- Introduction to Personal Data Protection Act B.E. 2562: PDPA (2019)
- Identity Determination and Desirable Behavior Management 2019
- Personal Data Protection Act B.E. 2562: PDPA (2019)
- Fostering Best Corporate Governance Practices (2018)
- The Sustainable Krungthai Initiative to Drive Prototypical Moral Bank (2018)
- 2002 ISDA Master Agreement (2018)
- Storytelling for Leaders (2018)
- Leading at the Speed of Trust (2018)
- Extended DISC (2017)
- The 7 Habits of Highly Effective People (2017)
- Leadership Performance Development (2017)
- Leaders as Coach (2017)
- The Sustainable Krungthai Initiative, ONE KTB: The Future of Banking (2017)
- Accounting Standards and Financial Reporting Standards (2016)
- Supply Chain Workshop (2016)
- Digital Banking & Inspirational Leadership (2016)
- Situational Leadership for Top Leaders (2016)

Number of Shares in company None

% of Shares in company None

(Not changed since October 1, 2020)

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 – Oct. 2020 Executive Vice President – Head of Corporate Banking Sector 6, Corporate Banking Group 2, Krung Thai Bank Pcl.

2015 – Sep. 2015 Senior Vice President – Head of Corporate Banking Sector 6, Corporate Banking Group 2, Krung Thai Bank Pcl.

21. Mr. Pativate Santavanond

First Executive Vice President

Age 59

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 (2016)
- Executive Brand Solicitation (2016)
- 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 4,000 Shares (held by spouse)

% of Shares in company 0.00003%

(Decreased 63,000 Shares from January 1, 2020)

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

2015 – 2018 Director, Krung Thai IBJ Leasing Co., Ltd.

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

2557 – 2559 Executive Vice President – Director, Metropolitan Business Center Sector 1, Krung Thai Bank Pcl.

Business Environment



Global economy in 2020
severely contracted by

3.5%

Economic Overview in 2020 and Outlook for 2021

The 2020 global economy faced the worst recession in almost a century. Since the beginning of 2020, humanity suffered from the outbreak of the novel coronavirus or COVID-19, that first originated in Wuhan city of China. Later, it had rapidly spread to all over the world, causing many countries to strictly enforce the outbreak control measures along with urging people to change their lifestyle to the New Normal method in the attempt to reduce the risk of person-to-person disease transmission. Due to the COVID-19 pandemic, many countries have encountered economic downturn in the second quarter of the year. However, the recession began recovered slowly during the third quarter after relaxation of outbreak control measures, together with the progress of vaccines development. Nevertheless, a new wave of COVID-19 pandemic had surged around many countries again in late 2020. Apart from the outbreak, there were other factors affecting the economy throughout 2020, such as the US presidential election and the United Kingdom's withdrawal from the European Union (Brexit). Overall, the International Monetary Fund (IMF) speculated

the global economy in 2020 to contract by 3.5 percent, which is the most severe contraction since the Great Depression in the 1930s.

Monetary policy around the world has been loosening continuously since the beginning of the year. In particular, the Federal Reserve System (Fed) cut policy interest rates to 0.00-0.25 percent shortly after the outbreak, including releasing quantitative easing measures (QE) unlimitedly. In the same way, the European Central Bank (ECB) and the Bank of Japan (BOJ) employed QE measures to inject massive amounts of liquidity into the economy, while also signaling financial easing to facilitate future economic recovery. On the other hand, in 2020, high liquidity in the system resulted in a considerable rise of the asset price in the capital market during the second quarter of the year amid the slow economic recovery and the all-around uncertainty.

Fed cut policy
interest rates to

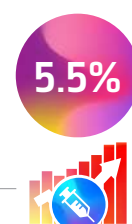




The global economic recovery in 2021 depends largely on the effectiveness and the acceleration of COVID-19 vaccine distribution.

According to the IMF, the global economy is projected to grow by 5.5 percent, similar to global trade volumes (of products and services) that is expected to grow by 8.1 percent. This depends mainly on the effectiveness and the acceleration of vaccine distribution, along with the monetary policy easing and the amount of money from fiscal measures to support the economic recovery. Nonetheless, the global economy is still facing high uncertainty from many factors, whether the second wave of COVID-19 outbreak; the Great Reset context which will place more emphasis on environmental and sustainability issues; the new US president's trade policy and the conflicts against China; China's five-year strategic plan which focuses more on technological self-reliance; as well as the results of the Regional Economic Partnership Agreement (RCEP), the largest free trade area to be enforced in the middle of this year. All of these factors play an important role in shaping the global economy and society.

**In 2021,
the global economy
is projected to grow by**



This depends mainly on the effectiveness and the acceleration of vaccine distribution

The year 2020 saw the worst Thai economic contraction since the Tom Yum Kung Crisis in 1997.

Thai economy shrank by 6.1 percent mainly due to the COVID-19 pandemic, which led to the tight outbreak control measures during the second quarter. The measures were, for example, temporary shutdown of businesses, restricting domestic and international travel, as well as the production halting of industrial products in foreign countries, which also caused the domestic production to stop. Regarding the situations, the economy in the second quarter contracted by 12.1 percent correspondingly. Despite outbreak control measure relaxation in the second half of the year, the economy was unable to recover much due to the lack of revenues from foreign tourists. As a result, the number of foreign tourists throughout the year totaled to approximately 6.7 million people, which almost all of them had been visiting in the first quarter of the year, decreasing from 39.9 million people of the previous year. Therefore, small and medium enterprises were severely affected. In the meantime, the number of workers who became unemployed or had fewer working hours greatly increased.

The economic recession had a broad impact, which prompted the government to implement measures to assist affected business sector and people, covering public health measures, relief and compensation measures, as well as economic and social recovery measure through the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy And Restore the Economy And Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020), with the loan limit of not more than 1 trillion Baht. Furthermore, other budgets were allocated to numerous projects such as the No One Will Be Left Behind (Rao Mai Ting Kan) scheme, We Travel Together (Rao Tiew Duay Kan) campaign and Let's Go Halves (Kon La Khreung) scheme. As for the Bank of Thailand, it cut the policy rate to 0.50 percent, which marks the lowest rate on record, along with reducing the remittance rate of contributions to the Financial Institutions Development Fund to allow the financial institutions to reduce interest rates. Additionally, it also set up funds to maintain liquidity for fund raising in the bond market and imposed measures with other financial institutions to assist debtors, such as debt restructuring, debt payment suspension and postponement, together with providing soft loans.



Thai economy in 2021 is likely to recover gradually, however, there is still high uncertainty due to external demand from foreign countries. Opening for foreign tourists is expected to begin, but it depends on the ratio of the vaccinated population from both national and overseas. As for the export sector, it is anticipated to recover in consistent with the global economic outlook despite the container shortage problem and the increasing freight rate in the beginning of the year. Concerning to domestic factors, a new wave of COVID-19 pandemic in the country since the beginning of December 2020 results in a slowdown in domestic demands, especially domestic tourism which is the main engine of the recovery. The level of impact mainly relies on the efficiency in controlling the number of new infection cases within the country, along with the effectiveness and the acceleration of vaccine distribution. Therefore, Thai economy in 2021 has a chance of expanding below 3.2 percent as estimated by the Bank of Thailand in December 2020.

The economic recovery, which is likely to prolong, leads to the expectation that the government's economic recovery measures will also continue only for the compulsory. As for monetary policy, the policy interest rate is projected to be fixed

at 0.50 percent. However, financial conditions may be volatile amid the good news of the progress of vaccination in many countries, causing risk-on sentiment of investors. Consequently, there may be more foreign and domestic cash outflow invested in safe haven assets and more cash inflow invested in emerging markets and also in Thailand. This shall result in US Dollars depreciation and Thai Baht appreciation in this year more than other currencies in the region due to consistent current account surpluses.

**Thai economy in 2021
has a chance of
expanding below**

3.2%



Policy and Business Overview

1. Overview of the Bank's Operation and Objective Plans Progress in 2020

Regarding the current business competition and the disruption in terms of rapid and severe changes in technology, competitors, government organizations and consumer behavior as well as challenges from volatility factors such as the slowdown in the domestic and global economies, the higher household debt problem and the COVID-19 outbreak, the Bank had to adapt to keep up with the situation in order to respond to the needs of customers and shareholders along with being able to cope with these changes. The Bank altered its business operations through a parallel strategy (2 Banking Model) by enhancing traditional business efficiency (Carrier Model) along with new business operations (Speedboat Model) that emphasizes data analytics on digital platforms in an attempt to strengthen the Bank and its competitiveness. Recently, the Bank supported the government in advocating the Thailand 4.0 policy through the development of a digital platform for people in all sectors to have access to the financial services. As a result, it reflects in reducing inequality and gaps in income distribution in the society, helps enhancing digital literacy skills of Thai people in order to drive Thailand towards a truly cashless society and fulfills all needs of Thai people in all sectors.

The Bank's 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 of such matters 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, the Management and the executives of affiliated companies to determine the strategic directions and important projects that will drive the business conglomerate to achieve its strategic goals. Subsequently, the Management exploited 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 example, the Bank held KTB 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 under the same direction. Additionally, the Bank held the Board of Directors' mobile meetings and visited the departments and branches in each region regularly to delegate the significant 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 tracked the Bank's progress of the key projects and performance compared to quarterly key performance indicators and the peers' performance during the year. In addition, the Board of Directors gave the policy, strategy and suggestions to the Management through the Board of Director meetings. Consequently, after the Management had taken such advice into the process, the Management had to report the progress and the accomplishment at the meeting regularly.

In order to achieve the statement of direction, vision and mission that focus on elevating people's well-being and providing them with the economic opportunities and greater access to financial services, including maintaining Bank's competitiveness as a leading commercial bank of the country, regarding more rapid and severe disruption in 2020, Krungthai Bank therefore stipulated 2 approaches to drive the organization concurrently: Carrier and Speedboat.

1. Carrier: The approach to drive key business of the Bank in terms of credit, deposit, fees and others, including the development of Krungthai NEXT application to satisfy all customer needs.

2. Speedboat: The approach 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 - so that the platform as an open financial system can support multiple e-wallets at the same time. Moreover, the Blockchain technology has been equipped to the platform and application, together with the backup by AI, Machine Learning and Data Analytics that can completely understand and respond to all customer needs. Examples of wallets in Pao Tang application are G-Wallets of various government schemes such as Chim Shop Chai (Taste, Shop, Spend), Rao Tiew Duay Kan (We Travel Together), Khon La Khrueng (Let's Go Halves), Health Wallet, Wallet SBM (Sasom Bond Mung Kung e-Wallet), wallet for service features of the Student Loan Fund (SLF), etc. The main objective is to facilitate all Thai people to have access to financial transactions more conveniently.

The Bank continues to place 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 significant policies of the country. The second group is **Payment**. The Bank has developed a full-fledged payment innovation, which is a digital platform that responds to different lifestyles of customers. The third group is **Health and Wellness**. The Bank has expanded its financial services, 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 student's life in the digital age.

The last group is **Mass Transit**. The Bank has developed a cashless fare payment system for different types of transportation. Accordingly, the Bank deems that 5 ecosystems are its key strengths; therefore, the Bank shall sustain and maintain, then connects them to other ecosystems in order to fulfill daily requirements of the customers.

Due to Krungthai Bank's ability to build a large customer base through the implementation of various financial infrastructures of the government, 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 respond to 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.

Examples of the important products and services related to 5 ecosystems in 2020 are as follows:

1. Government

- **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 issued additional government welfare cards under Thai Niyom Yung Yuen Project in 2019 for disabled people, elderly people, bed-ridden patients or those people who cannot travel for a registration in 2017 amounting to more than 3 million people in 2020. The objective was to reduce cost of living, consumption expenses (cost of utilities and discount on the purchase of LPG) and cost for public transportation. The Bank also participated in economic stimulus assistance measures and urgent economic stimulus package to assist more than 14.6 million low-income earners.

Currently, there are remaining of 13.9 million government welfare cardholders in the system from formerly 14.6 million cardholders, since more than 600,000 cardholders have passed away. The government has supported the budget to help low-income earners who held government welfare cards amounting to over 43 billion Baht in 2018, over 93 billion Baht in 2019 and over 47 billion Baht in 2020. However, for 2021, the budget is estimated to be amounting to 54 billion Baht. The Ministry of Finance is expected to provide new registration of low-income earners to attain additional government welfare cards in 2021. In this regard, the registration will consider the household income of the eligible cardholder instead of the former criteria, which based on the personal income of each cardholder not exceeding 100,000 Baht a year.

- **Blue Flag Shops and Thung Ngerm Pracharat Mobile Application:** This is to increase channels for Government Welfare Card usage and to reduce cost of living for citizens according to the government policies. In 2020, the Bank installed more than

35,000 EDCs at Blue Flag Shops and installed Thung Ngerm Pracharat application at more than 50,000 Blue Flag Shops.

- **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 the missions of units in the 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 bidding as well as improving the efficiency of the work systems, reducing work procedures and performing fast, secure, transparent and auditable operations. In 2020, Krungthai Bank under the collaboration with government units in the Ministry of Finance have executed the projects using blockchain technology as follows:

1. **VAT Refunds for Tourists:** The Bank has cooperated with the Revenue Department, the Thai Customs and the Immigration Bureau to launch and apply blockchain technology for value-added tax (VAT) refund via mobile application (Application Thailand VRT) for the first time in the world. Tourists can request for VAT refund at 10 international airports and can request from VAT refund service agents for travelers departing the Kingdom of Thailand to the city approved by the Revenue Department. In addition, the Bank has jointly developed a web application system to enable paperless function in verifying information and confirming status of the products that have been taken out of the country as well as opening an API (Application Program Interface) for merchants to send information on purchases of goods and services of tourists into the system for VAT refunds with the Revenue Department, which was considered to be the complete digital development of the VAT refund system. The electronic VAT refund system will facilitate for more convenience, shorten the processing time, reduce government service costs, increase the tourist satisfaction as well as contribute to promoting and supporting Thailand's tourism in the future.

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, which can be approved within 5-10 minutes, formerly taking more than 4-5 days for an approval. It will help reduce the working process and entrepreneur's collateral audit as well as generate confidence that the pledged collateral is secure. The entrepreneurs can request e-LG at all banks and via the blockchain system.

- 2) **e-Credit Confirmation** of e-GP collects profiles of entrepreneurs, juristic persons, including rating system based on the entrepreneurs' performance in working with the government sector. It can help saving time for preparing

documents for registration and bidding, increase the efficiency and enhance transparency of procurement system, which drives budget usage to boost the economy.

3) Wallet SBM (Sasom Bond Mung Kung e-Wallet):

The Bank cooperated with the Public Debt Management Office to develop the Sasom Bond Mung Kung e-Wallet on Pao Tang mobile application to support Thailand's first digital bond trading. The pilot subscription was the Ministry of Finance's Special Savings Bond FY. B.E. 2563 "Wallet SBM" (Scripless Bond), a 3-year maturity bond with fixed interest rate at 1.70% p.a. in a total issuance approximately 200 million Baht. The bond subscription was conducted in real time manner. In particular, the buyer can view purchase information, check the purchase history, download documents as well as receiving interest and principal redemption via the wallet. The bonds were sold out in just 99 seconds, with an average investment of 145,560 Baht per person and there was a total of 1,347 buyers from 76 provinces nationwide. Regarding the second time of subscription for Special Savings Bond FY. B.E. 2563 "Wallet SBM" No.2, a 4-year maturity bond with fixed interest rate of 1.70% p.a. in a total issuance 5,000 million Baht, it reached to more than 20,000 interested investors, aged from 15 years old to 99 years old, with the average investment amounting to 333,000 Baht per person. Specifically, most of the bondholders were in the early-working age and before retirement age. For the 2nd subscription, there was a distribution in terms of number of investors, age of investors, average investment amount and investor residences, which reflected the success of digital technology applied to financial transactions. In details, it was easily accessible for all investors from every investment level across all regions. The electronic bond subscription satisfied the requirements of investors very well and promoted savings effectively. In addition, the Bank has also developed the Waller SBM or e-Wallet to be able to sell bonds on the secondary market 24 hours a day as an option for customers who do not wish to wait for a redemption when the bonds reach maturity as well as being able to buy bonds without having to wait for the period of selling bonds. This will increase the liquidity of government bonds, including promoting financial and capital market of the country.

- **e-Filing Court:** The Bank joined hands with the Office of the Court of Justice to develop and launch e-Filing service, which supports the trial of civil cases. The e-Filing Court is a new option that allows lawyers to file a petition and appeal without going to court. Defendants can also file an affidavit, request a photocopy and view the case documents. Meanwhile, court officials can also examine petitions and appeal as well as giving opinions in the system. Judges can consider to order the indictment via the system as well. In addition, the system allows the litigant to keep up with the case at all times and facilitates the users of the e-Filing system to pay court fees 24 hours a day. In 2020, there are more than 150,000 lawsuits that have been filed through the system and more than 10,000 lawyers nationwide have registered in the system. The e-Filing Court responds to the mission of developing and building a system to facilitate justice to be fast, convenient, up-to-date and international. The Bank

and the Office of the Court of Justice have a plan to develop the system to cover criminal cases and cases in the specialty courts as well as linking information to the Legal Execution Department after the court ruled in order to support the service to the people widely and faster in every step.

- **One-stop financial services for the Royal Thai Army:**

The Bank and the Royal Thai Army signed an agreement on providing financial services, personnel rights service, granting loans for officers' welfare and service for the Royal Thai Army's operation system development scheme (the army's savings and welfare). The Bank will provide a full range of financial services such as bank accounts, electronic cards and welfare loans for military officers and personnel who use Krungthai Bank accounts as a payroll account in receiving direct salary from the Comptroller General's Department. These full-fledged services were provided to increase the efficiency of the Army's budget and financial operations as well as improving the quality of life of the government officials.

- **Treasury e-Auction:** The Bank and the Treasury Department signed a memorandum of understanding to develop an auction platform for assets seized by courts as state properties by developing the Treasury e-Auction website, which is an online auctioning platform that facilitates the users to place their bids in real time from any place and any time as well as providing transparency to users. The website has been designed to be compatible with multiple devices and support multiple payment methods, including direct debit via Krungthai Bank account, credit and debit cards, QR code payment or bill payment. Users can save their interested assets into favorites list and users are able to select the desired price range. The website will display the rank of the latest auction result as well as alerting users when the highest bid price changes and when the bid time is almost over. The Treasury e-Auction system will support efficient asset management and generate income back into the government together with providing credit services from Krungthai Bank to the bid winners.

- **Financial assistance measures and the support to the government's economic stimulus measures to help customers and citizens impacted from the COVID-19 outbreak:** Regarding the economic crisis and the COVID-19 pandemic, both retail and corporate customers of the Bank have been affected from the situation differently. The Bank has expedited to assist all groups of customers by participating in the Bank of Thailand's credit assistance measures for debtors affected by the COVID-19 pandemic, measures of the Ministry of Finance to assist entrepreneurs, including the issuance of various measures of the Bank in order to remedy, help and alleviate the troubles of the customers who are directly or indirectly affected by the COVID-19. Example of those measures are the suspension on principal and interest payment, lowering interest rates, lowering interest rate ceiling, reducing service fees and penalties, expanding credit line and installment period, debt restructuring, supporting new loan (soft loan), participating in DR BIZ program, etc.

In 2020, Krungthai Bank has provided financial assistance to entrepreneurs/debtors through various assistance measures,

equivalent to more than 400,000 million Baht of credit line and covering more than 100,000 entrepreneurs and debtors. Most of them were retail debtors and small SMEs entrepreneurs.

Nevertheless, Krungthai Bank, as a state commercial bank, has also taken part as the government sector to expedite assistance to the people through the development of digital platform. In particular, the Bank facilitates Thai people the access to various assistance measures of the government during the COVID-19 outbreak situation. Major schemes of the government that the Bank has been involved and executed are as follows:

1. “Rao Mai Ting Kan” (No One Will Be Left Behind) scheme: The Bank developed and supported the platform and the processing system of the Rao Mai Ting Kan website in order that people, who are affected by the economic crisis of Covid-19 such as temporary workers and self-employed individuals outside the social security system, can register to receive 5,000 Baht (for 3 consecutive months). To support this scheme, the Bank sent out 6,500 employees nationwide under Rao Mai Ting Kan team to join the role of guardians in helping people to verify their rights. Moreover, the Bank also transformed branches all over the country as a service point to provide assistance, answer questions, take action to correct the information of the applicants as well as being a complaint center of the applicants for a right review in case the registrations are not successful or not eligible. As a result, from key performance of the scheme, 15.3 million people were eligible to receive remedies out of more than 28.8 million registered people with a total amount of more than 170,000 million Baht of the subsidies.

2. Thai Chana Platform Development: The Bank in collaboration with the Centre for COVID-19 Situation Administration (CCSA) cooperatively developed the Thai Chana Platform as a tool to help the investigation and tracking of diseases happening accurately and quickly. Meanwhile, it also supports people and entrepreneurs to comply with the relief measures effectively. For accumulated usage via www.ไทยชนะ.com since the start of the project in May 2020 to December 2020, it has been found to there are more than 51 million active users and over 323,000 registered merchants.

3. “Rao Tiew Duay Kan” (We Travel Together) campaign: The Bank in collaboration with the Ministry of Finance, the Fiscal Policy Office and the Tourism Authority of Thailand has carried out the Rao Tiew Duay Kan (We Travel Together) campaign. Starting since July 2020, subsequently the Cabinet had resolutions to extend the scheme period until 30 April 2021. The government co-pays for accommodation at hotel room rate and air ticket price. The registered tourists will receive the subsidy by refunding via the Pao Tang application, including an E-voucher for discounts on food and entrance fees to the registered tourist attractions. Its objective is to increase liquidity for tourism business entrepreneurs and stimulate the country's economy. The Bank has been involved in the scheme by developing a digital registration and payment platform through www.เราเที่ยวด้วยกัน.com and the Pao Tang application, which is the central application for receiving government subsidy. For the progress

of the Rao Tiew Duay Kan scheme implementation from 15 July 2020 to 1 January 2021, it is found that there are currently 7.3 million registered tourists, more than 8,500 registered hotel and accommodation entrepreneurs, more than 67,000 restaurants, more than 2,000 tourist attractions, more than 1,300 OTOP shops and more than 200 spas or massage parlors and travel transportation entrepreneurs joining in the campaign respectively. The registered tourists made more than 5.1 million rights of hotel bookings (out of 6 million rights), worth over 13.6 billion Baht, including spending more than 5.7 billion Baht via E-Voucher and more than 1 billion Baht worth for air tickets. Overall, no less than 20 billion Baht has been circulated in the economy through this scheme.

4. “Khon La Khrueng” (Let's Go Halves) scheme: The Bank in collaboration with the Ministry of Finance, the Fiscal Policy Office and the Comptroller General's Department has executed the Khon La Khrueng scheme. For almost 10 million qualified people, the government co-pays for 50% of the price of food, beverages and general goods purchases up to 150 Baht per person per day or up to 3,000 Baht per person throughout duration of the scheme, totaling 30 billion Baht. The scheme aims to stimulate and restore local economy for small entrepreneurs, especially hawkers and street vendors so that they can generate more income from product sales, and to reduce the cost of living of people. To support the scheme to be successful, Krungthai Bank has provided additional schemes and more actions as follows:

- Develop a registration system for the Khon La Khrueng scheme via Krungthai Bank by expanding bandwidth to support high-volume registration of interested people at the same time concurrently. The system supports the registration of maximum 200,000 people at a time and there is no limit on the number of registered users per day
- Increase additional channels for users to verify G-Wallet identity via more than 3,000 Krungthai Bank ATMs nationwide.
- Facilitate the merchants and people who are interested in participating in the scheme; the Bank has prepared the staffs to go on-site at the stores. The staff will visit communities and markets to provide suggestion and invite people, especially the elderly, the hawkers and street vendors, to join the scheme. Besides, interested shops can contact Krungthai Bank branches or inform the local authorities such as municipality, SAO etc. Then, local authorities will notify the Bank to proceed further.
- Expand types of qualified shops to cover local retail shops, namely the village shops and shops in urban community fund according to the Cabinet's resolution.

The performance of the Khon La Khrueng scheme in the first phrase during 23 October - 27 December 2020 found that more than 1.1 million shops/vendors have registered to participate in the scheme. Most of them are food and beverage shops, general stores and hawker stalls, including OTOP shops. More than 9.5 million qualified people have generated accumulated spending

of more than 49 billion Baht, divided into registered individuals' spending of more than 25 billion Baht and the government's co-payment of 24 billion Baht.

The said scheme contributes not only to the restoration of local economy through people's consumption and expenditure but also to the enhancement of digital knowledge for people, especially of the grassroots level, to be able to take advantage of technology to reduce inequality. In addition, this shall also enable Thai society to develop and move forward to the digital society concurrently. Meanwhile, since the scheme reduces the use of cash, therefore, its operations are likely to process faster, more transparent and efficient.

From the success of the scheme, the Cabinet, thus, via a resolution, has given an approval for the Ministry of Finance to undertake the scheme in the second phase by dividing eligible individuals into 2 groups:

- 1) First-phase registrants: Up to 10 million registrants will get an additional 500 Baht on 1 January 2021. The amount is increased from 3,000 Baht to 3,500 Baht and available until 31 March 2021.
- 2) New registrants: Up to 5 million registrants will get a 3,500 Baht for spending during 1 January - 31 March 2021.

It is hoped that the Khon La Khrueng scheme in the second phase will mitigate the economic impact arose from the COVID-19 pandemic and continue to restore the local economy, including driving the Thai economy to have continuous growth and expansion until 2021.

5. Covid-19 Vaccine for Thais campaign: The Bank becomes the developer of the payment platform and infrastructure for Chulalongkorn University to be able to accommodate for the donation from 1 million people in the "Vaccine for Thais" campaign, which is a collaboration between CU Enterprise Foundation by Chulalongkorn University and its partner organizations. This campaign has been launched to raise funds to support Thai researchers to research, develop and produce Covid-19 vaccines in Thailand (Thai vaccine for Thai people). It targets to raise 500 Baht from each of one million interested people. The donation started from 18 December 2020 onward. The Bank's prepared platform and infrastructure are able to support donations from mobile banking applications of all banks. In case of no mobile banking application, the donation can be made at more than 1,000 branches of Krungthai Bank nationwide. In addition, the banking system can track information in real time. The system will be closed automatically when the donation reaches 500 million Baht. Besides providing the donation platforms, the Bank participated in promoting the Covid-19 Vaccine for Thais campaign via various channels of the Bank to invite people to donate, which support the production of the COVID-19 vaccine for Thai people.

2. Payment

• **New version of Krungthai NEXT:** The Bank has adopted world-class technologies such as AI (Artificial Intelligence), Cloud Native, API (Application Program Interface), Biometric Verification, etc. to develop new version of Krungthai NEXT application

in order to become the full-scale digital banking that support all financial activities in the future. Examples of important technologies and features of new Krungthai NEXT are as follows:

1. Artificial Intelligence (AI) creates interactions with users through smart transaction that learns and lists the most frequently used financial transactions; smart banner that will notify important items such as insurance premium payments due, card renewal, etc.; and smart promotion that offers special promotions for each individual.
2. Cloud Native Technology is 100% used by Krungthai Bank, which is the first bank in Thailand. This consists of 3S technology: Scalability - to support large amounts of simultaneous financial transactions, Stability - to support stability and smoothness of use, and Security - to provide the maximum security with world-class technology.
3. Biometric Verification can be enabled with face authentication, i.e., verifying the identity of a person using their face and identification card.
4. User Experience (UX) and User Interface (UI) meet all requirements and deliver a superior customer experience: Customers can set their profile picture and customize their homepage as they like, whereas the color themes will be automatically adjusted according to the time of the day or important festivals, etc.
5. Key features of the top-up and payment services that have the most comprehensive financial transaction network in Thailand for both public and private sector organizations are offered such as electricity bill, water bill, mobile phone bill, internet bill and traffic ticket payment service, etc.

• **Contactless ATM service:** The Bank has developed and provided contactless functionality at more than 3,300 ATMs and ATM+s nationwide. As the first bank in Thailand, this service is available for the Krungthai debit cards with contactless symbol and Government Welfare Card. Customers can withdraw money or ask for the balance instead of inserting a card. This increases convenience and safety for making transactions as well as reducing the problem of forgetting to take out the card from the machine.

• **In-CAR Fast & Trust Experiences:** The Bank in cooperation with Bangchak Public Company Limited has developed the In-CAR Fast & Trust Experiences project, in which a payment can be made through a modern Mobile Android EDC machine. Customers can make fast, standard and secure payments. At the pilot of the project, this service is provided at Bangchak gas station, Sukhumvit 62 Branch and Srinakarin 1 Branch and will be available at all branches of Bangchak gas station in the future. For payments at Bangchak gas station, customers can tap a card to pay immediately while sitting in their car. The data of the dispenser will be linked with the Mobile Android EDC machine. Payment amount, oil type and quantity

will be displayed automatically. Transaction time is less than 1 minute, which increases convenience and speed. Lastly, it also reduces waiting time for services, worry about the misuse of personal information and the exposure to cash.

- **Services for payment of fees and taxes via EDC machines at offices of Departments of Lands:** The Bank has cooperated with the Department of Lands to install EDC (Electronic Data Capture) machines at 461 Provincial Departments of Lands, branches and separate offices nationwide in order to increase fee and tax payment channels from previously paying by cash or cashier's cheque to pay with debit or credit cards or scanning QR Code via mobile applications of all banks. The service will help promote a cashless society, reduce the burden of the people and complexity of paying cash as well as being able to check payment results from the bank's system immediately.

- **Government Lottery prize claim at Bank's branches:** The Bank has been entrusted by the Government Lottery Office to appoint the Bank as a representative for the government lottery and charitable lottery prize claim service through its branches nationwide. People who won the government lottery are able to bring a winning lottery and their identity card to contact any Krungthai Bank branch in person and claim all winning prizes, excepting the first prize that must be claim at the Government Lottery Office. The Bank will only pay the prize for the recent round of prize announcement. For the government lottery winnings, the service fee, including VAT is charged only 1% and the stamp duty 0.5% of the prize value. For charitable lottery winnings, 1% fee and 1% withholding tax of the prize value are charged. The lottery winner can select to receive money in various forms such as transferring money to Krungthai Bank account or other banks' account or cashier's cheque, which facilitates and increases the winner's safety of claiming prize.

- **Appointing Thailand Post as banking agent:** The Bank appointed Thailand Post as its official banking agent to elevate the capability of providing financial services to cover all areas around the country. With more than 1,200 Thai Post Service points, 1,000 bank branches and more than 10,000 ATMs, the Bank finally has a total of 13,000 service points nationwide, which increases convenience for customers. At present, Thailand Post is the banking agent of the Bank for providing deposits service to Krungthai Bank accounts nationwide and the traffic fine ticket payment service. In addition, Thailand Post supports entrepreneurs who are customers of Krungthai Bank to open distribution channels through the application and website: www.thailandpostmart.com, a marketplace that distributes goods and products from all over Thailand.

3. Health and Wellness

- **Civil Servant Medical Benefit Scheme (CSMBS):** The Bank collaborated with the Comptroller General's Department in the execution of the Civil Servant Medical Benefit Scheme (CSMBS) for more than 4.7 million civil servants and their families. The Bank changed the direct healthcare reimbursement system for civil servants and their families as the outpatient from the traditional method to making transactions via EDC machines

with their ID card. More than 5,600 EDC machines were installed at more than 1,300 public and private hospitals nationwide. This makes the reimbursement of medical expenses fast, convenient and transparent. In 2020, the government allocated a total budget of 71 billion Baht for the Civil Servant Medical Benefit Scheme and has increased the budget to 74 billion Baht in 2021 to subsidize this welfare scheme.

- **Smart Hospital:** The Bank cooperated with hospitals under the Ministry of Public Health in the development of Smart Hospital, which is the enhancement of the country's public health system as well as becomes the prototypical model for hospitals across the country. The Bank, together with many state hospitals, provided a complete solution by integrating technology with services, for examples, self-check-in, automatic physical examination machine and intelligent AI chat bot to help screen patients by using voice control system. In addition, Telemedicine which is a treatment guideline consultation is provided for patients who need to see a medical specialist through a video conference. Other examples of integration of technology and services includes HIE Blockchain service, a basic database management for exchanging patient information between medical service departments, Self-Payment system that patients can check before payment in real time on the eligibility of medical treatment right, whether from the National Health Security Office (NHSO), the Universal Coverage Scheme (UCS), Social Security Right and Civil Servant Medical Benefit. Besides, patients can choose to pay their medical expenses by cash, debit card, credit card or scanning a QR code via Krungthai NEXT application and other banks. This increases convenience and reduces risks and complication of hospital's cash management. In 2020, the Bank has cooperated with many hospitals, such as Samutprakarn Hospital, Somdech Phra Pinklao Hospital in order to support the hospitals to be a smart hospital.

- **Health Wallet via Pao Tang Application:** The Bank, in cooperation with the National Health Security Office (NHSO), developed the Krungthai Digital Health Platform to facilitate the gold-card subscribers in health care scheme and people granted with right under the Health Promotion and Disease Prevention (P&P) in accessing healthcare service, which is the government's medical right granted to Thai people by taking care of their health from birth to the elderly, through Health Wallet on Pao Tang application. The NHSO has allowed 15,000 reservations for influenza vaccination through the Health Wallet and provided other health promotion and prevention rights for another 16 items such as HPV vaccine, family planning, contraception, and colorectal cancer screening, etc. In particular, these medical and health services are available for the gold-card subscribers living in Bangkok. The eligible healthcare cardholders can book an appointment in advance for receiving medical services at 346 hospitals, medical centers, health care units in Bangkok. After checking location, history of rights claimed with QR Health ID that verifies the identity instead of the ID card, the healthcare cardholder can instantly make payment of excess charges that are not include in eligible rights through Health Wallet. It helps

provide convenience and safety for people. Furthermore, Health Wallet also enables the government to provide fast and accurate medical benefits directly to each eligible individual, as well as being a part in enhancing the country's public health system.

4. Education

- **Student Loan Fund (SLF):** The Bank has been entrusted by the Student Loan Fund to manage student loans since 1996 until present. Krungthai Bank and SLF signed the agreement to procure the Digital Student Loan Fund System (DSL) to achieve the operations of the SLF, borrowers and guarantors in the form of paperless and digital ID that connects databases between government and private agencies for verification. It makes management fast, secure and in line with the National e-Payment policy.

Until presently, the SLF has granted loans to more than 5.6 million students with the loan limit of more than 600,000 million Baht. In 2020, the SLF granted more than 37 billion Baht to more than 650,000 students, whereas the Bank had taken part in supporting the SLF's operation to achieve its goal.

- **Student Loan Fund service via Pao Tang Application:** The Bank cooperated with the Student Loan Fund (SLF) to develop a new channel that can provide a complete range of services to student borrowers. The information regarding the loan i.e., loan remaining balance, accumulated interest, payment due date, latest payment information and loan repayment are available to be checked via Pao Tang Application without fee charged.

- **Smart University:** 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 its 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 extended its cooperation with many universities in 2020: National Institute of Development Administration (NIDA), Royal Police Cadet Academy, Khonkaen Technical College, etc.

- **University Application (U APP):** Krungthai Bank partnered with 5 leading universities in 5 regions, namely Mae Jo University, Burapha University, King Mongkut's Institute of Technology Ladkrabang, Walailak University and Khon Kaen University, and launched the University Application (U APP) to be a platform that connects all digital transactions of the Bank with all activities in the university. In an attempt to become smart university, the Banks and each university will work together through Krungthai Digital Platform, as well as develop the university application at can effectively connect information systems, support all dimensions of digital lifestyles for students, teachers and staff so that they shall live their life with ease and flexibility. The services from the University Application include Virtual ID to

verify identity and use instead of student or staff ID card, scanning QR Code to check the attendance in class, checking the bus schedule, updating news and events, notification of class schedule or class cancellation. The student can register for each semester anywhere. Moreover, the application also provides cashless payment for products and services while students making payment via U APP can enjoy the benefits at their choices and according to their lifestyle. Besides, the Bank has also established an electronic payment system for over 1,000 merchants in and around the university campus in order to support QR Code payments through the U APP. This shall support the financial management, together with the objective to build a cashless society within the university.

5. Mass Transit

- **Mangmoom Card:** The Bank cooperated with the Mass Rapid Transit Authority of Thailand (MRT) for issuing Mangmoom Card in September 2018. Presently, the card can be used for the travel via MRT Purple and Blue lines and Airport Rail Link. The Bank plans for the card to connect all types of transportation by expanding Common Ticketing System Service to other skytrain lines and underground train lines as well as other mass transit systems in the future.

- **M-PASS Card Registration via Application:** The Bank, in collaboration with the Department of Highways, developed the M-PASS Mobile Application to allow new users to apply for the M-PASS card via the application, so that they get more convenience and reduce cash payment. Previously, the Bank installed an automatic card top-up system on the application in order to provide more channels for existing users to top-up their card instantly only by generating QR Code and making transactions via mobile banking of the Bank without fee charge. Moreover, the user can check the toll price and their card balance anytime and anywhere.

- **Train Ticket Payment Service via EDC:** The Bank cooperated with the State Railway of Thailand to install 140 EDC machines at 56 ticketing stations nationwide, which support payment by QR Code scanning via mobile banking and by Visa or Mastercard cards of all banks worldwide. Additionally, the Bank developed an online ticket channel that connected to the payment system via Krungthai Payment Gateway. Customers can select to pay via both debit cards and Visa, Mastercard, JCB, and UnionPay credit cards.

- **Ubon Smart Bus:** The Bank and Ubon Ruamjai City Development (URCD) Co., Ltd. signed a cooperation agreement in "Ubon Smart Bus Smart City Project" in order to develop a cashless fare payment system which connected to the online system of Ubon Smart Bus with passengers. To be precise, passengers can pay fares by tapping a debit or credit card with a PayWave symbol on Krungthai EDC machine or scanning the QR CODE to pay via Krungthai NEXT application or mobile banking platform of other banks. This project's objective is to solve the problem of traffic congestion and raise awareness on the environmental issues in Ubon Ratchathani province by persuading people to use more public transport and reducing the use of private transports.

Furthermore, the Bank has also established Infinitas by Krungthai Co., Ltd. with the vision of Infinity as a Service. The company is regarded as a new digital financial product and development company to support the Bank's strategic plan that simultaneously drives a parallel two banking models, Carrier and Speedboat. In this new business approach as Speedboat, Infinitas focuses on providing services regarding the innovative & digital platform development to fully move forward the Bank to open banking, virtual digital banking services business, including other new business models. Infinitas also endeavors to support new business opportunities for organizations and business units of both Krungthai Bank and its subsidiaries, customers and business partners of the Bank. In addition, the company takes part in driving large platforms, such as Pao Tang Application, as a basic digital structure of the country. This will lead to the establishment of financial foundation so as to help all groups of people get access to digital financial transactions and drive the country's economy stably and sustainably.

From participating in many financial infrastructure projects, the Bank had an opportunity to expand its business, especially in terms of the increase in new customer base, bank deposits as well as loans. Its achievement has been reflected from the success of Krungthai NEXT application with more than 9 million users, over 13.9 million state welfare cardholders, more than 80 thousand Pracharat Blue Flag Shops nationwide. Apart from that, the Bank also has accomplished the following projects: Rao Mai Ting Kan (No One Will Be Left Behind) campaign with more than 15.3 million participants; "Khon La Khrueng" (Let's Go Halves) scheme with over 9.5 million Pao Tang application users and more than 1.1 million merchants who used Thung Ngern application; Student Loan Fund with over 5.6 million borrowers, including more than 4.7 million Civil Servant Medical Benefit Scheme cardholders. Krungthai Bank, therefore, currently serves customers and Thai people of more than 40 million users, reinforcing the Bank to be a leader in establishing the country's infrastructure. Those projects/schemes help the Bank to assess the needs of customers accurately, support the business expansion of the target customers of the Bank effectively, reduce operating costs and generate income for the Bank sustainably. The examples of such business expansion of the Bank are the launch of Krungthai sSME Smart Shop Loan which increased opportunities for the Bank to expand its customer base to entrepreneurs whose loan limit is less than 200,000 Baht and the liquidity enhancement for entrepreneurs who participate in the Pracharat Blue Flag Shop scheme, Chim-Shop-Chai (Taste, Shop, Spend) campaign, government project shops, or entrepreneurs who use application such as Thung Ngern application or Pao Tung application.

2. The Bank Directions, Plans and Key Projects in 2021 (Forward Looking)

Thai economy in 2021 seems to be highly uncertain owing to the unanticipated economic recovery from the COVID-19 outbreak. Since Thai economy is highly depended on foreign countries, both in terms of tourism and exports, the pandemic has continually left prolonged impacts. Explicitly, the tourism

sector gains slow recovery and the exports are still concentrated in some industries i.e., automobile and electronics. However, supporting factors for economic growth in 2021 is expected to stem from a gradual increase in government investment and the launch of government stimulus measures to boost domestic consumption to recuperate from such difficult situation. As a result, Krungthai Bank's directions and plans in 2021 will emphasize on maintaining its business potential for sustainable growth amid the uncertainty and challenges from various factors affecting the banking business. The Bank shall remain its focus on loan quality control and continuous care for customers in an attempt to assist them and the Bank to overcome this crisis. Furthermore, the Bank will highlight on stabilizing and building a solid foundation for future sustainable growth.

As for Krungthai Bank's business strategy in 2021, the Bank still carries out 2 Banking Model - Carrier and Speedboat - simultaneously to enhance the Bank's growth.

1. Carrier: Focusing on increasing efficiency and reducing operating costs of main business units to safeguard the Bank's existing business and customer base
2. Speedboat: Focusing on operating business by agile method with the principle of Fail Fast Learn Fast, relying on agility, speed while the data analysis shall be conducted on digital platform/open banking system. This approach aims for research and seeks for new types of business with the purpose to expand business from the customers' partners as well as providing collaboration with government projects.

Besides the implementation of aforementioned strategic plan, the Bank will also operate its business by place importance on the 5 Execution Pillars in response to the uncertainty and challenges of various factors in 2021 as follows:

1. **Ensure that the existing core business of the Bank (Carriers) continue to grow sustainably and effectively.**
With an emphasis on managing non-performing debt along with the support for the Bank's debtors, as well as finding opportunities to perform cross sell, the Bank aims that its debtor shall encounter as little impact as possible.
2. **Create new business models under the parallel strategy - Carrier and Speedboat**
 - Changing from services to sales approach: Since the Bank has a large number of employees in some branches, then some services may be replaced by digital technology, for example, call center, securities valuation, etc. Consequently, branch operating approach must change from just providing services to sales in order to serve more diverse customers. In addition, the existing business may be extended to a new business. To be precise, the Bank may transform the call center service or debt collection service that the Bank already has expertise in to serve for other businesses that is in need.
 - Establishment of "Infinitas by Krungthai" - a company to develop new digital financial products, namely Digital Lending, Health Platform, Tourist Platform, Capital Market Platform, etc.,

with the objective to provide the best and impressive experience to customers and the public.

3. **Decrease Paper Use (Paperless):** The Bank will progressively adopt RPA or Robotic Process Automation and AI in its internal work processes so as to reduce paper use in the future and reduce work processes. This enables the Bank's internal work processes to be faster, helps enhance its competitiveness, as well as increase customers' satisfaction.
4. **Expand business from Bank's customers (X2G2X):** The Bank takes the government sector as center and then connects to business partners and retail customers with digital supply chain.
5. **Krungthai Sustainability:** The Bank supports the implementation of various activities or projects to take care of Thai people, economy, society and environment as well as encourages to attain strong communities. To illustrate, those projects are Krungthai Loves Community project, State Welfare Card Scheme, Pracharat Blue Flag Shops Project, etc. Attributable to the sustainable operations, they will escort the Bank to grow with society and economy sustainably. Furthermore, the Bank has prepared its personnel to keep up with the corporate strategy. Without leaving any employee behind, the Bank provides up-skill and re-skill trainings to employees so that they can adjust their working styles and finally go along with the Bank's strategy.

The Bank will continue to put an emphasis on 5 Ecosystems, which are the main target group of the Bank in 2021. Various projects to be executed by the Bank shall focus on inventing innovations that connect with 5 Ecosystems. For example, firstly, **Government**, those schemes are namely, State Welfare Card Registration Program for the year 2021 according to the Ministry of Finance, the extension period for Rao Tiew Duay Kan (We Travel Together) Project, "Khon La Khrueng" (Let's Go Halves) scheme phase 2, as well as new functions and services development for wallet applications. Secondly, **Payment**, there are development of new functions and services of Krungthai NEXT Digital Lending Service. Thirdly, **Healthcare**, projects are the increase of more alliances for Smart Hospital, the development of new functions and services on the Health Wallet. Fourthly, **Education**, it focuses on expanding cooperation with universities and educational institutions to implement the Smart University project. Lastly, **Mass Transit**, there is the development of a cashless fare payment system for various types of public transport systems, etc.

To executed business plans of the Bank in 2021, the Bank has allocated over 10 billion Baht in technology for developing the Bank's internal work processes and improving services for customers. Apart from the continuous investment plans from 2020, however in 2021, the Bank shall support new business expansion that aligns with the Speedboat business model. The Bank continues to stimulate its open platform — "Pao Tang" application, which is developed in cooperation with the government sector, and

has been widely used since the Chim-Shop-Chai (Taste, Shop, Spend), Rao Tiew Duay Kan (We Travel Together) campaign, Khon La Khrueng" (Let's Go Halves) scheme, Health Wallet, etc. Through using Pao Tang application, the Bank intends to support all people to get access to financial services via digital system easily and conveniently, along with corresponding to the Thailand 4.0 policy towards the future cashless society in Thailand.

In 2021, Krungthai Bank still accelerates the development of a parallel digital system, namely open system — Pao Tang application and closed system — Krungthai NEXT mobile banking, in order to enable the Bank's systems to accommodate for the growth from the extensive use of the platforms. At present both platforms can facilitate more than 40 million users, making them the largest digital platforms in Thailand as of now. They are also the most efficient and stable systems on cloud system, reinforcing the Bank to build the Thailand Digital Platform by Thai people for Thai people in the near future

In order to effectively execute the strategic plan, the Bank has set forth the important projects in 2021 as follows:

1. **Government as a Platform:** The Bank endeavors to support policies and measures of the government by developing innovations and basic technology infrastructure to accommodate for services that are in line with government agencies' plans. This is not only contributed to the well-being and sustainable improvement on the quality of life of people, but the Bank can also enlarge its customer base and expand its business respectively.
2. **Digital Supply Chain Solution:** Expanding business from customers' partners (X2G2X) that starts with the Bank's main customer or the government, then the Bank shall connect it to the business sector as the customer's partner within the supply chain. Finally, they are linked with the digital supply chain and being included into the Bank's ecosystem. At this point, the Bank can offer the full-fledged financial services that truly meet all requirements.

Krungthai Bank expected that the implementation of the aforementioned strategic plans and schemes would assist and support the government policies, especially the Thailand 4.0 strategy, aiming for a cashless society and reducing inequality and gap from income distribution in the society. Moreover, this strategic execution would strengthen the Bank's competitiveness in digital banking, support the Bank's role as a pillar of the nation's economy as well as elevate public trust towards the Bank. Accordingly, the Bank's operations also correspond with the statement of direction, visions and missions that value all stakeholders - employees, customers, society and shareholders, in the continuous and sustainable growth of the Bank.

3. Major Changes and Key Developments

The Bank was established on March 14, 1966 through a merger between the Monthon Bank Co.,Ltd and Kaseat Bank Co.,Ltd, with the Ministry of Finance as the major shareholder. The Bank was the first state enterprise that floated shares in the Stock

Exchange of Thailand and started trading since August 2, 1989. 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, owing to the Financial Institutions Development Fund (FIDF) had the policy to reduce its shareholding in the Bank, the Bank then made a public offering of the 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% 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. 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.

In November 2020, the Office of Council of State had opined that the Bank is not a state enterprise under the definition in sub-sections (2) and (3)ⁱ of section 4 of the Budget Procedures Act B.E. 2561 (2018) (the "Budget Procedures Act"). The Office of Council of State also further given its opinion that "state enterprise" is defined in various laws and the determination of whether an agency is a state enterprise or not depends on the relevant law.ⁱⁱ

However, since more than 50 percent of the Bank's share capital are held by the Financial Institutions Development Fund (FIDF), the Bank is still considered as state commercial bank which more than 50 percent of its shares are held by a state agency. The Bank is subject to the Financial Institutions Businesses Act B.E. 2550 (as amended) and the Securities and Exchange Act B.E.

2535 (as amended). Therefore, the Bank can operate its business as commercial bank and is continue to be a listed company in the Stock Exchange of Thailand. In addition, the Ministry of Finance has amended the government budget disbursement regulation, so that the change of the Bank's state enterprise status according to the Office of Council of State's opinion has no impact on the Bank's service provided to the Government entities in disbursing government budget through and depositing their depository with, the Bank. Thus, there is no impact on the Bank's financial status and operations.

Nevertheless, the interpretation of the status of the Bank under each law can be different depending on the scope of the definition of the term "state-owned enterprise" under each law, which is in accordance with its different purposes and scope of enforcement of law, for example:

- pursuant to the Public Debt Management Act B.E. 2548 (2005) (the "Public Debt Management Act"): on 21 January 2021, the Public Debt Management Office has opined that the Bank is considered a state-owned enterprise under section 4(b)ⁱⁱⁱ of the Public Debt Management Act, This is due to the fact that the definitions provided for the term "state-owned enterprise" under the Public Debt Management Act and the Budget Procedures Act are different.

- pursuant to the Public Private Partnership Act B.E. 2562 (2019) (the "PPP Act"): on 10 February 2021, the State Enterprise Policy Office has informed about the interpretation of the Bank's state-owned enterprise status under section 4 of the PPP Act. According to the State Enterprise Policy Office, the definition of "state-owned enterprise" under sub-section (2)^{iv} of the PPP Act includes a company whose more than 50 percent of its shares are held by "Other State Agency." Since FIDF is considered an "Other State Agency" pursuant to the PPP Act and is holding more than 50 percent of the Bank's share capital, the Bank is therefore considered a state-owned enterprise under the PPP Act. Thus, referring to the State Enterprise Policy Office's official document, any partnership project between the Bank and any government agency will not be subject to the procedures under the PPP Act.

If there is any interpretation in terms of the Bank's status as under other laws, the Bank will inform an update correspondingly.

ⁱ "State enterprise" means:

- (1) a Government organization under the law on the establishment of Government organizations, a State undertaking established by law or a State-owned business entity;
- (2) a limited company or public limited company of which more than fifty percent of the capital is contributed by a Government agency or a State enterprise under (1);
- (3) a limited company or public limited company of which more than fifty percent of the capital is contributed by a Government agency and a State enterprise under (1) or (2) or by State enterprises under (1) and (2) or by a State enterprise under (2);

ⁱⁱ Details of the Office of Council of State's opinion can be found in its memorandum regarding status of the Financial Institutions Development Fund and Krung Thai Bank Public Company Limited No. 1397/2563.

ⁱⁱⁱ "State enterprise" means:

- (a) a government organization under the law on establishment of government organizations, a State undertaking established by law or a business entity owned by the Government;
- (b) a limited company or a public limited company, more than fifty per cent of whose capital is owned by State agencies or State enterprises under (a);

^{iv} "State enterprise" means:

- (1) a governmental organization under the law on the establishment of governmental organizations or a State-owned undertaking under the law establishing such undertaking or a Government-owned business organization;
- (2) a company or juristic-person partnership of which more than fifty percent of the capital is also contributed by a Government agency or a local government organization or any other State agency;

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 objectives were to supervise companies in the financial conglomerate to achieve stability and operate businesses appropriately in addition to prevent any risks that may occur from the conglomerate's business operation in accordance with the guidelines of Bank of Thailand. With the purpose to support the Bank's core business and reinforce the business cooperation, the Bank classified the companies in the financial conglomerate into two groups, namely subsidiary group and associate group. Details are as follows:

1. Subsidiary Group: Subsidiary Group refers to the group of companies in the Bank's financial conglomerate and the Bank holds share either directly or indirectly in each company of 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:

- **KTG 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.

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

- **KTG Law Co., Ltd.** renders legal services mainly to the Bank, associated companies and other agencies authorized by the Bank of Thailand.

- **Infinitas by Krunghai Co., Ltd.** renders digital platform service and services related to technology.

- **Krunghai 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.

- **KTG Advisory Co., Ltd.** conducts business as the holding company (formerly provided financial advisory services).

- **KTG 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 to provide new credit lending).

- **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. holds shares to 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) Co., Ltd.

- **KTC Prepaid Co., Ltd.** operates payment services business, namely e-Money service, money transfer services via electronic channels, acquiring services and bill payment service.

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 either directly or indirectly in each company up from 20% to 50% of its paid-up capital. The Bank jointly invests with associated alliances in order to generate business cooperation and strategic benefits, especially in developing financial products that meet diverse customer needs. The companies in this group consist of:

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

- **Krunghai IBJ Leasing Co., Ltd.** provides leasing, hire purchase and factoring services of machinery, production equipment, office equipment, vehicles and other assets, for business operations

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

- **Krunghai ZMICO Securities Co., Ltd.** (formerly KT ZMICO Securities Co., Ltd. Rebrands as "Krunghai ZMICO" from January 17, 2020 onwards) 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.

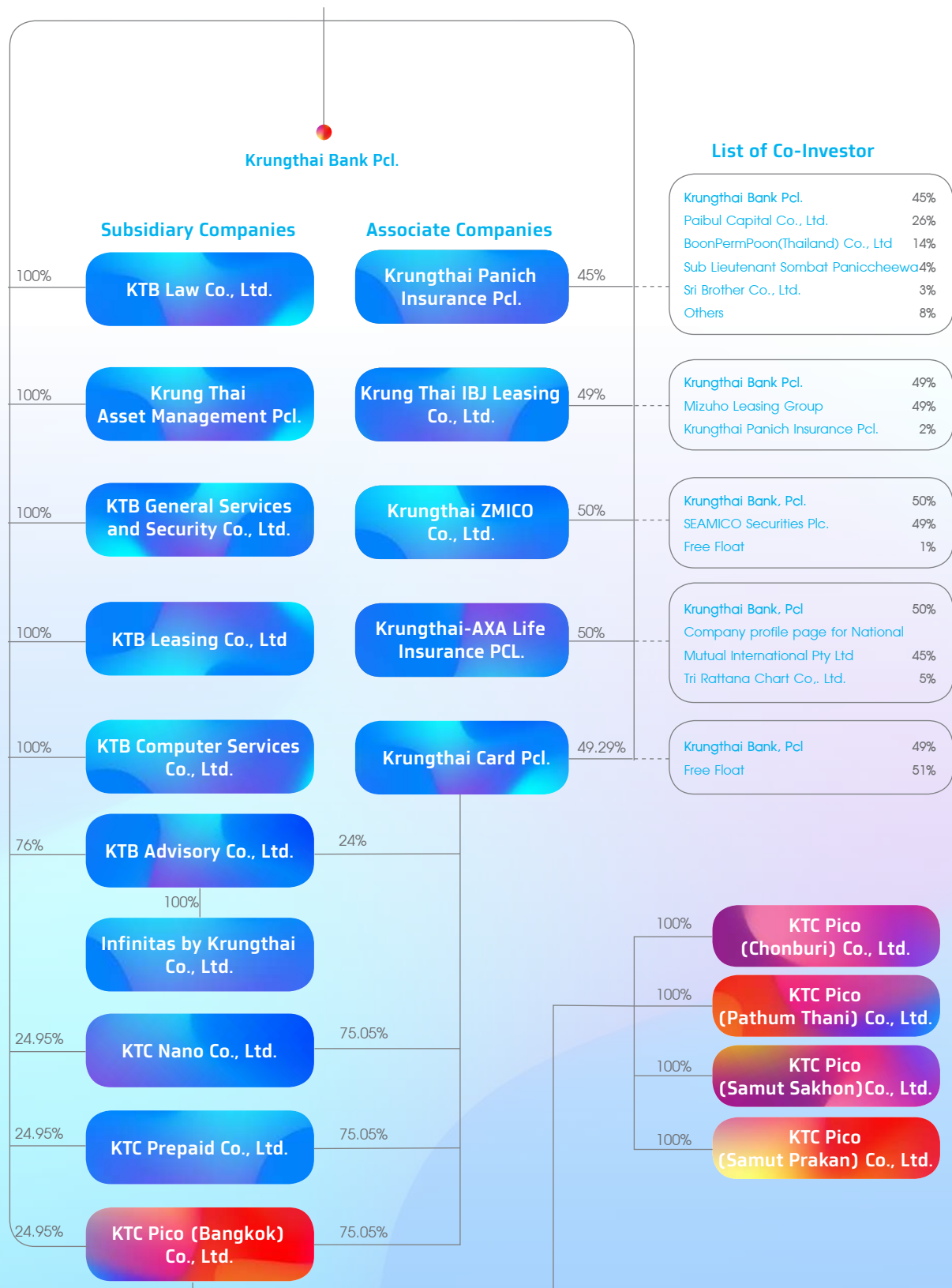
- **Krunghai-AXA Life Insurance Pcl.** operates life insurance services.

3. Other Companies Group: Other Companies Group refers to companies in which the Bank invests but excludes the companies in the financial business group.

(1) The Bank's financial statements included Krunghai 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, 2020

Krungthai



Business Operation

1. Income Structure

Main income structure of the Bank: Comparison between 2018-2020

Unit: Million Baht

Financial Statement (consolidated)	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Interest on interbank and money market items	3,594	2.9	7,113	5.7	9,882	8.4
Investments and trading transactions	435	0.4	482	0.4	325	0.3
Investments in debt securities	4,251	3.5	4,943	3.9	3,807	3.3
Interest on loans	104,307	85.3	109,784	87.4	104,681	89.3
Hire purchase and financial lease income	184	0.1	428	0.3	936	0.8
Others	66	0.1	221	0.2	139	0.1
Total Interest income	112,837	92.3	122,971	97.9	119,770	102.2
Deposits	13,765	11.3	17,861	14.2	19,445	16.6
Interbank and money market items	1,860	1.5	2,532	2.0	2,707	2.3
Contributions to BOT and Deposit Protection Agency	5,687	4.6	9,978	7.9	9,705	8.3
Debt issued and borrowings	3,080	2.5	4,085	3.3	4,093	3.5
Others	102	0.1	199	0.2	131	0.1
Total Interest expenses	24,494	20.0	34,655	27.6	36,081	30.8
Interest income, net	88,343	72.3	88,316	70.3	83,689	71.4
Fees and service income	27,690	22.7	29,596	23.6	29,493	25.2
Fees and service expenses	7,162	5.9	6,359	5.1	5,831	5.0
Fees and service income, net	20,528	16.8	23,237	18.5	23,662	20.2
Profit (loss) on financial instruments measured at						
fair value through profit or loss	3,134	2.5	N/A	N/A	N/A	N/A
Gains on tradings and foreign exchange transactions, net	-	-	3,197	2.5	3,500	3.0
Gains on investments, net	951	0.8	4,372	3.5	435	0.4
Share of profit from investments for using equity method	2,060	1.7	1,425	1.1	1,130	0.9
Dividend income	376	0.3	496	0.4	453	0.4
Other operating income	6,856	5.6	4,615	3.7	4,352	3.7
Total Non-Interest Income	33,905	27.7	37,342	29.7	33,532	28.6
Total income, net	122,248	100.0	125,658	100.0	117,221	100.0

2. Products and services

2.1 Loan Products

- **Loans for retail customers:** The Bank focused on developing and improving loans to suit all needs of retail customer in different groups and offered promotions for each product. Key products are such as KrungThai Thanawat revolving loan, Multi-Purpose Loan, Loan for local and international studies, Krungthai Home Easy Cash, Krungthai Smart Money Loan which is a clean loan offered to salary employees and the self-employed, "Krung Thai Loan Give 5" which is an unsecured personal loan offered to the private organization's employees whose payrolls are paid via Krungthai Bank account, housing loans and Home for Cash Loan. Furthermore, 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 automatic account debiting for payments of utility and Krungthai NEXT application. The Bank organized special activities and attended expositions continuously such as House and Condo Show, Money Expo and organized promotional activities in cooperation with branches and regional offices nationwide, including offering special campaign to drive the economy under the government policies, such as measures to lessen the burden of housing purchases under the "Baan Dee Mee Down" (Home Loan with Down Payment) scheme in order to lessen the burden and encourage the general public to have their own home. In addition, the Bank also implemented measures to assist customers affected by the COVID-19 outbreak. Such measures are varying according to different products to suit each customer, such as a moratorium, suspension of principal payment and reduction in instalment amount to alleviate the troubles of the Bank's customers.

- **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 2020, the Bank continued many projects since 2019, such as developing Krungthai sSME loan for Blue Flag Shops as "Krungthai sSME Smart Shop" loan to suit the competitive environment and meet the needs of customers completely, Krungthai sSME loan with single account, Krungthai sSME loan for tax payment to the Revenue Department, Krungthai sSME loan for EEC 4.0, Krungthai sSME loan for tourism business and related business and Krungthai sSME Supply Chain Financing which extends loans offering from the Bank's customers and partners. Moreover, the Bank provided financial assistance to small business owners affected by the COVID-19 outbreak by a six-month moratorium on principal and interest, and continued to provide second phase of assistance measures to sSME customers as appropriate and capable of the customers.

- **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. The Bank has cooperated with the Revenue Department to launch special products to help promoting SME entrepreneurs, who registered to exercise their rights under the Act for the Exemption of Fine and cooperated with the Stock Exchange of Thailand (SET) under the "Development and Support for SMEs and Startups Scheme" to increase knowledge, business skills and support potential and growing customers in order to access to capital markets through the Live Platform (SME Platform) program, which will lead to sustainable national economic development. In addition, the Bank provided assistance to customers who have been affected by the economic situation and COVID-19 crisis, both directly and indirectly, such as the import-export business, travel related business and agricultural products processing business by approving a suspension of principal and term loans up to 12 months, extending the repayment period for promissory notes (P/N) and foreign trade finance (Trade Finance) up to 6 months, including soft loan support to enhance liquidity of the business.

- **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.

In 2020, the Bank provided appropriate assistance for each corporate customer affected by the COVID-19 outbreak, such as a moratorium, indulgence for loan conditions, including loan approvals as needed in order to sustain customers to operate their business continuously.

- **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 Environment Loan (Ministry of Natural Resources and Environment), Revolving Loan for Energy Conservation (Ministry of Energy), soft loan for entrepreneurs who are directly and indirectly affected from the outbreak of COVID-19 (Soft Loan BOT: COVID-19 and Soft Loan GSB: COVID-19) phase 1-2, soft loan for Thailand tourism recovery, Transformation Loan program (Soft loan to modify machines in cooperation with Ministry of Industry, Ministry of

Finance and Government Savings Bank) and joined the TCG to enable the SMEs with lack of collateral to access to the Bank's loans, such as Portfolio Guarantee Scheme (PGS phase 1-9), PGS Special Term Guarantee Scheme, Soft Loan Plus, etc.

- **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, namely Phnom Penh branch, Siem Reap Province sub-branch, Vientiane branch, Singapore branch, Kunming branch, Mumbai branch, Los Angeles branch and Cayman branch, by focusing on supporting the growth of Thai customers that expand their business potential on trading and investment in the region as well as expanding the Bank's local customer base abroad. Moreover, Krungthai has 1 Yangon representative office to facilitate investment and trade between Thailand and Myanmar for customers, especially the ASEAN Payment Gateway (APG) scheme in collaboration with partner banks in the development of payment services for goods and services, including labor and business transfers which raises the level of financial services for the recipients in foreign countries to access to banking services.

During the COVID-19 outbreak situation, the Bank continuously improved the core banking system and work processes of overseas branches to be connected with the headquarters as well as responding to the supervision of changes in regulation and new financial services more quickly aiming for developing and promoting the strength of overseas networks as well as supporting the expansion of the business when the economic conditions return to normal smoothly and efficiently.

2.2 Other services

- **Cash Management:** consists of

1. **Cash Management:** 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.

2. **Corporate Credit Product:** Supply Chain Financing, Factoring Loan, Letter of Guarantee and other credit products such as Former and electronic letter of guarantee service, discounting bills availed by Krungthai Bank (Smart Aval), electronic discounting cheques for sugar cane deposit for customers in sugar manufacturing and agriculturists, e-Credit Confirmation, etc.





In 2020, there were key projects as follows:

- o [Online Real-Time Payment System Project](#): Customers can pay money through all payment channels.
- o [Government Welfare Payment Project](#) through Krungthai Corporate Online system of the Comptroller General's Department.
- o [Digital Court: E-filing System Project](#) Project to file and accept lawsuits via online system of the Court of justice.
- o [Employment Promotion Program](#) for Public and Private Graduates (Government Co Payment); The Bank has supported the service of paying government subsidies to employees under the employer who participated in the program.
- o [Local Tax Collection Project](#) in collaboration with the Department of Local Administration and Bangkok Metropolitan Administration.
- o [Treasury E-Auction Project to dispose of confiscated property of the Treasury Department](#) by helping to create an online auction system through the website channel.
- o [Projects under a strategic plan for payment systems](#): The Bank has participated in many projects under the

national strategic plan for payment systems, especially promoting the use of ISO 20022 to improve services.

- o [Online Tax System Project \(e-Tax\)](#): A service provider for delivering e-Tax Invoice and e-Receipt as well as deducting and remitting withholding tax (e-Withholding Tax Plus) on behalf of entrepreneurs when transferring or paying money to the Revenue Department.
- o [National Lottery Prize Claims](#) at the Bank's branches.
- o [Withdrawal via EDC machines at Thai Post Offices nationwide](#).
- o [Mass Transit Project](#): Payments of expressway tolls, transportation fare and management of payment systems for the public transport via debit card, credit card with EMV standard and the government welfare card.
- o [Bangchak In-car Payment](#) in cooperation with Bangchak Corporation Pcl.
- o [Digital Supply Chain Financing Project](#) is to help merchants in accessing funding source more easily by extending from the government schemes such as Pracharat Shops, Chim Shop Chai (Taste-Shop-Spend), Khon La Khrueng (Let's Go Halves), etc.

o **International Financial Services Project:**

The Bank provided Host-to-Host (TradeLynk) service to provide real-time connection between companies and the Bank to transmit data. Additionally, the Bank also developed Foreign Currency Deposit (FCD) on Krungthai Corporate Online platform.

• **International Products and Services**

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

1.1 **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. The Bank also provides Pre-advice for Inward Remittance and Credit Advice for Inward Remittance and the notification of money transfer will be sent to the customer's email by Pre-advice service. 2) **Outward Remittance**: The Bank transfers funds overseas according to the customer's order (transferor) via SWIFT to correspondent bank or direct payee bank. The Bank also offers a special exchange rate for transferred amounts exceeding USD 20,000 as well as providing international transfer service around the world. The Bank also offers delivery of Advice for Outward Remittance / Copy MT 103 to customers via E-mail. 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.

The Bank has SWIFT gpi system so that customers can check the status of money transfer in real time. Retail customers can contact via Krungthai Contact Center Tel. +662 111-1111 and corporate customers via Krungthai Corporate Online.

1.2 **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 service for e-Commerce such as Amazon.com through Western Union.

2. **Foreign Currency Deposit Account Service** consists of savings account, fixed deposit account and current account, which is available more than 10 currencies for the customers who want to use a foreign currency or want to save money in a foreign currency and use as a tool for foreign exchange risk management. Furthermore, the Bank launched a service for





international transfer from Foreign Currency Deposit (FCD) account through Krungthai Corporate Online platform and able to manage FCD account for liquidity management in line with the policy of the Bank of Thailand to relieve the use of a single foreign currency deposit account announced in 2020.

3. **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 19 main currencies (including Thai Baht) exchange storing in the card. 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 in foreign Country worldwide and make cash withdrawal in foreign banknotes at available branches such as NanaNua Office, Siam Paragon Branch and Central Ladprao Branch.

4. **International Trade Service** for exporter and importer: The Bank provides financial services and loans for exportation, letter of guarantee, domestic trading service under the payment method of letter of credit, advice on traditions and practices defined by the International Chamber of Commerce (ICC) guaranteed technological system with international standard. This full-fledged service is provided to customers through Krungthai Corporate Online (Trade Online) to access customers the fastest and most effective. Besides, the Bank received ISO/IEC 27001:2013 certificate due to its information security management for the Trade Finance System (TFS) and Krungthai Corporate Online (Trade Online). Meanwhile, in 2020, the Bank also provided funding assistance to support customers affected by COVID-19 pandemic to get through the crisis.

- **Global Market Products and Investment Banking**

1. **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.

2. **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. Although in 2020, the value of debt and equity instruments issuance in Thailand has significantly decreased from the previous year due to the COVID-19 outbreak, the Bank has been successful in arranging and underwriting debt securities to public and private issuers. Additionally, the Bank was an underwriter for 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

1. **Electronic Machine:** ATM, RCM 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. In addition, the Bank offers extra services: identity verification with national identification card service (Dip-chip) for Pao Tang mobile application usage, cash withdrawal and balance inquiry service via contactless method (Tap a card to make a transaction), cash withdrawal mode for blind and visually impaired persons service (The gray machines of the Bank), cardless withdrawal service, 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.

2. **New version of Krungthai NEXT:** The Bank has adopted world-class technologies such as AI (Artificial Intelligence), Cloud Native, API (Application Program Interface), Biometric Verification, etc. to develop new version of Krungthai NEXT application in order to become the full-scale digital banking that support all financial activities in the future. Examples of important technologies and features of new Krungthai NEXT are as follows:

- o **Artificial Intelligence (AI)** creates interactions with users through smart transaction that learns and lists the most frequently used financial transactions; smart banner that will notify important items such as insurance premium payments due, card renewal, etc.; and smart promotion that offers special promotions for each individual.

- o **Cloud Native Technology** is 100% used by Krungthai Bank, which is the first bank in Thailand. This consists of 3S technology: Scalability - to support large amounts of simultaneous financial transactions, Stability - to support stability and smoothness of use, and Security - to provide the maximum security with world-class technology.

- o **Biometric Verification** can be enabled with face authentication, i.e., verifying the identity of a person using their face and identification card.

ลงทุนอย่างมั่นใจ
ให้กรุงไทยดูแลคุณ

5 ขั้น มั่นใจลงทุน

ขั้นที่ 1 การวิเคราะห์ความเสี่ยง

ขั้นที่ 2 การกำหนดสัดส่วนเงินลงทุน

ขั้นที่ 3 เลือกกองทุนตามเป้าหมายและระยะเวลา

ขั้นที่ 4 การติดตามและปรับกลยุทธ์

ขั้นที่ 5 รายงานผลการลงทุน

มั่งคั่ง **มี** **ศรี** **สุข**

KRUNGTHAI WEALTH ADVICE FOR ALL

บริการที่ให้น้ำหนักและวางแผนการลงทุนอย่างครบวงจร
จากธนาคารกรุงไทย เพื่อให้การให้คุณได้เป็นไปอย่างเหมาะสมกับความเสี่ยงและปัจจัย
เช่น ต้นทุนการลงทุนตั้งแต่ 1,000 บาทขึ้นไป (เฉพาะการลงทุนรวม ตั้งแต่ 1 ล้านบาท ขึ้นไป)

สมัครใช้บริการได้ที่ ธนาคารกรุงไทยทุกสาขา หรือ สอบถามโทร. 02-111 1111

*โปรดพิจารณาเงื่อนไขการให้บริการ ก่อนตัดสินใจเลือกใช้บริการของธนาคารกรุงไทย
**ผู้ลงทุนต้องทำความเข้าใจลักษณะสินค้า เงื่อนไขผลตอบแทน และความเสี่ยงก่อนตัดสินใจลงทุน

02 111 1111 | [Icons] | Krungthai Care : KTB.CO.TH

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แบบประกันประเภทสะสมทรัพย์



กรุงไทย



ไลฟ์พลัส⁺ เซฟเวอร์ ก้าวเริ่มต้นของชีวิตวัยทำงาน

แผนการออมก้าวแรกสำหรับผู้เริ่มต้นชีวิตทำงาน ที่ต้องการสร้างวินัยการออม พร้อมความคุ้มครองที่เพิ่มขึ้นให้เหมาะกับแต่ละช่วงชีวิตของคุณ



เริ่มต้นก้าวแรกของการทำงาน ด้วยวินัยการออมที่เลือกได้ 2 ระยะ

สามารถเลือกการออมได้ 2 ระยะ คือ ระยะที่ 1 (ก่อนเกษียณ) และ ระยะที่ 2 (หลังเกษียณ) โดยสามารถเลือกได้ 2 ระยะ หรือเลือกได้ 1 ระยะก็ได้



วางแผนสร้างวินัยการออม ด้วยเงินออมที่เท่ากันทุกปี

ผู้ทำประกันสามารถเลือกออมเงินได้ตั้งแต่ 1,000 บาทขึ้นไปต่อปี



ความคุ้มครองชีวิตที่เพิ่มขึ้นตามไลฟ์สไตล์ของคุณ

ผู้ทำประกันสามารถเลือกซื้อประกันชีวิตเพิ่มเติมได้ตามความต้องการ



รับเงินบำนาญ เป็นเงินก้อนได้ตั้งแต่อายุ 55 ปี (ตั้งแต่ปีที่ 4 เป็นต้นไป)

ผู้ทำประกันสามารถเลือกรับเงินบำนาญได้ตั้งแต่อายุ 55 ปี เป็นต้นไป



ลดหย่อนภาษีได้

ผู้ทำประกันสามารถลดหย่อนภาษีได้ตามที่กำหนดในกฎหมาย

02-111-1111

Krugthong



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ประเภทสะสมทรัพย์

- o User Experience (UX) และ User Interface (UI)

meet all requirements and deliver a superior customer experience: Customers can set their profile picture and customize their homepage as they like, whereas the color themes will be automatically adjusted according to the time of the day or important festivals, etc.

- o Key features of the top-up and payment services that have the most comprehensive financial transaction network in Thailand for both public and private sector organizations are offered such as electricity bill, water bill, mobile phone bill, internet bill and traffic ticket payment service, etc.

- Funds:** The Bank cooperated with Krung Thai Asset Management Pcl. (KTAM) to provide mutual funds, infrastructure funds, property funds, provident funds and private funds through the Bank's channels for both through branches and Krungthai NEXT mobile application. 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.

- **Credit Cards and Personal Loans:** Krungthai Card PCL. (KTC) has credit card, personal loan and merchants as its core businesses as well as expanding additional businesses including pico finance business in 4 branches and car finance business through the Bank's network channel and its online channel. Moreover, Krungthai Card Pcl. established KTC Prepaid Co., for operating payment service business.
- **Hire Purchase and Leasing Services:** The Bank provides equipment leasing, hire purchase and car rental services with maintenance to corporate customers and SME businesses through Krung Thai IBJ Leasing Co., Ltd.
- **Securities Brokerage Service:** Krungthai 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.

Market and Competition



3.1 Overview of Banking Business and Competition in 2020

During 2020, the commercial banking business (commercial banks) faced challenges from the recession due to the impact of the COVID-19 pandemic. Commercial banks had to expedite customer assistance measures both the loan interest rate cut in line with the policy interest rate direction and the reduction of the remittance rate to the Financial Institutions Development Fund as well as assisting through the postponement and reduction of the debt repayment burden and debt restructuring which has a total value of Baht 4.55 trillion, calculated as 31 percent of total loans as of the second quarter of 2020, especially small and medium business customers (SMEs) with the contribution up to 49 percent of SMEs loans. Correspondingly, commercial banks also provided additional loans to enhance liquidity to the business sector, for example, through the Soft Loan scheme of the Bank of Thailand (BOT) with a total amount of Baht 500 billion amid the relaxation of the debtor classification of the BOT, which slow down the acceleration of non-performing loans in the commercial banking system.

Transformation in accordance with the change after the COVID-19 crisis, especially the faster-than-expected digital economy, becomes another challenge that all commercial banks has to face. In 2020, the business model of commercial banks has changed, particularly on digitalizing service channels, improving IT

infrastructure efficiency, increasing the number of banking agents as well as reducing the number of branches and service points by 338 branches and points after the volume of mobile banking payments in the first 10 months of 2020 increased 77 percent over the same period of the previous year. Nevertheless, commercial banks focused on offering products and services with innovation and modern technology with more entry into the ecosystem of customers, and in the form of services other than traditional or beyond banking, such as online deposit account opening service and social banking service such as digital lending via social media platform among the challenges of preparing for compliance with official regulations, namely the Personal Data Protection Act, B.E. 2562 (PDPA). The 2020 performance of commercial banks is summarized as follows:

- **Loans to customers and net accrued interest receivables** grew 5.39 percent, accelerating from 1.80 percent growth last year, in line with government and corporate loans.
- **Deposits** increased by 9.63 percent, compared to 4.15 percent of the expansion in 2019, especially due to savings deposits and current deposits (CASA).
- **Net Profit** decreased by 46.44 percent, compared with 30.71 percent in 2019 because commercial banks set aside high level of expected credit loss repeatedly. Net interest income increased by only 3.31 percent, but net fee and service income decreased by 10.00 percent.

- **NPLs** increased by 12.52 percent, rising at the faster rate than in 2019 that increased by 4.82 percent due to the impact of recession. Meanwhile, NPLs/ Loan ratio increased to 3.11 percent from 2.98 percent in 2019.

- **Total Capital** increased by 5.24 percent, resulting in a strong Total Capital Ratio in strong level at 20.13 percent, much higher than minimum criteria established by the BOT.

3.2 The Outlook for Banking Business and Competition in 2021

In 2021, commercial banks will still have to encounter with economic risks regarding the uncertain recovery after a new outbreak of the COVID-19. The BOT established measures in coordination with financial institutions to extend the period of assistance to debtors, accelerate debt restructuring, relieve some conditions and provide additional revolving fund and liquidity. In addition, operations of commercial banks will continue to be in the low interest stage amid the intensified transition to an digital economy which are challenging for the commercial banks in modifying the business model, namely integration of physical and digital channels, employee upskilling & reskilling, integration of technologies such as AI, blockchain, cloud computing, data analytics and open API to meet changes in customer behavior as well as increasing work efficiency, enhancing safety, reducing costs and seeking new sources of income in the midst of competition from non-bank businesses such as payment service via digital wallet and personal loans. However, the endless adaptation of Thai commercial banks with measures to remedy and recover the economy of the government, investment in technology and adaptation to a green economy under the new normal of business sector, are opportunities for commercial banks for expanding loans and extending financial transactions. In the meantime, the emphasis on business operations on the basis of responsibility to all stakeholders or responsible banking with the concept of a sustainable banking under 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:

- **Good relationship with government and state enterprise customers**

partly came from the continuous of good response of the Bank's financial services to government agencies, state enterprises and government personnel. In addition, the Bank also played an important role in supporting the implementation of government policies effectively, for example, nationwide electronic payment infrastructures, driving Thailand to a cashless society, including measures to support the foundation economy and rehabilitate the overall nation's economy, such as the "Chim Shop Chai" (Taste-Shop-Spend) scheme, Rao Tiew Duay Kan (We Travel Together) and Khon La Khrueng (Let's Go Halves), etc. Besides, the Bank has executed the blockchain technology to enhance the efficiency of government schemes such as the Tourist TAX Refund Scheme, e-Government Procurement, DLT Scripless Bond. With the customer base and business partner from the government sector, This enable the bank to expand businesses and extend effective operations, especially businesses in 5 Ecosystems; Government, Payment, Health and Wellness, Education, and Mass Transit.

- **Strong capital fund to support growth:** As of December 31, 2020, the Bank had 19.11 percent of Capital Adequacy Ratio (The Bank's financial business group). Tier 1 capital is 15.79 percent, which is higher than the minimum criteria set by the Bank of Thailand, reflected the strength of the Bank's capital status that will be able to support business expansion as well as to accommodate the risks that may arise from changes in the economy, society and regulations of the government.

- **Strong Brand Recognition:** Krungthai Bank is a large commercial bank that has served Thai customers for more than 50 years. The Bank is one of the top banks that customers think of and the Bank is recognized for being able to effectively use its trademark in their social marketing activities.

- **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. In this regard, the continuous development of the organization leads to an increase in new customers base, namely more than 9 million users of Krungthai NEXT mobile application and more than 10 million users of Krungthai Connex at the end of 2020.

Asset, Loan, Deposit and Branch

of Commercial Banking System as at December 31, 2020

	Asset		Loan (net)		Deposit		Domestic Branch	
	Amount (Million Baht)	Market Share (%)	Amount (Million Baht)	Market Share (%)	Amount (Million Baht)	Market Share (%)	Branch	Market Share (%)
1. Bangkok Bank	3,384,961	15.55	1,896,205	14.06	2,485,597	16.16	1,128	17.43
2. Siam Commercial Bank	3,280,442	15.07	2,125,942	15.76	2,429,780	15.79	854	13.20
3. Krungthai Bank	3,226,987	14.83	2,127,089	15.77	2,466,780	16.04	1,024	15.82
4. Kasikornbank	3,061,407	14.07	2,066,638	15.32	2,340,470	15.21	866	13.38
5. Bank of Ayudhya	2,460,731	11.31	1,609,830	11.93	1,819,223	11.83	683	10.56
Total of Large Banks	15,414,528	70.83	9,825,704	72.84	11,541,850	75.03	4,555	70.39
1. TMB Bank	1,205,404	5.54	693,775	5.14	815,678	5.3	457	7.06
2. Thanachart Bank	811,183	3.73	649,686	4.82	557,957	3.63	444	6.86
3. UOB Bank	632,342	2.9	421,662	3.12	491,560	3.2	152	2.35
Total of Medium Banks	2,648,929	12.17	1,765,123	13.08	1,865,195	12.13	1,053	16.27
1. CIMB Thai Bank	404,421	1.86	217,576	1.61	194,150	1.26	59	0.91
2. Kiatnakin Phatra Bank	354,468	1.63	262,643	1.95	252,067	1.64	66	1.02
3. Tisco Bank	264,921	1.22	213,802	1.58	204,859	1.33	58	0.90
4. Land and Houses Bank	240,085	1.10	155,838	1.16	182,735	1.19	108	1.67
5. ICBC Bank (Thai)	225,413	1.04	111,933	0.83	147,053	0.95	21	0.33
6. Standard Chartered Bank (Thai)	167,167	0.77	28,800	0.21	84,329	0.55	1	0.02
7. Thai Credit Retail Bank	80,721	0.37	66,823	0.50	64,626	0.42	517	7.99
8. Sumitomo Mitsui Trust Bank (Thai)	78,454	0.36	51,280	0.38	21,719	0.14	1	0.02
9. Bank of China (Thai)	68,562	0.31	45,455	0.34	47,094	0.31	9	0.14
10. ANZ Bank (Thai)	49,406	0.23	18,960	0.14	10,052	0.06	1	0.02
11. Mega International Commercial Bank	25,120	0.11	20,766	0.15	16,417	0.11	5	0.08
Total of Small Banks	1,958,738	9.00	1,193,876	8.85	1,225,101	7.96	846	13.07
Total offshore branches	1,741,938	8.00	705,227	5.23	750,316	4.88	17	0.27
Grand Total	21,764,133	100.00	13,489,930	100.00	15,382,462	100.00	6,471	100.00

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

Notes: 1. The BOT grouping criteria for commercial banks are as follows:

- 1.1. Large Banks include Thai commercial banks with market share of 10% or above.
- 1.2. Medium Bank include Thai commercial Banks with market share of 2.5% and less than 10%
- 1.3. Small Bank include Thai commercial Banks with market share of less than 2.5%

2. Loan information (net) means loans to customers and net accrued interest receivables.

3. Domestic branch information include headquarters, service points and off-site banking services for more than 30 days.

4. Sources of Funds and Lending

■ Sources of Funds

Unit : Million Baht

Sources of Funds Consolidated Financial Statements	December 31, 2020		December 31, 2019		Change
	Amount	%	Amount	%	%
Deposits	2,463,225	74.0	2,155,865	71.6	14.3
Interbank and money market items, net	274,566	8.2	215,823	7.2	27.2
Debt issued and borrowings	86,564	2.6	96,841	3.2	(10.6)
Other liabilities	148,361	4.5	195,361	6.5	(24.1)
Total Equity	355,064	10.7	348,326	11.5	1.9
- Equity Holders of the Bank	343,466	10.3	338,287	11.2	1.5
- Non-Controlling Interest	11,598	0.4	10,039	0.3	15.5
Total	3,327,780	100.0	3,012,216	100.0	10.5

■ Key Sources and Uses of Funds

Unit : Million Baht

Loans and deposits classified by maturity Consolidated Financial Statements	December 31, 2020		December 31, 2019		Change
	Amount	%	Amount	%	%
Loans					
- Not over 1 year	687,615	29.5	748,408	35.8	(8.1)
- Over 1 year	1,647,227	70.5	1,341,465	64.2	22.8
Total Loans *	2,334,842	100.0	2,089,873	100.0	11.7
Deposits					
- Not over 1 year	2,444,240	99.2	2,016,641	93.5	21.2
- Over 1 year	18,985	0.8	139,224	6.5	(86.4)
Total Deposits	2,463,225	100.0	2,155,865	100.0	14.3

* 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

Given the COVID-19 pandemic worldwide and in Thailand affecting operating environment and causing economic recession globally, IMF estimated the world economy in 2020 to contract by 3.5% YoY, the deepest contraction since Great Depression. Such global slowdown as well as disease control measures significantly affected Thai economy, whose economic system relies heavily on foreign sources of revenue, particularly tourism and export sectors. Furthermore, epidemic control measures have restricted domestic economic activities, affecting domestic demand. As a result of this impact, Thai economy in 2020 contracted by 6.1%. Hence, the government had urgently issued the relief measures to help people and businesses affected by COVID-19 including public health-related plans, relief measures for affected people as well as economic and social rehabilitation through "Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy And Restore the Economy And Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020)", with up to Baht 1 trillion of borrowing capacity. In addition, the Bank of Thailand (BOT) in collaboration with commercial banks had continuously issued measures to provide assistance to customer such as debt restructuring, debt payment holiday, debt payment deferment, soft loan and liquidity enhancement for corporate bond market. Moreover, Monetary Policy has been extraordinarily relaxed, with the low policy rate of 0.5%.

Beyond economic issues that have put pressure on performance and poses a challenge to risk management, changes in technology and consumer behavior, including the faster-than-expected transition towards the digital economy due to acceleration by the COVID-19 pandemic and social distancing measures to lead to a new normal may affect the Bank's and customers' business operations. Hence, the Bank has prepared and established various action plans to continually respond to such challenges.

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 to customers and accrued interest receivables -net** grew at 12.9%, higher than 5.4% of industry average accelerating from 1.8% growth in the previous year in accordance with the government and corporates' credit utilization

- **Deposits** rose 14.3%, higher than 9.6% of the industry average, compared to a 4.2% increase in the previous year, particularly from CASA.

- **Net profits** fell 49.5%. The industry average decreased 46.4% from a 30.7% increase in the previous year since commercial banks has continued to set aside expected credit losses at high level. Net interest income decreased 0.3%, compared to a 3.3% increase in the industry average. Net fees and service income decreased 11.8%, while the industry average contracted by 10.0%

- **NPLs** increased 4.1%. The industry average rose 12.5% accelerated from 4.8% in the previous year due to the effects of the economic recession. The NPLs to loan ratio was 3.79%, down from 4.33% in the previous year while the industry average was 3.11%, increasing from 2.98% in the previous year.

- **Total capital funds** fell 0.3% with Capital Adequacy Ratio of 18.76%, while the industry average rose 5.24%, resulting that Capital Adequacy Ratio remained strong at 20.13%, which is still higher than the minimum capital requirement of the BOT.

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

In 2020, the Bank has no expenditures for research and development of technology and innovation that will be used for corporate income tax benefits under the Royal Decree issued under the Revenue Code Governing Exemption of Taxes (No. 598), B.E. 2559 (2016).

4. Analysis of Financial Standing and Operating Result (Compared between 2020 and 2019)

Overview of the Bank and Subsidiaries' Operation in 2020

The Bank and its subsidiaries' pre-provision profit in 2020 was Baht 68,783 million, an increase of 8.9% YoY. Such increase was mainly derived stable net interest income as 2019 level during this operating environment with series of policy rate and loan rate cuts while having higher special interest income ("special interest income" interest income received from the auction of mortgaged guarantee assets) and precautionary loan growth together with the cost of fund reduction, which had lessened the impact of such interest rate cuts. NIM resulted at 2.91%, down from 3.22% YoY, mainly due to the impact from interest rate cuts. Furthermore, other operating expenses also declined 14.4%; whilst non-interest income declined. Cost to income ratio resulted at 43.73%, down from 49.72% in 2019.

The Bank and its subsidiaries had gradually set aside the expected credit losses at the high level of Baht 44,903 million, a 88.6% increase from impairment loss of loans in 2019 given through considerations on various factors in the continuously changing business environment under this economic slowdown with high uncertainties which could impact loan quality. This led to higher coverage ratio as at December 31, 2020 of 147.3%, increasing from 131.8% as at December 31, 2019. Given the management on the Bank's asset quality, the NPLs Ratio-Gross decreased to 3.81% from 4.33% as at December 31, 2019.

From the aforementioned performance with high level of expected credit losses, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank amounted Baht 16,732 million or a decline of 42.9% YoY.

The Bank and the Financial Business Group's Tier 1 and Capital Adequacy Ratios were 15.79% and 19.11% respectively, maintaining at a strong level as compared to BOT's requirement.

In addition, the Bank and its subsidiaries had incorporated Infinitas By Krungthai Co., Ltd. as a R&D hub for newly digitized financial products, becoming a service provider for various Innovation & Digital Platform, moving toward Open Banking, Virtual Digital Banking Service and new business model opportunities as well as strengthening mega platform such as Pao Tang Application as the country's digital infrastructure.

Furthermore, the Bank had entered into an agreement with Krungthai Card Plc. to sell 75.05% of KTB Leasing Co., Ltd., in which the closing is subjected to meeting the customary conditions including obtaining relevant regulatory approvals. Such partnership will strengthen the Bank and its subsidiaries in retail financial segment with full range of financial products.

Overview Operating Income and Net Profit

	2020 (TFRS 9)	2019	Unit : Million Baht Changes
			%
Net interest income	88,343	88,316	0.0
Net fees and service income	20,528	23,237	(11.7)
Other non-interest income	13,377	14,105	(5.2)
Total operating income	122,248	125,658	(2.7)
Total other operating expenses	53,465	62,474	(14.4)
Pre-provision profit ⁽¹⁾	68,783	63,184	8.9
Expected credit losses / impairment losses of loans and debt securities	44,903	23,814	88.6
Operating profit before income tax	23,880	39,370	(39.3)
Income tax	4,441	7,232	(38.6)
Net profit	19,439	32,138	(39.5)
Net profit (attributable to equity holders of the Bank)	16,732	29,284	(42.9)
ROA (%) ⁽²⁾	0.53	1.02	
ROE (%) ⁽²⁾	4.91	9.09	

(1) Pre-provision profit before provision (expected credit losses or impairment losses of loans and debt securities) and income tax.

(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.

• In 2020, The bank's consolidated pre-provision profit was Baht 68,783 million, an increase of 8.9% YoY. This was mainly due to stable net interest income as 2019 level and sharp decrease of other operating expenses; whilst non-interest income declined. The Bank and its subsidiaries had set aside the allowance for expected credit losses amounted Baht 44,903 million, an increase of 88.6% YoY. Hence, consolidated net profit (attributable to equity holders of the Bank) was Baht 16,732 million, a decrease by 42.9% YoY.

Net Interest Income

Unit : Million Baht

	2020 (TFRS 9)	2019	Changes %
Interest income	112,837	122,971	(8.2)
- Interbank and money market items	3,594	7,113	(49.5)
- Investments and trading transactions	435	482	(9.8)
- Investment in debt securities	4,251	4,943	(14.0)
- Loans	104,307	109,784	(5.0)
- Hire purchase and financial lease	184	428	(57.1)
- Others	66	221	(70.3)
<u>Less Interest expenses</u>	<u>24,494</u>	<u>34,655</u>	<u>(29.3)</u>
- Deposits	13,765	17,861	(22.9)
- Interbank and money market items	1,860	2,532	(26.5)
- Contributions to BOT and DPA	5,687	9,978	(43.0)
- Debts issued	3,080	4,085	(24.6)
- Others	102	199	(48.5)
Net interest income	88,343	88,316	0.0
Earning Asset Yield (%) ⁽¹⁾	3.72 ⁽²⁾	4.48 ⁽²⁾	
Cost of Fund (%) ⁽¹⁾	0.93	1.46	
Net interest margin (based on earning assets) (%) ⁽¹⁾	2.91 ⁽²⁾	3.22 ⁽²⁾	

(1) Earning assets include financial assets measured at fair value through profit or loss; Interest bearing debts include financial liabilities measured at fair value through profit or loss from 1Q2020 onwards..

(2) If excluding interest income received from the auction, earning asset yield for 2019 and 2020 would be 4.34% and 3.56% respectively; hence, NIM for 2019 and 2020 would be 3.07% and 2.76% respectively.

• **The Bank's consolidated net interest income in 2020** amounted Baht 88,343 million, a same level as 2019. During this operating environment with series of policy rate and loan rate cuts, KTB had higher special interest income ("special interest income" interest income received from the auction of mortgaged guarantee assets) and pre-cautious loan growth together with the cost of fund reduction, which had lessened the impact of such interest rate cuts. Hence, NIM of 2.91%, down from 3.22% YoY, mainly due to the impact from interest rate cuts.

Additionally, the Bank had special transactions on interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 1,223 million in 3Q2020, Baht 3,524 million in 2Q2020 and Baht 3,899 million in 1Q2019 (if excluding such special transactions, NIM stood at 2.76%, down from 3.07% in 2019).

Change of interest rate

	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
Policy Interest Rate	0.50%	0.50%	0.50%	0.75%	1.25%	1.50%
Deposit Rate ⁽¹⁾						
- Savings Rate	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
- 3 Months Fixed Rate	0.375%	0.375%	0.375%	0.60% - 0.70%	0.90%	0.90%
- 6 Months Fixed Rate	0.50%	0.50%	0.50%	0.80% - 0.90%	1.15% - 1.35%	1.15% - 1.35%
- 12 Months Fixed Rate	0.50%	0.50%	0.50%	0.90% - 1.00%	1.30%	1.30%
Loan Rate						
- MLR	5.250%	5.250%	5.250%	5.775%	6.025%	6.275%
- MOR	5.820%	5.820%	5.820%	6.620%	6.870%	6.870%
- MRR	6.220%	6.220%	6.220%	6.745%	6.870%	6.870%

(1) Standard deposit rate for individuals

Given the assessment on Thai economy's higher contraction than previously forecasted from global economic depression trend and impact of global pandemic, the Monetary Policy Committee, Bank of Thailand had announced series of policy rate cuts, having the cut in November 2019, and 3 times cut in February, March and May of 2020 to 0.50%.

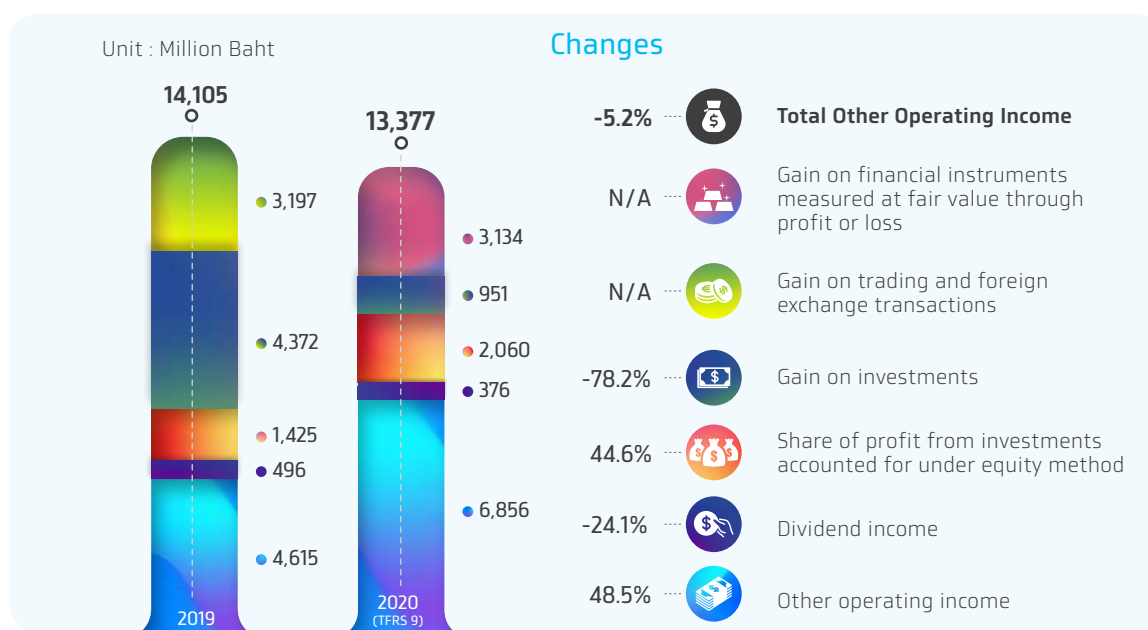
Realizing its role as an important part to uphold the economy, to support government mechanisms and to help business operators and retail customers, the Bank had gradually been cutting lending rates of MLR, MOR and MRR in February, March, April and May of 2020, being the cuts on MLR of 1.025%, MOR of 1.05% and MRR of 0.65%. Furthermore, the Bank of Thailand announced the measure on lower contribution from financial institutions to the FIDF (FIDF fee) from 0.46% to 0.23% as announced on April 7, 2020.

Net Fees and Service Income

Unit : Million Baht			
	2020 (TFRS 9)	2019	Changes
			%
Fees and service income	27,690	29,596	(6.4)
<u>Less</u> Fees and service expenses	7,162	6,359	12.6
Net fees and service income	20,528	23,237	(11.7)

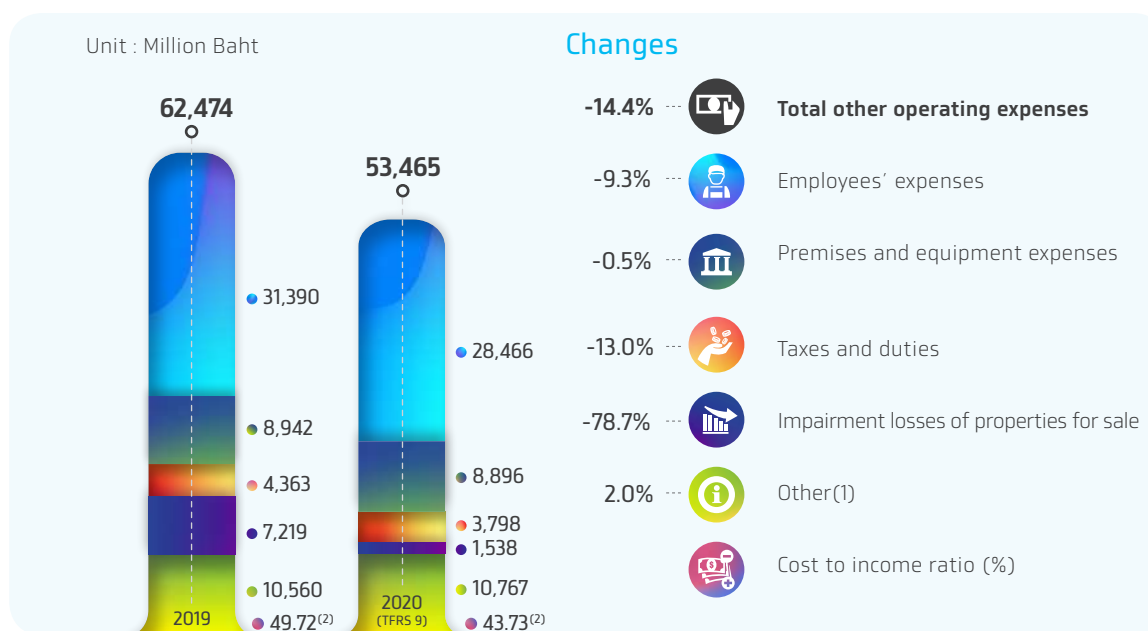
- **Krungthai Bank's consolidated net fees and service income in 2020** was Baht 20,528 million, compressed by 11.7% YoY, mainly due to customers' shift in service channel toward digital transactions during COVID-19 pandemic as well as lower transactions volume, whilst expansion on management fee and bancassurance fee.

Total Other Operating Income



• **Krungthai Bank's consolidated total other operating income in 2020** was Baht 13,377 million, a decrease by 5.2% YoY, mainly due to the decrease of gain on investments, despite the increases in other operating income on gain from sale of properties for sale and in share of profit from investments accounted for under equity method.

Total Other Operating Expenses



⁽¹⁾ Including Directors' remuneration

⁽²⁾ If excluding interest income received from the auction, provision expense on employees' benefits and impairment loss of properties for sale items, cost to income ratio for 2019 and 2020 would be 43.58% and 45.50% respectively.

• **Krungthai Bank's consolidated total other operating expenses in 2020** was Baht 53,465 million, a decrease by 14.4% YoY due to special transactions on impairment losses of properties for sale and provision expense on employees' benefits in 2019. This resulted in cost to income ratio of 43.73%, down from 49.72% in 2019 (if excluding special transactions, cost to income stood at 45.50%, an increase from 43.58% in 2019).

Expected credit losses / Impairment Loss of Loans

Unit : Million Baht		
	2020 (TFRS 9)	2019
		Changes %
Expected credit losses ⁽¹⁾ / Impairment loss of loans ⁽²⁾	44,903	23,814
		88.6

⁽¹⁾ Expected credit losses for interbank and money market items, investments in debt securities, loans to customers (including loss from criteria change) and loan commitments & financial guarantee contracts

⁽²⁾ Impairment loss of loans and debt securities (for loans to customers)

• In 2020, the Bank and its subsidiaries' expected credit losses/ impairment Losses of loans amounted Baht 44,903 million, increasing 88.6% YoY given through considerations of various factors in the continuously changing business environment and in this economic situation of high uncertainties. The Bank's consolidated coverage ratio increased to 147.3% from 131.8% as at December 31, 2019, though having an improvement in NPL ratio.

Financial Standing Analysis

- Assets
 - Financial Assets and Investments, Net

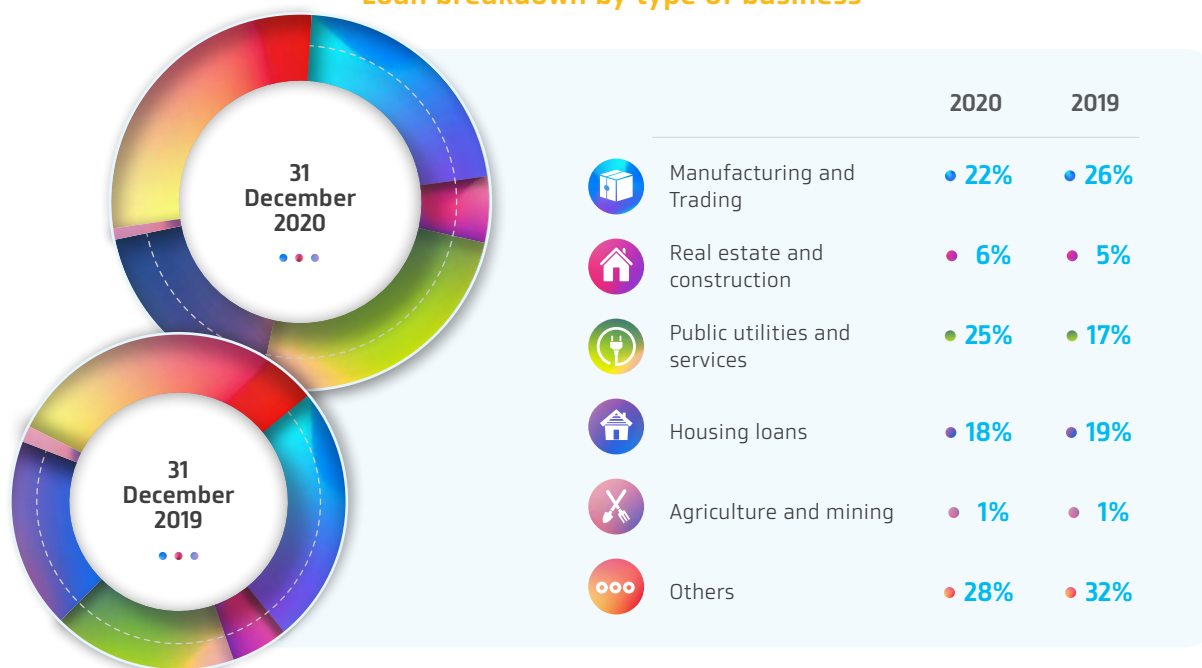
The Bank's consolidated financial assets measured at fair value through profit or loss and net investments, per TFRS 9 were Baht 330,712 million as at December 31, 2020, in which financial assets measured at fair value through profit or loss comprised of government and SOE securities 47%, private enterprise debt securities 44%, marketable equity securities 6%, and unit trust 3%. Net Investments amounted Baht 395,228 million as at December 31, 2019.

Classifications of financial assets and net investments

Unit : Million Baht	
Consolidated Financial Statements	31 Dec 2020 (TFRS 9)
Financial assets measured at fair value through profit or loss	13,724
Investment-net	316,988
- Investment in debt securities measured at amortized cost	1,740
- Investment in debt securities measured at fair value through other comprehensive income	300,505
- Investment in equity securities designated at fair value through other comprehensive income	14,743
Total financial assets and net investments	330,712

Unit : Million Baht	
Consolidated Financial Statements	31 Dec 2019
Investment-net	
- Trading investments	48,252
- Available-for-sale investments	344,198
- Held-to-maturity investments	1,737
- General investments	1,041
Total net investments	395,228

Loan breakdown by type of business



- Loans to Customers

The Bank's consolidated loans to customers (less deferred revenue) was Baht 2,334,842 million, increased by 11.7% compared to the end of 2019, mainly from government and retail customers.

Loan to Customers

Consolidated Financial Statements	Unit : Million Baht		
	31 Dec 2020 (TFRS 9)	31 Dec 2019	Changes
			%
Loans to customers	2,335,241	2,090,342	11.7
<u>Less</u> Deferred revenue	399	469	(15.2)
<u>Plus</u> Accrued interest receivables	16,199	5,160	214.0
<u>Less</u> Allowances for expected credit losses ⁽¹⁾	150,528	135,268	11.3
Loans to customers and accrued interest receivables-net	2,200,513	1,959,765	12.3

⁽¹⁾ Allowance for expected credit losses for loans to customers (including loss from criteria change) or allowance for doubtful accounts and allowance for debt restructuring revaluation per financial statements

Loan breakdown by type of borrowers (Consolidated's Financial Statements)

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2020 (TFRS 9)		31 Dec 2019		Changes
	Amount	%	Amount	%	%
Private Corporate	639,930	27.4	650,266	31.1	(1.6)
Government and State Enterprise	367,293	15.7	182,986	8.8	100.7
SMEs ⁽¹⁾	335,857	14.4	332,447	15.9	1.0
Retail	991,804	42.5	924,268	44.2	7.3
- Housing	430,281	18.4	396,035	18.9	8.6
- Personal	496,443	21.3	464,138	22.2	7.0
- Credit card	59,990	2.6	56,653	2.7	5.9
- KTB Leasing	5,090	0.2	7,442	0.4	(31.6)
Others	357	0.0	375	0.0	(4.7)
Total loans (per F/S)	2,335,241	100.0	2,090,342	100.0	11.7

⁽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

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2020 (TFRS 9)	31 Dec 2019
Gross NPLs ⁽¹⁾	107,138	102,659
Gross NPLs Ratio	3.81%	4.33%
Allowance for expected credit losses (total) ⁽²⁾	157,854	135,268
Coverage Ratio ⁽³⁾	147.3%	131.8%

⁽¹⁾ Gross NPLs based on principal less deferred revenue while including interbank and money market items

⁽²⁾ Allowance for expected credit loss (total) = Allowance for expected credit losses for interbank and money market items, loans to customers and loan commitments & financial guarantee contracts
As at December 31, 2019, Allowance for expected credit loss (total) = Allowance for expected credit losses for loans to customers (including allowance for debt restructuring revaluation)

⁽³⁾ Coverage Ratio = Allowance for expected credit losses for interbank and money market items, loans to customers and loan commitments & financial guarantee contracts / Gross NPLs

As at December 31, 2019, Coverage Ratio = Actual provisioning for loan loss / Gross NPLs

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2020 (TFRS 9)	
	Loans and Accrued Interest Receivables ⁽¹⁾	Allowance for expected credit losses ⁽²⁾
Loan Classification		
Performing	2,013,375	32,093
Under-performing	223,501	41,627
Non - performing	109,407	74,204
Lifetime ECL - simplified approach ⁽³⁾	4,758	2,604
Total	2,351,041	150,528

(1) Loan less deferred revenue while including accrued interest receivables and undue interest receivables

(2) Allowance for expected credit losses for loans to customers (including loss from criteria change) per financial statements

(3) Lifetime ECL - simplified approach is the approach of the Bank's subsidiary to recognize the allowance for expected credit losses on lifetime of finance lease receivables

Unit : Million Baht

Consolidated Financial Statement	31 Dec 2019		
	Loan and Accrued Interest Receivables	Net Amount Used in setting aside the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Loan Classification			
Normal	1,923,616	883,841	13,908
Special mentioned	68,696	30,545	8,478
Substandard	12,780	6,429	6,433
Doubtful	12,647	4,527	4,547
Doubtful of loss	77,294	37,398	37,403
Total	2,095,033	962,740	70,769
Excess allowance			64,459
2. Actual provisioning for loan loss ⁽¹⁾			135,268

(1) Allowance for doubtful accounts and allowance for debt restructuring revaluation per financial statement.

The Bank's consolidated NPLs-Gross as at December 31, 2020 amounted Baht 107,138 million, having NPLs Ratio-Gross continuously improved to 3.81% from 4.33% as at December 31, 2019. Given thorough considerations on various factors in the continuously changing business environment and in this economic situation of high uncertainties that could impact loan quality, the allowance for expected credit losses was set aside to remain at high level. Consequently, the Bank's consolidated coverage ratio as at December 31, 2020 increased to 147.3% from 131.8% as at December 31, 2019.




The Bank has temporarily provided measures to assist borrowers who have been impacted by the situations affecting

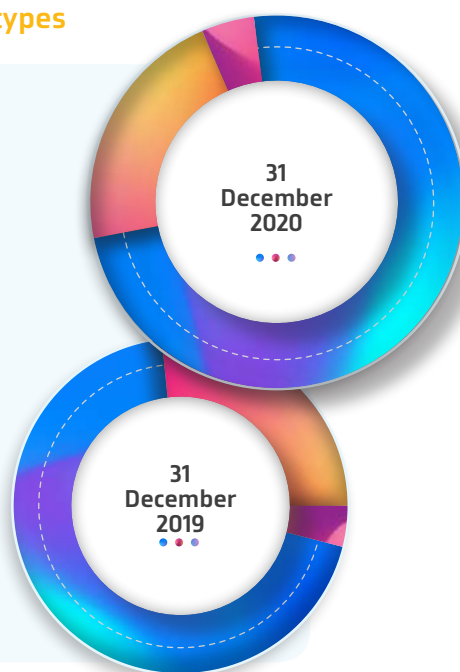
the Thai economy during January 1, 2020 to December 31, 2021 in accordance with the assistance measures for classification in case of debt restructuring set by the Bank of Thailand. Such measure may retard an increase in non-performing loan. Current asset quality may also not reflect the current economic conditions (Details of the BOT's guidelines on providing assistance to borrowers affected by situations that affect the Thai economy are specified in Form 56-1 Year 2020, Part 1, Clause 2.5.3, Policy of Supervision, Credit Approval and Credit Monitoring and in Risk Factors, sub-clause, risk of non-performing asset and loan on page 123).

- Liabilities
 - Deposits

The Bank's consolidated deposits was Baht 2,463,225 million, increased by 14.3% from December 31, 2019 with increases in saving and current deposits. Hence, the portion of current deposit and savings deposit to total deposit (CASA) accounted at 78%. The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) of 94.79% decreased from 96.94% as at December 31, 2019.

Deposits breakdown by types

	2020	2019
 Savings deposit	• 74%	• 69%
 Fixed deposit	• 22%	• 27%
 Current deposit	• 4%	• 4%



Sources and Uses of Funds

Unit : Million Baht

	31 Dec 2020 (TFRS 9)		31 Dec 2019		Change
	Amount	%	Amount	%	%
Net Interbank and money market items (asset)	516,792	15.5	338,771	11.2	52.5
Financial assets measured at fair value through profit or loss	13,724	0.4	N/A	N/A	N/A
Net investments and net investments in associates	346,388	10.4	426,174	14.2	(18.7)
Loans to customers (less deferred revenue)	2,334,842	70.2	2,089,873	69.4	11.7
Less Allowance for expected credit losses ⁽¹⁾	150,528	4.5	135,268	4.5	11.3
Other assets	266,562	8.0	292,666	9.7	(8.9)
Total Assets	3,327,780	100.0	3,012,216	100.0	10.5
Deposits	2,463,225	74.0	2,155,865	71.6	14.3
Net Interbank and money market items (liabilities)	274,566	8.2	215,823	7.2	27.2
Debt issued and borrowings	86,564	2.6	96,841	3.2	(10.6)
Other liabilities	148,361	4.5	195,361	6.5	(24.1)
Total equity	355,064	10.7	348,326	11.5	1.9
- Equity holders of the Bank	343,466	10.3	338,287	11.2	1.5
- Non-controlling interest	11,598	0.4	10,039	0.3	15.5
Total liabilities and equity	3,327,780	100.0	3,012,216	100.0	10.5
Loans to customers (less deferred revenue)-to-deposits ratio (%)	94.79		96.94		

(1) Allowance for expected credit losses for loans to customers (including loss from criteria change) or allowance for doubtful accounts and allowance for debt restructuring revaluation per financial statements

As at December 31, 2020, the Bank's consolidated major source of funds was 74.0% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings, in which the latter decreased from the end of 2019 due to the redemption on the Ringgit-Malaysia-denominated Subordinated Notes in an amount of MYR 1,000,000,000. The Bank's consolidated use of funds comprised of 70.2% loans to customers (less deferred revenue), 15.5% net interbank and money market items, and 10.4% net investments and net investments in associates.

- Equity

- The total equity (equity holders of the Bank) as at December 31, 2020 was Baht 343,466 million, an increase by 1.5% as compared to December 31, 2019

- Book value per share (equity holders of the Bank) was Baht 24.57 per share increased from Baht 24.20 per share at December 31, 2019

Statutory Capital Funds

Statutory Capital Funds (Financial Business Group)

Unit : Million Baht

Financial Business Group ⁽¹⁾	31 Dec 2020 ⁽³⁾ (TFRS 9)		The minimum rate required by the BOT for 2020 (%) ⁽²⁾	31 Dec 2019 ⁽³⁾		The minimum rate required by the BOT for 2019 (%) ⁽²⁾
	Amount	Capital Adequacy Ratio (%)		Amount	Capital Adequacy Ratio (%)	
Common Equity Tier 1 capital	314,467	15.73	>8.000	304,705	15.19	>7.500
Tier 1 capital	315,755	15.79	>9.500	305,805	15.24	>9.000
Tier 2 capital	66,349			75,534		
Total capital funds	382,104	19.11	>12.000	381,339	19.01	>11.500
Risk-weighted assets	1,999,516			2,006,423		

⁽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 funds and Capital Adequacy Ratio are preliminary information prepared accordance with BOT guidelines.

As at December 31, 2020, the Financial Business Group's Common Equity Tier 1 was Baht 314,467 million (15.73% of its RWA) and Tier 1 capital was Baht 315,755 million (15.79% of its RWA). Total capital was Baht 382,104 million (19.11% of its RWA).

Statutory Capital Funds (The Bank's Financial Statements)

Unit : Million Baht

The bank's Financial Statement ⁽¹⁾	31 Dec 2020 ⁽²⁾ (TFRS 9)		The minimum rate required by the BOT for 2020 (%) ⁽¹⁾	31 Dec 2019 ⁽²⁾		The minimum rate required by the BOT for 2019 (%) ⁽¹⁾
	Amount	Capital Adequacy Ratio (%)		Amount	Capital Adequacy Ratio (%)	
Common Equity Tier 1 capital	293,683	15.35	>8.000	285,462	14.80	>7.500
Tier 1 capital	293,683	15.35	>9.500	285,462	14.80	>9.000
Tier 2 capital	65,332			74,616		
Total capital funds	359,015	18.76	>12.000	360,078	18.66	>11.500
Risk-weighted assets	1,913,769			1,929,176		

(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 2.50% 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)

(2) Capital fund and capital adequacy ratio are preliminary information prepared accordance with BOT guidelines.

As at December 31, 2020, the Bank's Common Equity Tier 1 and Tier 1 capital (bank only) were Baht 293,683 million (15.35% of its RWA). Total capital was Baht 359,015 million (18.76% of its RWA).

On July 6, 2020, the Bank redeemed the Ringgit-Malaysia-denominated Subordinated Notes in an amount of MYR 1,000,000,000, exercising a call option in whole amount. Such notes was considered as part of Tier 2 capital.

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.

Cash Flow Analysis

At the end of December 2020, the Bank and its subsidiaries' cash and cash equivalents was Baht 68,161 million, a decrease of Baht 273 million or 0.40% from the end of December 2019. The main reasons as follows:

1) Net cash flows from operating activities amounted to Baht 4,231 million, resulting from profit from operations before changes in operating assets and liabilities of Baht 43,946 million: The main change in operating assets are an increase of Baht 179,596 million in interbank and money market items (asset) and Baht 268,494 million in loans and the main change in operating liabilities are an increase of Baht 307,360 million in deposits and Baht 58,642 million in interbank and money market items (liabilities).

2) Net cash flows from investing activities amounted to Baht 19,966 million, resulting from cash inflow from sales of investment in debt and equity Securities measured at fair value through other comprehensive income of Baht 211,772 million and purchase of investments in debt and equity Securities measured at fair value through other comprehensive income of Baht 185,121 million.

3) Net cash flows from financing activities amounted to Baht 24,513 million, resulting from cash outflows from repayments of debt issued and long-term borrowings of Baht 14,540 million, dividend paid for ordinary share of Baht 10,524 million and repayments of lease liabilities of Baht 2,264 million.

Note: Percentage change is calculated in accordance with the Bank's financial statements.

Appendix

I) The Effective of Thai Financial Reporting Standard and its Impact

On January 1, 2020, TFRS 9 re: Financial Instruments had become effective. Upon the adoption, the Bank had key changes as follows:

Changes under TFRS 9	Previous TFRS
<p>1. Financial Assets Classification into 3 categories according to the business model for managing the financial assets and the contractual cash flows characteristics of financial assets as follows:</p> <p>1.1 Amortized cost: with objective to receive contractual cash flows, having the receipts of principal and interest based on the principal amount outstanding at a specific date; such as loan to customers, interbank and money market items and mainly on previously classified as investment on held-to-maturity debt instruments</p> <p>Recognition will be initially measured at fair value on the trade date and will be subsequently measured at amortized cost net of allowance for expected credit losses (if any).</p> <p>1.2 Fair value through other comprehensive income (FVOCI): with objectives to receive contractual cash flows and to sell financial assets, having the receipts on principal and interest based on the principal amount outstanding at a specific date; mainly consisted of previously classified as investment on debt instruments as well as of equity instruments</p> <p>Recognition will be initially and subsequently measured at fair value; unrealized gain or loss from changes in fair value will be reported as a component of shareholders' equity through other comprehensive income until disposal.</p> <p>1.3 Fair value through profit or loss (FVTPL): no objective to receive contractual cash flows; having the cash flows not generating from the receipts on principal and interest based on the principal amount outstanding at a specific date.</p> <p>Recognition will be initially and subsequently measured at fair value; unrealized gain or loss from changes in fair value and gain or loss on disposal of instruments will be recognized as gain (loss) on financial instruments measured at fair value through profit or loss.</p>	<p>Classification of held-to-maturity debt securities, trading securities, available-for-sale securities and general investments</p>
<p>2. Revenue Recognition (financial assets)</p> <p>Recognition of interest income by using the Effective Interest Rate (EIR) method, by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate.</p>	<p>Recognition of interest income and interest expense under contract rate method and recognition of relevant fees in whole amount at initiation</p>

Changes under TFRS 9	Previous TFRS
<p>3. Allowance for Expected Credit Losses on Financial Assets</p> <p>3.1 Consider expected credit losses throughout the lifetime of financial instruments, taking into account the forward-looking on economic factors</p> <p>3.2 Recognize expected credit losses of financial asset - debt instruments, which are measured at amortised cost or fair value through other comprehensive income, for:</p> <ul style="list-style-type: none"> - Interbank and money market (assets) - Loans to customers - Investments in debt securities - Loan commitments and financial guarantee contracts <p>3.3 Three stage approach : Consider changes of loan quality since initiation as follows:</p> <p>3.3.1 <u>Stage 1</u> (Performing) 12 months ECL : No significant increase in credit risk (interest income calculated from gross carrying amount without any ECL deduction)</p> <p>3.3.2 <u>Stage 2</u> (Under - performing) Lifetime ECL : having significant increase in credit risk with no credit impairment (interest income calculated similarly as Stage 1)</p> <p>3.3.3 <u>Stage 3</u> (Non - performing) Lifetime ECL with Credit Impairment : having credit impairment (interest income calculated from net carrying amount)</p>	<p>3.1 Estimated allowance for doubtful accounts based on analysis of customers' historical and expected future payment in accordance with BOT's relevant regulations</p>
<p>4. Derivatives and Hedge Accounting consisting of:</p> <p>4.1 Fair value hedges</p> <p>4.2 Cash flow hedges</p>	<p>Having derivatives on foreign currency and interest in banking book, in which interest recognized on accrual basis while foreign currency recognized the translation rate at the reporting date.</p>

The adoption of new Thai Financial Reporting Standards related to financial instruments and TFRS 16 Leases had no significant impact to the consolidated financial statements. The consolidated cumulative change from such accounting standards adoptions had been adjusted under retained earnings as at January 1, 2020, in which TFRS 16 had not impact on retained earnings.

Upon the above changes, there would be no restatement of historical financial statements for comparison, in which the financial analysis might be affected as follows:

1. Recognition of interest income by taking into account any discount or premium on acquisition, relevant fee and costs of financial assets will be under Effective Interest Rate (EIR) approach and interest income will be amortized throughout the lifetime of each financial assets. Previously, recognition of interest income will be under contract rate approach and recognition of relevant fee will be in whole amount at initiation. These would mainly affect ratios such as earning asset yield, NIM as well as fee income.

Recognition of interest income from investment in debt instruments will be under straight-line approach throughout the investment period, which will be varied insignificantly from effective interest rate approach.

2. Value measurement on financial instruments will be shown under gain (loss) on financial instrument measured at fair value through profit or loss, which consisted of gain (loss) from disposal, fair value measurement or reclassification of financial assets including trading and translating assets and liabilities in foreign currencies; and of net gain (loss) from changes in fair value or adjustments on financial assets measured at fair value through profit or loss; whereas, previously showed as part of gain (loss) on investments, net under other operating income.

3. Expected credit losses of financial assets will considerably be classified into 3 stages from previously 5 classifications of allowance for doubtful accounts under BOT's regulation. Additionally, the new expected credit losses of financial assets will extend to include items such as loan commitments & financial guarantees and etc. from previously on loans to customers. Any bad debt recovery will be recognized as income.

II) The bank's Relief Measures in Response to the Impacts of the COVID-19 Pandemic

The bank's Relief Measures

Realizing the importance to uphold the economy, the Bank had issued relief measures to help customers (updated April 27, 2020) as follows:

- Retail loan on both personal loan under supervision (such as Smart Money loan, Multi-purpose loan 5 Plus) and housing loan (such as Home Easy Cash loan) (not exceeding Baht 3 million): 4-month debt payment holiday on principal and interest together with 4-month lower interest rate of 0.25% per annum on existing loan agreement.

In addition, personal and housing loans with document proof of reduced income shall have 6-month debt payment holiday on principal (payment on interest only) together with 6-month lower interest rate of 0.25% per annum on existing loan agreement.

- Business loan (not exceeding Baht 100 million): 6-month debt payment holiday on principal and interest automatically

- Business loan of medium-size or higher with document proof of reduced income: up to 12-month debt payment holiday on principal for term loan together with up to 6-month debt payment extension for P/N and trade finance

- Supporting soft loans for liquidity on business loan (not exceed Baht 500 million): up to 20% credit limit of outstanding loan as at December 31, 2019 for up to 5-year tenure with first 2-year interest rate of 2.0% per annum, together with up to 12-month debt payment holiday on principal and first 6-month of no interest payment; participating in SFIs' supporting soft loans based on the stated criteria.

- Continual lending rate cuts on MLR, MOR and MRR since end of last year till 2Q2020 (latest lending rate cut effective on May 22, 2020) on a cumulative of -0.65% to -1.05%

These measures will ease loan burden and increase liquidity at present while the Bank will closely work with customers to consider the financial structure for their businesses in conjunction with the pre-emptive financial restructuring in order to provide additional assistance.

BOT's Relief Measures Phase 2

BOT had announced relief measure phase 2 for retail customers impacted from COVID-19 on the following:

1. [Reduction on interest rate ceilings, service fee, and penalty \(interest\)](#) for credit cards and personal loan under supervision (effective August 1, 2020 onwards) on the following details:

Type	Previous ceiling (% per annum)	New ceiling (% per annum)
1. Credit card	18	16
2. Personal loan under supervision		
- Revolving credit	28	25
- Installment payment	28	25
- Auto title loan	28	24

2. [Credit limit extension on credit card and personal loan under supervision](#) (effective August 1, 2020 onwards)

For customers who are in need of additional credit limit and continuously pay on time with average income less than Baht 30,000 per month, temporary extending credit limit from 1.5 times to 2 times of average monthly income till December 31, 2021.

3. [Additional relief measures phase 2 for retail customers](#) (effective July 1, 2020 onwards))

The scope and period of such relief measures for retail customers impacted from COVID-19 and not considered as NPLs as at March 1, 2020 are detailed below given options of minimum assistance by type of credit available to the impacted customers.

Type	Minimum Relief Measures
1. Credit cards	Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate \leq 12% per annum
2. Personal loan under supervision: revolving loan such as cash loan card	1. Reduce minimum installment payment according to payment ability or 2. Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate \leq 22% per annum
3. Personal loan: installment payments and Auto title loan	Reduce installment: at least 30% of previous installment with interest rate \leq 22%
4. Hire purchase	1. Debt payment holiday (principal and interest): 3-month or 2. Reduce installment by extending payment period
5. Housing loan or Home for Cash	1. Debt payment holiday (principal and interest): 3-month or 2. Debt payment holiday (principal): 3-month and reconsider interest rate as appropriate or 3. Reduce installment by extending payment period

Customer who would like to request for assistance could contact the Bank through various channels such as application, website, call center or SMS channel.

BOT's Guideline on Assistance for SME Post Relief Program under the Royal Decree

Given the Emergency Decree on Financial Assistance to SME affected by Coronavirus Pandemic B.E. 2563 (2020) with measure on loan payment holiday ending October 22, 2020, BOT had additionally announced on October 16, 2020 the guideline on continual assistance for debtors, taking into consideration on previous assistance by financial institution to SME during this uncertain situation of the pandemic. Guideline included:

1. To consider debt restructuring for SME based on their repayment capability. In the case of financial institution undergoes debtor's evaluation process on debt restructuring, it is allowed for financial institution to maintain debtor's asset classification till December 31, 2020 as prior to pre-relief measure.
2. In the case of financial institution was unable to clearly evaluate the debtor's cash flow, it is allowed for financial institution to provide assistance in the form of payment holiday on principal and/ or interest based on each debtor's repayment capability for up to 6 month from end-2020.

The period of standstill on debtor's asset classification and of payment holiday shall not be considered as part of the contract's default terms and conditions.

Additionally, BOT had extended the soft loan application period of financial institution to BOT for another 6 months in conjunction with extending the qualification of eligible soft loan borrower to include company in MAI.

BOT's Additional Measures

Given the ongoing COVID-19 pandemic situation far from recovery with high uncertainty, BOT had requested commercial banks on no interim dividend payment based on 2020 performance and no share repurchase, effective on June 18, 2020. In addition, commercial banks shall have capital management plan for the next 1-3 years in order to maintain strong capital level and to continuously support business operation.

Additionally, BOT had launched DR BIZ program as the mechanism for multi-creditors businesses to manage debt restructuring according to the debtor's capability under a one-stop service. Furthermore, debt consolidation practice helped debtors with repayment potentials by consolidating loans on housing and other retail loans, such as credit card, personal loan under supervision and hire purchase, utilizing the remaining value of collateral under housing loans.

On October 29, 2020, BOT had announced guidelines regarding the interest calculation on amount overdue, the sequence of debt repayment in reducing NPL as well as debt burden, and the support on debt restructuring negotiation per 3 important topics as follows:

Guideline	Financial Service Provider	Effective Date
1. Interest calculation on amount overdue based on only the overdue principal excluding the principal of future installments not yet due	<ul style="list-style-type: none"> Financial institution and the Financial Business Group SFI Non-bank entity operating personal loan business under supervision 	April 1, 2021
2. Interest rate on amount overdue based on contractual interest plus no more than 3% per annum	<ul style="list-style-type: none"> Non-bank entities operating retail loan business under supervision Asset management company 	July 1, 2021
3. The sequence of debt repayment by first repaying the fee, interest and principal of longest overdue	All financial service provider	July 1, 2021

Additionally, the waive or leniency of overdue interest could be considered for the overdue prior to April 1, 2021.

On December 22, 2020, the BOT had updated the guideline on SME affected by COVID-19 (soft loan) for flexibility. This included the adjusted definition of "Business Group" to separately consider the relationship of individual from corporate entity, in which only one-level of corporate entity relationship shall be considered. The additional adjustment also included the increased frequency for SME soft loan application to no more 2 times instead of only once.

On January 12, 2021, the BOT had assessed the domestic pandemic of the new waves of COVID-19 to be widespread in many regions, affecting debtors directly and indirectly. Therefore,

the BOT had requested financial institutions, SFIs and non-financial institutions operators (non-bank companies) to quickly and continually provide financial assistance to debtors who effected from such situation per additional relief guidelines as follows:

1. To extend the filing period for retail debts' relief request till June 30, 2021 from previous timeframe of July 1 2020 till December 31, 2020. In the case of lenders providing credit to employees or operational workers, debtors could file for relief request directly as well as employers or business owners could also file for such request on their behalf; for instance, employee welfare loan or other retail loans given the consent of debtors who are employees or operational workers, in order to facilitate the efficiency and timeliness on the relief request.

The extended relief measures for retail customers impacted from COVID-19 are as follows.

Type	Minimum Relief Measures
1. Credit cards	Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate \leq 12% per annum
2. Personal loan under supervision: revolving loan such as cash loan card	1. Reduce minimum installment payment according to payment ability or 2. Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate \leq 22% per annum
3. Personal loan: installment payments and Auto title loan.	Reduce installment: at least 30% of previous installment with interest rate \leq 22%
4. Hire purchase	1. Debt payment holiday (principal and interest): 3-month or 2. Reduce installment by extending payment period
5. Housing loan or Home for Cash	1. Debt payment holiday (principal and interest): 3-month or 2. Debt payment holiday (principal): 3-month and reconsider interest rate as appropriate or 3. Reduce installment by extending payment period

2. For SMEs, financial institutions and SFIs shall provide financial assistance to qualified SMEs through payment deferment according to the Royal Decree Re: Financial Assistance to SME affected by Coronavirus Pandemic. This included payment deferment on principal and/ or interest depending on debtor capability on a case-by-case basis given appropriate timeline but not exceeding end of June 2021.

3. Financial assistance guideline for all types of debtors (i.e. retails, SMEs and corporate clients with potentials) shall be considered appropriately on loan types, debtors' risk level, nature of business and impact regions for:

3.1 Debt restructuring. For example, lower installment, payment extension, credit limits extension or maintenance, loan conversion from short-term to long-term, temporary payment holiday on principal and/ or interest, lower interest rate than market rate, appropriate reduction on principal prior to interest upon repayment, and etc.

3.2 Additional working capital and liquidity enhancement

3.3 Consideration on payment deferment for SMEs with loans not exceeding Baht 100 million under the Emergency Royal Decree on Soft Loan

3.4 Leniency on other terms and conditions as appropriate

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

On February 28, 2020, the BOT had revised the regulations for commercial banks to support customers under pre-emptive measures. For Non-NPL customer as at January 1, 2020, bank could classify such loan as Stage 1 with no identification as troubled debt restructuring; TDR given that if it is foreseen that debt restructuring agreement could be complied by customer; moreover, bank could classify loan in performing stage if NPL customer could make payment for 3 consecutive months or installments under the new debt restructuring agreement. This is applicable for debt restructuring during January 1, 2020 till December 31, 2021.

Another measure involved provisioning, in which expected credit losses shall be calculated only for the drawn portion.

5. Forward-looking Statements

Thai economy in 2021 is likely to recover from recession, however, it is still full of high risks. It is expected to grow gradually at 2.5 percent due to a major risk of COVID-19 resurgence, resulting in the restriction of domestic economic activities throughout the first quarter, especially in terms of travel as well as affecting the domestic demand. In addition, the continued drought from the previous year is likely to affect farmers' income correspondingly. Therefore, when considered together with the high level of household debt, it is anticipated to cause the private consumption to expand in a constrained manner. Nevertheless, the government is anticipated to expedite economic recovery and rehabilitation policies, such as measures to remedy affected people, together with accelerating the budget disbursements and executing measures to support consumption and investment continuously in an attempt to help drive the economy and mitigate the impacts. As for monetary policy, the policy interest rate from the Bank of Thailand is projected to be fixed at a low rate. Relating to the external factors, many of them spring out from several risk factors. Besides the COVID-19 outbreak that continues to spread around the world affecting the demand for Thai products, the US international trade policy is still uncertain from the inauguration of President Joe Biden. Additionally, the container shortage problem in export as well as the appreciation of Thai Baht are together turning into risks that have a direct impact on Thai exports.

Apart from the economic factors, the Bank also encounters many challenges. In particular, the stimulus from the COVID-19 crisis has changed the consumer behaviors and expectations in the context of the New Normal era, especially in terms of having further digital lifestyles and demanding for Personalization Experience services. The Great Reset, which will place more emphasis on environmental and sustainability issues, shall play a significant role in the business operations of both the Bank and its customers. In the meantime, although the advancement in terms of technology and data innovation helps increase the effectiveness of the Bank's performance, they also convey challenges regarding the adaptation to keep up with the rapid paces i.e., the risk management of cyber threats. This matter also changes the competitive pattern, for example, the

connection of banking business with other different ecosystems. Conversely, the new players, such as FinTech, e-Commerce and Telco, shall exercise more roles in the competition.

To enable the Bank to achieve its objectives, vision and mission amidst the uncertain situations and various fluctuations, the business strategy of Krungthai Bank in 2021 shall remain its focus on operating business according to the 2 Banking Model - Carrier and Speedboat - simultaneously to enhance the Bank's growth. Thus, the Bank also placed importance on the 5 Execution Pillars, consisting of ensuring the growth of main business, creating new business format, reducing the paper use, expanding business from Bank's customers and endeavoring for sustainable growth. Besides, the Bank in 2021 will continue to stress importance on 5 Ecosystems - Government, Payment, Healthcare, Education, Mass transit - which are the main target group and strength of the Bank. Various projects to be executed by the Bank shall focus on inventing innovations that connect with 5 Ecosystems. Apart from sustaining these Ecosystems, the Bank shall try its best in connecting provided services to other ecosystems with the intention to satisfy the daily needs of customers.

Attributable to the participation in laying foundation for Thai financial infrastructure through several projects previously, it enabled the Bank to acquire business opportunities from the extension of such projects. To be precise, new customers base as well as the Bank deposits and loans have increased greatly. The achievement has been reflected from the success of Krungthai NEXT application, the state welfare card scheme and Pracharat Blue Flag Shops nationwide. Apart from that, the Bank has also accomplished the following projects: Rao Mai Ting Kan (No One Will Be Left Behind) campaign, "Khon La Khrueng" (Let's Go Halves) scheme, Student Loan Fund, including Civil Servant Medical Benefit card scheme. Krungthai Bank, therefore, currently serves customers and Thai people of more than 40 million users, reinforcing the Bank to be a leader in establishing the country's infrastructure. According to the big database acquired, it helps the Bank to assess the needs of customers accurately, support the business expansion of the target customers of the Bank effectively, reduce operating costs and generate income for the Bank sustainably.

In 2021, Krungthai Bank still accelerates the development of a parallel digital system, namely open system - Pao Tang application and closed system - Krungthai NEXT mobile banking, in order to enable the Bank's systems to accommodate for the growth from the extensive use of the platforms. At present, both platforms can facilitate more than 40 million users, making them the largest digital platforms in Thailand as of now. They are also the most efficient and stable systems on the cloud system,

empowering the Bank to build the Thailand Digital Platform by Thai people for Thai people in the near future.

The Bank expected that the implementation of the aforementioned strategic plans and schemes would assist and support the government policies, especially the Thailand 4.0 strategy, aiming for a cashless society and reducing inequality and gap from income distribution in the society. Moreover, this strategic execution would strengthen the Bank's competitiveness in digital banking, support the Bank's role as a pillar of the nation's economy as well as elevate public trust towards the Bank. Accordingly, the Bank's operations also correspond with the statement of direction, visions and missions that value all stakeholders - customers, society, employees and shareholders, in the continuous and sustainable growth of the Bank.

For further information in relation to the Bank's direction, plans and key projects in 2021, more details are presented on page 47 in the Bank Directions, Plans and Key Projects in 2021.

However, regarding 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 registration statement. 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, 2020 (book closing date)

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	590,672,059	2,060	590,674,119	4.22
3) EGAT Saving and Credit Cooperative Limited	390,453,400	0	390,453,400	2.79
4) STATE STREET EUROPE LIMITED	366,852,651	0	366,852,651	2.62
5) Vayupaksa Mutual Fund 1 managed by MFC	304,775,658	2,726,095	307,501,753	2.20
6) Vayupaksa Mutual Fund 1 managed by KTAM	304,775,657	2,726,095	307,501,752	2.20
7) SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	209,502,240	0	209,502,240	1.50
8) The Federation of Savings and Credit Cooperatives of Thailand Limited	197,862,800	0	197,862,800	1.42
9) Government Savings Bank	114,529,722	0	114,529,722	0.82
10) THE BANK OF NEW YORK MELLON	105,063,016	0	105,063,016	0.75
11) Other shareholders	3,695,325,214	45,750	3,695,370,964	26.43
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

The Bank's Shareholding by Minority Shareholders (Free Float)

The Bank compiled a list of shareholders as at December 31, 2020 and found that the Bank's shareholding by minor shareholders (free float) was equal to 44.95 percent of the paid capital.

Financial Institutions Development Fund (FIDF)

As of December 31, 2020, Financial Institutions Development Fund (FIDF) was the major shareholder of the Bank. The FIDF had 7,696,248,833 ordinary shares or 55.05 percent of total paid-up ordinary and preferred shares (or equivalent to 55.07 percent of total paid-up ordinary shares). Financial Institutions Development Fund has its status as both a part and a separate juristic person from the Bank of Thailand, established in 1985 as a means of providing financial assistance to financial institutions in need to prevent serious damage or impacts on the overall stability of the financial institution system. Financial Institutions Development Fund played a very important role in providing financial assistance to financial institutions facing difficulties during the 1997 financial crisis besides their obligations to guarantee the repayment of deposits and loans to depositors and creditors of financial institutions in order to strengthen the trust as well as maintaining the stability of the national financial institution system.

Proportion of shares held by 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	626	10,689,251,265	77,130	1,741,182,617	77,756	12,430,433,882	88.91
Foreign Nationality	223	1,512,416,320	119	38,711,048	342	1,551,127,368	11.09
Total	849	12,201,667,585	77,249	1,779,893,665	78,098	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 General Information and Other Major Information on page 348.

As of December 31, 2020, the Bank has 590,674,119 units of Non-Voting Depository 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 4.22 percent of the Bank's ordinary shares for registered and paid-up capital and accounted for 9.41 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. Nevertheless, 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 of Directors 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.

The Bank paid interim dividend for the 2019 operating results according to the financial statements ended on December 31, 2019, audited by the Bank's auditor, to preferred shareholders at 0.9075 Baht per share and 0.7530 Baht per share for ordinary shareholders (calculated as 40.00% of net profit) on April 23, 2020 in order to reduce the impact that may occur to shareholders from postponement of the Annual Ordinary General Meeting due to the situation of the Coronavirus disease (COVID-19). Hence, in the 27th Annual General Meeting of Shareholders on July 10, 2020, the meeting acknowledged the interim dividend payment in stead of annual dividend payment for 2019 correspondingly.

2.2 Dividend Payment Policy of the Bank's Subsidiaries

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 8-9.

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, 2020

1)	Mr. Krisada	Chinavicharana	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. Thanwa	Laohasiriwong	Director, Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Compliance Committee and Member of the Risk Oversight Committee
5)	Prof. Dr. Kittipong	Kittayarak	Director, Independent Director, Chairman of the Corporate Governance and Social Responsibility Committee, and Member of the Compliance Committee
6)	Mr. Teerapong	Wongsiwawilas	Director, Independent Director, Chairman of the Compliance Committee and Member of the Nomination and Remuneration 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, Member of the Nomination and Remuneration Committee and Member of the Corporate Governance and Social Responsibility Committee
10)	Ms. Nitima	Thepvanangkul	Director, Independent Director, Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee
11)	Mr. Lavaron	Sangsnit	Director, Executive Director and Member of the Risk Oversight Committee
12)	Mr. Payong	Srivanich	President, Executive Director and Member of Risk Oversight Committee
	Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship and Secretaryship

1)	Mr. Prasong	Poontaneat	Took the position of Director on January 17, 2020 to replace Mr. Distat Hotrakitya, who resigned from the position of Director on July 15, 2019 Took the position of Chairman of the Board of Directors on January 17, 2020 Resigned from the position of Director and Chairman of the Board of Directors on October 1, 2020
2)	Mr. Krisada	Chinavicharana	Took the position of Director on February 7, 2020 to replace Mr. Ekniti Nitithanprapas who resigned from the position of Director and Chairman of the Board of Directors on January 13, 2020 Took the position of Chairman of the Board of Directors on October 28, 2020
3)	Mr. Teerapong	Wongsiwawilas	Took the position of Director on December 21, 2020 to replace Mr. Nontigorn Kanchanachitra, who resigned from the position of Director on September 20, 2020
4)	Mr. Lavaron	Sangsnit	Took the position of Director on December 21, 2020 to replace Mr. Prasong Poontaneat, who resigned from the position of Director on October 1, 2020
5)	Mr. Niruj	Maneepun	Resigned from the position of Secretary of the Board of Directors on April 22, 2020

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 as stated in the Bank's regulations, one-third of the members of the Board of Directors must retire from the position at every 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 and his performance thereof to the shareholders.

Authorized Signatory Directors

During 2020, the Bank changed the authorized signatories of the Bank. From October 28, 2020 to the present, the authorized signatory of the Bank is as follows: "Mr. Payong Srivanich, President, is authorized to sign solely on behalf of the Bank 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, 2020

1) Mr. Krairit	Euchukanonchai	Chairman of the Board of Executive Directors
2) Mr. Poornis	Sakuntanaga	Director
3) Mr. Lavaron	Sangsnit	Director
4) Mr. Payong	Srivanich	Director
Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship and Secretaryship

1) Ms. Patricia	Mongkhonvanit	Vacated the position of Executive Director on February 26, 2020
2) Mr. Krisada	Chinavicharana	Took the position of Executive Director on February 26, 2020 and resigned from the position of Executive Director on October 31, 2020
3) Mr. Lavaron	Sangsnit	Took the position of Executive Director on December 23, 2020
4) Mr. Niruj	Maneeapun	Resigned from the position of Secretary of the Board of Executive Directors on April 22, 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, 2020

1) Mr. Vichai	Assarasakorn	Chairman of the Audit Committee
2) General Tienchai	Rubporn	Director
3) Ms. Nitima	Thepvanangkul	Director
Mr. Panabhand	Hankijjakul	Secretary

The Audit Committee amended scope of authority and responsibility according to the Audit Committee Charter 2020/2021 (revised in November 2020), which was effective on December 10, 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) and/or other standards as deemed appropriate. Assess the entire internal control system at least once a year.

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 and operation practice manual 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 a meeting with Group Head of the Internal Audit Group without the executives and the management 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) **Establishment/Review** of Charter of the Audit Committee and the Operation Practice Manual of the Audit Committee

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

9.2) Establish the operation practice manual 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, which is under the responsibility of 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
Ms. Nitima	Thepvanangkul	Director

In this regard, the report of the Audit Committee was conducted and presented on pages 188-189.

3.2.4 The Corporate Governance and Social Responsibility Committee

The Corporate Governance and Social Responsibility Committee as at December 31, 2020

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

Details of Change of Directorship

- | | | |
|----|------------------------------|--|
| 1) | Mr. Nontigorn Kanchanachitra | Resigned from the position of Director of the Corporate Governance and Social Responsibility Committee on September 20, 2020 |
|----|------------------------------|--|

Scope of Authority and Responsibility of the 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) Promote the dissemination of a culture of the good corporate governance and participation in social activities for sustainable development to be understood at all levels and to be effective in practice.
- 7) Appoint sub-committee to support corporate governance and social responsibility work as deemed appropriate;
- 8) 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, 2020

- | | | |
|----|-----------------------------|---------------------|
| 1) | Mr. Thanwa Laohasiriwong | Chairman |
| 2) | Ms. Patricia Mongkhonvanit | Director |
| 3) | Mr. Teerapong Wongsiwawilas | Director |
| | Mr. Suppawat Wadhanapatee | Secretary |
| | Mr. Boonchird Pikulyam | Assistant Secretary |
| | Mr. Thanakorn Karnjananut | Assistant Secretary |

Details of Changes of Directorship and Assistant Secretaryship

- | | | |
|----|------------------------------|---|
| 1) | Ms. Patricia Mongkhonvanit | Took the position of Director of the Nomination and Remuneration Committee on February 26, 2020 |
| 2) | Mr. Nontigorn Kanchanachitra | Resigned from the position of Chairman of the Nomination and Remuneration Committee on September 20, 2020 |
| 3) | Mr. Thanwa Laohasiriwong | Took the position of Chairman of the Nomination and Remuneration Committee on December 23, 2020 |
| 4) | Mr. Teerapong Wongsiwawilas | Took the position of Director of the Nomination and Remuneration Committee on December 23, 2020 |
| 5) | Mr. Thanakorn Karnjananut | Took the position of Assistant Secretary of the Nomination and Remuneration Committee on October 4, 2020 |

Scope of Authority and Responsibility of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has scope of duties and responsibilities as assigned by the Board of Directors to take action on various issues as written in Charter of the Nomination and Remuneration Committee as well as reporting the result of the Committee meeting to the Board of Directors every time. Details are summarized as follows:

- 1) Set policy, criteria and procedure in nominating candidates 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) Select and propose candidates with appropriate qualifications as specified by the Bank's rules, regulations and relevant laws to be presented to the Board of Directors for appointment consideration of the positions as follows:

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 Nomination 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 The Risk Oversight Committee

The Risk Oversight Committee as at December 31, 2020

1) Mr. Krairit	Euchukanonchai	Chairman
2) Mr. Poonnis	Sakuntanaga	Director
3) Mr. Thanwa	Laohasiriwong	Director
4) Mr. Lavaron	Sangsnit	Director
5) Mr. Payong	Srivanich	Director
Mr. Poonpat	Sripleng	Secretary

Detail of Change of Directorship

1) Mr. Lavaron	Sangsnit	Took the position of Director of the Risk Oversight Committee on December 23, 2020.
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Scope of Authority and Responsibility of the 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. The Committee also effectively implements the said policies and strategies, reports to the Board of Directors about risk management efficiency and status of risk management compliance as well as significant factors, problems and issues that need to be improved to comply with the risk management policies and strategies of the Bank and the financial conglomerate. Correspondingly, the Risk Oversight Committee shall report to the Board of Directors on the results of risk management actions in extraordinary or emergency situations when the Business Continuity Plan (BCP) has been announced for execution, including report on the events that have significant impacts on the Bank's operating results and capital. Moreover, the report of the Risk Oversight Committee shall be submitted to the Audit Committee and the Board of Directors for acknowledgment/consideration on quarterly basis. The Risk Oversight Committee shall hold the 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, 2020

1) Mr. Teerapong	Wongsiwawilas	Chairman
2) Mr. Thanwa	Laohasiriwong	Director
3) Prof. Dr. Kittipong	Kittayarak	Director
4) Gen. Tienchai	Rubporn	Director
Mr. Pongsit	Chaichatpornsuk	Secretary

Detail of Changes of Directorship and Secretaryship

1) Mr. Teerapong	Wongsiwawilas	Took the position of Chairman of the Compliance Committee on December 23, 2020
2) Mr. Pongsit	Chaichatpornsuk	Took the position of Secretary of the Compliance Committee on October 1, 2020 to replace Mr. Niruj Maneepun, who resigned from the position on April 22, 2020.
3) Ms. Vipawadee	Lerssrisuriya	Resigned from the position of Assistant Secretary of the Compliance Committee on December 16, 2020 (Currently, there is no person taking the position of Assistant Secretary.)

Scope of Authority and Responsibility of the Compliance Committee

The Compliance Committee has duties and responsibilities as appointed by the Board of Directors as follows:

- 1) Ensure that the Bank manages risks arising from non-compliance with laws and regulations accordingly by the compliance departments;
- 2) Review the Charter of the Compliance Committee and the Charter of the Compliance Department at least once a year or when there is any significant changes 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 to acknowledge the results of the regulatory review or the results of monitoring the regulatory compliance, as well as taking action to improve or resolve in case of non-compliance.

3.2.8 The Independent Directors Committee

The Independent Directors Committee as at December 31, 2020

1) Gen. Tienchai	Rubporn	Chairman
2) Professor Dr. Kittipong	Kittayarak	Director
3) Mr. Thanwa	Laohasiriwong	Director
4) Mr. Vichai	Assarasakorn	Director
5) Ms. Nitima	Thepvanangkul	Director
6) Mr. Teerapong	Wongsiwawilas	Director
Ms. Sineenard	Damri-Anant	Assistant Secretary

Details of Changes of Directorship and Secretaryship

1) Mr. Teerapong	Wongsiwawilas	Took the position of the Independent Director on December 21, 2020
2) Mr. Niruj	Maneepun	Resigned from the position of Secretary of the Independent Directors Committee on April 22, 2020
3) Ms. Vipawadee	Lerssrisuriya	Resigned from the position of Assistant Secretary of the Independent Directors Committee on October 15, 2020

Duties and Responsibilities of the Independent Directors 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 List of the Corporate Secretary

The Board of Directors has appointed the Corporate Secretary since 2008 respectively. At present, Mr. Payong Srivanich, the President, has been assigned as the Corporate Secretary since July 8, 2020 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. Details of main duties and responsibilities of the Corporate Secretary are as follows:

Scope of Responsibility of the 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

Dates of the Board of Directors meeting have been set in advance throughout the year and the meetings in 2020 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 2020, the Board of Directors held a total of 26 meetings, the Board of Executive Directors 46 meetings, the Audit Committee 22 meetings, the Nomination and Remuneration Committee 20 meetings, the Corporate Governance and Social Responsibility Committee 13 meetings, the Risk Oversight Committee 12 meetings, the Compliance Committee 12 meetings, the Independent Directors Committee 4 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	Compliance Committee	Independent Directors Committee	Relations Affairs Committee
1) Mr. Krisada	Chinavicharana ⁽¹⁾	23/24	30/33	-	-	-	-	-	-	-
2) Mr. Krairit	Euchukanonchai	25/26	44/46	-	-	-	12/12	-	-	-
3) Mr. Vichai	Assarasakorn ⁽²⁾	25/26	-	22/22	-	12/13	-	-	4/4	1/1
4) Mr. Thanwa	Laohasiriwong ⁽³⁾	26/26	-	-	20/20	-	12/12	12/12	4/4	-
5) Professor Dr. Kittipong	Kittayarak	26/26	-	-	-	13/13	-	12/12	4/4	-
6) Mr. Teerapong	Wongsiwawilas ⁽⁴⁾	1/1	-	-	-	-	-	1/1	1/1	-
7) Gen. Tienchai	Rubporn	26/26	-	22/22	-	-	-	12/12	4/4	-
8) Mr. Poonnis	Sakuntanaga	24/26	46/46	-	-	-	12/12	-	-	-
9) Ms. Patricia	Mongkhonvanit ⁽⁵⁾	25/26	5/6	-	16/16	12/13	-	-	-	-
10) Ms. Nitima	Thepvanangkul	26/26	-	22/22	-	12/13	-	-	3/4	-
11) Mr. Lavaron	Sangsnit ⁽⁶⁾	1/1	-	-	-	-	0/1	-	-	-
12) Mr. Payong	Srivanich	26/26	43/46	-	-	-	11/12	-	-	-
Directors who resigned during the year										
1) Mr. Ekniti	Nittithanprapas ⁽⁷⁾	0/0	-	-	-	-	-	-	-	-
2) Mr. Prasong	Poontanet ⁽⁸⁾	16/18	-	-	-	-	-	-	-	-
3) Mr. Nontigorn	Kanchanachitra ⁽⁹⁾	17/17	-	-	14/14	9/9	-	-	-	9/9

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 Director on February 7, 2020, took the position of Executive Director on February 26, 2020, took the position of Chairman of the Board of Directors on October 28, 2020 and resigned from the position of Executive Director on October 31, 2020.

(2) Took the position of Chairman of the Relations Affairs Committee on December 23, 2020.

(3) Change of position from Chairman of the Compliance Committee to be Director of Compliance Committee and change of position from Director of the Nomination and Remuneration Committee to be Chairman of the Nomination and Remuneration Committee on December 23, 2020.

(4) Took the position of Director and Independent Director on December 21, 2020 and took the position of Chairman of the Compliance Committee and Director of the Nomination and Remuneration Committee on December 23, 2020.

(5) Resigned from the position of Executive Director and took the position of Director of the Nomination and Remuneration Committee on February 26, 2020.

(6) Took the position of Director on December 21, 2020, took the position of Executive Director and Director of the Risk Oversight Committee on December 23, 2020.

(7) Resigned from the position of Chairman and Director of the Board of Directors on January 13, 2020.

(8) Resigned from the position of Chairman and Director of the Board of Directors on October 1, 2020.

(9) Resigned from the position of Director, Chairman of the Nomination and Remuneration Committee, Director of the Corporate Governance and Social Responsibility Committee and Chairman of the Relations Affairs Committee on September 20, 2020.

Besides, the Board of Directors has a policy to oversee the Management in accordance with good corporate governance principles. The policy is to organize a meeting of the Board of Directors without the Management at least once a year in order that the Board of Directors can consider and share their opinions concerning their duties and responsibilities. In 2020, there were 3 meetings of the Board of Directors without the Management.

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

The 27th Shareholders Ordinary Annual General Meeting (2020) approved the remuneration of Directors, which was divided into 3 parts as follows:

- 1) Monthly remuneration (according to the term of office);
- 2) Meeting honorarium shall be paid to the Directors in complying with the specified regulations.
 - 2.1) Meeting honorarium for the Board of Directors (only for member of the Board of Directors who attend the meeting for once a month);
 - 2.2) Meeting honorarium for sub-committees, the Relations Affairs Committee or other committees (only for the directors who attend the meeting, for a total of not more than two committees and not more than once a month for each committee)
- 3) Directors' gratuity is subject to the following criteria:
 - 3.1) The Bank must obtain profit from its operation, and
 - 3.2) The Bank must pay dividend to the shareholders



Unit : Baht

Name of Directors		Monetary Remuneration (Baht)									
		Board of Directors	Board of Executive Directors	Audit Committee	Nomination and Remuneration Committee	CG and CSR Committee	Risk Oversight Committee	Compliance Committee	Independent Directors Committee	Relations Affairs Committee	Remuneration Subcommittee for the President ^(a)
1)	Mr. Krisada Chinavicharana ⁽¹⁾	1,537,936.59	240,000.00	-	-	-	-	-	-	-	30,000.00
2)	Mr. Krairiff Euchukanonchai	1,625,806.45	593,709.68	-	-	-	593,709.68	-	-	-	-
3)	Mr. Vichai Assarasakorn ⁽²⁾	1,437,096.77	-	593,709.68	-	300,000.00	-	-	37,500.00	-	-
4)	Mr. Thanwa Loohasiwong ⁽³⁾	1,437,096.77	-	-	330,000.00	-	60,000.00	556,209.68	-	-	-
5)	Prof. Dr. Kittipong Kittayarak	1,437,096.77	-	-	-	593,709.68	-	360,000.00	-	-	-
6)	Mr. Teerapong Wongsiwawilas ⁽⁴⁾	88,387.10	-	-	-	-	-	37,500.00	30,000.00	-	-
7)	Gen. Tienchai Rubporn	1,437,096.77	-	360,000.00	-	-	-	300,000.00	263,709.68	-	-
8)	Mr. Poornis Sakuntanaga	1,437,096.77	360,000.00	-	-	-	360,000.00	-	-	-	-
9)	Ms. Patricia Mongkhanvanit ⁽⁵⁾	1,437,096.77	60,000.00	-	300,000.00	330,000.00	-	-	-	-	-
10)	Ms. Nitima Thepvanangkul	1,437,096.77	-	360,000.00	-	330,000.00	-	-	-	-	-
11)	Mr. Lavaron Sangsniit ⁽⁶⁾	88,387.10	-	-	-	-	-	-	-	-	-
12)	Mr. Payong Sivanich	1,437,096.77	360,000.00	-	-	-	330,000.00	-	-	-	-
Directors who resigned during the year											
1)	Mr. Ekniti Nitithanprapas ⁽⁷⁾	77,419.35	-	-	-	-	-	-	-	-	-
2)	Mr. Prasong Poontaneat ⁽⁸⁾	1,993,387.11	-	-	-	-	-	-	-	-	-
3)	Mr. Nontigorn Kanchanachitra ⁽⁹⁾	987,763.44	-	-	481,209.68	180,000.00	-	-	301,209.68	-	-
Total remuneration of Board of Directors		17,895,861.30									
Total remuneration of respective committees			1,613,709.68	1,313,709.68	1,111,209.68	1,733,709.68	1,343,709.68	1,253,709.68	293,709.68	338,709.68	30,000.00
Total remuneration of the Board of Directors and all Respective Committees											26,928,038.74

Meeting honorarium for respective committees shall be paid for a total of not more than 2 committees and not more than once a month for each committee. Therefore, if any committee member attend meetings of more than 2 committees, the meeting honorarium shall be paid for 2 committees only.

Notes: (1) Took the position of Director on February 7, 2020, took the position of Executive Director on February 26, 2020, took the position of Chairman of the Board of Directors on October 28, 2020 and resigned from the position of Executive Director on October 31, 2020.

(2) Took the position of Chairman of the Relations Affairs Committee on December 23, 2020.

(3) Change of position from Chairman of the Compliance Committee to be Director of Compliance Committee and change of position from Director of the Nomination and Remuneration Committee to be Chairman of the Nomination and Remuneration Committee on December 23, 2020.

(4) Took the position of Director and Independent Director on December 21, 2020 and took the position of Chairman of the Compliance Committee and Director of the Nomination and Remuneration Committee on December 23, 2020.

(5) Resigned from the position of the Executive Director and took the position of Director of the Nomination and Remuneration Committee on February 26, 2020.

(6) Took the position of Director on December 21, 2020, took the position of the Executive Director and Director of the Risk Oversight Committee on December 23, 2020.

(7) Resigned from the position of Chairman and Director of the Board of Directors on January 13, 2020.

(8) Resigned from the position of Chairman and Director of the Board of Directors on October 1, 2020.

(9) Resigned from the position of Director, Chairman of the Nomination and Remuneration Committee, Director of the Corporate Governance and Social Responsibility Committee and Chairman of the Relations Affairs Committee on September 20, 2020.

(10) Meeting honorarium for the Remuneration Subcommittee for the President of Kung Thai Bank Plc.

3.5.3 Remunerations of the Bank's Directors Serving as Directors in the Bank's Subsidiaries in 2020

There is one director, namely Mr. Krairit Euchukanonchai, taking the position of Chairman of the Board of Directors for Infinitas By Krungthai Co., Ltd. without receiving remuneration.

3.5.4 Gratuity Payment of the Directors in 2019

The Board of Directors allocated a total of Baht 41,270,000.00 as gratuity for Directors in 2019. The details are as follows:

Unit: Baht

Name of Directors/Former Directors *		Gratuity
1) Mr. Krairit	Euchukanonchai	4,057,658.51
2) Mr. Vichai	Assarasakorn	3,550,451.19
3) Mr. Thanwa	Laohasiriwong	3,198,880.10
4) Professor Dr. Kittipong	Kittayarak	3,410,100.68
5) Gen. Tienchai	Rubporn	3,410,100.68
6) Mr. Poonnis	Sakuntanaga	3,550,451.19
7) Ms. Patricia	Mongkhonvanit	3,550,451.19
8) Ms. Nitima	Thepvanangkul	2,201,140.78
9) Mr. Payong	Srivanich	3,550,451.19
10) Mr. Ekniti	Nitithanprapas *	4,564,865.82
11) Mr. Nontigorn	Kanchanachitra *	3,550,451.19
12) Mr. Distat	Hotrakitya *	1,896,816.39
13) Mr. Somchai	Boonnamsiri *	778,181.09
Total		41,270,000.00

3.6 Executives of the Bank

3.6.1 The 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 2020, the Bank assessed performance of the President by determining performance appraisal result to be associated 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), considered an annual remuneration adjustment and presented to the Board of Directors for approval.
- 2) The Board of Executive Directors considered key performance indicators (KPI) that are consistent and appropriate to the current situation and the strategic goals of the Bank. As a result, the Board of Directors can measure and reflect the performance noticeably and completely in all dimensions.
- 3) Human Resources and Corporate Governance Group in collaboration with Financial Management Group presented the President's performance, including the appraisal result that associated with the incentive system to the Board of Directors.
- 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, 2020 (according to the organization structure on pages 8-9

Name-Surname		Position	Group
1. Mr. Payong	Srivanich	President	
2. Mr. Poonpat	Sripleng	Senior Executive Vice President Group Head	Risk Management 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. Suratun	Kongton	Senior Executive Vice President Group Head	Corporate Banking Group 2
6. Mr. Rawin	Boonyanusasna	Senior Executive Vice President Group Head	Global Markets Group
7. Mr. Ekachai	Techawiriyakul	Senior Executive Vice President Group Head	Corporate Banking Group 1
8. Ms. Saranya	Vejakul	Senior Executive Vice President Group Head	Financial Management Group
9. Mr. Santi	Parivisutt	Senior Executive Vice President Group Head	Operation Group
10. Mr. Suppawat	Wadhanapatee	Senior Executive Vice President Group Head	Human Resources and Corporate Governance Group
11. Mr. Tawatchai	Cheevanon	Senior Executive Vice President Group Head	Global Transaction Banking Group
12. Mr. Pongsit	Chaichatpornasuk	Senior Executive Vice President Group Head	Compliance and Legal Management Group
13. Dr. Polawat	Witoolkollachit	Senior Executive Vice President Group Head	Technology Group
14. Mr. Kittipat	Peantham	First Executive Vice President Group Head	Government and State Enterprise Relations Group
15. Mr. Pichit	Jongsaliswang	First Executive Vice President Group Head	Retail Banking Product and Strategy Group
16. Mr. Chanchai	Sinsuparatn	First Executive Vice President Group Head	Retail Shared Services Group
17. Mr. Panabhand	Hankijjakul	First Executive Vice President Group Head	Internal Audit Group
18. Mr. Chalerm	Pradidarecheep	First Executive Vice President Group Head	Retail Banking Sales and Distribution Group
19. Ms. Suwanna	Anantanond	First Executive Vice President Group Head	Credit Restructuring and Asset Management Group
20. Mr. Krit	Chamapisit	First Executive Vice President Group Head	Communication and Branding Group
21. Mr. Pativate	Santavanond	First Executive Vice President	Krungthai Bank

Top Executive Officers who retired on September 30, 2020

1. Ms. Surang	Thanutthanon	First Executive Vice President Group Head	Credit Restructuring and Asset Management Group
2. Mr. Therdchai	Wiroonpanich	First Executive Vice President Group Head	Retail Banking Sales and Distribution Group
3. Mr. Kosol	Chamchuen	First Executive Vice President	Krungthai Bank

Details of changes of the Top Executive Officers in 2020

1) Mr. Poonpat	Sripleng	Vacated the position of Acting Group Head of Operation Group on March 2, 2020.
2) Mr. Santi	Parivisutt	Get promoted and rotated from the position of First Executive Vice President Group Head of the Internal Audit Group to be Senior Executive Vice President Group Head of the Operation Group on March 2, 2020 and served as Acting Group Head of Compliance and Legal Management Group to replace Mr. Niruj Maneepun who resigned from the position on April 22 - September 30, 2020.
3) Mr. Suppawat	Wadhanapatee	Get promoted from the position of First Executive Vice President Group Head to be Senior Executive Vice President Group Head of the Human Resources and Corporate Governance Group on March 2, 2020.
4) Mr. Tawatchai	Cheevanon	Get promoted from the position of First Executive Vice President Group Head to be Senior Executive Vice President Group Head of the Global Transaction Banking Group on March 2, 2020.
5) Mr. Panabhand	Hankijjakul	Took the position of First Executive Vice President Group Head of the Internal Audit Group on March 2, 2020 to replace Mr. Santi Parivisutt who rotated to take a position of Group Head of Operation Group.
6) Mr. Niruj	Maneepun	Senior Executive Vice President Group Head of the Compliance and Legal Management Group resigned from the Bank on April 22, 2020.
7) Mr. Pongsit	Chaichatpornasuk	Took the position of Senior Executive Vice President Group Head of the Compliance and Legal Management Group on October 1, 2020 to replace Mr. Niruj Maneepun who resigned.
8) Mr. Chalerm	Pradidarecheep	Took the position of First Executive Vice President Group Head of the Retail Banking Sales and Distribution Group on October 1, 2020 to replace Mr. Therdchai Wiroonpanich who retired.
9) Ms. Suwanna	Anantanond	Took the position of First Executive Vice President Group Head of the Credit Restructuring and Asset Management Group on October 1, 2020 to replace Ms. Surang Thanutthanon who retired.
10) Mr. Krit	Chamapisit	Took the position of First Executive Vice President Group Head of the Communication and Branding Group on October 1, 2020 to replace the vacant position.
11) Dr. Polawat	Witoolkollachit	Took the position of Senior Executive Vice President Group Head of the Technology Group on October 5, 2020 to replace Mr. Boonlerd Sinsombat, Senior Executive Vice President Group Head of the Technology Group who rotated to Advisor to the President and resigned from the Bank.



3.7 Remuneration for Top Executive Officers

The Nomination and Remuneration Committee considers and presents the appropriate remuneration for top executive officers and the President to the Board of Directors for approval. The remuneration was paid according to the Performance Driven Organization Policy (PDO), that is a performance-driven organization which is based on justice and fairness. Remuneration for top executives and the President shall be associated with the Bank's performance both short and long term, and in line with the performance of each executive by emphasizing on the benefits of the executives to receive appropriate remuneration at a competitive level in the industry, reflecting on being a sustainable bank through comparison with the key performance indicators set in the balanced scorecard, including the Bank's performance against the performance of other companies that are at the same level in all dimensions. This criteria lead to long-term sustainable success under transparent guidelines and in line with the scope of job responsibilities, which reflect the relevant risks as well as the Bank's competitiveness when compare with the leading financial institutions in Thailand. In an attempt to promote good quality of life and create motivation in work, the remuneration for executives consists of monetary remuneration and other remunerations, namely the provident fund contributions from the Bank, other benefits and welfare according to the Bank's regulations as the same as of the employees. However, the remuneration for top executive officers shall be appropriately adjusted continuously.

In 2020, the Bank paid remuneration to Top Executives of the Bank as follows:

- According to the definition by SEC, there are a total of 27 Top Executives, comprising the President, First Senior Executive Vice President, Senior Executive Vice Presidents and First Executive Vice Presidents. Their remuneration totaled to Baht 331,335,128. The Bank's Top Executives are divided into two groups. The first group consists of 23 executives who the Bank contributes to their provident funds in the amount of Baht 280,320,402. The other group consists of 4 executives who the Bank does not contribute to their provident funds. The total remuneration of this latter group was Baht 51,014,726. (The remuneration included the special remuneration payment for 2 executives who retired in 2019 and received the special remuneration in 2020)
- Remuneration of 90 Sector Heads (classified as the Management Authority according to the definition by BOT) totaled to Baht 507,813,061. They are divided into two groups. The first group consists of 79 executives who 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 488,500,612. The other group consists of 11 executives who 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 19,312,449. (The remuneration included the special remuneration payment for 9 executives who retired in 2019 and received the special remuneration in 2020).

3.8 Information of Directorship of the Bank's Directors and Executives in Subsidiaries, Associated and Related Companies as at December 31, 2020

Name	Krungthai	Subsidiaries ⁽¹⁾										Associate companies ⁽¹⁾						Related Companies									
																		Other Companies ⁽²⁾				Companies with joint Directors ⁽³⁾					
		1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	1	2	3	4	1	2	3	4	5	
Directors																											
Mr. Krisada Chinavicharana	XX																					X	X	X			
Mr. Krairit Euchukanonchai	A										XX														X	X	
Mr. Vichai Assarasakorn	X																										
Mr. Thanwa Laohasiriwong	X																										
Prof. Dr. Kittipong Kittayarak	X																										
Mr. Teerapong Wongsiwawilas	X																										
General Tienchai Rubporn	X																										
Mr. Poonnis Sakuntanaga	/																										
Ms. Patricia Mongkhonvanit	X																										
Ms. Nitima Thepvanangkul	X																										
Mr. Lavaron Sangsnit	/																										
Mr. Payong Srivanich	B														XX												
Top Executive Officers																											
Mr. Poonpat Sripleng	M	XX													/												
Ms. Praralee Ratanaprasartporn	M							X			X,C	X			/												
Mr. Weerapong Suppasedsak	M														/												
Mr. Suratun Kongton	M																	X									
Mr. Rawin Boonyanusasna	M											X			/												
Mr. Ekachai Techawiriyakul	M													XX				X									
Ms. Saranya Vejajkul	M												/														
Mr. Santi Parivisutt	M		X																								
Mr. Suppawat Wadhanapatee	M																										
Mr. Tawatchai Cheevanon	M				X											X											
Mr. Pongsit Chaichutpornsuk	M																										
Dr. Polawat Witookollachit, M.D.	M				XX						X																
Mr. Kittipat Peantham	M																										
Mr. Pichit Jongsaliswang	M							X				X							X	X							
Mr. Chanchai Sinsuparatn	M		X			X																					
Mr. Panabhand Hankijjakul	M																										
Mr. Chalerm Pradidarecheep	M																										
Ms. Suwanna Anantanond	M																										
Mr. Krit Chamapisit	M																										
Mr. Pativate Santavanond	M													X,C													

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	B = Mr. Payong Srivanich
/ = Executive Director	holds the following positions in Krungthai:	holds the following positions in Krungthai:
X = Director	-Vice Chairman	-President
C = President	-Chairman of the Board of Executive Directors	-Executive Director
M = Group Head		-Director

Notes

- (1) The name list of subsidiaries and associated companies are in line with the Bank's financial statement.
- (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 trouble 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⁾	
		6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	1	2					
Directors																											
Mr. Krisada	Chinavicharana	XX																									
Mr. Krairit	Euchukanonchai	A	XX	XX	XX	XX																					
Mr. Vichai	Assarasakorn	X					X	X	X	X																	
Mr. Thanwa	Laohasiriwong	X									X	X															
Prof. Dr. Kittipong Kittayarak		X											X	X													
Mr. Teerapong Wongsiwawilas		X													X												
General Tienchai Rubporn		X																									
Mr. Poonnis	Sakuntanaga	/														/											
Ms. Patricia	Mongkhonvanit	X															X	X	X								
Ms. Nitima	Thepvanangkul	X																									
Mr. Lavaron	Sangsnit	/																		/							
Mr. Payong	Srivanich	B																			XX						
Top Executive Officers																											
Mr. Poonpat	Sripleng	M																									
Ms. Praralee	Ratanaprasartporn	M																									
Mr. Weerapong Suppasedsak		M																									
Mr. Suratun	Kongton	M																									
Mr. Rawin	Boonyanusasna	M																									
Mr. Ekachai	Techawiriyakul	M																									
Ms. Saranya	Vejakul	M																									
Mr. Santi	Parivisutt	M																									
Mr. Suppawat Wadhanapatee		M																									
Mr. Tawatchai Cheevanon		M																						XX		X	
Mr. Pongsit	Chaichutpornsuk	M																									
Dr. Polawat Witookkollachit, M.D.		M																									
Mr. Kittipat	Peantham	M																									
Mr. Pichit	Jongsaliswang	M																									
Mr. Chanchai Sinsuparatn		M																									
Mr. Panabhand Hankijjakul		M																									
Mr. Chalerm	Pradidarecheep	M																									
Ms. Suwanna	Anantanond	M																									
Mr. Krit	Chamapisit	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.
10. Infinitas by Krungthai 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.
3. Private Equity Trust for SME Growing Together 1
4. Private Equity Trust for SME Growing Together 2

Companies with joint Directors ⁽³⁾

1. BCPG Pcl.

2. Airports of Thailand Pcl.
3. Erawan Hotel Pcl.
4. Advanced Info Service Pcl.
5. Advanced Wireless Network Co., Ltd.
6. V.Body & Paint Co., Ltd.
7. V.Group Honda Cars Co., Ltd.
8. V.Auto Sales Co., Ltd.
9. V.Conglomerate Co., Ltd.
10. Asian Sea Corporation Pcl.
11. Panel Plus Co., Ltd.
12. Panel Plus MDF Co., Ltd.
13. Shiang Heng International Co., Ltd.
14. TPBI Pcl.
15. Relationship Republic Co., Ltd.
16. Dusit Thani Pcl.

17. PTT Pcl.
18. Bangchak Corporation Pcl.
19. Elixier Foods & Beverages Co., Ltd.
20. BBGI Pcl.
21. PTT International Trading Private Co., Ltd.
22. Thai Smile Airways Co., Ltd.
23. Aeronautical Radio of Thailand Ltd.
24. National Digital ID Co., Ltd.

Companies with joint Senior Executive ⁽⁴⁾

1. Cycling Cloud Co., Ltd.
2. InnoSpace (Thailand) Co., Ltd.

3.9 Shareholding of the Board of Directors and Top Executives as at December 31, 2020

Name of Directors and Top Executive Officers		Position	Krungthai Bank Shares Held				Proportion
			Own	Spouse	Child	Total	%
1. Mr. Krisada	Chinavicharana	Chairman of the Board of Directors	-	-	-	-	-
2. Mr. Krairit	Euchukanonchai	Vice Chairman	-	-	-	-	-
3. Mr. Vichai	Assarasakorn	Director	-	-	-	-	-
4. Mr. Thanwa	Laohasiriwong	Director	-	-	-	-	-
5. Professor Dr. Kittipong	Kittayarak	Director	-	-	-	-	-
6. Mr. Teerapong	Wongsiwawilas	Director	-	-	-	-	-
7. Gen. Tienchai	Rubporn	Director	-	-	-	-	-
8. Mr. Poonnis	Sakuntanaga	Director	-	-	-	-	-
9. Ms. Patricia	Mongkhonvanit	Director	-	-	-	-	-
10. Ms. Nitima	Thepvanangkul	Director	-	-	-	-	-
11. Mr. Lavaron	Sangsnit	Director	-	-	-	-	-
12. Mr. Payong	Srivanich	President	-	-	-	-	-
13. Mr. Poonpat	Sripleng	Senior Executive Vice President	-	-	-	-	-
14. Ms. Saranya	Vejakul	Senior Executive Vice President	-	-	-	-	-
15. Ms. Praralee	Ratanaprasartporn	Senior Executive Vice President	-	-	-	-	-
16. Mr. Werapong	Suppasedsak	Senior Executive Vice President	-	-	-	-	-
17. Mr. Suraton	Kongton	Senior Executive Vice President	-	-	-	-	-
18. Mr. Rawin	Boonyanusasna	Senior Executive Vice President	-	-	-	-	-
19. Mr. Ekachai	Techawiriyakul	Senior Executive Vice President	-	-	-	-	-
20. Mr. Tawatchai	Cheevanon	Senior Executive Vice President	-	-	-	-	-
21. Mr. Santi	Parivisutt	Senior Executive Vice President	-	1,070	-	1,070	0.000008
22. Mr. Suppawat	Wadhanapatee	Senior Executive Vice President	-	-	-	-	-
23. Mr. Pongsit	Chaichatpornasuk	Senior Executive Vice President	-	-	-	-	-
24. Dr. Polawat	Witoolkollachit	Senior Executive Vice President	-	-	-	-	-
25. Mr. Kittipat	Peantham	First Executive Vice President	-	-	-	-	-
26. Mr. Pativate	Santavanond	First Executive Vice President	4,000	-	-	4,000	0.000029
27. Mr. Pichit	Jongsaliswang	First Executive Vice President	-	-	-	-	-
28. Mr. Chanchai	Sinsuparatn	First Executive Vice President	-	-	-	-	-
29. Mr. Panabhand	Hankijjakul	First Executive Vice President	-	-	-	-	-
30. Mr. Chalerm	Pradidarecheep	First Executive Vice President	12,600	2,591	-	15,191	0.000109
31. Mr. Krit	Chamapisit	First Executive Vice President	-	-	-	-	-
32. Ms. Suwanna	Anantanond	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, 2020 are as follows:

Unit: Person

Group	Number of Regular Employees and Employees under the Signed Contract		Staff Members	Total
	Head Office	Non Head Office		
Primary Group				
Wholesale Banking Group	345	14	-	359
- Executives, employees and business unit being directly to the Wholesale Banking Group	19	-	-	19
- Corporate Baning 1 Group	184	-	-	184
- Corporate Banking 2 Group	142	14	-	156
Retail Banking Sales and Distribution Group	2,856	9,074	71	12,001
Business Center Group	1,124	-	2	1,126
Global Markets Group	112	-	-	112
Government and State Enterprise Relations Group	221	-	-	221
Credit Restructuring and Asset Management Group	186	-	-	186
Total	4,844	9,088	73	14,005
Non-Primary Group				
Digital Solutions Group	193	-	-	193
Global Business Development and Strategy Group	74	-	-	74
Technology Group	974	-	-	974
Retail Strategy Product and Segmentation Group	464	-	22	486
Compliance and Legal Management Group	210	-	-	210
Internal Audit Group	300	-	-	300
Human Resources and Corporate Governance Group	316	-	1	317
Financial Management Group	361	-	-	361
Risk Management Group	314	-	2	316
Retail Shared Services Group	1,824	-	50	1,874
Global Transaction Banking Group	262	-	-	262
Operation Group	677	-	4	681
Communication and Branding Group	146	-	-	146
Business unit being directly to the President	63	-	-	63
Total	6,178	-	79	6,257
Grand Total	11,022	9,088	152	20,262

The relationship between the executives and the representatives of the employee

The Bank held a meeting between the executives and the representatives of the employee to jointly consider and give opinions on improving the Bank's operational efficiency as well as promoting and improving labor relations without causing any labor dispute. The Bank has established a working group responsible for improving the quality of life of employees. The group is required to call a meeting regularly to discuss about various suggestions that are appropriate and generate utmost benefits to the Bank and employees concurrently. Besides, the employee welfare satisfaction surveys were conducted to acknowledge levels of satisfaction among various factors in order to seek for solutions and improvements to develop a better quality of life for employees. As a result, it leads to good relationship and achievement in the organization goals together.

A meeting between the executives and the representatives of the employee has taken into account the Bank's benefit significantly. Representatives from both sides jointly discussed, solved the problems, drew conclusions, provided measures to fix all issues in accordance with the legal framework applicable to the Bank, adhered to justice and fairness and did not discriminate in terms of race, religion, gender and associates. In this regard, it results in no conflict between the executives and the representatives of the employee, and no impact on the Bank's business operations.

3.10.2 Compensations for Employees

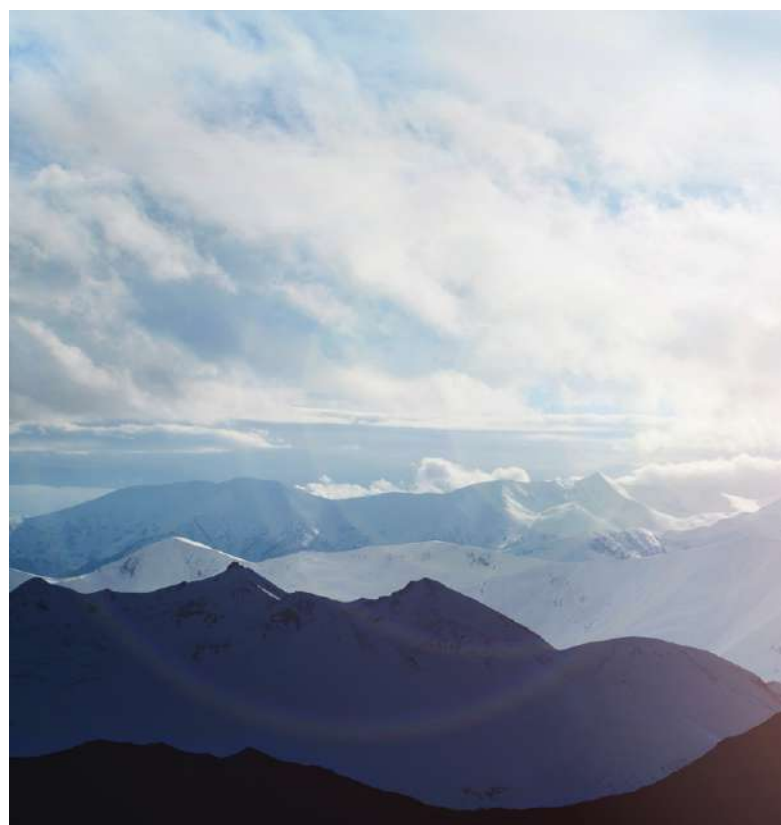
The compensations given to the employees (including Top Executives) in 2020 are divided into salary, wage, bonus, provident fund contribution, medical expense, social security contributions, training courses expense, pension and other benefits in total amount of Baht 22,993 million.

3.10.3 Policy on Human Resources Training and Development in 2020

Amid many challenges from technological advancement and intense competition raised by both domestic or international banks 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 the human resource development plan to close their competency gaps with the intention to achieve the goal of being a digital bank that performs operations in line with rules and regulations from the regulators. Accordingly, 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 executives and staffs, the Bank's strategy, the Top 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 an attempt to determine the human resource development plans covering all necessary dimensions for the Bank's business operation. At present, the training aimed to improve employees' skills to accommodate the business operation amid intensive competition. However, the upskill and reskill trainings with innovative skills have been provided to specific employees so that they can perform their jobs successfully in case they have to rotate the job functions. With the purpose to enhance employees skills to work with effectiveness, efficiency and sustainability, the Bank in 2020 has provided training that emphasized in 4 aspects as follows:

- **Strengthen Foundation**

Regarding the strategic objectives aimed at gearing up the Bank to become a learning organization with virtue as well as supporting the cultivation of a zero-tolerance culture, the Bank has taken action to determine the desirable behaviors according to the 5 moral identities. Furthermore, the Bank also boosted up



recognition on moral and ethical practices to employees through the training courses such as "Lesson Learn for Sustainable Krungthai" course - online learning course for all levels of employees, "Market Conduct" course - giving employees knowledge on providing services to customers and financial service users fairly according to their basic rights. Lastly, the "Design Thinking of Credit Process for Productivity - Efficiency" course, the objective was to enable employees to gather and brainstorm in order to seek for actual problems and then try to close the gap from important discoveries, improving the credit process for productivity and efficiency, preventing corruption and damage to the Bank, enhancing the creation of corporate culture for good corporate governance and Zero Tolerance as well as building a public trust.

Apart from knowledge and understanding regarding morality and ethics, the Bank placed great emphasis on development of knowledge and basic skills necessary for work in an attempt to accommodate the upcoming changes. In particular, the Bank prepared employees with knowledge related to the Thai Financial Reporting Standards 9: TFRS9, which was enforced in Thailand since 1 January 2020 and affected the operations of the Bank, through the "Introduction to Thai Financial Reporting Standards 9 (TFRS 9)" course and the "TFRS 9: Financial Instruments - Hedge Accounting" course. The aforementioned courses were embedded with content focusing on the principles and regulatory guidelines as well as financial and banking business analysis through financial statements, hedge accounting and accounting reconciliation for accuracy verification. Regarding the Personal Data Protection Act, B.E. 2562 (2019), the Bank has



organized a training course on the topic of "Personal Data Protection Act, B.E. 2562: PDPA" which was an online learning course for employees at all levels across the Bank. Moreover, the Bank also encouraged executives to realize their roles in overseeing employee's discipline through the "Discipline Recognition, Risk Reduction and Non-compliance Prevention" training course to strengthen the Three Lines of Defense model.

- **Leadership**

The Bank endeavored to develop executives' skills in creating inspiration and fostering a coaching culture, which is a key factor in enhancing employee engagement and performance, through internal and external training for executives of the Bank specifically. Examples of such courses were the "Storytelling" course, "Essential Coaching Tools for Leader" course and "Effective Coaching for Leader" course.

In addition, due to the COVID-19 outbreak, the Bank has shifted the working styles of employees across the Bank to be flexible working (Flexi-Working), with some employees working from home. Therefore, the executives of the Bank had to adjust their management methods and monitor the performance of their teams closely in an attempt to continue building engagement among the teams, as well as driving the teams to work more efficiently even when not working in the same place. The Bank then prepared a manual for operating performance management under flexible working context, including organizing the "Effective Team Management for Flexi - Working Environment" course for executives and employees.

- **Upskill - Reskill**

With the purpose to develop knowledge and skills of employees to work efficiently and drive the organization successfully to achieve better performance toward becoming digital banking, the Bank has defined the skills necessary for human resources development in line with the Bank's policy in 5 areas as follows:

- o **Future Banking:** To prepare employees to understand and utilize new information and technology effectively for digital banking, the Bank set up the National Digital ID course and also created media publication regarding digital knowledge i.e., blockchain, AI, digital supply chain financing and human-centered design, for employees across the Bank.

In terms of enhancing knowledge and updating the digital trend for potential employees and employees in the Speedboat business model, the Bank has organized digital short courses, both in form of classroom training and e-Learning approach, so that they can take only short time to study and are capable of applying the acquired skills with their work immediately. Examples of such short courses are "Digital Enablement Program" course and "Artificial Intelligence: Strategies for Leading Business Transformation" course. The Bank also employed the SkillLane (TUXSA), which is an e-Learning platform jointly developed with Thammasat University, that enabled the employees to arrange self-study schedule and select preferable contents covering data analytics, digital business transformation, digital technology management, strategic planning, management and administration, as well as specialized skills in business operations and leadership. This also included Your Next U platform, which focused on building employee skills in various fields, increasing their knowledge and equipping them with readiness toward changes in the digital age.

- o **Retail:** To enhance knowledge regarding products, marketing and sales in accordance with digital banking, the Bank arranged "Professional Mutual Fund Sales: Superstar Module" course, "KTB Financial Planner" course, "Customer Relationship Management for HUB" course, "ICR5Plus PRO" course and "Digital Marketing" course for employees.

- o **Credit & Core Business:** To prepare employees readiness in terms of customer experience management for superior service and build up effective engagement in the digital age, the Bank organized "Pre & Post Sale Knowledge (Credit Analysis)" course, "Financial Accounting for Lenders (FAL)" course, "Unreliable Financial Statement Issues in Thailand & Financial Data Validation" course, "Risk-based Lending Workshop" course and "RM X2G2X Foundation Program".

- o **Cyber Security & Privacy:** To prepare for digital banking and accommodate for the continuous increasing rate of numerous digital banking transactions, including the large amount of data, the Bank organized courses on cyber security and data privacy for relevant employees such as "Knowledge of Information Security Management System (ISMS) under ISO/IEC27001: 2013" course, "Information Security Awareness" course, "CompTIA Security + Online" course, "Personal Data Protection Act for Human Resources Management (PDPA for HR)" course and "Personal Data Protection Act for Internal Audit (PDPA for Internal Audit)" course.

o **Data - Driven Organization:** The Bank developed its employees from various Groups to become data scientists with information technology skills and data analytics skills, which were in line with the data-driven policy for driving the organization. The objective was to develop employees so they were able to utilize existing banking information to generate benefit strategies and performed decision-making in issues related to the Bank's business operations properly.

- **Digital Banking**

The Bank determined to boost up the skills that are necessary for digital banking, particularly through the development of digital mindset, digital literacy skill and essential digital skills 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 method for employees so that they are able to apply such skills in actual operation. Moreover, the Bank has organized the Krungthai Hackathon program that provides the opportunity for interested employees to apply through the open application process. During the program, the participants will get the consultation by national mentors continually. The selected prototypes will be considered for further development as the Bank's product or service. This program will stimulate and inspire for innovation in the organization.

Regarding the digital literacy, the Bank has organized courses and created media to broadcast digital knowledge for employees at all levels, both in Carrier and Speedboat business model. The key objective is to strengthen employees' basic digital foundation so that they can operate their duties in accordance with the Bank's digital banking strategy. In particular, the Bank provided a "National Digital ID" course and communicated fundamental digital knowledge through the Digital Sharing project. Moreover, the Bank instilled cyber security awareness among employees, which will encourage the secure operation/use of technology, including preventing risks that may arise from the collection, use and disclosure of information. The aforementioned courses are "Phishing Mail" course - procedures for dealing with cyber threats that come in the form of phishing mail, "Ransomware 2020" course and "Personal Data Protection Act B.E. 2562: PDPA via Google Form". In addition, there were courses to develop employees in the Carrier business model to increase more value to the existing business or to seek new business opportunities such as "Preparation for CRM Positions" course (extending the value chain) as well as other courses that promote synergy between Carrier and Speedboat model such as "RM X2G2X Foundation Program".

Human Resources development policy of the Bank to support the digital banking in the future put emphasis on stimulating employee to exhibit self-development skills. In this regard, the Bank provides learning opportunity through Knowledge Management (KM) and e-Learning channels to foster a culture of self-learning and lifelong learning, which enables employees to study and learn new things at anytime and anywhere.

Meanwhile, during the COVID-19 pandemic, it resulted in rapidly changing in terms of training approach for the employees. From previously focusing on classroom training, the majority trainings have been converting to e-Learning or online learning substantially; therefore, the digital skills of employees based on the Bank's policy have been enhanced as well. Likewise, to be in line with measures to prevent the spread of COVID-19, especially the social distancing principles, the Bank has offered e-Learning courses or online learning courses in the proportion of 50% of all courses organized in 2020 correspondingly.

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. In 2019, the Bank initiated means to distribute the environmental knowledge to employees through Krungthai Loves Communities Project, which provided an opportunity for participants to attend the environmental lectures and activities in order to recognize the value of different environments i.e., mangrove forest and coral reef. In this project, 2,256 participants planted mangrove forest and coral in Klongkone District and Dongtan Beach in Sattahip District. However, due to the COVID-19 outbreak in 2020, the Bank has organized the "DIY Muslin-Cotton Mask" course in order to teach employees on how to make fabric face masks so they got the muslin-cotton mask made by themselves from the materials that the Bank prepared. There were 5 batches of the course with a total of 90 participants whereas there was a video recording of the course launched for the Bank's employees to follow the instruction themselves. In the meantime, the Bank had delivered fabric face masks to communities, which was considered as the optional ways for preventing infected risks in the communities and for safety of the Bank's employees, reducing the shortage of medical masks as well as decreasing the use of natural resources and waste arising from the use of disposable paper masks.

To ensure safety and health of all employees, the Bank provided several training courses related to physical health, occupational health and work environment accordingly. For instance, the Bank organized the "Occupational Safety, Health and Environment Committee" course, "Safety Officer for Supervisor Level and Management Level" course and "Basic Fire Fighting" course for 7 batches, totalling to 231 participants. Besides, the Bank also had a policy of developing its employees to be the content creators so that they could create and develop learning materials for e-Learning courses of the Bank and publish for internal employees to study, such as "Understand G-Suite in 3 Minutes" course, "Micro Learning: Economic Direction, Banking Direction and Working in The New Normal Era."

In conclusion, the Bank in 2020 has managed the internal and external trainings, both domestically and internationally through multiple learning channels for 777 courses, 1,179 batches and there was a total of 21,152 employees who passed the trainings with training duration calculated as 109.81 hours per person per year.

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. At present, 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. Mr. Lavaron	Sangsnit	Executive Director
4. Mr. Payong	Srivanich	Executive Director
Ms. Sineenard	Damri-anant	Assistant to Secretary

In 2020, the Board of Executive Directors held a total of 46 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:

Scrutinize and Approve Credit/Debt Restructuring

The Board of Executive Directors performed duties in corresponding to the Bank's strategy as follows:

- (1) to approve 254 credit cases and review before proposing to the Board of Directors for approval for 212 cases
- (2) to approve 26 cases of debt restructuring and review before proposing to the Board of Directors for approval for 5 cases
- (3) to grant approval for 8 policy-related issues and review before proposing to the Board of Directors for approval for 59 issues
- (4) to acknowledge a total of 113 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.

Consider 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 capital management plan and capital management strategy of the Bank before proposing to the Board of Directors for approval.

Monitor 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.

Delegate Policies and Provide Suggestions to the Management

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

Credit Policy

- 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 debt collection and measures to prevent NPLs. Furthermore, the credit process improvement had been manipulated to be more concise.
- During the COVID-19 pandemic, which has slowed down the overall economy of the country, affecting business operations and customers work, the Bank stipulated policy to support, supervise and assist debtors with the intention to ease their impact as well as to help them get through this tough crisis. However, in the meantime, the Bank has confronted with high risk from economic slowdown and the impact from various problems that happened as well. Therefore, the careful credit consideration was required and the necessary reasons must be clearly identified whereas the reasonable assessment should be conducted by concerning the actual needs and the severity of the impact that each customer received. Additionally, the Bank also needed to monitor the circumstances of the debtor from time to time in order to acknowledge about the debtor's condition closely.
- Relating to the policy on business risk consideration, in principle, when determining credit support for all types of Credit Facility, whether the high-risk or low-risk credit, the customer risk must be taken into account as a basis. The credit risk rating must be set in an attempt to clearly detect the status of the customer so that the conditions of the credit limit can be aligned with the risks of such customer properly. Although credit rating was a very important tool, it must be performed with quality. The Committee gave policy for Risk Management Group to integrate the Credit Risk Rating Model (CRRM) system to be able to categorize the credit rating into Obligor Risk Rating and Facility Risk Rating in order that it can reflect the actual risks of customers.
- Developed the Industry Direction Report or classification of industries by risk level as a guideline for managing the credit portfolio by industry. A stress test was in place to assess the impact on credit portfolio and capital adequacy. Monitored and reported of risk management results to control credit risks in accordance with the risk management plan.
- Delivered a policy to control Exposure Limit with Single Lending Limit (SLL). The credit staff (RM), who was in charge of the customer, must recognize the overview of the Total Exposure. In particular, the RM should estimate amount of the Bank's exposure to each customer in terms of Indirect Exposure from the bonds/debentures issued by the said customer as collateral for the Bank

in addition to providing direct exposure credit aimed at the benefit of risk management of customer as a whole. Therefore, when RM knew the total exposure of each customer, the Exposure Limit should be controlled with Single Lending Limit (SLL), even if the criteria did not count Indirect Exposure as part of SLL. For the benefit of the Bank's risk control, the Committee gave a policy to the Risk Management Group to establish regulations for the cases where the Management was required to provide the exposure of any customer beyond the designated SLL (include Indirect Exposure).

- In the process of risk management, the risks were required to be identified, measured, controlled, monitored and managed appropriately. Operations must be supervised in accordance with credit principles by utilizing knowledge, competence and professional discretion. There were guidelines for risk control while being cautiously aware of high-risk loans in order to prevent any damage to the Bank.

- Delegated a policy for the Risk Management Group to set up guidelines for controlling risks on foreign credit transactions that must be undertaken by Match Buyer to control the drawdown of credit lines in accordance with the credit objectives. On the other hand, if there was a need to do Match Amount to be competitive with the market, more prudent risk control and conditions must be performed and established respectively through mapping overseas funds with the buyer's name stated in the transaction documents to support the credit drawdown every time.

- The quality of trade accounts receivable and product stock must be regularly checked and strictly complied with the Bank's regulations. This was to reduce risks and prevent damage from the loss of stock pledged as collateral or the mismatch of actual inventory and the stock report. The Bank defined the integrated solutions to problems through the implementation of technology. With the purpose to facilitate the credit operation process for better performance, the Bank developed the banking system for the stock inspection by a surveyor or a bank employee. Thus, it resulted in the decrease of the Bank's overall expenses. Nevertheless, when considering to select technology to use as tool to support the work, the thoroughly assessment must be conducted by taking into account the benefits that the Bank shall receive along with the expense and cost analysis.

- Presently, deposit interest rates are very low and tending to decline continuously. Besides, some countries have adopted a Negative Interest Rate so the relevant management departments must consider carefully. To be precise, the reference interest rate must not be set as Fixed Deposit Rate (FDR) for new credit line approval.

- Attributable to the implementation of the TFRS 9 standard, effective on 1 January 2020, it has affected on the Bank's reserve provision, resulting in faster reserve recognition based on the change in debtor status and the financial statements reflecting the actual position in a timely manner. Consequently, the appropriate portfolio management has been required while the review the credit limits of all customers must be conducted so that the implementation of TFRS 9 standards did not affect the Bank's reserve. This eventually relieved the burden on reserve provision and the performance of the Bank got improved.

- Encouraged for the information study and understanding on the character and business nature of each customer group so as to noticeably verify the customer's wealth information and their corporate governance. Accordingly, the Bank shall be able to set appropriate guidelines for customer management. Under the careful consideration, such management guidelines must be in line with the risks level of each customer while the credit limit shall be reliable with customer demand. Thus, the Bank shall monitor closely and perform strict supervision in terms of credit limit to avoid misuse. Nevertheless, the regular assessment on the quality and potential of customers shall be conducted at appropriate intervals. Before conducting any action, the Bank's business opportunities must be taken into consideration carefully and thoroughly. The factual information and debtor's background were required to be checked deliberately and meticulously with the purpose to prevent the Bank from losing further business opportunities or benefit. As a result, the Bank shall be able to expand business, generate income and acquire public trust and positive image through the appropriate operating process that focuses on the utmost benefit of the Bank primarily.

- Regarding the improvement the Bank's various contract forms, format of the contract forms was reviewed to be appropriate and the content were amended by carefully considering the aspect of law prudently and prescribing in the suitable wordings. However, the contract forms still conformed to the standard form and corresponded to customers in each group, causing no problems in signing contracts with customers.

- Required the important documents to be signed by authorized signatory. Documents and/or reports of information that customers submit to the Bank, which contain essential information designed for the credit consideration, such documents have to be signed by an authorized director of the customer. Hence, the Bank shall take legal action against the report of false information that may cause damage to the Bank.

Innovation and Digitalization Policy

- The Bank has a clear strategic plan and strategy to drive the organization into digital banking by means of applying modern systems and technologies to improve operative works in all dimensions. It is necessary to leverage the Bank's operations from the starting point to the finishing line along the entire process to be more efficient. Through adopting the digital and robotic process automation (RPA) system to help increase the competence of the Bank's work across the organization, from the First Line of Defense, Second Line of Defense and Third Line of Defense, this enabled the work process to be faster, accurate, spending less cost and reducing redundancy as well as errors in operations. Explicitly, it encouraged more precise and effective monitoring of the operations.

- The Bank has been preparing to step into the Digital Economy by continuously developing the platforms that satisfy all requirements of financial services and prospective strategies. At present, the Bank has been running the business simultaneously under the parallel strategy or 2 Banking Models — Carrier and Speedboat. The former term referred to the operation in the traditional banking business such as monitoring the credit quality, accelerating work processes by applying technology to the services and focusing on expanding the business from customers of business partners in all sectors. Meanwhile, the Speedboat model, as a new business model, paves the way for the Bank to establish Infinitas by Krungthai Co., Ltd. (Infinitas by Krungthai) — the gathering of people with expertise in research, development and service providing in terms of innovation and digital solutions. Apart from responding to the Speedboat strategy and escorting the Bank to be the leader in Digital Platform via operating technological businesses specifically, the company aimed to create new national platforms and to strengthen the Bank's customer base. In this

regard, the Infinitas is truly the Speedboat that is looking for new business opportunities as well as exploiting resilient and agile functionality in flexible operation context. Through focusing to initiate innovation that connects the Bank's 5 ecosystems, the company shall build on the success of a large number of databases and use them for processing in order to understand customer needs at the exact point, reducing operating costs and generating sustainable income for the Bank. All of these shall enable the Bank to break through the Perfect Storm arisen from economy with effectiveness and accomplish all the missions set.

- By adopting advance technology and information technology systems as the main engine in driving businesses, it was necessary to prepared for the risks from cyber threats. There must be a strong and secure security against cyber threats, which is ready to deal with any situation. In addition, the Bank should specify the regulatory framework and risk management in terms of people, processes and tools to reduce the impact on customers and the Bank's reputation.

- Put emphasis on business operation that focuses on integrated electronic banking. In particular, applied modern, complex and diverse technology to manage information technology infrastructure as well as developing more financial products and services.

- Supported and promoted the development of application platforms and web applications that were cooperating to help the nation and implement government policies in execution of various projects to accommodate for the COVID-19 epidemic.

- Each Blockchain Infrastructure investment must be carefully considered in all dimensions so as not to be the investment in infrastructure that was redundant with the existing infrastructure in which the Bank had already invested. This shall be advantageous for other products as well as the ability to communicate with the international Blockchain system of foreign countries.

- Ensured to develop competencies of Bank's staffs, especially in technology literacy, through the upskill/ reskill trainings. For sustainable growth of the Bank, this is projected that the Bank can effectively compete in an age of disruption driven by digital technology and emerging business models.

Organization Management Policy

- For the efficiency and effectiveness in working together in the organization, the important mission was that all parties must cooperate and collaborate in a holistic manner that covered all issues, including the law and understanding of the Bank's and customers' businesses in order to generate utmost benefit. In this regard, the lessons-learned from previous cases had been conducted to effectively develop knowledge skills. By taking the pattern/features of the damage case or defects arising from work operations into a lesson, the relevant parties, such as those who detected or revised in that case, shall become the key speakers in elaborating such lesson to executives. Subsequently, through broadcasting the video from lessons-learned presentation, all employees throughout the Bank can study, understand, and develop their skills correspondingly. Therefore, this will be a truly effective and efficient operation for Lessons-Learned approach.

- Delivered policy regarding the Zero Tolerance Towards Non-Compliance and Fraud to support Market Conduct operation that placed importance on elevating the standard in financial services. Furthermore, in order to become the prototypical Moral Bank under the Krungthai Moral initiative, the Bank has continually cultivated employees' awareness to jointly created Zero Tolerance culture within the organization and encouraged them to perform duty with accuracy. Accordingly, the Bank had formulated the monitoring method and worked together in seeking for anti-corruption or non-compliance prevention schemes in addition to support the effective operation under Three Lines of Defenses.



Mr. Krairit Euchukanonchai
Chairman of the Board of Executive Directors

Report of the Compliance Committee

The Compliance Committee of Krungthai Bank PCL consists of four (4) 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 requirements of the Stock Exchange of Thailand and regulation of Ministry of Finance. In 2020, the Compliance Committee held 12 meetings in total and submitted the minutes of the meeting to the Board of Directors quarterly. The significant performances are summarized as follows:

1. Consider the Annual Compliance Report 2019 and the Corporate Governance Report 2019

The Committee considered and approved the Annual Compliance Report 2019 before submitting to the Bank of Thailand, together with providing suggestions to elevate the cooperate governance for further effectiveness in the following year. In this regard, all actions the Bank have performed within the framework of the Compliance Risk Management Plan are required to be reported accurately, appropriately and easily to understand, including presenting the strengths of the Bank.

2. Consider the Performance Appraisal of the Compliance Unit in 2019

The Committee considered the performance appraisal of Compliance Unit to comply with the guidelines of the Bank of Thailand RE: The Compliance of Financial Institutions (Compliance). The scope of consideration was not limited to only the action base but also on the result base. In addition, the Compliance Unit shall utilize the evaluation results to preform room for improvement as well as carrying out relevant actions to be more efficient.

3. Consider the Plan, Review and Monitor the Implementation of Compliance Program 2020

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. The Compliance Program 2020 has been conducted by mainly taking into account the level of compliance risk. By considering the views and opinions from the practitioners (1st Line of Defense) and from the internal audit departments of the Bank (3rd Line of Defense), the Compliance Program should emphasize on preventive risk management while trying to stimulate and create a process for the 1st Line of Defense to realize and focus on performing their responsibilities in accordance with the rules and regulation. Furthermore, the Program should also enhance the oversight of overseas branches. Nevertheless, the Committee has closely monitored the execution of the Compliance Program 2020 through considering the performance reports resulting from the recommendation on process improvement that reflects compliance risk management. Consequently, this is aimed to create the compliance culture that focuses on Market Conduct according to the guidelines of the Bank of Thailand.

4. Consider to Increase 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 further efficiency and appropriateness. In details, a checklist of important details has been prepared whereas the presentation approach has been changed to be clear under the appropriated grouping of related policies. The Committee also assembled trivial agendas into one agenda as well as prioritizing and setting timeframe for presenting such agenda in the meeting properly. Besides, the authorized purchasing limit of the Board of Directors was also adjusted. For the discussion on the Bank's strategies to support digital transformation and the effective organization management, the Committee agreed to increase duration for the Board of Directors' meetings correspondingly.

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. With the purpose to be consistent with the current situation and support the emergencies that may arise in the future, content and wording regarding the topic of electronic meetings in the Charters was amended and added to be clear along with conforming with the 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 2020

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). However, the details relating to topics of identification and verification of customers as well as the correlated matters for employees' training have been adjust to be in line with the Ministerial Regulation on Customer Due Diligence B.E. 2563 (2020), the BOT Notification Re: Regulations on Know Your Customer (KYC), and Rules and Procedures for Training Provision under the Anti-Money Laundering Board Ordinance on the Provision of Training to the Reporting Entities under Section 13 and Section 16, B.E. 2563 (2020) respectively.

7. Review the Anti-Bribery and Corruption Policy

The Committee considered the appropriateness of the policy in accordance with the Organic Act on Anti-Corruption B.E. 2561 (2018) and the NCC announcement RE: Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials and Agents of Public International Organizations, including Memorandum of Understanding (MOU), namely the MOU on the Banking Industry Code of Conduct with commercial banks, the MOU on the Cooperation in National Anti-Corruption Strategy Driving Phase 3 (2017-2021), the MOU on driving the Bank to become a model of moral organization and the Collective Action Coalition Against Corruption (CAC) Project in which the Bank has joined as a member.

8. Review and Monitor the Report of Key Risk Indicator and Compliance Risk Dashboard

The Committee continuously reviewed the report and monitored key risk indicator and compliance risk dashboard to acknowledge changes of KRI, the risk assessment towards the regulatory compliance from the critical transaction/regulation and the key risk issues that may arise to the Bank. The Committee also provided suggestions toward the establishment of plans for the prevention or mitigation of risks as well as the dashboard preparation that should be easy to understand and benefits to the Bank.

9. Review and Monitor the Progress of Market Conduct for Three Lines of Defense

The Committee has recognized and attached great importance to the compliance with the Market Conduct by reviewing and monitoring regularly on the progress of cooperation between the Bank's 3 Lines of Defense in terms of Market Conduct in order to improve the Market Conduct rating. The Committee also provided suggestion to generate motivation or to organize activities that properly communicate to employees. In this regard, the Committee has continued to push Market Conduct as part in creating clear and concrete policies or guidelines as well as cultivating Market Conduct in operations and organizational culture (Tone from the Top).

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

The Committee reviewed and monitored the compliance report of eight (8) overseas branches and one (1) overseas representative office on a quarterly basis. The objective was to acknowledge the important changes regarding the regulation and to prevent the occurrence of non-compliance with Thai and foreign regulations or illegal issues or in the case of being fined by any authorized agency. The Committee also took into account the direction of foreign branch supervision for special or urgent consideration in order to elevate the compliance ground and generating utmost effectiveness.

11. Review and Monitor the Summary Report of the Internal Audit Department

The Committee regularly reviewed the report and monitored the findings of the Internal Audit Group on a quarterly basis. In this regard, the relevant suggestions have been provided to resolve the misconduct found in order to prevent from repetitive offenses committing and reduce damages that may happen to the Bank.

12. Monitor Compliance-Related Issues

The Committee has monitored compliance-related issues in order to provide recommendations towards the operations that have been corresponding to the regulations of the Bank of Thailand and other external regulators, for example Supervision of Financial Business Groups 2019, Anti-Corruption Guideline, Banking Industry Code of Conduct Guideline and Rules of the Acceptance of Property or Other Benefits of State Officials B.E. 2663 (2020). The Committee also observed the royal decrees and decrees that have been recently issued to solve various problems occurring in the Coronavirus Disease 2019 (COVID-19) pandemic.

13. Follow Up the Preparation for Supporting the Personal Data Protection Act, B.E. 2562 (2019)

The Committee followed up the preparation and provided suggestions to support the Bank operations in conforming to the requirements of the Personal Data Protection Act, B.E. 2562 (2019), which will take effect on 1st June 2021. In particular, the Act shall have impact on the Bank, the Bank's customers and counterparties in different ways.

14. Give Policy, Supervise and Monitor the Implementation of the Krungthai Compliance Champion Project, which is a Pillar of Krungthai Moral Initiative

The committee gave the policy towards the execution of the Krungthai Compliance Champion Project through supervising, encouraging, giving suggestions and following up the project operation that promoted awareness and collaboration from employees of all sectors. With the purpose to shape their mindset as well as enthusiastically developing and improving the work processes; therefore, the inside-out blasting approach has been used through design thinking and hackathon during the project. As a result, the Bank achieved the prototype concept in terms of supervision on Market Conduct that can meet the requirements and solve the precise problems. This considered as the Bank's policy to create new tools that would facilitate for easier work. Moreover, the Committee also suggested the to publicize the project to both inside and outside the Bank in order to create employee commitment, encourage their participation as well as acquiring the public trust from general public.

15. Give the Policy and Suggestions to the Management

The Committee gave advantageous suggestions to the Management regarding the process improvement of the compliance departments/units in an attempt to elevate greater efficiency and prudence as follows:

- 15.1 The Committee has attached importance to the communication of rules/regulation to practitioners thoroughly. In consequence, the Committee recommended to establish communication guidelines that connect the operations of all sectors, together with using tools for monitoring and reporting on the progress of such operations.
- 15.2 In case of the coronavirus disease (COVID-19) pandemic crisis, the Bank must prepare a Business Continuity Plan (BCP) since some employees may need to work from home. The Bank should take into account the compliance with laws and regulations because there may be loopholes that enable the non-compliance from the operations to happen. Therefore, close oversight and proper management are required in order that the Bank can operate business continuously.
- 15.3 The Committee provided guidelines and suggestions for consolidated supervision in accordance with Bank of Thailand Notification No. FPG. 8/2561 Re: Regulations on Structure and Scope of Business of Financial Business Groups. The supervision must be clearly conducted and cover all issues.
- 15.4 The Committee recommended about the Market Conduct compliance, which comprises nine (9) systems. Although most of them are related to the central system except the products selling at branches, all systems must be completely prepared and cover all issues.
- 15.5 The Committee suggested the Compliance and Legal Management Group to encourage Bank's employees to have awareness and take into consideration the operations that strictly comply with rules and regulations. With the ultimate goal to create a compliance culture throughout the organization, the relevant activity referred to the execution of Krungthai Compliance Champion Project as a good starting point and a role model. Therefore, the Committee recommended the project to be carried out continuously.



(Mr. Teerapong Wongsiwawilas)
Chairman of the Compliance Committee

Report of the Risk Oversight Committee

The Risk Oversight Committee comprises five members – 4 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.

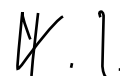
The Risk Oversight Committee performed the duty within scope and responsibility as written in the Risk Oversight Committee Charter delegated by the Board of Directors. In 2020, the Risk Oversight Committee called 12 meetings and reported the performances to the Board of Directors on a quarterly basis.

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 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 Enablers 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. Expressed opinions on the development of the impairment instrument and model to calculate expected credit loss (ECL) according to the Thai Financial Reporting Standards 9 (IFRS 9), including improving credit management process to mitigate risks and reduce NPLs, as well as closely monitoring Bank's credit and NPLs portfolios.
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. Emphasized the compliance of information technology risk under the regulation prescribed by the Bank of Thailand, encompassing three frameworks; (1) Confidentiality – to ensure systems and data security (2) Integrity – to generate validity and reliability of work systems and data (3) Availability – to provide work system readiness and availability, while monitoring and tracking the system closely to ensure that it provide service to customers continuously. In this regard, the aforementioned frameworks have been considered as the important policies of the Bank respectively.
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.

9. Regarding the COVID-19 pandemic, the Risk Oversight Committee has directed and monitored the relevant risk management plans so that the Bank can continually operate business as usual. In addition, the Committee also assessed the economic situation that affected the Bank in order to maintain the Bank's risks within the risk appetite levels. Details are as follows:

- 9.1 Activated the Business Continuity Plan (BCP) and monitored the results from BCP implementation so that the Bank can continue business as usual, as well as being capable to provide products and services continually, while reducing the risk of COVID-19 infection of the Bank's employees.
- 9.2 Assessed trends in the Bank's financial position and capital after undergoing the impact from COVID-19 pandemic with the purpose to manage the Bank's capital adequacy to maintain at the adequate level.
- 9.3 Monitored government measures and policies that provide assistance scheme to public so that the Bank can prepare for corresponding measures to help people and customers respectively, for example, improving the process of credit application and consideration to make it more convenient to obtain assistance measures.
- 9.4 Assessed and classified customer in groups based on their business performances and debt servicing capacity so that the Bank can stipulate guidelines for monitoring and executing appropriate assistance measures for each customer group.



(Mr. Krairit Euchukanonchai)
Chairman of the Risk Oversight Committee
March, 2021

Risk Factors



1. Overview of the Bank's Risk Management

1.1 Risk Management Framework

Technological innovations in the digital economy era have caused rapid and disruptive change in economic, social and business competition. There are new emerging risks, particularly the COVID-19 pandemic. It caused a decrease in economic activity and severe economic recession around the world. As a result, all sectors have to adjust to the New Normal approach. It is seen that consumers have more activities on online platforms. As for the business sector, the emergence of digital transformation will be faster and more inclusive. These factors will further accelerate the growth of the digital economy, thus challenging the Bank in achieving its goals. In this regard, risk management is one of the noticeable factors that help prevent, maintain and encourage the Bank to achieve its goals. The effective risk management reflects 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 clearly established a framework for risk management structure, policies, as well as guidelines for risk management, covering aspects of risk management according to the requirements of the Bank of Thailand (BOT) and State Enterprise Assessment Model. Accordingly, the Bank has also adopted the framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is a framework for Enterprise Risk Management (ERM). The framework has been regarded as the structure of integrated risk management according to

international standards. Its main principle is to connect the risk management process with strategic planning and business opportunities of the Bank in order to help integrate the administration and manage risks for the whole organization. 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 actual 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, assess and report risk performance to the Risk Oversight Committee, the Audit Committee, and the Board of Directors on a regular basis. In addition, the Bank has given importance to cyber risk management and data privacy by following and monitoring the risk closely 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 training and seminars about risk management to the employees at all levels covering the Board of Directors, top executives and employees in every department of the Bank. As a result, 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 training 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 19 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 requirements for consolidated supervision prescribed by the Bank of Thailand (BOT) and the identical principles to the Bank's risk management and compliance.

Furthermore, the companies in the Financial Business Group are required to report risk management performance to the Risk Oversight Committee regularly or whenever significant changes occur. In this regard, risk management performance of respective companies must be monitored closely.

The Bank had encouraged the companies under 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 training and relevant knowledge to the Financial Conglomerate. Furthermore, the Bank also oversees that its subsidiaries have 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 consisting 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 page 85 and section Corporate Governance on page 141.

2. Risk and Risk Management Measures

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 stated in the contract agreement; including the counterparties' credit rating get diminished which shall cause adverse effects over the Bank's income and capital funds maintenance. 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 placed great emphasis on credit risk management such as reviewing and improving policy and manual of credit risk management, monitoring of credit quality approved through Loan Factory, setting other standards, setting standard of credit term and condition for corporate loans, as well as 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 by group of customers as follows:

- **Retail Loans and Small Business Loans**

The Bank has developed and revised underwriting criteria and product program for retail loans to be appropriate and in accordance with the current situation and the notification of the Bank of Thailand. The criteria for loan consideration such as borrower qualification, loan amount, loan term, ability to pay, collateral value for mortgage loan, personal loan and sSME loan have been revised to comply with new products. Moreover, the Bank has improved credit risk assessment tools and created sustainable business competitiveness by integrating risk management with business operations and being in accordance with the Bank's strategic plan. However, housing loans continue to be provided for the country's leading real estate developers. Most personal loans are provided to officers of government agencies and state enterprises as well as agencies that have agreements with the Bank. Products for small business loans have been developed in line with the Bank's strategy to continuously expand credit to sSME customers.

- **Medium Enterprises Loans and Corporate Loans**

The Bank developed capabilities to access, control and monitor and report portfolio-level risk at the level of individual exposures by designing and developing working process for early

risk warning through Early Warning System (EWS), classifying into SME-M customers (EWS for SME-M), SME-L customers (EWS for SME-L) and Corporate Banking Center (EWS for Wholesales).

○ **Early warning system for SME-M:** EWS for SME-M will signal to notify customer behaviors that are processed from statistical 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 3 systems, namely EWS, CR and TA, are cooperated and associated in the form of the End-to-end Process.

○ **Early warning system for SME-L and CBC:** EWS for SME-L 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 the review of credit rating via EWS respectively.

The EWS system also provided a function to notify and monitor customers' daily risk, for example indicating last 12-month risk history, reporting days of delaying payment in each debt period (DPD Splitter) classified by loan department in order to monitor and control credit quality, risk monitoring for rice mill and field crop entrepreneurs as well as monitoring the compliance with the share pledging conditions. 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 the 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 by the customer group 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 databases 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 EWS end-to-end Process. However, 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 Financial Reporting Standard 9 (IFRS 9) 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.

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 results 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 a close monitor for risks, the Sector Limit of respective industry shall be reviewed annually.

Besides, the Bank manages country risk by determining a lending limit for each country in order to control the counterparty risks and credit risk, investments, as well as the 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, the 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 (CVA) 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 a crisis arises and reports the Risk Oversight Committee on a monthly basis. In addition, the CVA Charge is charged in pricing of derivatives transactions with counterparties.

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 and Collateral Value Impairment Risk**

If non-performing increases, the Bank must have more expected credit losses, which will affect its operating performance, financial status and capital adequacy. However, the Bank initiated the corrective measures for controlling non-performing. The business units, which are responsible for credit extension, are required to control non-performing amount. Additionally, the Bank carries out the process to manage the customers that might become non-performing as well as improving the credit approval authority and debt restructuring. These actions aim 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.

Furthermore, the Bank has temporarily provided measures to assist borrowers who have been impacted by the situations affecting the Thai economy during January 1, 2020 to December 31, 2021 in accordance with the assistance measures for classification in case of debt restructuring set by the Bank of Thailand. Such measures may decelerate an increase in borrowers

with non-performing loans. Current asset quality may also not reflect the current economic conditions (Details of the BOT's guidelines on providing assistance to borrowers affected by the situations that affect the Thai economy are specified in Form 56-1 Year 2020, Part 1, Clause 2.5.3, Policy of Supervision, Credit Approval and Credit Monitoring).

2.2 Market Risk

Market risk refers to the risk that the Bank may sustain loss from changes in value of the position stated in 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 the 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 a 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 conglomerates 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 2020, the 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 accounts and other income and expenses related to interest rate.

In 2020, due to the global economy severely affected by the COVID-19 pandemic, the Monetary Policy Committee



(MPC) cut the policy rate to 0.50 percent. The MPC assessed that the Thai economy would recover slowly. The labor market would remain fragile. This would in turn weigh on private consumption. Meanwhile, government expenditure would tend to be lower than estimated. It is expected that it would take approximately 2 years before returning to normal state of the country's economic activity.

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 impacted 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 2020, Thai Baht interest rates dropped from previous year due to factors such as impact of the COVID-19 outbreak, declined US bond yields, 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 the financial statement to local currency, it causes a decrease in the Bank's book value and the loss of income or foreign exchange

In 2020, Thai Baht still fluctuated due to the COVID-19 global crisis, the main factor. The pandemic had caused severe economic slowdown, especially in the tourism sector. As a result, it also caused Thai Baht to depreciate the most during March - April. However, Thai Baht appreciated again at the end of the year. This was in line with advances in the COVID-19 vaccine development, which gave investors more confidence. 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 arising from changes of equity securities prices giving an adverse impact on income or capital funds, resulting in decline of investment securities for trading.

In 2020, the Stock Exchange of Thailand's index was extremely volatile in the midst of the COVID-19 pandemic. In March 2020, the index dropped sharply by approximately 215 points over a one-month period (down from 1,340.52 to 1,125.86 points). In addition, three Circuit Breaker incidents occurred in the wake of the exponential increase in domestic infections number before the national lockdown. The interest cut of the Federal Reserve Bank and Thailand's Monetary Policy Committee in March and May respectively was also a contributing factor to the market fluctuation.

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 arising from changes of commodity prices that gave an adverse impact on income or capital funds resulting in decline of commodity price. In 2020, the commodity price was fluctuating, for example crude oil price, etc. 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 arising 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 of risk arising in the 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 as specified 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 implementation of IT systems in the Bank's business operation, whether transaction, launching 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 the meantime, 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 are unable to operate so as to ensure that it will not affect the service provided to the customers of the Bank.

As for risks stemming from uncontrollable external factors beyond the Bank's control 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 a 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 2020, liquidity in the financial market increased from the previous year due to the COVID-19 outbreak. As a result, the issuance of fixed deposit products that had mobilized liquidity of the Bank also slowed down. However, the Bank has released a deposit product to maintain its customer base by focusing on the growth of savings with special interest rates to provide alternatives for customers. As on December 31, 2020, 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 gaps or financial ratio analysis for knowing the tendency of liquidity risk. Moreover, the Bank also sets a survival period that the Bank can sufficiently manage liquidity under critical situations 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 the assigned committee. The Bank also specifies risk liquidity triggers 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 conditions 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.

The Bank quarterly conducts liquidity risk stress testing in accordance with the stress testing policy framework of the Bank by using 3 types of situations set up by the Bank, namely (1) Institution-specific crisis, (2) Market-wide crisis and (3) Crisis stemming from a 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 the liquid assets market, a decrease of the ability to access large sources 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 a liquidity emergency plan in case of any crisis by taking into account the result of the 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 funds, 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:

Pillar I Minimum Capital Requirement: The Bank is required to set out capital requirements covering credit risk, market risk and operational risk.

Pillar II Supervisory Review Process: The Bank is required to hold a 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 situations and stress events. 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 the Bank of Thailand, the disclosure is an essential market mechanism that forces the Bank to have an 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 2020 year end, the Bank's capital adequacy ratio (The Bank's Financial Conglomerate) was 19.11 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 a 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 financial 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

Currently, the Bank uses technology and information technology systems as the main engine in driving business. Therefore, the Bank prepares for the risks arising from cyber threats. The Bank maintains a strict and strong security against cyber threats as well as being ready to deal with cyber threats by providing a supervisory framework and risk management in terms of people, processes and tools to reduce the impact on customers and the reputation of the Bank.

The Bank has established regulatory guidelines for Information Technology Risk Management, conducts Cyber Inherent Risk Assessment and stipulated cyber risk management guidelines. Additionally, the Bank specified the security control measure (Maturity level) based on 5 fundamental risk factors in information technology as follows:

1. Technology and connections to prevent cyber inherent risk from vulnerabilities of new technology that have not yet been detected, old fashioned technology, insecure connection, fraud from third parties or management of the security of hardware, software, information and work systems.

2. Service channels that are connected to external networks such as internet banking, mobile banking or the Bank's website for preventing cyber risks across all service channels.

3. Products and services such as real-time online money transfer transactions and technology services to government organizations.

4. Hire of external service providers in responding to the operations of information technology for controlling the risk of cyber-attacks.

5. History of cyber threats or past cyber-attacks such as phishing, malware, social engineering or DDoS.

The Bank has a business strategy that focuses on integrated electronic banking services through implementing sophisticated and diverse new technologies to manage its information technology infrastructure, product development and providing more financial services. The Bank has operated business in many countries and also provided information technology systems to third parties accordingly.

The Bank has established guidelines for cyber risk management and security control measures and has tools for identifying, evaluating, monitoring, mitigating, controlling and reporting risks in a timely manner. The guidelines for cyber risk management and the required security controls for each maturity level, i.e., baseline, intermediate, and advanced cover 6 main aspects of cyber risk management as follows:

1. Governance is a guideline for cyber resilience. Cyber resilience strategy and policy, risk management, internal audit, personnel allocation and development, overall supervision and risk management of the organization are formulated in accordance with the same standard.

2. Identification is a guideline for determining the scope and method of cyber risk assessment, information technology asset management. This includes adding, migrating, moving and setting up hardware devices, data software and related work systems to be able to manage, control and mitigate risks appropriately and promptly.

3. Protection is a guideline for controlling and preventing risks of information technology infrastructure, covering network systems, hardware accessories, data software and work systems such as setting up the work system, access control, data security, secure work systems development, patch management to control or minimize the impact on cybersecurity.

4. Detection is a guideline for finding, testing and managing vulnerabilities in information technology. It is able to detect, analyze, monitor and alert cybersecurity incidents to the organization or the responsible person so that corrective action can be taken.

5. Response and Recovery is a guideline for cyber incident response management, i.e., preparing and testing an incident response plan, investigating and analyzing causes, resolving incidents, and preparing reports for submission to the Bank's designated committee.

6. Third Party Risk Management is a guideline for managing third parties, covering the employment contract, assessing the suitability, tracking and evaluating performance, and reviewing performance results. This is to ensure that the external service providers can perform the tasks for the Bank according to the specified goals and conditions without causing cyber risks that affect the operations and services.

The Bank gives precedence to information technology covering applications, information, infrastructure, operation, people and process in an attempt to establish IT Best Practices that help prevent any risk or damage that might occur to the Bank. The IT Best Practices prescribed by BOT are under 3 major principles as follows:

- Confidentiality
- Integrity
- Availability

Nevertheless, 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).

2.6 Other Related 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 the 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 an impact on the Bank's revenue

and/or capital funds both at present and in the future. Moreover, reputation risk may result from operational risks due to the non-compliance with the regulations of the government/regulators, acting against the 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 reputation 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 a 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 clarifying the relevant reasons 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 impacts 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 Assessment Model. 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 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 reports 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 reserve a provision for foreclosed properties that the Bank holds exceeding duration to be in accordance with the Bank of Thailand's regulation on Asset Classification and Provisioning of Financial Institutions. In 2020, the Bank had some quantity 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 correspondingly.

- **Economic Condition Risk**

The world economy in 2020 enters recession due to the pandemic of COVID-19 around the world and in Thailand, affecting the business environment. The global economy shrank by 3.5 percent for 2020. That would be the worst annual plunge since the Great Depression. Global economic recession and measures to prevent the spread of COVID-19 has affected the Thai economy where its structure is highly dependent on foreign countries, especially on tourism and exports. Furthermore, epidemic control measures have restricted domestic economic activities, affecting domestic demand and the employment. As a result of these impacts, Thai economy in 2020 contracted by 6.1 percent from the previous year. The recession has had a broader impact, causing the government to take measures to provide assistance to business sectors and affected people, i.e., public health measures, remedial and compensatory measures

for affected persons and social and economic recovery measures through Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy And Restore the Economy And Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020), a total value of not over one trillion Baht. In this regard, the Bank of Thailand (BOT) has formulated measures in conjunction with financial institutions to assist borrowers such as debt restructuring, moratorium, payment deferral as well as supporting new soft loans, enhancing liquidity to stabilize the private bond market and relaxing monetary policy by reducing the policy interest rate to 0.5 percent. 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 different committees respectively. The Bank also signaled to relevant departments about this matter. This allowed the Bank to adjust its strategies to suit the changing situations.

Thai economy in 2021 is likely to recover from recession, however, it is still full of high risks. It is expected to grow gradually at 2.5 percent due to a major risk of COVID-19 resurgence, resulting in the restriction of domestic economic activities throughout the first quarter, especially in terms of travel as well as affecting the domestic demand. In addition, the continued drought from the previous year is likely to affect farmers' income correspondingly. Therefore, when considered together with the high level of household debt, it is anticipated to cause the private consumption to expand in a constrained manner. Nevertheless, the government is anticipated to expedite economic recovery and rehabilitation policies, such as measures to remedy affected people, together with accelerating the budget disbursements and executing measures to support consumption and investment continuously in an attempt to help drive the economy and mitigate the impacts. As for monetary policy, the policy interest rate from the Bank of Thailand is projected to be fixed at a low rate. Relating to the external factors, many of them spring out from several risk factors. Besides the COVID-19 outbreak that continues to spread around the world affecting the demand for Thai products, the US international trade policy is still uncertain from the inauguration of President Joe Biden. Additionally, the container shortage problem in export as well as the appreciation of Thai Baht are together turning into risks that have a direct impact on Thai exports. In this regard, the Bank will continue to monitor economic risks closely, as well as assessing the impacts under stress testing covering various situations that may happen. This will promptly reduce the impacts that may have on business operations in time.

Internal Control and Risk Management

The banking business has to respond to the changing business environment and service users' demands caused by technology, including the outbreak of the emerging infectious diseases Coronavirus 2019 (COVID-19). The Bank, as part of the support for the government's Thailand 4.0 policy, wishes to drive the country with creativity and innovation. Risk management and internal control is one of the mechanisms for efficient, transparent and examinable operations. Therefore, the Bank places an importance on operating the business for Thai people with sustainability, along with maintaining good internal control and risk management.

Accordingly, the Board of Directors and the Management has attached importance to the internal control through continuous monitoring and oversight so as to obtain reasonable assurance that the Bank achieves its objective of efficient and effective business operations, trustworthy financial and operational reporting, corporate compliance, as well as preventing the actions adversely affecting the Bank's asset and reputation according to the standard of the Committee of Sponsoring Organizations of Treadway Commission (COSO), and the Ministry of Finance's regulations on Standards and Guidelines of Internal Audit for Government Agencies B.E. 2561 (2018). It is referred to international standards and tailored to the context of government agencies. The Bank's Board of Directors had assigned the Audit Committee to review the effectiveness of the internal control system in accordance with COSO standards and/or other suitable standards, including the internal control of the Bank's information system. This is to ensure that the Bank's internal control system is adequate. In this regard, the Audit Committee shall report to the Board of Directors monthly.

The Audit Committee approved the internal control assessment audit report of the internal auditors. According to the Committee, the internal control of Krungthai Bank PCL. is sufficient with constant compliance and is in accordance with the Guidelines of Internal Audit for Government Agencies B.E. 2561.

The COSO Internal Control Guidelines consists of five main components:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The Bank operates in accordance with each components of internal control as follows:

1. Control Environment

The Bank is continually committed to corporate governance operation. Its executives and personnel have a positive attitude and value towards internal control. This has encouraged all personnel in the organization to have a good awareness in performing their duties with the focus on management according to corporate governance principles. Furthermore, they place importance on ethics, integrity, and compliance with rules and regulations, developing knowledge, skills and competence of the employees. The Bank had implemented according to its vision, Growing Together for Sustainability.

In addition, the Bank focused on building a public trust. It had established a strategy and guideline for implementing the Krungthai Moral Initiative (Sustainable Krungthai) Project. The Bank had also raised the corporate governance standards with the goal of implementing them into action for tangible results throughout the organization as follows:

- **Corporate Governance Strategic Plan:** The Bank developed the Corporate Governance Strategic Plan of Krungthai Bank Plc. 2017-2021 under the Sustainable Krungthai Project. It is in line with the National Strategy on Anti-Corruption Phase III (2017-2021), which aimed to create an organization with zero tolerance to corruption. It consists of the following.

- 1) Create a Society Which Does Not Tolerate Corruption
- 2) Promote Ethics Will to Fight Corruption
- 3) Develop Corruption Prevention Systems
- 4) Raise the Standards of Corruption Suppression
- 5) Improve Integrity and Transparency Assessment (ITA) Score

- **Tone from the Top** Chairman of the Board of Directors, Directors, President, Group Heads, and employees of the Bank announced their will to work with integrity, transparency and morality to develop standards of morality and ethics, and instill good values and conscience. They adhered to corporate governance policy, complied with rules and regulations, as well as operating with transparency in order to create a zero-tolerance corporate culture.

- **The Bank operated activities/projects under the Sustainable Krungthai Project** by using the Inside-out Blasting approach to provide opportunities for supervisors and employees to participate in brainstorming on methods to prevent and reduce corruption. They also engaged in finding means to improve work processes to comply with rules and regulations in order to develop moral and ethical standards, driving the Bank to be a moral organization model with international standards.

Besides, the Bank attached great importance to the implementation of the Anti-Bribery and Corruption Policy. It had communicated a clear guideline continuously through articles via E-mail and Intranet, for example, emphasizing on No Gift Policy and communicating the BOT's Market Conduct regulation regularly. The objective is to promote and support responsible and fair management of customer service.

The Board of Directors and the Audit Committee supervised and monitored the damage prevention process management and internal control process. In this regard, the Audit Committee held a meeting to consider the audit report and credit review results of the Internal Audit Group every month. The committee offered observations, recommendations, and guidelines to prevent any damage that may occur to the Bank. Apart from that, the Audit Committee also presented the audit and credit review results to the Board of Directors for their awareness or for the Management to take action. As for reviewing the Bank and its subsidiaries' monthly financial statements and profits, a meeting with the Financial Management Group and a meeting with external auditors were arranged every month and every quarter respectively. They provided useful observations and suggestions. Lastly, the Audit Committee summarized the performance of its duties and reported to the Board of Directors.

The Bank has an organizational structure which is appropriate for business operations based on the 3 Lines of Defense principle, as well as in accordance with the good risk management and internal control with clear separation of duties and responsibilities. A business unit was assigned to review and inspect operations to be in accordance with the organization's rules and regulations. The employees were assigned their responsibilities clearly and in writing. Moreover, a scope and level of approval authority for each management is delegated. Human resource policies and procedures are appropriate to motivate and support employees.

In terms of human resource management, the Bank places importance on its employees through continuous employee engagement projects. The objective is to make Krungthai Bank "the Best Place to Work", the employees' second home. The Bank established policies, guidelines and assigned each business unit to undertake actions to enhance its employee engagement.

The Bank communicates its strategic plans and business plans, including setting important goals for employees in the organization for acknowledgement and for operations in the same direction.

In particular, the Bank highlighted the human resources skills and knowledge development plan which is in line with its strategy.

Employees' skill and knowledge in design thinking, data analysis, and IT is developed. The Bank facilitated its branch employees in developing their digital banking skills such as management and creating good experiences for customers in using digital channels, and fundamental knowledge and features of Krungthai NEXT application. In addition, the Bank emphasized Market Conduct by instructing its employees of all branches nationwide to provide complete and accurate information to customers for important decisions making without forcing them to buy the Bank's products.

The Bank also pays attention to customer complaints by establishing the Customer Complaint Center for receiving customer complaints in order to coordinate with relevant business units in solving problems. An SLA based on the type of complaints is set. The Customer Complaint Center also analyzed and solved problems to meet customer needs and reported the results to the executives every month.

2. Risk Assessment

The Bank places great emphasis on the continuous development and improvement of its risk management process. The Risk Management Group acted as Second Line of Defense to oversee the overall picture of the Bank's risk management. The Risk Management Group plays a role as a center for developing risk management systems and connecting the entire organization. It also followed up and reported the status of each type of risk to the Bank's committees, which are: The Board of Directors, the Audit Committee, the Risk Oversight Committee, and the Management Committee.

In the meantime, the Bank recognizes the importance of enterprise risk management, which is a risk management process necessary in leading the organization to success. Enterprise risk management includes each aspect of risk management, namely strategic, credit, market, liquidity and operational risk. A Risk Management Dashboard has been established. It identifies/ analyzes risk causes and risk management methods in order to summarize information on each aspect of risk management and continually report to the Risk Oversight Committee (ROC).

Accordingly, the Bank continually emphasizes information technology risk management. The information technology key risk indicator (IT-KRI), which is a leading and lagging Indicator, was implemented in risk monitoring in accordance with the following principles.

1. Confidentiality
2. Integrity
3. Availability: The indicator helped the Bank to be able

to effectively prepare itself in case of information technology risk and to prevent impacts on the Bank's services, work systems and reputation.

The Bank also made a self-risk assessment report covering five risk areas regularly at least once a year as required by the Bank of Thailand. Correspondingly, the Bank also conducted an internal control evaluation every year in accordance with the Ministry of Finance's regulations on Standards and Guidelines of Internal Audit for Government Agencies B.E. 2561 (2018). The report will be presented to the Audit Committee and the Board of Directors. At the business unit level, the Bank requires all units to conduct a Risk Control Self-Assessment (RCSA) in order to identify and assess the risks that may arise by taking operational loss incident and observations of the Internal Audit Group into account. Each business unit has appointed an Operational Risk Officer (ORO) to be the coordinator within the unit and to cooperate in the process regarding the operational risk management tools of their business unit.

Nevertheless, the Bank has stipulated a Business Continuity Management Policy, which requires the Bank's core business to have a Business Continuity Plan (BCP), an Information Technology Contingency Plan (ITCP) for important work systems. The objective of the plans is to ensure that if transactions or work systems are interrupted, business units will still be able to work continuously or be able to resume work within a reasonable time. The Bank also prepared an Alternative Site to support the BCP and has regularly tested the plans for further improvement and efficiency.

The conduction of Product Assessment is a cooperation between the product owner business unit, the Compliance and Legal Management Group, Risk Management Group, Operation Group, and Financial Management Group. In product assessment, outsourcing, insourcing, the business unit shall assess the risks that may arise from outsourcing, along with establishing guidelines for controlling the risks that may arise.

3. Control Activities

The Bank has realized the importance of operational processes and internal controls by setting policy frameworks and operating regulations. Authority and responsibilities as well as the scope of each employee level's authority to approve each type of transactions is clearly set in writing and has communicated to employees within the organization. The Bank has also reviewed internal operating regulations such as account opening procedures, credit procedures and electronic products provided by the Bank to be clear and up-to-date, including policies, SOP manual in order that employees easily apply them to their operations and provide customers fast and accurate services.

The Audit Committee has been assigned by the Board of Directors to review the effectiveness of the internal control system and the financial reports together with the auditors and the Financial Management Group to ensure that financial statements and financial reports are made in accordance with the requirements of the law and generally accepted accounting principles, and the disclosure of information is adequate, complete, timely, reliable and beneficial to the users of the financial statements. The committee has also followed up the effects of new Thai Financial Reporting Standards (IFRS 9). The Board of Directors and Management has given importance to the review and monitoring of the Bank's performance by focusing on achieving the Bank's objectives and monitoring actual performance, compared with the past performance and performance of the Bank's competitors.

The Bank has operating regulations on asset protection: there is limited access to assets at risk and taking care of the property in a strict and adequate manner. There is a control registration, follow up of the cause and improvement on the difference. There is an information system control in terms of processing, data transmission file backup. There is a computer system provision and development and maintenance of the work system in the information system to be sufficient and suitable for the needs of the organization. Additionally, an annual review of the internal control of the information system is conducted by the Internal Audit Department.

However, the Bank has attached great importance to promote and support the implementation of the information security policy. The Bank has taken several data privacy measures, for example, closure of USB port and CD/DVD drive, tracking data breach, management in case of phishing incidents happening to customers, etc. In addition, information technology systems are introduced to reduce the risk of employee mistakes in regards to customer identification in order to prevent risks that may arise from making fraudulent transactions to withdraw funds from the customer's account. Such action affects the image and customers' confidence in the Bank.

Besides, the Bank has information classification. Each department is required to set a level of confidentiality of internal information and to educate all employees about the importance of keeping information which may affect the Bank's operations if certain information is disclosed to third parties. The Bank regularly reviews its procedures in terms of confidentiality and disclosure of customer information.

Coping during the COVID-19 pandemic, the Bank had a policy that employees are grouped by the Bank's BCP implementation. For critical bank transactions, employees were

grouped to work at backup sites in order that the Bank's transactions were able to be conducted continuously. Likewise, some employees were ordered to be able to Work from Home; the Bank has improved work processes and developed a work support system according to the New Normal. Supervisors had a guideline to follow up the work and employees were emphasized to follow the guideline strictly. Human Resources and Corporate Governance Group has made documents to effectively support Work from Home, for example Performance Management Manual under the Flexible Working for supervisors and employees, Practices in appropriately working from home (not break employees' discipline) while maintaining and driving productivity to a higher level with various technologies, as well as adjusting the mindset to be ready for the change to the New Normal.

4. Information and Communication

The Bank has processes to control work systems: the development of the systems, testing the systems and monitoring the system usage including effective change management. The systems are tested and validated by the system administrator or owner who gives requirements, and related persons. In addition, the Bank has managed the information system security together with KTBCS in accordance with the information technology security policy, including reviews of the general control standards of information systems by the Internal Audit Group.

The Bank has raised awareness of the safe use of technology, which is important for all employees to always be aware of. This aim to protect ourselves and the Bank's information assets to be safe from the ever-increasing cyber threats and to be in line with the Personal Data Protection Act.

The Bank has procedures and guidelines used in an emergency case and a case of systematic support for business continuity to enable the continuous availability of hardware and software systems as well as data and information to meet needs of customers and business effectively. They are as follows:

1. Business Continuity Management Policy (BCM) and Business Continuity Support Plan (BCP)
2. Operational processes of IT Contingency Plan (ITCP)
3. Preparation of backup sites under the BCP plan and Disaster Recovery Center
4. Testing BCP and ITCP

The above processes are regularly reviewed/revised by the Bank in order to be able to put into practice in accordance with the changing situations.

In 2020, the Bank continued to develop technology and new services by improving Krungthai NEXT application to cover more banking services and to prepare it for becoming the Full-scale Digital Banking, which is more than a typical banking application.

It is an open Platform that allows other organizations to connect to the system to create a digital wallet such as the SorBorMor Wallet and Health Wallet to support all future financial activities with the highest security. The world-leading technology is used in the new version of Krungthai NEXT to provide services to the Bank's customers, using the services easier in one application with Cloud Native technology building 3S environment as follows:

1. Scalability - Support a large number of simultaneous financial transactions during a high demand period
2. Stability - Be stable and easy to use
3. Security - Provide the highest security with world-class technology

Inclusively, the Bank has also applied artificial intelligence (AI) technology to interact with users through Smart Transaction that will learn and list frequently used financial transactions. Smart Banner will alert important services such as the due payment of insurance premiums, renewal of credit cards and debit cards and a birthday reminder.

Furthermore, the Bank has adjusted user experience (UX) and user interface (UI) so that users can open the app with face authentication by scanning their face and ID card to prove and verify their identity, facilitate and resolve the problem of forgetting username and password and can change mobile phone numbers or email to receive OTP by themselves, no need to waste time on traveling to a branch.

The Bank has a process for creating an information system that supports the report of risk impact assessment and early warning system of incidents or risks that will occur, which has a serious impact on the organization systematically through Enterprise Risk Management which is reviewed annually. The Bank also has a Fraud Monitoring System in order to prevent and reduce damages to customers and reduce errors in case of branch staff failing to comply with the Bank's operating regulations. It provides a support system for compliance with various fraud area controls, including card & cyber fraud, branch fraud, merchant fraud, account fraud, etc. Moreover, the Bank has knowledge sharing both internally and externally to employees and customers to create financial awareness on financial crime & fraud on a monthly basis via social media such as Line, Facebook, etc. The Bank provides training courses both inside and outside the Bank and its subsidiaries regarding IT risks such as Cyber Risk, Cyber Security, as well as conducting workshops and communicating articles via email in the topic of Principles of risk management in information technology.

The Bank's executives have communicated its strategy and declared its intention to be an organization with zero tolerance culture: activities were conducted with various departments and articles from the executives were published to all employees. Branch managers had two-way communication with staff in their teams in the morning of each day to know and understand their roles and responsibilities in relation to the key information issues and guidelines for internal control to prevent risks. The Bank has a telephone number to contact Call Center +662 111-1111 and has various channels for communicating information or introducing the Bank's products to general customers via social media such as Line Official, Krungthai Care, etc. The Bank also established complaint channels for whistleblowing: via email to the Chairman of the Bank; letter, e-mail and telephone to contact the Whistle Blowing team or additional channels for employees, i.e., sending email to the HR Head Group and calling the Employee Relation team, the Discipline and Employee Relation Department. Additionally, information obtained from outside the organization and internal information has been communicated to the executives and users within the organization through various channels such as Intranet and various publications in a way that helps recipients of information perform their responsibilities effectively. This is to ensure that such internal and external communication has made the organization achieve its objectives and goals.

In 2020, the Bank was concerned about the health of its employees and implemented a measure to prevent the risk of COVID-19 infection. Human Resources and Corporate Governance Group, therefore, has raised awareness of the importance of daily self-declaration, communicated self-care guidelines to reduce the risk of COVID-19 infection, promoted social distancing by rearranging desks and seating, and established a COVID Hotline to answer questions related to health risk assessment and operational guidelines that are consistent with the Bank's COVID-19 protection measures.

5. Follow-up activities

The Bank continually monitors, assesses the internal control results and the quality of operations through the evaluation of two indicators: Key Performance Indicator (KPI) and Key Risk Indicator (KRI).

For KPI follow-up, executives and assigned persons have monitored performance from the Bank level to department level by employing different reporting tools and formats as appropriate for the job description and report user's needs so that a department has a complete, accurate and timely report for the monitoring of performance and the Management can compare the performance with the plan. If it is found that the performance

has discrepancies from the plan, the Management must analyze and manage the plan in accordance with the set objectives.

For KRI follow-up, the Bank has a risk impact analysis report and early warning system of incidents or risks that will occur. This has a serious impact on the organization systematically through the Enterprise Risk Management process in the form of Risk Management Dashboard presented to the Risk Oversight Committee on a monthly basis to timely report on the signs of the overall risk indicators of the organization, risk status and guidelines for corrective actions or improvements. The Risk Oversight Committee has ordered and requested for more information in order that the Bank can achieve its objectives of internal control effectively and efficiently.

In the event of internal and external corruption, employees' mistakes, system failure/ interruption/ malfunction, the Bank will be fined by the government agency and punished with other actions that may have a significant effect on the organization. The Bank has set a process for business units that are the First Line of Defense to report incidents through the Bank's system immediately or within the day the incident is detected. An incident report is made to analyze the root cause, the sufficiency of the control approach and to set a solution or prevent such cases from recurring.

However, if such an incident affects many business units or involves various agencies, the Risk Management Group will hold meetings with relevant departments to jointly consider additional control measures or improve the previously established control guidelines by considering the cost-effectiveness, and then it will be proposed to The Management and the Risk Oversight Committee (ROC) respectively to report information or consider giving opinions further.

Meanwhile, the Internal Audit Group's responsibilities are to assess the adequacy and effectiveness of operational processes and information systems, internal control and risk management on the mission and scope of work, along with giving advice and consultation, suggesting methods or measures for improvement in order to work efficiently, effectively, economize, prevent corruption and have good governance.

The Compliance Committee has overseen the Bank to manage risks arising from non-compliance with laws and regulations, including considering and monitoring the implementation of the risk management plan in accordance with Compliance Program on a regular basis in order to comply with the regulations of the external regulators through the Compliance and Legal Management Group. Moreover,

the committee has overseen the compliance with the rules of the financial business group and formulated business policies/business strategies for financial business groups to report to the Bank of Thailand annually and every time there is a significant change.

Head of Internal Audit and Head of Compliance of the Bank

1. Head of Internal Audit

Mr. Panabhand Hankijjakul

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 constructs 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 expressed the opinion that Mr. Panabhand Hankijjakul was suitable for performing as the Head of Internal Audit since he had comprehension and experience in banking business, and expertise in credit risk management. He had experience in credit risk management for the Bank for more than 5 years and other banks for more than 5 years with aims for efficient credit risk management processes in line with rules and regulations of related agencies.

The Audit Committee's responsibilities included: to consider and approve the qualification, to appoint, to demote and to remove the Head of Internal Audit (The additional details are provided in the section of Shareholding and Management Structures on pages 91).

His biography, namely education, training, other current positions and work experiences from the past 5 years is shown in the unit of Brief Biography of Board of Directors and Executive Officers on page 33.

2. Head of Compliance

Mr. Pongsit Chaichutpornasuk

Senior Executive Vice President Head of Compliance and Legal Management Group

Date of Appointment

December 16, 2020 – Present

Ms. Vipawadee Lerssrisuriya

Executive Vice President – Sector Head
Compliance and Procedures Sector

Date of Appointment

August 15, 2017 – December 15, 2020

(Resigned from the Bank on December 16, 2020)

Responsibilities of Regulatory Compliance

Responsibilities of Regulatory Compliance are to oversee the regulatory compliance and ensure that the Bank and its business units 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.

(Their biography, namely education, training, other current positions and work experiences from the past 5 years is shown in the unit of Brief Biography of Board of Directors and Executive Officers on page 29).

3. Head of Accounting and Finance

Ms. Saranya Vejaku

Senior Executive Vice President – Head of Financial Management Group

Responsibilities of Accounting and Finance

Responsibilities of Accounting and Finance are to plan investment management strategies and liquidity operation to be at an appropriate level. It also supervises business operations of companies in the financial conglomerate, evaluates the performance of state enterprises between the Bank and the Ministry of Finance, including overseeing the overall financial plan of the Bank to be in accordance with its strategy. Lastly, it manages the Bank's information system for internal management use and reports to external regulators effectively.

(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 31).

4. Chief Accountant

Mr. Kanok Suwanaratana

First Vice President - Department Head

Accounting Department, Financial Management Group

Date of Appointment

May 15, 2019

Education

- Master Degree : Economics, Thammasat University
- Bachelor Degree : Accounting, Chulalongkorn University
- Certified Public Accountant (CPA) (Thailand)

Training Course

- TFRS 9: Financial Instruments - Hedge Accounting (Intermediate Workshop) (2020)
- TFRS 9: Financial Instruments - Hedge Accounting (Advanced Workshop) (2020)
- Ransomware (2020)
- Accounting for Derivatives and Hedge Accounting (Basic Course) 2020
- Thai Financial Reporting Standards (TFRSs) and Related Tax Laws (2020)
- In-depth Analysis of Financial and Banking Business through Financial Statements (Intermediate Course) (2020)
- Transfer Pricing and Documentation (2020)
- Business Strategic Plan (2020)
- FMG's Journey (Strategy Day) (2020)
- Account Reconciliation Techniques for Validation (2020)
- Krungthai Employee Engagement (2020)
- Introduction to Financial Reporting Standards (TFRS 9) (2020)
- Personal Data Protection Act, B.E. 2562 (Updated) (2020)
- IFRS 9 Preparation for Executive (2019)
- Creating Understanding for 2019 Draft TFRS 16 Lease (2019)
- Annual Report (56-2) according to 2019 Integrated Reporting Concept

- 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 (2016 - 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 Committee

The Board of Directors has placed importance on the roles and responsibility of the Independent Directors as the essential part that constitutes the sufficient checks and balances on the structure and management of the Board of Directors. The structure of Krungthai Bank Board of Directors comprises 12 Directors namely, 1 Executive Director and 11 Non-Executive Directors. Among Non-Executive Directors, 6 are Independent Directors, which constitutes 50% of the total numbers of the Directors. Thus, 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. 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 Bank's Committees. Therefore, the Independent Director Committee Charter was established with the purpose to specify the Directors' qualifications, term of office, including their roles and responsibilities. The Independent Director Committee agreed to conduct and disclose the report of the Independent Director Committee annually in the Annual Report of the Bank starting from 2018 onwards.

The Independent Director Committee determined scope of matters to be presented as agenda in the Committee meeting as follows:

- Duties of the Independent Director Committee in administrating and facilitating the minor shareholders
- 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
- Monitoring complaints relating 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
- Handling issues involving all parties of stakeholders

As at 31 December 2020, the members of the Independent Director Committee are as follows:

1) Gen. Tienchai	Rubporn	Chairman
2) Prof. Dr. Kittipong	Kittayarak	Independent Director
3) Mr. Thanwa	Laohasiriwong	Independent Director
4) Mr. Vichai	Assarasakorn	Independent Director
5) Mrs. Nitima	Thepvanangkul	Independent Director
6) Mr. Teerapong	Wongsiwawilas	Independent Director
Ms. Sineenard	Damri-anant	Assistant Secretary

In 2020, the Independent Director Committee held 4 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. The Independent Director Committee agreed that the Committee meetings can be held via electronic media in case of necessity, for instance, during the pandemic of coronavirus disease 2019 (COVID-19) and/or in other necessary cases.
2. The Independent Director Committee acknowledged the report of the shareholders' satisfaction survey of the 27th Annual General Meeting of Shareholders (2020). The Committee suggested that in case the Bank has taken any actions corresponding to shareholders' questions and suggestions proposed in the Annual General Meeting, the Management should monitor the progress of such actions and report to the Independent Committee.
3. The Independent Committee expressed concern and urged the Bank to comply with the principles of good corporate governance and not limit the rights of minor shareholders. Facilitation of the meeting in person or by proxy and inquiry about the agenda should be provided.
4. The Independent Committee agreed upon the principle of providing the shareholders the chance to propose agenda in the meeting and nominate the qualified candidates to be appointed as the Directors in the 28th Annual General Meeting of Shareholders (2021). Accordingly, this shall be proposed to the Board of Directors for approval.
5. The meeting schedule of the Independent Director Committee for the year 2021 has been set in advance, which is on the quarterly basis - the fourth Wednesday of March, June, September and December. In 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, the appropriate discussion shall be held and all Independent Directors shall be informed on a case-by-case basis.
6. The Independent Committee considered and agreed to nominate 2 Independent Directors with their profiles to be appointed as proxies for the shareholders in the 28th Annual General Meeting of Shareholders (2021).
7. The performance evaluation of the Independent Director Committee for 2020 was conducted. Divided into 2 types of evaluation — the Committee evaluation (group evaluation) and the Director individual evaluation (self-evaluation), the evaluation results of both types in 2020 showed the overall rating at "excellent" level. In this regard, the evaluation report shall be proposed to the Board of Directors for acknowledgement subsequently.



(Gen. Tienchai Rubporn)
Chairman of the Independent Committee

Report of the Corporate Governance and Social Responsibility Committee


Krungthai Bank realized the importance of corporate governance (CG) and social responsibility with awareness of creating shared value (CSV) in order to achieve sustainable development for all stakeholders of the Bank under the ESG - Environment, Social and Governance - principles and 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 4 Directors to determine schemes and monitor the CG and CSR operating result. In 2020, the Committee held 12 meetings in total.

Complying with the 2017 - 2021 corporate governance strategies of Krungthai Bank PCL, the Corporate Governance and Social Responsibility Committee determined 2020 CG strategies to execute under the Sustainable Krungthai Initiative through implementing the 3 principles - Foster, Prevent and Change. With the objective to become a moral organization, the Committee has sorted out the desirable behaviors and cultivated the moral identity of Krungthai Bank comprising 5 features - Creativity, Achievement, Honesty, Teamwork, and Sociability. Henceforth, these moral identities shall be designated as the Core Value of the Bank for guiding principles on business operation.

Attributable to the deliberate operation in 2020, the Bank received the awards relating to the corporate governance and social responsibility as follows:

- Outstanding State-Owned Enterprise (SOE) Awards 2020 in recognition of the Outstanding SOE Committee, the Outstanding Organization Management and the Outstanding COVID-19 Crisis Management from the State Enterprise Policy Office (SEPO), Ministry of Finance
- Bank of the Year 2020 in Thailand from the Banker magazine
- Financier of the Year 2020 from the Money & Banking Awards 2020 organized by the Money & Banking magazine
- Achieving Excellent CG score in the Corporate Governance Report of Thai Listed Companies (CGR) 2020 organized by Thai Institute of Directors Association (IOD)
- The Asian Banker Leadership Achievement Award for the Best Managed Bank during COVID-19 in Thailand and the Asian Banker Leadership Achievement Award for the Best CEO Response to COVID-19 in Thailand from the Asian Banker
- Thailand Digital Excellence Awards 2020 in category of Thai Digital Champion for Tech Innovation & AI from Thailand Management Association (TMA)
- Thailand Sustainability Investment (THSI) Award 2020 from the Stock Exchange of Thailand (SET)
- Sustainability Disclosure Award 2020 from ThaiPat Institute

All the rewards and assessments the Bank received have reflected the effectiveness of good operation that the Bank has continually adhered to and we ensure to keep up to the professional standard straight on.



(Professor Dr. Kittipong Kittayarak)

Chairman of the Corporate Governance and Social Responsibility Committee

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three directors — two independent directors and one non-executive director. Mr. Thanwa Laohasiriwong is the Chairman of the Nomination and Remuneration Committee. Ms. Patricia Mongkhonvanit and Mr. Teerapong Wongsiwawilas are the members of the Committee. The Committee plays the crucial roles to support the Board of Directors and the Bank.

In 2020, the Nomination and Remuneration Committee held 20 meetings. The Committee has carefully, cautiously and transparently adhered to the charter of the Nomination and Remuneration Committee for the utmost benefits for the Bank and its stakeholders. Additionally, the Committee has scrutinized and provided suggestions in certain significant issues before proposing to the Board of Directors. Details are as follows:

1. Reviewed and set policies, criteria and procedures concerning the nomination of the Directors, Top Executives and Authorized Bank Executives. The purpose is to establish the reference guideline for recruiting the appropriate candidates whose qualifications are conforming to the vision and business strategy of the Bank.
2. Considered recruiting and nominated qualified persons to be appointed as Directors of the Bank from various sources of information. Each candidate must have appropriate qualifications as specified by relevant laws and regulations, the Bank's rules and good corporate governance policy. The Committee shall appraise candidates based on the required skills and knowledge 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 qualified candidates' profiles shall be verified in order to prevent conflict of interest. The Committee's consideration shall be based on the suitability of organization's size and structure. After the related regulators' approval, the Committee proposed the qualified candidates to the Board of Directors and/or the shareholders for approval.
3. Considered recruiting and nominated persons to be appointed and rotated to the position of Top Executives and Authorized Bank Executives. The Committee's consideration for each candidate shall be based on their knowledge, competence, leadership experience and proficiency in the position. The Committee also put emphasis on the Executives' rotation across different Group in an attempt to continually enhance their potential, skills and self-development through working in diverse fields. After the selection, the Committee proposed the qualified candidates to the Board of Directors and/or submitted to the related regulators for approval.
4. Considered and approved the succession plan and management process of Group Heads (N-1) and Sector Heads (N-2) of the Bank to ensure management continuity.
5. Considered and specified the performance evaluation guidelines for the Board of Directors, Sub-Committee Directors, the President and the Authorized Bank Executives to comply with good corporate governance as well as outstandingly reflecting the Director's performance.
6. Set the criteria and determined the remuneration of the Board of Directors and Sub-Committee Directors according to the rules and related regulations before proposing for approval from the Board of Directors and shareholders in the Annual Ordinary General Meeting. The remuneration of Directors of the subsidiaries shall be according to the remuneration of the Bank's Directors and corresponding to the assigned duties and responsibilities.
7. Set the criteria and determined the remuneration of the Top Executives and Authorized Bank Executives before proposing to the Board of Directors for approval. The remuneration has been determined in consideration of the individual's duties and performance, the Bank's performance, the comparison with benchmarking banks as well as the compliance with good corporate governance.
8. Set the criteria and determined the remuneration for Directors of the Bank's subsidiaries before proposing to the Board of Directors for approval. The remuneration has been determined in consideration of the types of business and the performance of the companies in order to be in line with the Bank's direction.
9. Considered and provided suggestion for greater effectiveness in human resource management with the purpose to generate the utmost benefit to the Bank's business in the following issues:
 - 9.1 Remuneration structure of the Bank
 - 9.2 Guidelines and strategies for human resource development amongst the challenges
 - 9.3 Management guidelines for high potential and substandard employees of the Bank
 - 9.4 Transfer guidelines of executives and employees (in case of secondment)

Furthermore, the policy and details of the recruitment process along with the remuneration policy, all types of remuneration and the remuneration report have been disclosed in the Bank's Annual Report respectively.



(Mr. Thanwa Laohasiriwong)

Chairman of the Nomination and Remuneration Committee

Corporate Governance



1. Corporate Governance Policy

1.1 Corporate Governance

Krungthai 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 operations shall establish confidence and generate benefits to the shareholders, who make important contributions 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 results 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 2020, 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 (KTB CG in Process) by improving the 2020 CG operation to correspond with the State Enterprise's Integrity and Transparency Assessment: ITA.

3. The Krungthai Moral Initiative (Sustainable Krungthai Initiative) has been conducted since 2017. In 2020, the Bank drove the Krungthai Moral Initiative continuously by operating its business aiming for transparency and sustainability (Sustainable Krungthai) in line with the international standards. The Bank adhered to the principle of ESG - environmental, social and governance to drive the Bank to become a financial institution that grows side-by-side with Thai people and ready to provide financial services to people at all levels thoroughly and equally. The Bank also aimed to reduce social inequality, promote strong economic growth and be a pillar of the nation's economy. Regarding the COVID-19 outbreak, the Bank participated in the government's assistance measures through the 3 principles - Foster, Prevent and Change that focuses on generating results in 1) financial growth, 2) stakeholders confidence, 3) transparent process and 4) employees satisfaction. Besides, the Bank raised employees' consciousness in performing quality work with virtue, aiming to embed as the DNA of employees and leading to a zero-tolerance culture.

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 Krungthai Strategy Seminar Day 2020 to promote the establishment and improvement of moral standards and foster good corporate governance and zero tolerance culture in the organization. The policy was

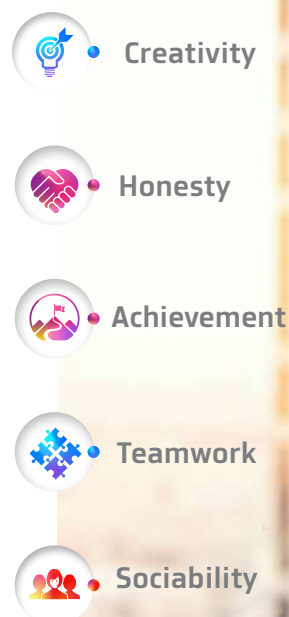
communicated to executives of the Bank and companies in its financial conglomerate. The event was attended by the members of the Board of Directors, the Bank's executives, executives of the companies in its financial conglomerate and the Bank's network.

6. Determining 5 moral identities - "Creativity, Achievement, Honesty, Teamwork, Sociability" and indicating the desirable behaviors of executives and employees to be in accordance with moral identity and encourage all executives and employees to announce their will and commit to behaving with morality, ethics, rules, laws, official rules. Executives and employees are persuaded to take into account their knowledge, skills, creativity, shared experiences, in the development of work, products or services of the Bank. In addition, by determining the 5 moral identities, the Bank wishes to create employee's participation in driving operations in all dimensions and motivate the employees to formulate a sustainability plan to close the gap of pain points and create a corporate culture.

7. Driving activities/projects under the Krungthai Moral Initiative (ongoing) consisting of 1) QA (1 Unit, 1 Sustainability Plan) under the Zero Tolerance framework / Market Conduct / Risk Management / Traditional and Digital Service + X2G2X 2) KRUNGTHAI COMPLIANCE CHAMPION Project 3) Krungthai Loves Communities Project

8. The Bank enhances the expansion and development of plans to generate ideas and create innovations through the Krungthai Hackathon program that provides the opportunity for all employees to take part in the rectification, creation,

Moral Identities



development, innovation and enhancement of the sustainable, innovative and virtuous organization.

9. The Bank has enhanced its sustainability plan by implementing a project to improve credit processes so as to increase productivity and efficiency. Through the Design Thinking method, the Bank aims to encourage its employees to change their mindset in solving problems, including creating collaboration between the relevant business units.

10. The Bank extended the knowledge management process by passing on knowledge and experience arising from the implementation of the Krungthai Moral Initiative (Sustainable Krungthai Initiative). In this regard, the Bank appoints KM agents and KM gurus of the Bank in an attempt to establish a culture of learning organization.

11. The Bank enhances its human resource management process by establishing a strategic human resource management plan in accordance with the Bank's strategic plan, drives Krungthai Moral Initiative Project, including creating corporate culture according to 5 moral identities - "Creativity, Achievement, Honesty, Teamwork, Sociability".

12. The Bank initiated One Krungthai application to promote the creation of culture innovation, knowledge management, and 5 moral identities - "Creativity, Achievement, Honesty, Teamwork, Sociability.". The application allows employees to access at anytime and anywhere via mobile phone.

13. The Bank provided the e-learning course "Lesson Learn for Sustainable Krungthai" to reinforce knowledge, create

understanding and awareness of the importance of working ethics for executives and employees from actual events and case studies that are important and useful to work.

14. The Bank in the collaboration with the Krungthai Bank State Enterprise Labour Union provided a lecture on the "Roles of the Executives in Supervision of the Employees Discipline" course and "Discipline Recognition, Risk Reduction and Non-compliance Prevention" course for executives and employees throughout the organization.

15. Appraising work performance in alignment with corporate governance principles of the affiliates in which the Bank holds 100% of share.

16. Publication of articles and news relating to corporate governance on the Bank's website and intranet homepage and sending directly in the employee's mailbox.

17. Participating with external organizations in promoting and developing the Best Practice guidelines as well as building up the cooperation among State Enterprise's network and other organizations.

18. 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 Organization 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 a 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, 2020, 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 of Directors, scope of duties and responsibilities of each committee, including names of Audit Directors with experience in auditing financial statements are prescribed in the Management Structure topic on page 86.

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 a 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 appropriate strategies in investment, which are related with liquidity management of the Bank.

Assets and Liabilities Management Committee comprises the President and the different Group Heads, namely Government and State Enterprise Relations Group, Global Transaction Banking Group, Risk Management Group, Corporate Banking Group 2, Retail Banking Product and Strategy Group, Business Center Group, Global Markets Group and Financial Management Group. The meeting of the ALCO is organized at least once a month to consider the impact on assets and liabilities from market changes and to consider the Bank's funding sources under current and future liquidity, including risk management on interest rate. The Department Head of the Asset and Liability Management Department is responsible for compiling and presenting information as supportive details to the Asset and Liability Management Committee for approval.

- **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 plans 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**

The 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 Nomination and Remuneration Committee has duties to recruit and nominate qualified candidates from various sources, including from the Director Pool, to be appointed as new Director. The eligible candidate must not have prohibited characteristics according to the relevant laws and regulations, regulations of the Bank and charter of the Board of Directors. Apart from considering the Board of Directors structure in terms of the proportion and appropriateness in many fields, the Bank also took into account the policy in terms of the Directors diversity. In detail, the Board of Directors must possess diversified qualifications, consist of knowledge, skill matrix and experience in line with the Bank's missions and strategies, both at the present and in the future. Inclusively, the recruitment also concerns the sustainable development of the Bank, which complies with legal requirements, Bank's regulations and good corporate governance principles.

In the case of recruiting persons to replace the directors who expired from term of office. The Nomination and Remuneration Committee shall consider candidates (if any) by allowing minority shareholders to nominate persons for consideration and appointment as directors in advance for the Annual General Meeting of shareholders or considering the past performance for re-election to hold directorship positions.

Policy of Director Nomination

The Nomination Committee shall consider the qualifications of the Bank's 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, Thailand.

- 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 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. The Nomination and Remuneration Committee proposes the name list of the nominated persons and opinion to the Board of Directors.

3. 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.

4. The Board of Directors proceeds on a case-by-case basis as follows:

4.1 In the case of the appointment of directors to replace the directors retiring after completing the term of office

The Board of Directors proposes a candidate to the shareholders meeting. The directors who are retired by completing the term of office 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, has equal votes and exceeds 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.

4.2 In case of nomination of directors to replace vacancies in other cases which are not the cases of 4.1

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.

5. 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, 2020, the Bank had 6 Independent Directors from the total number of 12 directors. It is calculated as 50 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 is 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 other 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 (a) shareholding and (b) formal relationship regarding the 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 of 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 Baht 2 million 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 Nomination 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' 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 4 Independent Directors as at December 31, 2020 namely:

1. Mr. Vichai Assarasakorn took the position of Independent Director and member of the Audit Committee in Asian Sea Corporation PLC., Director in the Panel Plus Co., Ltd. and Director in the in Panel Plus MDF Co., Ltd.

2. Professor Dr. Kittipong Kittayarak took the position of Independent Director and the Chairman of the Audit Committee in PTI 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.

4. Mr. Teerapong Wongsawilas took the position of Independent Director and Audit Director in Bangchak Corporation PCL.

The abovementioned 7 juristic persons are having business relationships with the Bank. The Bank grants credit lines and contingent liabilities in excess of twenty million Baht, which is referred to as the normal business transactions in banking operations in 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 has a transparent process of nomination and selection without discrimination. Application announcements will be made for giving an opportunity to persons with knowledge, skills, vision and experiences in managing large organizations to apply for the President. The Bank shall appoint the specific Committee for nominating and selecting the person with knowledge, skills and suitable experiences for the position, then determining the appropriate remuneration before submitting the name of such person to the Board of Director for consideration and appointment of the President respectively.

3.3 Nomination of the Group Head

The Nomination and Remuneration Committee has duties to recruit, select or screen nominated persons to consider and appoint to the position of a top executive and a person with power of management. 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 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 proposed to the Nomination 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 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 proposes to the Bank for an approval. Moreover, the Bank determines the 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 also requires its subsidiaries to submit operating performance reports regularly. 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.

Moreover, the Bank shall control and supervise the utilization of funds and business operations of its financial conglomerate by conducting its performance report and risk management report, then proposing to the Affiliate Management Committee to consider and provide opinions before proposing to the Risk Oversight Committee or the Executive Committee or any other committees as approved by the policy.

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.

The Bank requires a representative 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 exceeds 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 is 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 trading 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 the Compliance Department at least 1 day prior to the trading day.

6. Auditor's Fee

• Audit fee

The Bank and its subsidiaries paid an audit fee to the auditors of the Bank for the 2020 accounting period in the amount of 37,050,000 Baht.

• Non-audit fee

In the fiscal year 2020, the Bank and its subsidiaries paid compensation for other services: tax call consultants, financial reporting standards (TFRS) consultants, Transform IT Governance projects, hiring of training services, hiring a consultant for the Financial Control Framework project which is paid during the fiscal year amounting to 13,566,000 baht and is the future payables amounting to 2,990,000 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. The application of the CG Code is reviewed annually. In 2020, at the Board of Directors Meeting No. 14/2020 (1039) on July 22, 2020, the CG Code was reviewed and applied in accordance with the Bank's business context, which has been considered by the Corporate Governance and Social Responsibility Committee with prudence and responsibility. The meeting agreed to maintain an appropriate policy for implementing the CG Code and the Bank's existing practice that complies with the current business context. There are 3 guidelines as follows:

CG Code Compliance Guideline	Practices of the Bank
<ul style="list-style-type: none"> The 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"> The 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>At present, the structure of the Board of Directors consists of 6 independent directors out of 12 independent directors or equal to 50 percent of the total number of the Board of Directors members.</p> <p>However, the Charter of Independent Director Committee 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 the 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 Nomination 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 an 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. There is an adequate check and balance process of the structure of the Board of Directors and the management. The Chairman of the Board of Directors must not be 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 Board of Directors has elevated the performance of the Independent Director by operating as a committee, similar to other sub-committees 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.
<ul style="list-style-type: none"> The Board of Directors may acquire the help of external consultants in establishing principles and giving suggestions on issues relating to the performance evaluation of the Board of Directors at least every three years and disclose details about such proceedings 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 proceedings must be disclosed in the annual report. Presently, the Bank does not have external consultants to help determine guidelines and suggest issues for evaluating the Board's performance since the Bank currently has an appropriate system for evaluating the performance of the Board of Directors. Details are as follows: <ul style="list-style-type: none"> Establishing criteria for evaluation in comparison with the principles/recommendations of regulators such as the Bank of Thailand, Capital Market Supervisory Board and the Stock Exchange of Thailand, as well as in line with those prescribed by the organizations that oversee good corporate governance, such as the Thai Institute of Directors (IOD). There is a periodic review of the performance evaluation as appropriate through the approval of the Nomination 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.

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 suggested by the Stock Exchange of Thailand, along with the Principles of Good Corporate Governance for Listed Companies 2017 (CG Code) recommended by the Capital

Market Supervisory Board (CMSB) and the regulations of Corporate Governance Report of Thai Listed Companies 2019 organized by the Thai Institute of Directors (IOD). For 2020, the Bank received the overall assessment of the said project in the "excellent" level with the implementation of Corporate Governance in 2020, 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 of shareholders on profits as dividends according to the declaration of dividends by the Bank done on the approval of shareholders; the right to attend the shareholder's meeting; the right to propose the agenda for the shareholders 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 policies, analysis of operation performance, credit rating results from various institutions, research information and corporate social responsibility activities including important information that the Bank has published via the Bank's website that is convenient and easy to access.

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 encourages the shareholders who are unable to attend the meeting to assign proxy and employ 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. The meetings are organized in accordance with laws and good corporate governance principles. Meanwhile, the preparation of meeting minutes, all important information must be accurately and completely recorded. In addition, the names of the directors who attended the meeting and did not attend the meeting as well as the percentage of both cases were disclosed.

In 2020, the Board of Directors arranged 1 shareholders meeting which was an annual general meeting and there was no extraordinary meeting. The Board of Directors set the 27th annual general meeting (2020) to be held on April 9, 2020. Later, due to the spread of COVID-19 pandemic, the Bank's Board of Directors had a resolution to postpone the holding of the Annual General Meeting of Shareholders. The Bank communicated information to shareholders and investors via electronic media system on the website of the Stock Exchange

of Thailand and the Bank's website on March 26, 2020. When the situation was continuously controlled and the government announced the measures to relax the enforcement of emergency declarations, the Board of Directors set the date for the 27th Annual General Meeting of Shareholders (2020) on July 10, 2020 at 1:00 p.m. at Athenee Crystal Hall, 3rd floor, The Athenee 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 it to all shareholders who have a right to attend the meeting.

Due to the COVID-19 epidemic, the Bank is aware of the safety and health of shareholders. Therefore, to be responsible for the public, the measures and practices were set in the 27th Annual General Meeting of Shareholders (2020), which were sent together with the invitation letter. The Bank requested cooperation for shareholders and proxies to act and acknowledge matters, for instance, the consideration of appointing proxies to Independent Directors instead of attending the meeting in person to reduce the risk factors of the spread of the disease from the gathering of the crowd; undergoing through the screening and temperature check before entering the meeting place; conducting a self-screening form for meeting attendees based on measures to prevent the spread of COVID-19; checking in-out via the Thai Chana platform, etc.

1.2.2 Meeting Invitations and Meeting Documents

At the meeting of the Board of Directors no. 11/2019 (1036) on June 10, 2020, there was a resolution of the 27th Annual General Meeting date (2020). On the same day, the Bank announced the aforementioned meeting resolution of the Board of Directors in Thai and in English 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 30 days in advance before the date of the shareholders meeting.

The Bank provides meeting invitation letter and meeting documents including Thai and English versions of annual reports. 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 issues. However, the agenda related to the Directors nomination and remuneration in each term, the Bank shall separate the topic, state the purpose, rationale 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.

In addition, as informed in the invitation letter, the Bank encourages any shareholder, who wishes to inquire or request for more information related to the agendas of the meeting, to submit questions in advance via E-mail Address: share.holder@krungthai.com. or contact the Office of the Board of Directors, Krung Thai Bank PCL., 13th Fl. Nana Nua Building, Tel: +662 208-4132, +662 208-4136, +662 208-4144, +662 208-4146.

The Bank published the information of shareholders meeting's invitation letter and meeting documents in both Thai and English, which can be downloaded through the Bank's website from June 19, 2020, which is 21 days prior to the meeting, in order to provide the shareholders an opportunity with adequate time to acknowledge the meeting information before receiving such invitation letter in form of printing documents. For shareholders meeting invitation letters distribution, the Bank assigned Thailand Securities Depository Co., Ltd. and the Bank's share registrar as the operators to distribute meeting invitation letters to shareholders with a right to attend the meeting. The invitation letter is separately sent out according to languages, Thai version for Thai nationality shareholders and English version for foreign shareholders. The delivery had been made through Thailand Post on July 2, 2020, which is 8 days prior to the meeting day. Furthermore, the Bank published notification on 1 daily newspaper for 3 consecutive days from June 30 - July 2, 2020, which is 10 days prior to shareholders meeting day.

1.2.3 Shareholders Meeting Arrangement

The Bank has a policy specified that Chairman of the Board of Directors, the President and all the relevant chairmen of the respective subcommittees must attend the shareholder meeting except for having important and necessary mission causing them to not attend the meeting. The purposes of the meeting are; to present the details about the operating performance and management policies and to answer any queries raised by shareholders. The Bank provides independent examiner of counting votes in the meeting. For the 27th annual general meeting (2020), 12 out of 12 Directors 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. to act as an inspector for monitoring the meeting to be transparent, accurate 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. Moreover, the auditor of the Bank for the year 2019, which is the Office of the Auditor General of Thailand, had attended the meeting to clarify and answer questions about the financial statements to the meeting. Inclusively, The auditor from EY Company Limited, which is nominated as the Auditor for the Year 2020 and the representative of the Rights Protection Volunteer Member Thai Investors Association also attended the meeting. The Chairman of the meeting informed the name of the directors, subcommittee chairman, executives together with the aforementioned meeting attendees to the shareholders for acknowledgement before the meeting start

The Bank arranges the use of voting cards for every meeting agenda by using the computer and QR Code system for registration and vote counting as well as presenting the results in every meeting agenda in order to facilitate the meeting smoothly and effectively. The Chairman requested the Secretary to inform the meeting about the regulations related to the Annual Ordinary General Meeting and shareholders' rights for convenience and decorum in the meeting as well as the process to make inquiry or comments, procedures of voting and vote counting. The meeting was run according to the set agendas without adding any agendas not mentioned in the invitation letter. Additionally, in every agenda, the Chairman of the meeting gave opportunity and time for all shareholders to have equal rights to examine the Bank's operations, make inquiries, express their opinions as well as suggestions independently in matters related to the agenda or about the Bank. Within the sufficient time and in accordance with the appropriate method for the situation of the COVID-19 outbreak, the time required for the meeting was concise and efficient as notified to the meeting prior to the commencement of the meeting agenda. The Bank answered questions to the shareholders after considering the specified agenda and on the related questions to the agenda initially. For other questions, the Bank will publish the responses on the Bank's website. Moreover, the Bank has documented those issues that are important, including the Bank's explanation in the minutes of the shareholders' meeting

The Bank proposes all types of directors' remuneration to the shareholders' meeting for approval on an annual basis. There is no other remuneration for directors other than those approved by the shareholders' meeting. The Bank has specified in the invitation letter to inform shareholders of the policy and criteria for remuneration of directors and sub-committees' remuneration by comparing regulations and remuneration rate, including the consideration of the appropriateness of duties and responsibilities in providing policies, solving problems and decision making in the Bank's business operations for aiming the target and business direction of the Bank, which is compared 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 its information of the previous year.

At the 27th annual general meeting (2020), there is an approval of directors' remuneration of 2020: monthly remuneration and meeting allowances for Chairman and directors of the Board, meeting allowances for Chairman of the committee and subcommittees and the directors' bonus for the year 2019 as proposed. The details of director remuneration are published under Directors' Remuneration topic, on page 99.

In the agenda of the director nomination, there was a consideration in the replacement of those directors whose terms of office has completed. The Bank has proposed a list of each nominated director by person to the shareholders' meeting for consideration and vote individually, according to the rules and procedures of director recruitment and nomination, as details prescribed under the topic of Nomination and Appointment of Director and Top Executives, on page 145. In this regard, during the 27th Annual Ordinary General Meeting (2020), there were 4 Directors to resign from the position due to the end of terms of office. All directors whose names are nominated at 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 27th Annual Ordinary General Meeting (2020) ended, 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, before 9.00 a.m. of the next business day.

In preparing the 27th Annual General Meeting of Shareholders (2020), the Bank has recorded the details in explicit matters as follows:

- Names and positions of all 12 Directors, totaling to 100% of all Directors, attending the meeting, 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, vote counting, meeting resolution and method and procedure for inquiry or comment, which the meeting secretary has informed shareholders before the meeting starts.
- 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 (July 24, 2020) 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 provides 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 against 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 provides 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 have 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 director's 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 30 days before the shareholder meeting day
- Shareholders' meeting invitation letters 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 starts.

- The Bank provides shareholders' meeting invitation letters in both Thai and English and published on the Bank's website 21 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 8 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 proper 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 27th general annual shareholders meeting (2020) period was specified from October 1 to December 31, 2019. For the 28th Annual General Meeting of Shareholders (2021), the period was specified from October 1 to December 31, 2020. The Bank informed the shareholders of the rights through an electronic news system on the website of the Stock Exchange of Thailand and the Bank's website on September 24 and 25, 2020 respectively. There are 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 shareholders to assign proxies to attend the meeting and cast a 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 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 27th Annual General Meeting of Shareholders (2020), 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 shareholding 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 shareholding and changes of the Bank's shareholding 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 and employees through various communication channels of the Bank.

- The Board of Directors has a policy requiring that all Bank's Directors must inform a secretary of the Board of Directors meanwhile the top executives to inform Compliance Department 2 about the purchase of Bank's shares at least 1 day prior to the trading day.

2.2.4 Conflict of Interest of the 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, 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. In this regard, during 2020 and previously, 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 on the Role of Stakeholders

3.1 Treatment to the 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 considers on shareholders' rights by continuously declaring accurate news and information to shareholders, pays reasonable dividends 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 customers with willingness, equity and fairness. The Bank also considers the 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 processes 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 good care in customers' problems solving. The Bank also conducted customers' satisfaction surveys for improving product and service. Any advertisement or promotion (sales conduct) must be done responsibly and must not lead to misunderstandings 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. Besides, 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 pertain 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 the effect toward people and society by not only focusing on the lowest price but also focusing on long term worthy resource usage. The Bank also uses factors in evaluating the procurement results and then selects 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 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 abandoners 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 who 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 use the Bank's information for illegal objectives 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 the culture and tradition of all areas 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 there is a conflict of interest between the 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 a 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 a saving environment in all areas where 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 a 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 discussions 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 held 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 the environment, even the Bank's business is about financial and economy which do not directly affect the 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 the 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 human rights. 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 employee's performance for employee's remuneration payment. The Bank proceeds PDO Policy (Performance Driven Organization) in which the employees received 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' needs. Learning methods, training courses and human resources development processes have been improved to enhance the capability of employees and ensure business competitiveness. The Bank also attaches importance to employees' security by providing an 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 terms 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 organizations. 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 department and every operational area supports every fundamental human rights. Moreover, the Bank commits to protect human rights and shall 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 operations 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 the 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 in the 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 take advantage of personal relationships 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 takes 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 processes that meet the standard, generating growth and wealth to all stakeholders following the Bank's "Growing Together with Sustainability" 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 2020, the Bank reviewed and updated its principles in anti-corruption policy to meet international standards. Giving or accepting bribes 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 conditions 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 suggestions or information that will benefit the Bank or make complaints 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:

o 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, the 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 email to the Chairman of the Board of Director at whistle@krungthai.com
- Send an email to Whistle Blowing Team at whistle@krungthai.com
- 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
- o Channels for Complaints
 - Krungthai Contact Center +662 111-1111 (24 hours)
 - Krungthai Bank website
 - E-Mail: compliant.center@krungthai.com
 - <https://www.contactcenter.ktb.co.th> or E-Mail: call.callcenter@krungthai.com
 - Fax: +662 256-8170
 - Send a letter to Office of the Board of Directors, Krung Thai Bank Plc., 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:
 - Send an email to hr.care@krungthai.com, 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: Telephone +662 208-8887/ E-Mail: Hr_hotline@krungthai.com

o Channels for shareholders wishing to present issues that are beneficial to the Bank or relevant matters relate to the rights of shareholders through Independent Director Committee via E-mail: share.holder@krungthai.com

4. Disclosure and Transparency

4.1 Disclosure and Transparency Policy

The Board of Directors gives policy and supports the Bank to monitor the information disclosure and the transparency operation, 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 standards by providing Information Disclosure and Transparency Guideline for all levels of employees, all departments in the central part and region as well as publishing on the Bank's website.

4.2 Transparency and Disclosure Practices

4.2.1 Information disclosure under the Official Information Act, B.E. 2540

The Bank has taken steps to disclose the Bank's information to the public in accordance with the Official Information Act, B.E. 2540 for the benefit of the people in accessing the Bank's information. The main points of the proceeding are as follows:

4.2.1.1 Dissemination of Information in the Information System

The Bank established the e-Procurement sub-site (Procurement announcement) that directly links (Quick Link) with the Bank's website in order to facilitate the 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 providing their personal information and comply with terms and conditions determined by the Bank.

4.2.1.2 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 the general public who request for the information audit. Most of the requests are personal information audit which the Bank cannot disclose due to the Official Information Act, B.E. 2540 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."

4.2.2 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, namely Annual Registration Statement (Form 56-1) and the Annual Reports (Form 56-2). However, most of the information in such forms is disclosed 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:

4.2.2.1 Financial Information Disclosure

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 the 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 and in corresponding to the law and related regulations.

Financial Information Disclosure

- Delivery of financial statements and financial reports within the timeframe in accordance with the regulations of the regulatory agencies, namely the Securities and Exchange Commission of Thailand, 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 the financial report. The Bank discloses such report together with the auditor's report in the annual report.

4.2.2.2 Non-Financial Information 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 background, duties & responsibilities and term of office for all directors and subcommittees directors as well as number of meetings and the number of attendances of each director for the meeting in last year, 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 shareholding information of directors and executives for both direct and indirect way.

4.2.2.3 Financial and Non-Financial Information Disclosure

- Disclosure of the Policy and Remuneration of each director and top executive which reflect 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.

4.2.3 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 2020, 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	46
Analyst Meeting & Fund Meeting	4
Total	50
Contact Information:	Finance Strategy Team
Tel:	+662 208-3668-9
Fax:	+662 256-8800
E-Mail:	ir@krungthai.com
Address:	Krung Thai Bank Pcl., 6th floor, Nana Nua Building 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok, 10110
Bank's Website:	Navigate to "Investor Relations" menu

4.2.4 Communication and Branding of the Bank

Marketing Strategy Department has been assigned to publish news and information of the Bank through mass media on various occasions in 2020 as follows:

Format	No. of Times
Press Release	145
Press Conference	13
Press Interview with Top Executives	9
Total	167

5. Responsibilities of the Board of Directors

In 2020, 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 Board of Directors approved to maintain the appropriate policy of the CG Code Compliance and execute operation 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 (Establish Clear Leadership Role and Responsibilities of the Board)

1.1 The Board of Directors oversaw the company and strengthened good governance, in order to become a financial institution for development to create opportunities for people to access funding sources thoroughly, along with providing financial literacy to support the strength of the foundation economy. As a result, it leads to the development of the competitiveness of the country and reduces inequality in society, under the

organization management that is stable, transparent and sustainable through applying technology and innovation to manage and provide financial services. The Bank established key objectives and goals 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:

Vision

Growing Together for Sustainability: 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.

Mission

- (1) Take care and improve the potential of employees and the operating system.
- (2) Continuously provide valuable services and advice to the customers.
- (3) Develop the economy, society and environment sustainably.
- (4) Create sustainable returns for shareholders.

1.2 Under corporate governance on organization management, the Board of Directors formulates strategies for short-term and long-term business operations in compliance with the company's mission, monitors the Management to implement the strategic plans continuously 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. Subsequently, the Bank determined to review the Charter to be appropriate and up to date. The Bank has published the Charter of the Board of Directors as well as the charter of the sub-committees, which interested persons can download from the bank's website.

1.4 The Board of Directors is determined and aware of business operations 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 versions 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 standards, 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, understand and intend to adhere to the code of conduct as a part of employees' discipline. However, the current code of conduct, reviewing and approving by the Bank's Board of Directors, is divided into 9 categories, covering 3 key principles, namely integrity, fairness and responsibility to stakeholders which the Bank always adheres to.

(1) Code of Business Conduct

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) Role of Directors and Executives

Consists of principles of administrative role, supervisory role and transactions with the Bank.

(3) Service Standard

Consists of principles of standard of terms and conditions of service, requirements of service standard and debt collection standard.

(4) Personnel and Establishment

Consists of principles of workplace diversity, employment equity, dignity at work, safety workplace and fair treatment

(5) Responsibility to Customer

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

Consists of principles of internal data usage and data blocking, personal investment activities, conflict avoidance and accepting and providing incentives.

(7) Data Management

Consists of principles of confidential data management and responsible communication.

(8) Overall Governance

Consists of principles of compliance culture and internal whistleblowing procedure.

(9) Trade Monopoly and Dispute Resolution

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, annually reviewed and approved the Bank's vision, mission and strategies in order to be appropriate and comply with the 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 results of important stakeholders' needs and expectations and attitude survey results of employees, customers and people etc. The Bank defines the Bank's policy framework, vision, mission, strategy and business plan, including monitoring and ensuring the implementation to achieve the organization's goals. In the meantime, the Bank organizes a brainstorming meeting between the Bank's Board of Directors, the Management and executives of the affiliated companies to determine strategic directions and important projects that will drive the business group to achieve strategic goals. In this regard, the management takes the comments received from the meeting into the formulation of the Bank's business plan and proposes it to the Board of Directors for approval. The Bank also communicates the Bank's strategic plans and business plans as well as important goals to employees in the organization, such as through the annual seminar between the Bank's Board of Directors and executives (Business Strategy Seminar). This is aimed that executives, namely the branch managers, business unit managers, department heads and above can acknowledge the policy and management direction in an attempt to set proactive guidelines for operations.

2.2 The Board of Directors operated a policy to have an 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

page 145 such as principle for stakeholders, stakeholder's opportunity to participate, whistleblowing and filing complaints through specified operation channels.

2.3 The Bank Board of Directors has a policy for the Bank's treatment of stakeholders with respect to the rights under the relevant laws and not violating rights 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. Besides, the Bank also stipulated the Human Rights in the operation practices of the employment and appointment, as well as taking care of employees in accordance with international labor principles.

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 the intellectual property of the Bank which are patents, trademarks, copyrights, trade secrets and other information of the Bank.

2.3.3 Environment

The Bank has adopted the international standard of ISO 26000 as an environmental practice guideline, especially on the practices for the environmentally-conscious business. For example, the Bank provided Green Loan, organized campaigning for each unit to dispose of documents securely via the Shred2Share project so as to reduce tree destruction. To reduce the paper usage, the Bank encouraged the Green Meeting campaign and implemented the project "Internal Digitization-Paperless Branch" aimed at reducing 50% of total paper used in branches within 5 years. Lastly, the Bank also organized the "Krungthai Loves Environment" project throughout the country, etc.

2.3.4 Anti-Corruption

The Bank has signed a memorandum of understanding with the Moral Promotion Center (Public Organization) in order to drive the Bank to become a Moral Organization, through the project "Krungthai Moral Initiative", along with implementing a Zero Tolerance policy in practice throughout the organization. The Bank is determined 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. In this regard,

the Bank established "Anti Bribery and Corruption Policy" and announced the policy to the public, along with the preparation of the anti-bribery and anti-corruption handbook and a manual on prevention of conflicts of interest. This is for the Bank's employees and executives to use as the basis for their operations. 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 intention of the CAC project and has undergone 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. Besides, the Bank formulate the policy of Anti-Money Laundering and Combating the Financing of Terrorism: AMLCFT as in compliance with international standards, such as the Vienna Convention (1988) and Financial Action Task Force (FATF), etc.

The Bank promulgates the Whistle Blowing policy by providing a channel for whistleblowing, which allows everyone to report the wrongdoing. If any person observes any act of offense by the Bank's or affiliates' Directors, employees or staff, whether it is fraud, illegal actions, non-compliance with Bank's regulation or rules of various regulators, he/she is able to provide clues through the established channels. The names of the whistleblowers will be kept confidential and protected, both during the investigation and after the procedure.

Principle 3 Strengthen Board Effectiveness

3.1 The Board of Directors consists of the members 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 with expertise matches to a specific skill matrix that is in line with the Bank's present and future missions and strategies, including the Bank's sustainable growth. The details of the nominating and selection process is in the Nomination and Appointment of Directors and Executives section on page 145. Therefore, the Board of Directors consists of a group of persons with various qualifications in terms of skills, experience and talents that are beneficial to the Bank. The Board comprises at least one person having knowledge or working experience related to the commercial banking business, at least 1 person in accounting and finance, and at least 1 person in information technology. Personal differences in religion, culture, race, gender, etc. are

not a limitation for holding office of a director of the Bank. The current Board of Directors consists of two women serving as directors (1 independent director and 1 director of the Bank). 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. Consequently, a director of the Bank can hold office for a term of 3 years. Moreover, the Bank has established an appropriate term of office for directors: 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, none of the directors held office for more than 3 consecutive terms.

3.2 The structure of the Board of Directors consists of 12 members in accordance with the resolution of the 14th Annual General Meeting of Shareholders on April 27, 2007. 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, 2020, there are 12 members of the Board of Directors. The Board of Directors, therefore, consists of 1 executive director and 11 non-executive directors, whereby 5 of them are the Independent Directors or equal to 50 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 146 and in line with the Capital Market Supervisory Board's regulation that are independent from the management and the major shareholders. 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 of providing independent and controversial 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 the term of office, including roles and responsibilities are specified. The Bank provided the details of

the Independent Director Committee in the topic of Shareholding and Management Structure on page 96 and in the topic of Nomination and Appointment of Directors and Executives section on page 146.

3.4 The Bank's Articles of Association, Clause 19 states that the committee shall elect a director to be chairman. According to the 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 the 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 monthly. Moreover, the Chairman shall be a major force to drive the Bank's corporate governance policy and Responsibility to Society and Environment, creating ethics to employees at all levels. Roles and responsibilities of the Chairman consist 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 page 89.

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 on page 150.

3.6 The Board of Directors has appointed 7 respective committees: The Board of Directors, the Risk Oversight Committee, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibility 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. The 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 the report of the respective committees' performance and annual report. According to the 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 2020, all directors complied with the charters.

3.7 The Bank has established guidelines of holding director positions in other companies in accordance with the regulations prescribed by the notifications of the Bank of Thailand and principle of good corporate governance. Details are namely; members of the Board of Directors are required to hold a position 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 19-25.

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 page 148.

3.9 According to the 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 performance assessments of the Board of Directors with criteria comparable to the principles/recommendations of regulators such as the Bank of Thailand, the Securities and Exchange Commission, Thailand, the Stock Exchange of Thailand and organizations that oversee good corporate governance, namely the Thai Institute of Directors (IOD), the Securities and Exchange Commission, the Thai Institute of Directors.

- There is a periodic review of the evaluation as appropriate, which shall be approved by the Nomination and Remuneration Committee.

- There is a disclosure of the performance evaluation of the Board of Directors in the annual report annually.

- **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) The 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 defined ways to improve their performance.

5) The Bank disclosed the assessment of the Board of Directors in the Annual Report

The objective of the Board of Directors' self-assessment focuses on assessments that can reflect operational efficiencies and to consider the appropriateness of the composition of the Board of Directors by using the assessment results and the skill matrix of the Board of Directors to develop the Board of Directors' corporate governance enhancement plan, both short-term and long-term.

The performance assessment is categorized into 3 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 for assessment, namely

(1) Structure and qualifications of the Board of Directors

(2) Roles, duties and responsibilities of the Board of Directors

(3) Practices guidelines for the Board of Directors

(4) Communication of the Board of Directors

(5) Relationship between the Board of Directors and the Management

(6) Preparation and conduct of the meetings

Self-Assessment of the Board of Directors in 2020 from January to December 2020 is summarized by the overall assessment results in 6 aspects as an excellent average score. The overall assessment result is summarized that there was an appropriate number of the members of the Board of Directors for the size of the business. There were a number of members of Independent Directors in compliance with the standard criteria set by the supervisory authority. In addition, the committees are also appointed in accordance with good corporate governance practices for studying and scrutinizing specific work which is sufficient to take care of important issues in order to be able to conduct business carefully.

b. Performance assessment of each individual director as a self-assessment:

There are 6 topics of assessment, 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

Assessment of the individual member of the Board of Directors (Self-Assessment) in 2020 from January to December 2020 is summarized by the overall assessment results in 6 aspects as an excellent average score. The overall assessment result is summarized that the Board of Directors performed their duties with responsibilities, carefulness, honesty as well as in compliance with the law, objectives and regulations of the Bank, including the resolution of the shareholders' meeting. The Board of Directors provided opinions and recommendations based on best practices for the benefit of the Bank and regularly attended the meetings of the Board of Directors and sub-committees.

c. Performance assessment of each individual director as a cross assessment:

There are 6 topics of assessment, 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

Assessment of the individual member of the Board of Directors (Cross assessment) in 2020 from January to December 2020 is summarized by the overall assessment results in 6 aspects as an excellent average score. The overall assessment result is summarized that the Board of Directors performed their duties with responsibilities, carefulness, honesty as well as in compliance with the law, objectives and regulations of the Bank, including the resolution of the shareholders' meeting. The Board of Directors also had a high degree of independence in responsibility to the Bank's stakeholders. There were no practices that may lead to conflicts of interest with the Bank and no disclosure of internal information or use of internal information for personal or other persons' benefits.

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 conducts an assessment of the committees, namely the Board of Executive Directors, the Risk Oversight Committee, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibility Committee, the Compliance Committee and the Independent Committee once a year in order to assess the operational efficiency of every committees.

Assessment Process

1) Sub-committees prepare and review the assessment form in accordance with good corporate governance and guidelines for operations of sub-committees.

2) Secretary of the sub-committee submit assessment forms to the sub-committee.

3) Secretary of the sub-committee collects assessment forms, summarizes their results and reports them to the sub-committee.

4) The sub-committee analyzes assessment results and determines guidelines for development and improvement of operations to be more efficient as well as submitting the assessment results to the Secretary of the Board of Directors.

5) Secretary of the sub-committee reports the results of the 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 2020 were in excellent level.

3.10 The Board of Directors oversees that each member of the Board of Directors has knowledge and understanding about the roles, duties, nature of business and laws related to the Bank's business operations. There shall be an orientation for new members of the Board of Directors in order that a new member acknowledges 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 a member of the Board of Directors as the Board of Directors for the listed company.

• Directors Orientation

The President and the secretary to the Board of Directors presented various key topics and Director's manual in the orientation as follows:

- 1) The Bank's strategy and business operation
 - KTB's Strategy
 - Credit Principles
- 2) Vital information for the Board of Directors
 - Organization Structure
 - Structure and scope of responsibilities of the

Board of Directors and Sub-Committees

- Schedule for the Board of Directors' Meeting without the management and the standard regular agenda proposed to the Board of Directors
- Meeting guidelines of the Board of Directors
- Information notification of the Board of Directors and relevant persons
- Shareholdings or trading that affect the Director qualifications of the Board of Directors
- Director guidelines on actions that affect the Director qualifications of the Board of Directors (Yes & No)
- Document review process for adding into the agenda of the Board of Directors/Executive Directors
- Shareholder and capital structure and dividend payment policy
- Important documents of the Bank, such as certificates by the Ministry of Commerce, the memorandum of association of the Bank, regulations of the Bank, etc.

3.11 The Board of Directors uses the results of the Board of Directors assessment analysis and the guidelines according to the strategies of the Bank in establishing guidelines for enhancing skills (Skill Matrix), knowledge as well as the development of the board of Directors, aiming for effective Board of Directors. Secretary of the Board of Directors shall coordinate with relevant authorities in the private and public sector for both onshore and offshore. Moreover, training programs and activities such as study visits, exchanges of knowledge and experiences on the Bank's strategy and important technology are provided to the Board of Directors in order that the Board of Directors can bring in the unique knowledge and technology of new finance and trade to apply to the business operation of the Bank, leading to proactive change and ability to compete with future competitors.

• The Board of Directors' corporate governance enhancement plan

The Board of Directors had a policy of taking the opinions, suggestions of the Board of Directors and the skills and expertise (Skill Matrix) of the Board of Directors both through educational qualifications and work experience in line with the Bank's strategy as well as preparing the Board of Directors' corporate governance enhancement plan. It consists of 4 types of operational plans as follows:

- (1) Training
- (2) Seminar
- (3) Study visit

(4) Roaming meetings and visits to operations, including businesses of the Bank's customers

• Performance in accordance with the Board of Directors' corporate governance enhancement plan for 2020

- (1) Training

There were 4 members of the Board of Directors who attended the training with a total of 5 programs.

1. Top Executive Program of the Capital Market

Academy, Capital Market Academy

There was a member of the Board of Directors who attended the program, namely Mr. Thanwa Laohasiriwong.

2. Role of Chairman Program (RCP), Thai Institute Of Directors (IOD)

There was a member of the Board of Directors who attended the program, namely Mr. Poonnis Sakuntanaga

3. IT Governance and Cyber Resilience Program (ITG), Thai Institute of Directors (IOD)

There was a member of the Board of Directors who attended the program, namely Ms. Patricia Mongkhonvanit

4. Financial Statements for Directors (FSD), Thai Institute Of Directors (IOD)

There was a member of the Board of Directors who attended the program, namely Ms. Patricia Mongkhonvanit

5. Executives Training and Development Program, Royal Thai Police

There was a member of the Board of Directors who attended the program, namely Mr. Payong Srivanich

- (2) Seminar

Workshop on Cyber Resilience by the Bank of Thailand, in cooperation with the Securities and Exchange Commission (SEC) and the Office of Insurance Commission (OIC)

There were 4 members of the Board of Directors who attended the seminar, namely;

- Mr. Thanwa Laohasiriwong
- Mr. Poonnis Sakuntanaga
- Prof. Dr. Kittipong Kittayarak
- Ms. Patricia Mongkhonvanit

- (3) Study visit (There were travel restrictions during the COVID-19 outbreak)

There was a study visit at Microsoft Singapore Pte. Ltd. about digital & culture transformation in the Republic of Singapore in February 2020

- Mr. Krairit Euchukanonchai
- Mr. Payong Srivanich

- (4) Roaming meetings and visits to operations, including businesses of the Bank's customers

There were customer visits and branches visits in Phuket, Phang Nga and Chiang Mai in August and October 2020

- Mr. Krairit Euchukanonchai

The Corporate Governance and Social Responsibility Committee (Roaming) Meeting no. 1/2020 on September 21, 2020, in which the progress of the Krungthai Loves Community Project and the Sustainable Krungthai Initiative has been monitored. Moreover, there was a visit at Buriram regional office. The members of the Board of Directors who attended the roaming meeting are as follows:

- Prof. Dr. Kittipong Kittayarak
- Mr. Thanwa Laohasiriwong
- Mr. Vichai Assarasakorn
- Ms. Patricia Mongkhonvanit
- Ms. Nitima Thepvanangkul

The internal training courses that all Directors attended are as follows:

Name of the Board of Directors	Training Program and Class
1. Mr. Krisada Chinavicharana	<ol style="list-style-type: none"> 1. Class 54, National Defence Course, National Defence College 2. Class 186/2014, Director Certification Program (DCP), Thai Institute Of Directors 3. Project of Senior Executives Improvement, Office of the Civil Service Commission, 2010 4. Financial Instrument and Market, Harvard Business School
2. Mr. Krairit Euchukanonchai	<ol style="list-style-type: none"> 1. Class 16/2007, Role of Chairman Program (RCP), Thai Institute Of Directors 2. Class 59/2005, Director Certification Program (DCP), Thai Institute Of Directors 3. Top Executive Program in Energy Literacy, Thailand Energy Academy
3. Mr. Vichai Assarasakorn	<ol style="list-style-type: none"> 1. Class 22, National Defence Course for the Joint State-Private Sectors, The National Defence College 2. Class 215/2016, Director Certification Program (DCP), Thai Institute Of Directors 3. Class 7/2016, Top Executive Program in Energy Literacy, Thailand Energy Academy 4. Class 8/2015, Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy, University of the Thai Chamber of Commerce 5. ASEAN Executive Management Programme, Year 2013, Sasin Graduate Institute of Business Administration of Chulalongkorn University (Sasin) 6. Class 12/2011, Top Management Program, Capital Market Academy, The Stock Exchange of Thailand 7. 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. Thanwa Laohasiriwong	<ol style="list-style-type: none"> 1. Class 60, National Defence Course, National Defence College 2. Class 45/2019, Role of the Chairman Program (RCP), Thai Institute of Directors 3. Class 2/2017, Boardroom Success through Financing and Investment (BFI), Thai Institute Of Directors 4. Class 2/2016, Driving Company Success with IT Governance (ITG), Thai Institute Of Directors 5. Class 20/2015, Advanced Audit Committee Program (AACP), Thai Institute Of Directors 6. Class 1/2015, Ethical Leadership Program (ELP), Thai Institute Of Directors 7. Class 22/2014, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors 8. Class 10/2004, Finance for Non-Finance Directors (FND), Thai Institute Of Directors 9. Class 43/2014, Director Certification Program (DCP), Thai Institute Of Directors 10. IBM/Harvard Management Development Program Year 2001 11. IBM/INSEAD Management Development Program Year 1998 12. Environmental Governance for Executive Officer, Class 4/2016, Department of Environmental Quality Promotion (DEQP), Ministry of Natural Resources and Environment 13. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center 14. Class 20/2019, Corporate Governance for Director and Top Management of State Owned Enterprise and Public Organization Course (PDI), King Prajadhipok's Institute 15. Class 13/2019, Top Executive in Energy Expertise, Thailand Energy Academy 16. Class 3/2019, Executive Program on Rule of Law and Development (RoLD), Thailand Institute of Justice 17. Class 30/2020, Top Executive, Capital Market Academy, The Stock Exchange of Thailand 18. Cyber Resilience, The Bank of Thailand (2020)

Name of the Board of Directors	Training Program and Class
5. Prof. Dr. Kittipong Kittayarak	<ol style="list-style-type: none"> Class 49, National Defence Course, National Defence College Class 112/2014, Director Accreditation Program (DAP), Thai Institute Of Directors Class 18/2015, Advanced Audit Committee Program (AACP), Thai Institute Of Directors 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 Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation, Year 2018, ACIS Professional Center Cyber Resilience, The Bank of Thailand (2020)
6. Mr. Teerapong Wongsiwawilas	<ol style="list-style-type: none"> Class 246/2017, Director Certification Program (DCP), Thai Institute Of Directors Class 57, National Defence Course, National Defence College Class 8, Top Executive Program, Office of the Civil Service Commission (OCSC) Class 12, Public Administration and Law for Executive, King Prajadhipok's Institute
7. Gen. Tienchai Rubporn	<ol style="list-style-type: none"> Class 240/2017, Director Certification Program (DCP), Thai Institute Of Directors Class 22/2016, Advanced Audit Committee Program (AACP), Thai Institute Of Directors Class 3/2016, Ethical Leadership Program (ELP), Thai Institute Of Directors Class 2/2016, Driving Company Success with IT Governance (ITG), Thai Institute Of Directors Class 15/2016, Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute Of Directors Class 28/2016, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors Class 28/2015, Financial Statements for Director (FSD), Thai Institute Of Directors Class 121/2015, Director Accreditation Program (DAP), Thai Institute Of Directors Class 47, Security Studies Program, Royal Thai Army War College Resource Management Introductory Course, United States Army Finance School Fort Benjamin Harrison, Indiana, United States of America Planning, Programing Budgeting, Execution System Course, United States Army Finance School Fort Benjamin Harrison, Indiana, United States of America 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
8. Mr. Poonnis Sakuntanaga	<ol style="list-style-type: none"> 1. Class 46/2020, Role of the Chairman Program (RCP), Thai Institute of Directors 2. Class 10/2019, IT Governance and Cyber Resilience Program (ITG), Thai Institute of Directors 3. Class 7/2017, Ethical Leadership Program (ELP), Thai Institute Of Directors 4. Class 8/2017, Risk Management Program for Corporate Leaders (RCL), Thai Institute Of Directors 5. Class 27/2016, Successful Formulation & Execution of Strategy (SFE), Thai Institute Of Directors 6. Class 113/2009, Director Certification Program (DCP), Thai Institute Of Directors 7. 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 8. In house Training Programs, Citibank 9. Asian Banking and Sovereign Conference 2006 by Moody 10. Regional Workshop "Risk Modeling for Sovereign Debt Portfolio" by World Bank 11. Cybersecurity, Cyber Resilience & Privacy Risk in the Era of Digital Transformation Year 2018, ACIS Professional Center 12. Year 2019, Cyber Resilience Program, the Bank of Thailand 13. Year 2020, Cyber Resilience Program, the Bank of Thailand
9. Ms. Patricia Mongkhonvanit	<ol style="list-style-type: none"> 1. Class 43/2020, Financial Statements for Directors (FSD), Thai Institute Of Directors 2. Class 13/2020, IT Governance and Cyber Resilience Program (ITG), Thai Institute Of Directors 3. Class 159/2019, Director Accreditation Program (DAP), Thai Institute of Directors 4. Class 274/2019, Director Certification Program (DCP), Thai Institute of Directors 5. Future Economy and Internet Governance — Executive Program, Future Economy and Internet Governance (FEGO) 6. Top Management Program, Capital Market Academy 7. Year 2019, Exponential Manufacturing Thailand Program, The Federation of Thai Industries 8. Year 2019, Cyber Resilience Program, the Bank of Thailand 9. Year 2020, Cyber Resilience Program, the Bank of Thailand

Name of the Board of Directors	Training Program and Class
10. Ms. Nitima Thepvanangkul	<ol style="list-style-type: none"> 1. Class 34/2019, Advanced Committee Program (AAP), 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. Lavaron Sangsnit	<ol style="list-style-type: none"> 1. Class 58, National Defence Course, National Defence College 2. Class 205/2015, Director Certification Program (DCP), Thai Institute of Directors 3. Class 12/2018, Top Executive Program in Energy Literacy, Thailand Energy Academy 4. Class 25/2017, Top Management Program, Capital Market Academy 5. Class 7, Top Executive Development: Government Administrators, Office of The Civil Service Commission
12. 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. Executives Training and Development Program, Royal Thai Police 4. TIJ Executive Program on the Rule of Law and Development : RoLD 2019, Thailand Institute of Justice

At the meeting of the Board of Directors no. 24/2020 (1049) on November 25, 2020, there was a consideration on approval of the Board of Directors' corporate governance enhancement plan for 2021 and for the long-term plan 2022 - 2023 as proposed, the key issues were summarized as follows:

- **The Board of Directors' corporate governance enhancement plan for 2021 and for the long-term plan 2022 - 2023**

It was implemented in compliance with the Board of Directors' corporate governance enhancement plan 2020 guidelines, using the analysis of the Board of Directors' performance assessment which the Board of Directors has jointly considered, including the Board of Directors' skill matrix to establish guidelines for enhancing skills, knowledge and development of Directors in order to have the skill matrix in line with the Bank's mission and strategy as well as strengthening effective Board of Directors. It consists of 4 types of operational plans as follows:

Type	Details
1. Training	<ul style="list-style-type: none"> • Top Executive Program of the Capital Market Academy, Capital Market Academy • Top Executive Program in Energy Literacy, Thailand Energy Academy • Training programs hosted by Thai Institute Of Directors (IOD) <p>(The curriculum content is updated to be up-to-date, appropriate and accommodate future changes.) For examples,</p> <ul style="list-style-type: none"> - Director Accreditation Program (DAP) - Director Certification Program (DCP) - Financial Statements for Directors (FSD) - Role of the Chairman Program (RCP) - Board Nomination and Compensation Program (BNCP) - Risk Management Program for Corporate Leaders (RCL) - Advanced Audit Committee Program (AACP) - Board Matters and Trends (BMT) - Successful Formulation & Execution of Strategy (SFE) - Ethical Leadership Program (ELP) - IT Governance and Cyber Resilience Program (ITG)
2. Seminar	<ul style="list-style-type: none"> • Cyber Resilience workshops hosted by the Bank of Thailand
3. Study visit	<ul style="list-style-type: none"> • There were study visits to prepare to become the digital platform leader in driving technology business and to operate a special business in the future such as virtual banking, digital lending and data services, etc., including the goal of becoming the one of major cloud providers in Thailand.
4. Roaming meetings and visits to operations, including businesses of the Bank's customers	<ul style="list-style-type: none"> • Activities of the Board of Directors (Roaming) to allow the Bank's Board of Directors to visit the branches of the Bank and call a meeting with the executives in the area to acknowledge the results, problems and obstacles in the operations, as well as visiting the businesses of the Bank's customers. <ul style="list-style-type: none"> - Bangkok and metropolitan area - Central Thailand area - Northern Thailand area - Northeastern Thailand area - Eastern Thailand area - Southern Thailand area

3.12 In order that the Board of Directors fully performed its duties and accessed necessary information, the Board of Directors appointed Mr. Payong Srivanich, the President to be the company's secretary as detailed in the topic of Management Structure on page 97.

3.13 The Bank's regulations, Clause 31 stated that the Board of Directors shall hold meetings at least once a month. In 2020 and 2021, the meeting of the Board of Directors was scheduled every Wednesday in the second and fourth week of the month. The secretary of the Board was assigned to set a 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, 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. According to the Charter of the Board of Directors, every director is required to attend no less than 75 percent of the total number of meetings in each fiscal year, unless it is reasonably absent. Any director who has interests in any matter shall not cast a vote on such matters. In such a case, the Chairman may request the director to leave the meeting temporarily. In 2020, there were 26 Board of Directors meetings, in which more than 81% of the Bank's directors attended every meeting. Each director of the Bank has an average of 88% of the attendance at the meetings. The Bank has disclosed details on the number of meetings and attendance of each director in the topic of the Board of Directors meeting on page 98. In this regard, the subcommittee related to the agenda for such a 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. The Bank has classified the agenda into clear categories, such as the Chairman's Report, Approval of Minutes of the Previous Meeting, Matters Arising, Policies, Credits, Debt Restructuring, Investments, Buying/Selling Assets and Procurement, Human resources, Matters of Report and Any Other Business in order to hold meetings efficiently. 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 7 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 invitations to the Board of Directors in time every time. The secretary will write minutes and keep written minutes of the Board

meetings approved by the Board of Directors to make them available for inspection.

3.14 The Board of Directors has a policy to oversee the management in accordance with good corporate governance principles. As a result, the policy requires the Board of Directors to hold a meeting without the presence of the Management at least once a year. Additionally, the Committee encourages independent directors to have the opportunity to meet among themselves as necessary in the form of a panel to discuss interested issues of the management. Later, the summary of their opinions in each meeting must be reported to the President. The Charter of the Independent Director Committee specifies the Committee to hold the meeting at least twice a year. In 2020, there were 3 meetings of the Board of directors without the presence of the management and 4 meetings of the Independent Director Committee.

3.15 The Bank proposes directors' remuneration in every form in the shareholder general meeting to consider approving annually. In this regard, the Bank shall not provide any privilege compensation beyond the approval form the shareholder meeting. The Nomination 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 listed companies in the Stock Exchange of Thailand and the commercial banks at the same level of business group. Details are disclosed in the topic "Management Structures" on page 99.

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) 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 Nomination and Remuneration Committee to ensure that the President and top executives possess the knowledge, skills, proficiency (Skill Matrix), 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 148.

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 145.

Succession Plan

The Board of Directors assigned the Nomination and Remuneration Committee to be responsible to scrutinize and develop the succession plan to possess continuity and conform with the business strategy of the Bank. The process is 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 training and potential development in order to formulate a 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 had a transparent recruitment and selection process by recruiting from internal executives and giving opportunity to outsiders with knowledge and capability, including experience in managing large organizations and vision to apply for the position of President. The Bank has a recruitment process to select for the appropriate

person through the consideration by the specific Committee appointed.

2. **Group Head and Sector Head:** The Bank has considered the nomination and selection of suitable candidates 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 Nomination and Remuneration Committee and the Board of Directors for an approval.

3. **Department:** The Bank prepares readiness of personnel by making a succession plan. Each department shall propose information of qualified successor to Sector Head and Group Head to consider selecting a 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 the successor pool. Staff committee of the Group shall jointly consider recruitment criteria and provide written examination and interview. 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 the successor pool. Staff committee of Retail Banking Sales & Distribution Group shall jointly consider recruitment criteria and provide written examination and interview. 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 a 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. The Bank assigned Krungthai Academy Department to be responsible for training and development of employees and executives as well as gathering needs for the development of executives and

employees, the Bank's strategic plan and executives' policies 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:

The President can take the Director position in other companies, which shall not interfere with the exercise of performance/duties as the President of the Bank, and must not engage the Bank or the position in the Bank in connection with that business. In this regard, the restriction on being a Director in companies listed on the Stock Exchange of Thailand, both in the country and abroad, is limited to not more than 5 companies (including the Bank but excluding the companies acquired through debt restructuring). The Office of the President must submit for further approval from 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 employee's regulations of the Bank.

4.6 The Bank disclosed top executives' remuneration in the topic of Management Structure on page 105. 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 a performance management system, which plans, tracks and appraises 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 the process, method and procedure for performance assessment of the President as detailed in the topic of Management Structure on page 103.

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 delivers policy to the Bank regarding the important mission in driving the country's economy, along with creating business growth to step into a full range of Digital Banking that can satisfy all lifestyles of customers in the

Technology Disruption era. Meanwhile, the Bank must take into consideration to operate business with awareness on the environmental, social and governance (ESG) principle. 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 Overview of the Bank's Operation and Progress of Objective Plans in 2020 on page 40. Additionally, the Bank also joined in cooperation with partners to design and develop products and services continually.

5.2 The Board of Directors encourages the Bank to execute Responsible Lending, which is an approach in operating banking business for tangible and efficient sustainable banking by creating a corporate culture that focuses on long-term growth rather than short-term returns. This approach has taken into consideration the risk in various aspects, including environmental, social and governance (ESG) features. Primarily, the Bank shall consider matters of ESG risk management for lending. For example, the Bank shall determine Responsible Lending Strategy and establish guidelines for managing credit portfolios that contain risk of ESG. The Bank shall analyze both positive and negative impacts or the impact on the stakeholders arising from lending or the customers of the Bank, and consider all aspects covering ESG issues beyond those required by law because the impact on some matters has not been defined by law in order to support the concrete ESG implementations.

5.3 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 page 196.

5.4 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 for Sustainability, aiming to develop personnel's potential to support growth and wealth for customers and better quality to society and environment as well as the sustainable returns to shareholders. The Bank acts as a financial institution that is alongside Thai people by providing financial services to people at all levels, helping customers and Thai people in every crisis, along with encouraging strong growth of Thai economy. Previously the Bank supported several government projects, for instance, the Student Loan Fund, EDC machines installation to Pracharat Blue Flag Shops nationwide, "Chim Shop Chai" (Taste-

Shop-Spend) campaign, etc. In 2020, the Bank provided more projects, for example, "Khon La Khrueng" (Let's Go Halves) scheme, Rao Tiew Duay Kan" (We travel together) scheme, etc. More details are described in the Policy and Business Overview section, on page 40.

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 Committee has clearly formulated the risk management structure, policies and guidelines for risk management as well as 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 120.

6.2 The Board of Directors 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 (BOT). Thus, the Bank has adopted the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is the framework specifying the structure of integrated risk management (Enterprise Risk Management: ERM) under the international standard. Its main principle is to connect the risk management process with strategic planning and business opportunities of the Bank in order to help integrate the administration and managing risks for the whole organization. Risk Appetite and Risk Tolerance are determined in terms of both quantitative and qualitative aspects through setting as a specific value or as a range depending on the Key Risk Indicators used and the suitability in order that the Bank can achieve its objectives and goals. As a result, the Bank shall be able to set processes and guidelines as well as use various tools in risk management and the early warning system. Eventually, the aforementioned risk management policies and strategies will add more value to the organization, the shareholders, including all groups of stakeholders sustainably.

6.3 The Board of Directors stipulated a policy for the Bank to foster a risk management culture. The Bank has a risk governance structure according to the principles of 3 Lines of Defense, covering from the Board of Directors, the Management to business units, which consists of all employees. It reflected the organizational structure and raised the level of risk management. The Risk Oversight Committee (ROC) was designated to drive and oversee risks to be in accordance with the policy and at the risk appetite level.

6.4 The Board of Directors has determined and reviewed the policies/guidelines and short-term/long-term business plan by establishing a strategic plan for corporate governance between 2017-2021. The Board of Directors, executives and employees are aware of the importance of driving all forms of anti-corruption under the "Krungthai Moral Initiative" (Sustainable

Krungthai) project by using Inside out blasting process. The Bank also adheres to a market conduct principle in operation. Moreover, the Bank developed a 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 had established guidelines for the prevention of bribery and also continued the No Gift Policy consecutively. The Chairman of the Board of Directors and the President are the leader in announcing the will to join the NO Gift Policy Project by not accepting gifts on New Year 2021 and all festivals, but receiving wishes instead. This project aimed to cultivate a good corporate culture with integrity, morality and ethics, promote good governance and transparent operation, and oppose corruption. Lastly, it is expected that the project shall help in driving the Bank to be a moral organization model so as to integrate cooperation in the reform of the anti-corruption process.

6.5 The Board of Directors has approved anti-corruption and anti-bribery policy that has been regularly adjusted to be adequate and updated in accordance with the changing situations. The Bank has announced the latest anti-bribery and corruption policy and published on the Bank's website. Interested persons can download information by clicking the menu "Corporate Governance" and selecting "Good Corporate Governance" and then "anti-corruption and anti-bribery policy" menu."

6.6 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.

6.7 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@krungthai.com. Anyhow, the 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 page 158.

6.8 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 page 148.

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 159. Moreover, the Bank has issued guidelines for information disclosure and transparency and announced the implementation on June 22, 2018 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 choose 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 a 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 responsibility 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 160.

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 the 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 versions 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 annual reports 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 153 and Equitable Treatment of Shareholders on page 154.

Related-Party Transactions

1. Important Related-Party Transactions

Apart from the Notes in the Financial Statements No. 9.27, 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, 2020		December 31, 2019			
	Loans	Obligations	Loans	Obligations	Shares held by the Bank (%)	Common Director or Top Executive
<u>The Bank's Subsidiaries</u>						
KTBLaw Co., Ltd.	-	-	-	-	100.00	-
KTB General Services and Security Co., Ltd.	7	21	8	1	100.00	Mr. Poonpat Sripleng Mr. Santi Parivisutt Mr. Chanchai Sinsuparatn
KTBComputer Services Co., Ltd.	2,096	5	2,089	5	100.00	Mr. Tawatchai Cheevanon Dr. Polawat Witoolkollachit
Krungthai Asset Management Pcl.	0	-	0	-	100.00	-
KTBAvisory Co., Ltd.	-	-	-	-	76.00	-
KTBLEasing Co., Ltd.	1,780	1	3,693	1	100.00	Mr. Chanchai Sinsuparatn
Krungthai Card Pcl.	7,660	1	3,491	1	49.29	Ms. Praralee Ratanaprasartporn Mr. Pichit Jongsaliswang
KTC Nano Co., Ltd. ⁽¹⁾	-	-	-	-	24.95	-
KTC Prepaid Co., Ltd. ⁽¹⁾	-	-	N/A	N/A	24.95	-
KTC Pico (Bangkok) Co., Ltd. ⁽¹⁾	-	-	-	-	24.95	-
KTC Pico (Chonburi) Co., Ltd. ⁽²⁾	-	-	-	-	-	-
KTC Pico (Pathum Thani) Co., Ltd. ⁽²⁾	-	-	-	-	-	-
KTC Pico (Samut Prakan) Co., Ltd. ⁽²⁾	-	-	-	-	-	-
KTC Pico (Samut Sakhon) Co., Ltd. ⁽²⁾	-	-	-	-	-	-
Infinitas by Krungthai Co., Ltd. ⁽³⁾	-	-	N/A	N/A	-	Mr. Krairit Euchukanonchai Ms. Praralee Ratanaprasartporn Dr. Polawat Witoolkollachit

Remarks : ⁽¹⁾ The Bank directly invests 24.95% and indirectly invests 75.05% through Krungthai Card Pcl.

⁽²⁾ The Bank indirectly invests through KTC Pico (Bangkok) Co., Ltd., which holds 100.00% shares in the company.

⁽³⁾ The Bank indirectly invests through KTB Advisory Co., Ltd. which holds 100.00% shares in the company.

Unit : Million Baht

The Bank's Financial Statements	December 31, 2020		December 31, 2019			
	Loans	Obligations	Loans	Obligations	Shares held by the Bank (%)	Common Director or Top Executive
<u>The Bank's Associated Companies</u>						
Krungthai Panich Insurance Pcl.	0	5	1	5	45.00	Ms. Saranya Vejakul
Krungthai IBI Leasing Co., Ltd.	5,142	2	5,739	2	49.00	Mr. Ekachai Techawiriyakul
						Mr. Pativate Santavanond
Krungthai Zmico Securities Co., Ltd.	431 ⁽²⁾	-	605 ⁽²⁾	-	50.00	Mr. Poonpat Sripleng
						Mr. Werapong Suppasedsak
						Mr. Rawin Boonyanusasna
Krungthai-AXA Life Insurance Pcl.	1 ⁽²⁾	1	-	1	50.00	Ms. Praralee Ratanaprasartporn
						Mr. Rawin Boonyanusasna
						Mr. Pichit Jongsaliswang
National ITMX Co.,Ltd. ⁽¹⁾	-	-	-	-	19.86	Mr. Payong Srivanich
BCI (Thailand) Co., Ltd. ⁽¹⁾	-	-	-	-	22.17	Mr. Tawatchai Cheevanon

Remarks : (1) Associated company according to the consolidate financial statement criteria, excluding from the financial business group.

(2) Related-party transaction of the Bank and money market (asset)

Unit : Million Baht

The Bank's Financial Statements	December 31, 2020		December 31, 2019	
	Loans	Obligations	Loans	Obligations
<u>The Bank's Affiliated Companies</u>				
The Bank's Affiliated Companies (in which the Bank holds more than 10 percent shares)	-	13	1	19
The Bank's Affiliated Companies (in which the Bank holds more than 10 percent shares from debt restructuring)	8,411	1	8,490	1
The Bank's Affiliated Companies (with Directors or Top Executives in common)	19,263	365	30,620	127

The details of the Bank's balances of deposits, related-party transaction of the Bank and money market (debt), income and expenses from its subsidiaries and associated companies are as follows:

Unit : Million Baht

The Bank's Financial Statements	December 31, 2020	December 31, 2019
<u>Subsidiaries</u>		
Deposit	3,553	2,595
Related-party transaction of the Bank and money market (debt)	158	303
<u>Associated companies</u>		
Deposit	276	420
Related-party transaction of the Bank and money market (debt)	4,831	6,600
<u>Subsidiaries</u>		
Interest Income	123	252
Interest Expenses	12	12
Other Income	1,055	945
Other expenses	6,321	6,827
<u>Associated companies</u>		
Interest Income	77	93
Interest Expenses	117	162
Other Income	2,426	2,410
Other expenses	250	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 2020 were normal business transactions or support transactions for normal business of the Bank as well as 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:

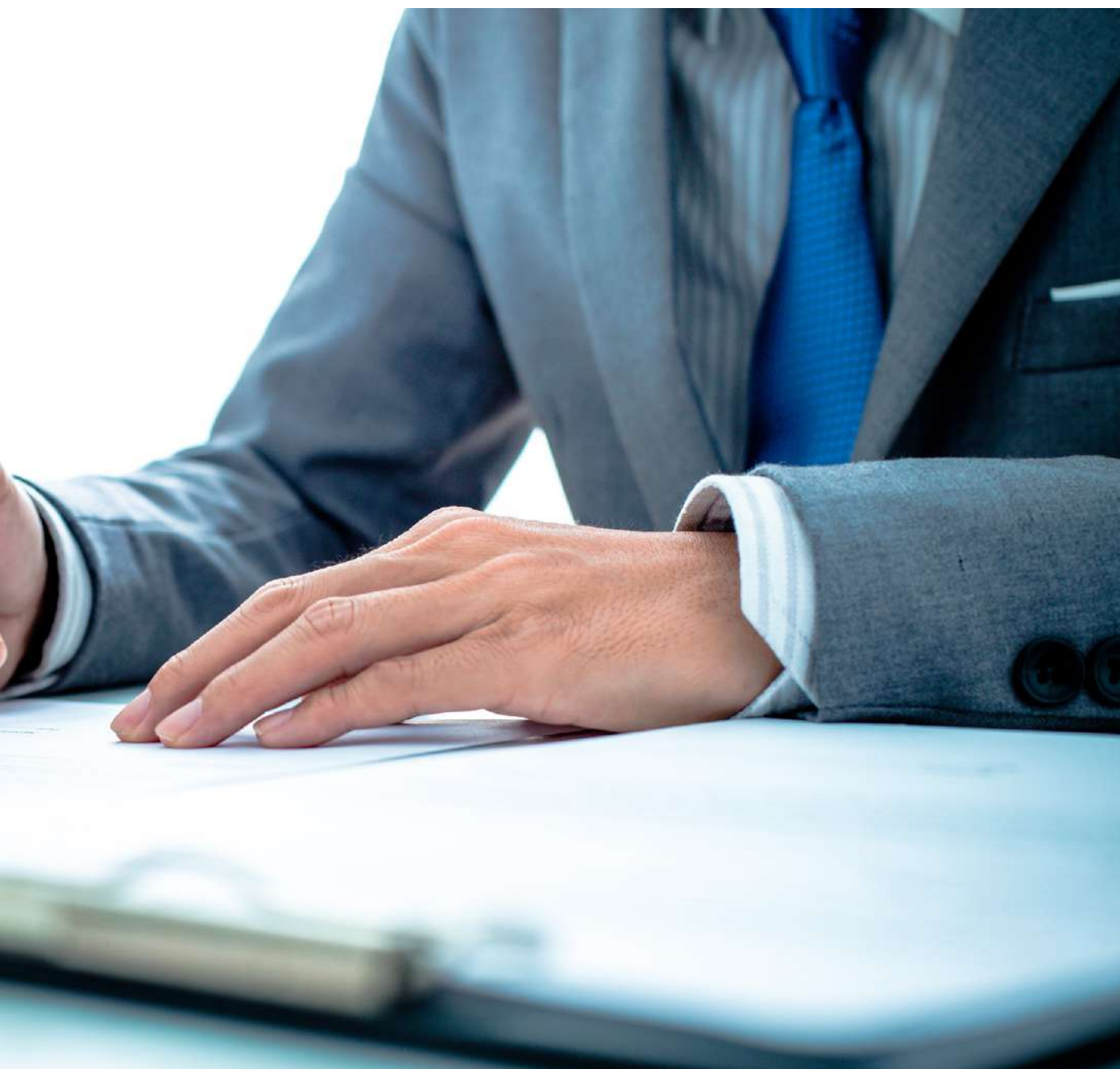
1) Each Director must disclose information on transactions that might lead to conflict of interest,



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 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. The Bank also activated the Creating Shared Value (CSV) strategy in order to improve the environment, society and economic system. Furthermore, the Bank has exploring expectations of stakeholders, who play important role in business operations, in an attempt to acknowledge and respond to their needs sustainably.

1. Additional guideline on prevention of involvement in corruption

The Board of Directors has placed the importance on anti-corruption, bribery and corruption by adhering to the business operations with honesty and integrity and encouraging all employees to perform duties with transparency and no corruption. In 2020, the Board of Directors approved to revise the "Anti-Bribery and Corruption Policy" and resolved to adopt such policy specified in 2019 so as to cover all forms of anti-corruption and be in accordance with the Organic Act on Counter Corruption B.E. 2561 (2018), the relevant Notification of the National Anti-Corruption Commission (NACC), Notification of Anti-Corruption Cooperation Committee on Minimum standards of the policy and directions for anti-corruption in relation to procurement required to be put in place by the business operator in line with Section 19 of the Public Procurement and Supplies Administration Act, B.E. 2560 (2017). This aimed to ensure that all employees practiced on the basis of anti-corruption and encouraged employees to be aware of bribery and corruption prevention which will lead to the creation of good culture within the Bank.

Furthermore, the Bank announced the compliance with the regulation regarding the prevention of bribery of government employees and officials in order to set a guideline for establishing internal control measures to prevent bribery of government employees and officials and be in line with the Organic Act on Counter Corruption B.E. 2561 (2018), Section 176. In this regard, it shall be constituted as a guideline for the Bank's employees to practice accurately and in corresponding to related laws, which turned out to be an important preventive measure. Regarding to such regulation, the operational guideline of the Bank was established to comply with the guideline on establishing appropriate internal control measures to prevent bribery of government employees and officials prescribed by the Office of the National Anti-Corruption Commission. The crucial principle of the guidelines stated that giving any property or other benefits to government employees and officials must not be done, except such giving is done under the 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 the risk assessment process, risk of bribery of government employees and officials must be identified and assessed by collecting data and analyzing risks 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. Incidentally, 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 the 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.

The Committees, executives and employees jointly declared an "Honest Intention on the Ethical Administration to Become a Zero Tolerance Organization" and "Intention to Exhibit Desirable Behavior according to Moral Identity of the Bank throughout the Organization" as well as carried out the Krungthai Moral Initiative. All of them also participated in activities and exchanged the operational guidelines between cooperative network of anti-corruption with both public and private sectors organizations. Meanwhile, the Bank has correspondingly developed and improved the working process in order to comply with international anti-corruption standards. In this regard, the Bank was certified

as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) from Thailand's Private Sector Collective Action Coalition Against Corruption. Besides, the Bank has published the said policy to its stakeholders and related persons on the Bank's website >> menu "Corporate Governance" >> "Good Corporate Governance Policy" >> "Anti-Bribery and Corruption Policy".

2. Corporate Social Responsibility Activities

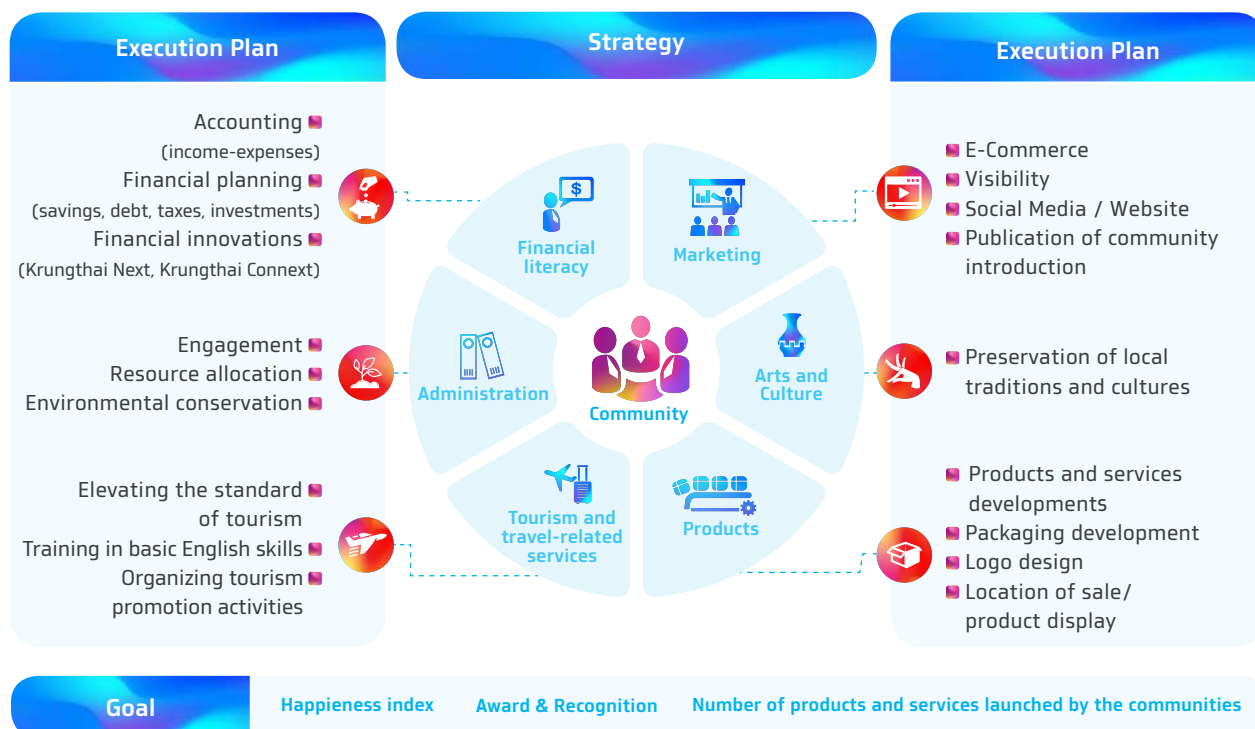
In 2020, the Bank has driven corporate social responsibility (CSR) through implementing the Creating Shared Value (CSV) strategy with the intention to improve economy, society and environment. By empowering the community strength via Krungthai Loves Communities project, the Bank has emphasized on the importance of developing a strong community based on the principle of self-reliance to reduce the need in attaining support from other sources. To be precise, the community must take into account its local potential, resources, wisdom, way of life, culture and environment initially then carrying out activities in corresponding with the National Economic and Social Development Plan to build a strong community. Additionally, the community was encouraged to apply the philosophy of sufficiency economy to create balance and generate inner strength of the community. In this regard, local villagers would participate together to brainstorm ideas as well as define guidelines and activities for the development of the community.

The Bank's strengths, related to financial knowledge, products and services, were exploited to fulfill various needs of communities. For example, the Bank supported SME entrepreneurs by offering

Krungthai Long-Love SME Loans and Krungthai single-account SMEs loans. In the meantime, the Bank provided support to eco-friendly businesses by offering green loans such as an environmental loan and a revolving fund project for energy conservation by financial institutions.

In addition, the Bank has worked with partners who have expertise in various fields to improve the quality of life of the communities in terms of tourism management by the community, local products, arts and culture, marketing and financial literacy. Villagers in the communities were trained and educated by the Bank's internal experts and the specialists from external organization. In 2020, all 7 communities have been developed across Thailand, namely Ban Suan Durian Community in Songkhla Province; Ban Laem Sub-district Community in Suphanburi Province; Ban Sanuan Nok Community in Buriram Province; Ban Mae Kampong Community in Chiang Mai Province; Ban Khok Khai Community in Phang Nga Province; Ban Duea Community in Nong Khai Province and Tha Ma-O Community in Lampang Province. The Bank has also cooperated with the Biodiversity Finance Initiative (BIOFIN) under the United Nations Development Program in Thailand or UNDP and Raks Thai Foundation to launch the Koh Tao, Better Together, a crowdfunding campaign. Donation can be made via E-Donation QR code of the account "RAKSTHAIFOUNDATION, UNDP Krungthai Love Koh Tao" to help the local islanders affected by COVID-19 such as the boat drivers to collect marine debris and clean the beaches on Koh Tao. Accordingly, this campaign also aimed to cultivating awareness for environmental conservation sustainably. The operational goals of aforementioned projects and campaigns are as follows:

Krungthai Loves Communities project throughout Thailand



The Bank closely supervised the subsidiaries' businesses and would coordinate with subsidiaries in the event that there may be any actions or related issues that may affect the society and environment in order to investigate and allow that subsidiary to resolve a problem. Additionally, the report on the progress of the resolution must be submitted to the Bank correspondingly. However, in the past year, there were no incidents affecting the corporate social responsibility of the Bank's subsidiaries.

3. Survey of stakeholder expectations regarding the business operations

The Bank has the precise process to acknowledge and respond to stakeholders' needs. Opportunities are provided for relevant stakeholders to participate by any means in an attempt to offer products and services that satisfy customers, oversee business operation in accordance with laws and regulations and

ensure that employees are willing to work and contribute to the Bank's growth.

In 2020, the Bank initiated a process of defining key sustainability issues that lead to the formulation of the Bank's 2021 sustainability development policy and strategy through a survey of stakeholders in terms of the impact on various factors affecting the sustainability of the Bank in different dimensions, i.e., performance sustainability, operational sustainability and social and environmental sustainability.

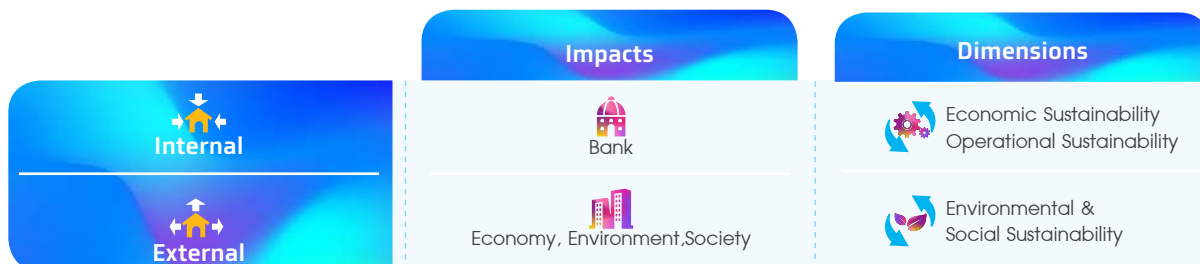
The stakeholders surveyed by the Bank consist of the Management, shareholders, regulators, supervision agency for the financial institution, employees, the Bank's subsidiaries, business partners, customers and competitors. The data obtained from the survey were analyzed and used in conducting a materiality matrix in order to define material issues of the Bank's sustainability and goals (as shown in the diagram).

Process of stakeholder expectation survey:

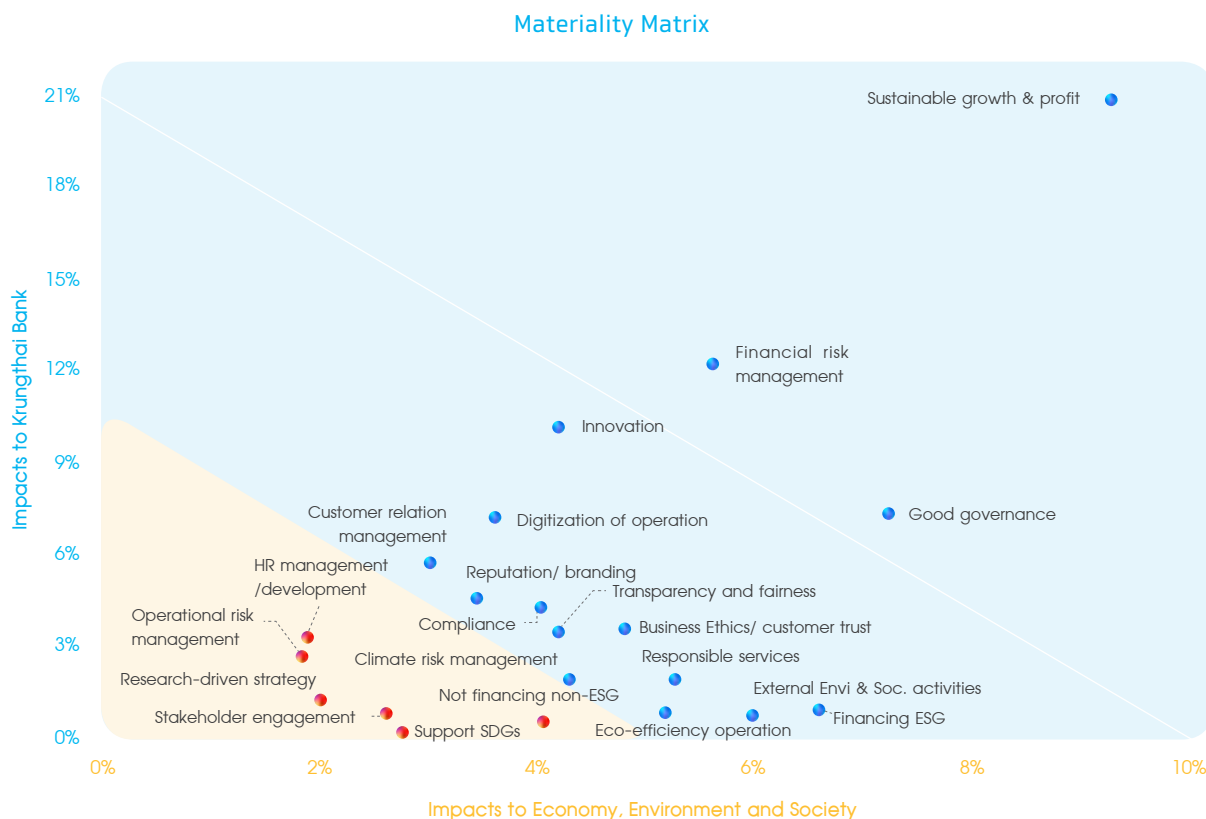
To define materiality and formulate sustainability development policy and strategy of the Bank



Survey results can be classified into 3 dimensions of sustainability as follows:



The materiality order of sustainability issues of the Bank in accordance with stakeholders' opinions



We create a materiality matrix based on the stakeholders' opinions from which the sustainability issues are classified into 3 levels:

- The issues which are significantly important to the bank's sustainability are sustainable growth and profit, financial risk management and good governance, respectively.
- The issues which are moderately important to the bank's sustainability are innovation, digitization of operation, customer relation management, business ethics/customer trust, compliance, reputation/branding, transparency and fairness, financing ESG, responsible services, climate risk management and eco-efficient operation, respectively.
- The issues which are fairly important to the bank's sustainability are HR management development, not financing non-ESG, operational risk management, and stakeholder engagement, respectively.

In order to respond to stakeholders' needs and opinions and promote stakeholder engagement in the Bank's operations, these sustainability issues were taken into consideration when formulating the Bank's strategies for 2021.

Besides, the Bank has attached importance to transparency and accountability by disclosing information on the sustainability performance of the organization in the Sustainability Development Report in accordance with the GRI Standards (Global Reporting Initiative). The GRI Standards are the latest standards and in line with the Form 56-1 of the Office of the Securities and Exchange Commission (SEC), which disclose the Bank's sustainability performance in terms of economy, society and environment, including the implementation of corporate governance on materiality of the Bank and its stakeholders both inside and outside the organization.

All operations of the Bank are able to build confidence among all groups of stakeholders, which will be the essential foundation for organization development towards sustainability in all dimensions. Details of the Bank's corporate social responsibility can be found on the Bank's website: menu "Sustainability" >> topic "Sustainability Report" >> "Sustainability Report 2020".

Report of the Audit Committee 2020

The Audit Committee of Krungthai Bank PCL consists 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. Panabhand Hankijjakul - First Executive Vice President - Head of Internal Audit Group, has been the secretary for the Audit Committee since 2 March 2020 to replace Mr. Santi Parivisutt.

The Audit Committee performed 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 placed the importance on efficient and effective internal audit process, encouraged for value-added creation and prevented any damages that may occur to the Bank, as well as endeavored to become the Trusted Advisor. The details are clarified as follows:

- Emphasized on the risk culture cultivation to drive the Bank's operations in line with the principles of good governance and to have strong internal controls that accommodated for changes in business operation by continually implementation of Krungthai Moral Initiative (One Unit, One Sustainable Plan). Krungthai Moral Initiative encouraged the First Line of Defense of each unit has been taking part in and has adopted the Inside-out Blasting approach of H.M. King Bhumibol Adulyadej the Great (King Rama IX) concurrently with the purpose of driving the Three Lines of Defense process to run efficiently. In 2020, the aforementioned initiative and approach have been integrated to improve corrective action process of critical credit findings as well as adjusting the employees' mindset to perform their work with morals and ethics. As a result, the Krungthai Moral Initiative, as an important basis, shall enable the Bank to achieve its goal of being "Sustainable Krungthai."

- Supported the Internal Audit Group to implement the strategy of Internal Audit Group - AAA: Assurance, Advising and Anticipation. To elaborate, the internal audit unit shall extend duty from assurance role (Assurance) to the development of work quality and creating value-added suggestions based on findings (Advising) and anticipating risks (Anticipation) that may happen in order to protect and close the risks. Moreover, the aforementioned strategy has been communicated to the companies in the consolidated group through the Annual Audit Committee Conference KTB Group to elevate their internal audit to be equipped with readiness in work process (Process), multitasking skill people (People) and effective tools (Tool) with technology to help enhance the operations.

- Due to the COVID-19 pandemic, the Audit Committee suggested the Internal Audit Group to adjust the audit process to be corresponding to the current situation. In particular, the Internal Audit Group should implement technology as the tool to continuously analysis, monitor and oversee the irregularities as well as accelerate the execution of the Robotic Process Automation (RPA) system to increase the efficiency of the audit work.

During the year 2020, the Audit Committee held 22 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	22
General Tienchai	Rubporn	22
Mrs. Nitima	Thepvanangkul	22

The Audit Committee performances are summarized as follows:

Review 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 for the accuracy of the financial statements, the adjustment of significant accounting entries, the accounting estimates, the appropriateness of accounting policies, the observations from the audits and the reviews of the financial statements of the auditors, which have impacts to the financial statements. 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 - IFRS 9. In the meantime, the Audit Committee and the auditors also held the extraordinary meetings without the participation of the Management to discuss regarding the scopes, guidelines and audit plans.

Review 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 the 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 from the Risk Oversight Committee on quarterly basis to ensure that the risk management of the Bank in each field was appropriate, effective and the risk was at the acceptable level. In addition, the Committee monitored both internal and external challenging situations that affected the Bank, especially the matters related to credit risk, the adequacy of provisions, including the credit approval process of the Bank.

Review the Effectiveness of Internal Control System

According to the regulations by the Office of the Auditor General of Thailand, the report of internal control assessment was reviewed. The Committee monitored the establishment of internal control system and the self-assessment of the internal controls to ensure that the Bank's internal control system was adequate and appropriate.

Review 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 the 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.

Monitor the Operations of Internal Audit

The Audit Committee approved the review of the Internal Audit Group Charter in order to consider the appropriateness of the duty, responsibility, scope of work, including the rights and independence in performing duty. The Committee approved the Bank's audit program together with the Internal Audit Group's strategic plan, 5-year audit plan, annual audit plan and working manual of the Internal Audit Group. Furthermore, 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. Moreover, the Committee also approved the annual credit review plan for credit transactions of the financial institutions conducted by the Credit Review Department before presenting to the Bank's Board of Directors for approval. Accordingly, the Committee shall follow up the implementation of the plans and the review results of the Credit Review Department respectively.

Sustain the Quality of the Audit Committee

The Audit Committee Charter was reviewed and revised. The performance evaluation of the Audit Committee was conducted on individual Director and board-as-a-whole (self-assessment and cross evaluation) in accordance with the Best Practice of the State Enterprise Policy Office, Ministry of Finance and the Good Practice of the Securities and Exchange Commission to ensure that the operations of the Audit Committee were efficient and achieved the objectives as defined in the Audit Committee Charter. Nevertheless, the skill and knowledge development plan for the Audit Committee has been established based on the required skills and knowledge (Skill Matrix) to enhance the Committee's performance.

External Auditor

The Audit Committee considered the appointment of the external auditor on an annual basis. After the Board of Directors' approval, the Audit Committee proposed the appointment of the external auditor in the Annual Ordinary General Meeting of Shareholders. In 2020, the Board of Directors had a resolution to appoint the EY Office Limited to be the Bank's external auditor. The proposed auditors have been considered by their qualification, knowledge, expertise, audit experience in banking business, audit programs as well as auditor independence as in accordance with the regulation of by the Bank of Thailand and the Securities and Exchange Commission. In this regard, the auditors must receive the approval from the State Audit Office of the Kingdom of Thailand. Meanwhile, the Bank also took into consideration the appropriateness of the audit fee accordingly.

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 addition, the Committee provided honest opinions and suggestions for the utmost benefit of the Bank, regardless of limitation in obtaining information, resources and cooperation from the Bank. 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 duty due to professional expertise. 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 internal audit standards. Besides, the appropriate system of control in place has been ensured to follow the applicable laws and regulations corresponding 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 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 regulators and the Stock Exchange of Thailand (SET) in the interest of the shareholders and general investors. The financial statements have been audited and have given unqualified opinions by independent certified public accountants.

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, 2020, which reflect the financial statement and performance of the Bank and its subsidiaries at the said date, are reliable pursuant generally accepted accounting standards and comply with relevant laws and regulations.



(Mr. Krisada Chinavicharana)
Chairman of the Board of Directors



(Mr. Payong Srivanich)
President

Independent Auditor's Report

To the Shareholders of Krung Thai Bank Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Krung Thai Bank Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 3 to the consolidated financial statements, the Bank and its subsidiaries have adopted new accounting policies in respect of the set of Thai Financial Reporting Standards related to financial instruments and Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy, announced by the Federation of Accounting Professions in preparation of the current year's financial statements. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowances for expected credit losses of loans to customers

The Bank and its subsidiaries (the Group) have adopted Thai Financial Reporting Standards No. 9 Financial Instruments, which became effective on 1 January 2020. This financial reporting standard stipulates the basis to be used for calculation of impairment on financial instruments using the expected credit losses method. The basis involves complex calculation modelling and requires management to use significant judgements and estimates in developing expected credit losses models in compliance with Thai Financial Reporting Standards and the rules set by the Bank of Thailand. The areas of significant management judgement include the identification of criteria for assessment of a significant increase in credit risk of loans to customers, the relevant variables with modelling, the selection of the future economic variables to be incorporated in the models and a management overlay used to adjust of the allowance for expected credit losses due to the limitations of the model.

As discussed in Note 9.8 to the consolidated financial statements, as at 31 December 2020, the Group had loans to customers of Baht 2,334,842 million (representing 70 percent of total assets) and allowances for expected credit losses amounting to Baht 150,528 million, which are material amounts to the financial statements.

Because of the materiality and the use of judgement and estimates mentioned above, I addressed the adequacy of allowances for expected credit losses of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of the Group's internal controls relating to the loan origination, the calculation of allowance for expected credit losses of loans to customers, taking into account the exposure balances, complexity and credit risk of each loan portfolio. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulator. I considered and assessed the process governing model development, reviewed model development documentation and model validation report as prepared by the specialist engaged by the management of the Group and independent department of the Group, and tested, on a sampling basis, the accuracy of the data used in model development. I also assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, including the method used to incorporate the management overlay to address the limitations of the model and the recording of allowance for expected credit losses. I tested, on a sampling basis, the controls over the information technology systems relevant to the calculation of allowance for expected credit losses.

I examined the allowances for expected credit losses by assessing, on a sampling basis, the classification of loans to customers based on the changes in credit risk since initial recognition, and recalculating, on a sampling basis, the allowance for expected credit losses as at the end of the accounting period, including testing, on a sampling basis, the completeness of the data used in the calculation of allowance for expected credit losses.

Moreover, I assessed the adequacy of disclosure in accordance with the relevant financial reporting standards, as well as notifications and guidelines announced by the Bank of Thailand.

Recognition of interest income on loans to customers

For the year ended 31 December 2020, the Group recognised interest income on loans to customers amounting to Baht 104,307 million (representing 85 percent of total income). The Group recognised interest income using the effective interest rate method, which involves the use of management judgement and estimates in estimating future cash flow receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period, taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Moreover, the interest income was generated from various type of loans provided to a large number of customers and each type of loan agreement had different terms and conditions. In addition, the recognition of interest income relies primarily on data processed by the information technology systems. I therefore focused my audit on whether interest income on loans to customers is recognised appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the effectiveness of the Group's internal controls relating to loan origination and interest income recognition, including relevant internal controls over information systems. I compared the accounting policies of the Group with Thai Financial Reporting Standards and the regulations announced by the regulatory agency. I also assessed the methods applied by the management to determine the future cash flow receipts and the expected life of the financial instruments used in calculating the effective interest rate, including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement and an adjustment was made to reflect effective interest rate. I also performed analytical procedures on interest income on loans to customers and examined, on a sampling basis, material adjustments made through journal vouchers.

Other Matter

The consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries, and the separate financial statements of Krung Thai Bank Public Company Limited for the year ended 31 December 2019 were audited by another auditor who, under his report dated 26 February 2020, expressed an unmodified opinion on those financial statements.

Other Information

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Bank, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

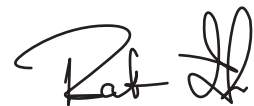
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 24 February 2021

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Note					
Assets					
Cash	9.1	68,161,357	68,433,721	68,115,583	68,361,786
Interbank and money market items - net	9.3	516,791,903	338,770,589	516,320,956	338,273,821
Financial assets measured at fair value through profit or loss	9.4	13,723,789	-	14,188,472	-
Claims on securities		-	67,350,100	-	67,350,100
Derivatives assets	9.5	74,506,773	55,811,418	74,506,773	55,811,462
Investments - net	9.6	316,987,630	395,227,970	316,894,505	395,174,162
Investments in subsidiaries and associated companies - net	9.7	29,400,185	30,945,612	11,203,675	10,830,013
Loans to customers and accrued interest receivables - net	9.8	2,200,513,321	1,959,765,482	2,127,089,495	1,884,110,174
Customers' liability under acceptances		-	133,241	-	133,241
Properties for sale - net	9.10	32,659,270	32,182,562	32,569,053	32,175,895
Premises and equipment - net	9.11	24,762,212	24,200,896	21,899,006	22,293,897
Right-of-use assets	9.12	4,474,111	-	3,571,005	-
Other intangible assets - net	9.13	6,005,144	3,900,228	3,893,939	1,398,367
Deferred tax assets	9.14	5,880,565	8,164,563	3,560,552	5,697,176
Accrued income		2,598,857	3,487,317	2,070,343	3,193,301
Other assets - net	9.15	31,315,152	23,842,421	31,103,526	23,554,727
Total assets		3,327,780,269	3,012,216,120	3,226,986,883	2,908,358,122

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavicharana)
Chairman



(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Liabilities and equity					
Deposits	9.16	2,463,225,282	2,155,864,986	2,466,780,410	2,158,459,942
Interbank and money market items	9.17	274,566,462	215,822,527	268,424,903	208,239,974
Liabilities payable on demand		4,731,953	4,744,254	4,731,953	4,744,254
Liabilities to deliver securities		-	67,350,100	-	67,350,100
Derivatives liabilities	9.5	65,471,404	51,868,539	65,471,404	51,868,539
Debt issued and borrowings	9.18	86,564,198	96,841,300	44,292,498	51,322,900
Banks' liability under acceptances		-	133,241	-	133,241
Lease liabilities	9.12	4,503,684	-	3,528,830	-
Provisions	9.19	20,286,873	15,239,758	18,740,381	13,776,104
Other liabilities	9.20	53,366,819	56,025,029	46,041,249	48,239,602
Total liabilities		2,972,716,675	2,663,889,734	2,918,011,628	2,604,134,656
Equity					
Share capital	9.21				
Authorised 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
Deficit from the change in the ownership interests in subsidiary		(165,255)	-	-	-
Other components of equity	9.22	32,179,036	33,006,142	17,789,287	16,094,673
Retained earnings					
Appropriated					
Legal reserve	9.23	7,200,504	7,200,504	7,200,504	7,200,504
Unappropriated		211,412,693	205,241,876	191,146,690	188,089,515
Equity attributable to equity holders of the Bank		343,465,752	338,287,296	308,975,255	304,223,466
Non-controlling interests		11,597,842	10,039,090	-	-
Total equity		355,063,594	348,326,386	308,975,255	304,223,466
Total liabilities and equity		3,327,780,269	3,012,216,120	3,226,986,883	2,908,358,122

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavicharana)
Chairman



(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

(Unit: Thousand Baht except basic earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss					
Interest income	9.30	112,836,857	122,971,682	97,894,144	108,319,525
Interest expenses	9.31	24,494,134	34,655,374	22,995,811	33,160,897
Net interest income		88,342,723	88,316,308	74,898,333	75,158,628
Fees and service income		27,690,138	29,596,109	21,557,134	23,274,977
Fees and service expenses		7,162,213	6,358,577	5,183,896	4,706,151
Net fees and service income	9.32	20,527,925	23,237,532	16,373,238	18,568,826
Gains on financial instruments measured at fair value through profit or loss	9.33	3,134,376	-	3,197,183	-
Gains on trading and foreign exchange transactions	9.34	-	3,196,695	-	3,196,195
Gains on investments	9.35	950,926	4,371,598	941,257	4,375,388
Share of profit from investments accounted for under equity method		2,060,328	1,424,575	-	-
Dividend income		375,896	495,561	2,348,887	2,474,526
Other operating income		6,855,249	4,615,370	3,705,785	1,111,411
Total operating income		122,247,423	125,657,639	101,464,683	104,884,974
Other operating expenses					
Employee's expenses		28,466,296	31,389,836	22,993,299	25,484,299
Directors' remuneration		298,069	108,558	68,198	64,785
Premises and equipment expenses		8,895,416	8,941,746	5,306,832	5,326,923
Taxes and duties		3,797,471	4,363,018	3,297,985	3,801,607
Impairment losses of properties for sale		1,538,442	7,219,052	1,541,377	7,260,850
Other expenses		10,469,150	10,451,485	13,753,189	13,538,254
Total other operating expenses		53,464,844	62,473,695	46,960,880	55,476,718
Expected credit losses	9.36	44,902,881	-	38,427,695	-
Impairment losses of loans and debt securities	9.37	-	23,813,535	-	17,504,328
Profit before income tax		23,879,698	39,370,409	16,076,108	31,903,928
Income tax	9.14	4,440,733	7,232,606	2,784,097	5,578,231
Profit for the year		19,438,965	32,137,803	13,292,011	26,325,697
Other comprehensive income (loss)					
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on debt securities measured at fair value through other comprehensive income		894,894	-	905,210	-
Gains (losses) on changes in value of available-for-sale investments		-	1,585,753	-	1,605,929

The accompanying notes are an integral part of the financial statements.


(Krisada Chinavicharana)
Chairman

(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2020

(Unit: Thousand Baht except basic earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Other comprehensive income (loss) (continued)					
Gains (losses) arising from translating the financial statements of foreign operations		43,703	(15,867)	43,703	(15,867)
Gains (losses) on cash flow hedges	9.5	169,661	-	169,661	-
Gains (losses) from deferred cost of hedging	9.5	90,153	-	90,153	-
Share of other comprehensive income of associate (equity method)					
for items that will be reclassified subsequently to profit or loss	9.7.2	(1,555,420)	12,823,440	-	-
Income tax relating to other comprehensive income (loss)					
for items that will be reclassified subsequently to profit or loss		(239,549)	(317,151)	(241,612)	(321,186)
Transactions that will never be reclassified subsequently to profit or loss					
Change in surplus on revaluation of assets		-	(180,526)	-	(180,526)
Share of other comprehensive income of associate (equity method)					
for items that will never be reclassified subsequently to profit or loss	9.7.2	(1,204,144)	-	-	-
Gains (losses) on investments in equity designated to be measured at fair value through other comprehensive income		(1,994,260)	-	(1,820,302)	-
Actuarial gains (losses) on defined benefit plan		(806,171)	(989,619)	(763,033)	(865,316)
Income tax relating to other comprehensive income (losses)					
for items that will never be reclassified subsequently to profit or loss		525,144	234,029	516,517	209,168
Other comprehensive income (loss) - net		(4,075,989)	13,140,059	(1,099,703)	432,202
Total comprehensive income (loss)		15,362,976	45,277,862	12,192,308	26,757,899
Total profit attributable to:					
Equity holders of the Bank		16,731,585	29,284,042	13,292,011	26,325,697
Non-controlling interest		2,707,380	2,853,761		
		19,438,965	32,137,803		
Total comprehensive income attributable					
Equity holders of the Bank		12,641,748	42,451,458	12,192,308	26,757,899
Non-controlling interest		2,721,228	2,826,404		
		15,362,976	45,277,862		
Earnings per share of the Bank	9.38				
Basic earnings per share (Baht)		1.20	2.09	0.95	1.88

The accompanying notes are an integral part of the financial statements.


(Krisada Chinavicharana)
Chairman

(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(Unit: Thousand Baht)

Consolidated financial statements													
Attributable to equity holder of the Bank													
	Issued and fully 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 interests	Total	
			Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Gains (losses) from reclassification of investments	Gains (losses) from translating the financial statements	Hedge reserve (Note 9.5)	Share of other comprehensive income of associates					Deficit from the change in the ownership interest in subsidiary
Balance as at 1 January 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
Dividends (Note 9.24)	-	-	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)
Adjustment gains (losses) from reclassification of investments	-	-	-	646,230	(646,230)	-	-	-	-	-	-	-	-
Non-controlling interest increases from disposal of investments in subsidiary company	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	(144,421)	1,268,602	-	-	(15,867)	12,823,440	-	28,519,704	42,451,458	2,826,404	45,277,862
Balance as at 31 December 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
Balance as at 1 January 2020	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
Cumulative effects of changes in accounting policies (Note 6)	-	-	-	2,129,230	1,877	(29,786)	-	129,137	-	1,019,741	3,250,199	-	3,250,199
Balance as at 1 January 2020 - as restate	72,005,040	20,833,734	8,206,016	10,309,458	-	(29,786)	(115,736)	16,866,648	-	213,462,121	341,537,495	10,039,090	351,576,585
Dividends (Note 9.24)	-	-	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)	(1,150,528)	(11,679,493)
Change in the ownership interest in subsidiaries	-	-	-	-	-	-	-	-	(165,255)	169,746	4,491	(4,491)	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(7,457)	(7,457)
Surplus on revaluation of assets	-	-	417,694	-	-	-	-	-	-	-	417,694	-	417,694
Transfer to retained earnings	-	-	(44,206)	-	-	-	-	-	-	(562,505)	(606,711)	-	(606,711)
Total comprehensive income (loss)	-	-	-	(923,042)	-	207,850	43,704	(2,759,564)	-	16,072,800	12,641,748	2,721,228	15,362,976
Balance as at 31 December 2020	72,005,040	20,833,734	8,579,504	9,386,416	-	178,064	(72,032)	14,107,084	(165,255)	218,613,197	343,465,752	11,597,842	355,063,594

The accompanying notes are an integral part of the financial statements.



(Krisada Chinnacharana)

Chairman



(Payong Sirvanich)

President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Separate financial statements							Total	
	Issued and fully paid-up share capital	Premium on share capital	Other components of equity						
			Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Gains (losses) from reclassification of investments	Hedge reserve (Note 9.5)	Gains (losses) from translating the financial statements		Retained earnings
Balance as at 1 January 2019	72,005,040	20,833,734	8,350,437	6,075,297	644,353	-	(99,869)	179,696,186	287,505,178
Dividends (Note 9.24)	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)
Total comprehensive income (loss)	-	-	(144,421)	1,284,743	-	-	(15,867)	25,633,444	26,757,899
Adjustment gains (losses) from reclassification of investments	-	-	-	646,230	(646,230)	-	-	-	-
Balance as at 31 December 2019	72,005,040	20,833,734	8,206,016	8,006,270	(1,877)	-	(115,736)	195,290,019	304,223,466
Balance as at 1 January 2020	72,005,040	20,833,734	8,206,016	8,006,270	(1,877)	-	(115,736)	195,290,019	304,223,466
Cumulative effects of changes in accounting policies (Note 6)	-	-	-	2,129,230	1,877	(29,786)	-	860,349	2,961,670
Balance as at 1 January 2020 - as restate	72,005,040	20,833,734	8,206,016	10,135,500	-	(29,786)	(115,736)	196,150,368	307,185,136
Dividends payment (Note 9.24)	-	-	-	-	-	-	-	(10,528,965)	(10,528,965)
Surplus on revaluation of assets	-	-	126,776	-	-	-	-	-	126,776
Transfer to retained earnings	-	-	(44,206)	-	-	-	-	44,206	-
Total comprehensive income (loss)	-	-	-	(740,831)	-	207,850	43,704	12,681,585	12,192,308
Balance as at 31 December 2020	72,005,040	20,833,734	8,288,586	9,394,669	-	178,064	(72,032)	198,347,194	308,975,255

*The accompanying notes are an integral part of the financial statements.



(Kriada Chinavicharana)
Chairman



(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

(Unit: Thousand Baht)

Cash flows from operating activities

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit before income tax	23,879,698	39,370,409	16,076,108	31,903,928
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Depreciation and amortisation expenses	5,026,305	2,763,549	3,358,426	1,326,159
Expected credit losses	44,902,881	-	38,427,695	-
Impairment losses of loans and debt securities	-	23,813,535	-	17,504,328
Share of profit from investments accounted for under equity method	(2,060,328)	(1,424,575)	-	-
(Gains) losses on disposal of assets	5,830	20,378	386	(2,702)
(Gains) losses on disposal of investments	(950,926)	(4,414,888)	(950,926)	(4,414,888)
(Gains) losses on revaluation of investments	-	(362,586)	-	(362,586)
Unrealised (gains) losses on financial instruments measured at fair value through profit and loss	(1,642,048)	-	(1,704,855)	-
(Reversal) losses on impairment of properties for sale	1,538,442	7,219,052	1,541,377	7,260,850
(Reversal) losses on impairment of investment	-	43,290	9,669	39,500
(Reversal) losses on impairment of other assets	423,858	156,039	423,858	156,039
Amortisation of premium (discount) on investments	405,064	(141,772)	400,015	(133,895)
(Gains) losses on foreign currency translation	(2,294,508)	5,381,188	(2,294,508)	5,381,193
Increase (decrease) in provisions	1,305,238	2,353,957	1,131,291	2,175,878
(Increase) decrease in other accrued income	(748,321)	679,662	(513,822)	764,071
Increase (decrease) in other accrued expenses	(698,785)	(244,897)	145,172	(389,683)
Net interest income	69,092,400	75,212,341	56,049,886	61,208,192
Dividend income	(88,342,723)	(88,316,308)	(74,898,333)	(75,158,628)
Proceeds from interest income	(375,896)	(495,561)	(2,348,887)	(2,474,526)
Cash paid on interest expenses	96,554,129	123,037,526	87,803,944	108,429,940
Proceeds from dividend income	(27,674,972)	(34,042,988)	(26,166,611)	(32,515,693)
Cash refunded for income tax	658,286	748,574	2,348,436	2,474,153
Cash paid on income tax expenses	160,204	-	-	-
Income from operating activities before changes in operating assets and liabilities	(6,125,782)	(9,264,684)	(4,805,033)	(7,481,420)
(Increase) decrease in operating assets				
Interbank and money market items	43,945,646	66,878,900	37,983,402	54,482,018
Financial assets measured at fair value through profit or loss	(179,596,485)	33,612,438	(179,621,960)	33,359,128
Claims on securities	39,244,132	-	38,842,255	-
Derivatives assets	-	(33,754,900)	-	(33,754,900)
Investments in trading securities	(12,358,244)	(19,581,852)	(12,358,201)	(19,580,429)
Loans to customers	-	(25,709,953)	-	(25,709,953)
Properties for sale	(268,493,752)	(91,757,936)	(270,687,453)	(77,472,456)
Other assets	6,292,961	1,447,826	6,250,115	1,340,227
	(8,934,734)	(9,057,339)	(8,873,887)	(9,352,780)

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavicharana)
Chairman



(Payong Srivanich)
President

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

(Unit: Thousand Baht)

Cash flows from operating activities (continued)

Increase (decrease) in operating liabilities

Deposits	307,360,296	116,263,085	308,320,467	115,512,117
Interbank and money market items	58,642,059	58,426,597	60,083,053	56,240,037
Liabilities payable on demand	(12,301)	(835,405)	(12,301)	(835,405)
Liabilities to deliver securities	-	33,754,900	-	33,754,900
Derivatives liabilities	13,730,719	19,522,926	13,730,719	19,522,926
Other liabilities	4,410,562	4,983,357	4,611,189	5,559,807

Net cash provided by (used in) operating activities**Cash flows from investing activities**

Purchase of debt and equity securities measured at fair value through other comprehensive income

Proceeds from disposal of debt and equity securities measured at fair value through other comprehensive income

	(185,120,810)	-	(184,969,210)	-
	211,772,115	-	211,057,548	-
Purchase of debt securities measured at amortised cost	(2,155,981)	-	(512,171)	-
Proceeds from disposal of debt instruments measured at amortised cost	1,487,444	-	633,970	-
Purchase of available for sale securities	-	(291,294,598)	-	(291,941,198)
Proceeds from disposal of available for sale securities	-	147,235,586	-	147,879,162
Purchase of held to maturity debt securities	-	(2,197,552)	-	(1,181,324)
Proceeds from disposal of held to maturity debt securities	-	2,816,898	-	1,758,895
Purchase of general investments	-	(523,940)	-	(523,940)
Proceeds from disposal of general investments	-	265,376	-	265,376
Purchase of investments in subsidiaries and associates	(635)	(117,500)	(383,331)	(144,945)
Proceeds from disposal of investments in subsidiaries and associates	-	427,052	-	427,052
Purchase of intangible assets	(2,963,389)	(949,398)	(2,734,296)	(585,824)
Purchase of premises and equipment	(2,893,044)	(2,925,920)	(1,854,403)	(2,152,332)
Proceeds from disposal of premises and equipment	10,386	30,906	6,793	3,311
Purchase shares from non-contradling interest	(169,746)	-	-	-

Net cash provided by (used in) investing activities**Cash flows from financing activities**

Proceeds from debt issued and long-term borrowings

Repayments of debt issued and long-term borrowings

Repayments of lease liabilities

Dividend paid for ordinary share

Dividend paid for preferred share

Dividend paid to non-controlling interest

Net cash provided by (used in) financing activities

(Gains) losses from translating the financial statements of foreign operations

	43,703	(15,867)	43,703	(15,867)
Decrease in cash and cash equivalents	(272,364)	(444,404)	(246,203)	(299,758)
Beginning balance of cash and cash equivalents	68,433,721	68,878,125	68,361,786	68,661,544
Ending balance of cash and cash equivalents	68,161,357	68,433,721	68,115,583	68,361,786

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavicharana)
Chairman



(Payong Srivanich)
President

Krung Thai Bank Public Company Limited and its subsidiaries

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For the year ended 31 December 2020

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Krung Thai Bank Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2020

1. General information

1.1 Corporate information

Krung Thai Bank Public Company Limited (“the Bank”) is a public company limited registered in 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.

1.2 Coronavirus disease 2019 (COVID-19) Pandemic

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and impacting various businesses and industries, directly or indirectly. The situation may bring uncertainties and affect the Bank’s and its subsidiaries’ business activities which may impacting the Bank’s and its subsidiaries’ operating results and cash flows, at present and in the future. The impact cannot be reasonably estimated at this stage.

2. Basis of preparation of the financial statements

These financial statements are presented in accordance with the Notification of the Bank of Thailand (“BOT”) No. SOR NOR SOR. 21/2561 dated 31 October 2018, 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 2 October 2017, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2560. Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under the Accounting Act B.E. 2547.

The consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and those of its subsidiaries in which the Bank has a controlling interest, after eliminating significant intercompany transactions and balances. The 8 subsidiaries are KTB Law Co., Ltd., KTB General Services and Security Co., Ltd., Krung Thai Asset Management Plc., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., Krungthai Card Plc. and Infinitas by Krungthai Co., Ltd. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In cases where there are different accounting policies, the Bank has adjusted the effect of these differences in the consolidated financial statements.

The percentages of shareholdings and investments in the Bank's subsidiaries and associated companies are shown in Note 9.7 to the consolidated financial statement.

Investments in associated companies are accounted in the consolidated financial statements using the equity method.

The separate financial statements

Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method.

The Bank's financial statements for the year ended 31 December 2020 and 2019 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English language financial statements

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language has been translated from the Thai language financial statements. In case of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Bank and its subsidiaries have adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new financial reporting standards that involve changes to key principles are summarised below;

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments, consisting of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Entity's business model), calculation of impairment using the expected credit losses method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these set of financial reporting standards on the financial statements of the Bank and its subsidiaries are as follows:

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Bank and its subsidiaries classify their financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Bank's and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- Financial assets measured at amortised cost only if both following conditions are met: the financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through other comprehensive income only if both following conditions are met: the financial assets is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss unless the financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Despite the foregoing, this financial assets - debt instruments may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Investment in equity instruments

All equity investments are measured at fair value in the statement of financial position. The Bank and its subsidiaries have classified equity investments as the financial assets measured at fair value through other comprehensive income, except for those equity investments measured at fair value through profit or loss in accordance with the Bank's and its subsidiaries' Investment Policy.

The management of the Bank and its subsidiaries reviewed and assessed the Bank's and its subsidiaries' existing financial assets as at 1 January 2020 based on the facts and circumstances that existed at that date and concluded the following significant changes on the Bank's and its subsidiaries' financial assets as regards their classification and measurement:

- The held-to-maturity and available-for-sale investment in debt securities as well as available-for-sale and general investment in equity securities are removed.
- Classify almost held-to-maturity debt securities to be financial assets measured at amortised cost.
- Classify almost available-for-sale debt securities to be financial assets measured at fair value through other comprehensive income.
- Classify almost investment in equity securities to be financial assets measured at fair value through other comprehensive income except for some that are classified to be financial assets measured at fair value through profit or loss in accordance with the Bank's and its subsidiaries' Investment Policy, or some items that are classified as 'Debt' in accordance with the financial reporting standards and their contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.
- The investment in equity securities which are elected to be measured at fair value through other comprehensive income cannot be subsequently revoked. All gains and losses are presented in other comprehensive income except for dividend which is recognised in profit or loss.
- Initially recognise the whole derivatives for banking book at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. The Bank and its subsidiaries apply hedge accounting for certain derivatives.

Financial liabilities

The adoption of these set of financial reporting standards does not impact to the Bank's and its subsidiaries' classification of financial liabilities. The Bank and its subsidiaries continue to be classified all financial liabilities as measured at amortised cost.

Impairment of financial assets

The TFRS 9 sets out an entity estimates the expected credit losses instead of recognising its incurred losses under previous accounting policy. This financial reporting standard requires to recognise impairment by based on an Expected Credit Losses model and management overlay due to the limitations of the model and requires the Bank and its subsidiaries to recognise an allowance for expected credit losses for all loans to customers and investments in debt securities which are not measured at fair value through profit or loss, together with loan commitments and financial guarantee contracts. The allowance is measured at the amount equal to 12-month expected credit losses, except for the case that there has been a significant increase in credit risk since initial recognition and financial assets that are credit-impaired, the allowance is measured at the amount equal to the lifetime expected credit losses of financial instrument. In addition, TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

Hedge accounting

The general hedge accounting requirements aims to align the accounting with risk management strategy, permitting to have a greater variety of hedging instruments and risks being hedged, however they do not explicitly address hedge accounting for Dynamic Risk Management, as a result included an accounting policy choice to remain with the existing accounting practice.

Transition

The Bank and its subsidiaries adopted a set of financial reporting standards related to financial instruments by recognising the cumulative effects of the first-time adoption of these set of financial reporting standards as an adjustment to the retained earnings or other components of equity as at 1 January 2020. The comparative information was not restated; therefore, the presentation of the year 2019 is not comparable with the presentation of the year 2020.

The cumulative effect of the changes is described in Note 6 to the consolidated financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Bank and its subsidiaries adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the changes is described in Note 6 to the consolidated financial statements.

3.2 Accounting Guidance

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures specified in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy with the helping period during the period from 1 January 2020 to 31 December 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

An entity provides assistance to affected debtors in accordance with the Bank of Thailand's guidelines applies these following procedures.

- Loans that are not yet non-performing (Non-NPL) are classified as loans where there has not been a significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring. Such debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, stage classification of the debtor remains at the same stage as before.
- Non-performing loans (NPL) are classified as performing loans if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to support liquidity and enable the debtor to continue run its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support its repayment or if, considering other factors, the debtor has ability to repay its debts.
- The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 relating to assessment of whether there has been a significant increase in credit risk are initially applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.

- A newly calculated effective interest rate is applied to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, if it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, an entity recognises its interest income during the repayment holiday using the new calculated effective interest rate, or set out by Bank of Thailand's guidelines if there are changes.
- Consideration is given to placing less weighted on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

As at 31 December 2020, there are loans to customers including loans with modification of contracts, that the Bank and its subsidiaries have elected to adopt this accounting guidance in the preparation of the financial statements, representing 16 percent of total loans.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Bank and its subsidiaries have not adopted such accounting guidance in the preparation of the financial statements for the year ended 31 December 2020.

3.3 Financial reporting standards that become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Bank and its subsidiaries is currently evaluating the impact of these financial reporting standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Interest income

Accounting policies that are effective since 1 January 2020

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

The Bank and its subsidiaries calculate interest income by applying the effective interest rate to the gross carrying amount of financial assets. When a financial asset becomes credit-impaired, the Bank and its subsidiaries calculate interest income by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial asset. If the financial asset is no longer credit-impaired, the Bank and its subsidiaries revert to calculating interest income on a gross carrying amount.

Accounting policies that are applied before 1 January 2020

Interest income is recognised 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 recognised as an income since 1 January 2000 would be reversed and recognised as income upon receipt.

Fee and service income

Accounting policies that are effective since 1 January 2020

Unless included in the effective interest rate calculation, the Bank and its subsidiaries recognise fee income on an accrual basis when the service has been provided or upon satisfaction of performance obligations.

Accounting policies that are applied before 1 January 2020

Fees and Service Income is recognised when the related services are performed.

Dividend Income

Dividend income from investments is recognised when declared.

4.2 Expenses recognition

Interest expenses, fees and service expenses, and other operating expenses, are recognised on an accrual basis.

4.3 Net gains (losses) from financial instruments measured at fair value through profit or loss

Net gains (losses) from financial instruments measured at fair value through profit or loss consist of gains (losses) on trading and foreign exchange transactions, gains (losses) from changes in the fair value of derivatives and financial assets designated at fair value through profit or loss, gains (losses) from sales of financial assets measured at fair value through profit or loss, and derivatives, and net gains (losses) from hedge accounting. The Bank and its subsidiaries recognise them as income or expenses on the transaction date.

4.4 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection

4.5 Derivatives and hedge accounting

Accounting policies that are effective since 1 January 2020

Derivatives are initially recorded at fair value at the date on which a derivative contract is entered into (Trade Date) and are classified as trading, except for where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. Derivatives are subsequently measured at fair value. The changes in fair value are recognised as gains (losses) on financial instruments measured at fair value through profit or loss unless hedge accounting is applied. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge accounting

The Bank and its subsidiaries make use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net position or cash flow. Hedging accounting can be applied for hedged items and hedging instruments. Upon meeting specified criteria for hedge accounting, the Bank and its subsidiaries apply hedge accounting for the aforementioned derivatives. The Bank and its subsidiaries designate certain derivatives as follow:

- Fair value hedges
- Cash flow hedges

In hedging, the Bank and its subsidiaries take into consideration the relationship between hedging instruments and the hedged items, including the nature of the risk, the objective and strategy for undertaking the hedge as well as the effectiveness of the hedging relationship.

Fair value hedges

The Bank and its subsidiaries recognise the movement in fair value of the hedged item and of the hedging instrument in profit or loss, except for the hedging transaction of investments in equity securities designated at fair value through other comprehensive income which is recognise the movement in fair value in the other comprehensive income that will be recognised at fair value movement of the hedged item and of the hedging instrument in other comprehensive income. The cumulative changes in the fair value attributable to the hedged risk of hedged item is made as an adjustment to the carrying value of the hedged assets or liabilities.

The Bank adopts interest rate swap contract to hedge the risk from changes in fair value from interest rate of debt instruments issued and interbank and money market items (liabilities). The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arised from the differences in cash flow and the differences in time between hedged items and hedging instruments.

The Bank adopts foreign currency forward contract and foreign currency swap contract to hedge risk from changes in fair value of foreign exchange rate risk of equity securities designated at fair value through other comprehensive income. The Bank performs hedge effectiveness test by comparing changes in fair value (only a portion of risk being hedged) of hedged items with changes in fair value of hedging instruments by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing the critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the designation date. Causes of ineffectiveness of hedging could be arised from the differences in cash flow and the differences in time between hedged items and hedging instruments.

When a hedging instrument expires, is sold, is terminated or is exercised, or when a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the statement of comprehensive income using effective interest rate. Where the hedged item is derecognised from the statement of financial position, the unamortised fair value adjustment is immediately recognised in the statement of comprehensive income.

Cash flow hedges

The Bank and its subsidiaries recognise an effective portion of the cumulative changes in the fair value of hedging instrument in the cash flow hedge reserve within equity. The gains or losses relating to the ineffective portion is immediately recognised in the statement of comprehensive income. The cash flow hedges reserve in equity are transferred to the statement of comprehensive income in the period(s) in which the hedged item affects the statement of comprehensive income.

The Bank adopts cross currency interest rate swap contracts to hedge the risk of cash flows from interest rate and foreign exchange rate of debt securities investments that are not measured at fair value through profit or loss. The Bank performs effectiveness test by comparing changes in fair value between hedged items by creating hypothetical derivative and changes in fair value of hedging instrument by excluding cost of hedging in the effectiveness test. In addition, the Bank has also considered a qualitative approach by comparing critical terms of significant characteristics such as cash flow, interest rate, and the duration of hedged items and hedging instruments that make perfectly match from the transaction date. Causes of ineffectiveness of hedging could be arising from the differences in cash flow and the differences in time between hedged items and hedging instruments.

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

Dynamic Risk Management

The Bank adopts interest rate swap contracts as hedging instruments for dynamic risk management, which is in accordance with the characteristics described in TFRS 9. Therefore, derivatives, which have the purpose of dynamic risk management, are recorded as off-balance items and presented on an accrual method. Interest rate components are presented on an accrual basis, similar to hedged assets or liabilities, that are considered as part of interest income or interest expenses throughout the contract period. Receivables and payables under swap contracts are presented at the net amount in the statement of financial position.

Embedded derivatives

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

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

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

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

Accounting policies that are effective before 1 January 2020

Accounting treatments for derivatives transactions depend on the purpose of the transactions as follows:

1) Trading Derivatives

The Bank measures derivatives at fair value and recognises gains or losses arising from changes in fair value included in gains (losses) on tradings 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 manages its banking exposure to market rate movements through the use of derivatives and recognises 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.

4.6 Financial instruments

Accounting policies that are effective since 1 January 2020

Recognition of financial instruments

The Bank and its subsidiaries recognise financial assets or financial liabilities when the Bank and its subsidiaries become a party to the contractual provisions of the financial instruments.

Classification and measurement of financial assets and financial liabilities

Financial assets - debt instruments

The Bank and its subsidiaries classify its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Bank's and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- Financial assets measured at amortised cost only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any).
- Financial assets measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and subsequently measured at fair value. The unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realised, after which such gains or losses on disposal of the instruments will be recognised as gains or losses in income statement. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognised in profit or loss.

- Financial assets measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Unrealised gains and losses from changes in fair value, and gains and losses on disposal of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

Investment in equity instruments

The Bank and its subsidiaries have classified investment in equity securities that not held for trading but held for strategic purposes or for securities with potential for high market volatility as the financial assets measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently reclassified to profit or loss when disposal, instead, it is transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities

The Bank and its subsidiaries classify financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost.

Modifications of financial instrument not measured at fair value

Financial assets

If the terms of a financial asset are modified, the Bank and its subsidiaries evaluate whether the cash flows of the modified financial asset are different from the original financial assets significantly. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of the financial asset extinguished and the new financial asset is recognised in profit or loss as a part of impairment losses.

If the cash flows of the modified financial asset are not substantially different, the Bank and its subsidiaries recalculate the gross carrying amount of the financial asset and recognise the amount arising from adjusting the gross carrying amount as a modification gains or losses in profit or loss which is presented as impairment losses.

Financial liabilities

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

If the cash flows of the modified financial liability are not substantially different, the Bank and its subsidiaries adjust the carrying amount of the financial liability to reflect the net present value of the revised cash flows discounted at the original effective interest rate and recognises the amount arising from adjusting the carrying amount as a modification gains or losses.

Derecognition of financial instruments

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

A financial liability is derecognised from the statement of financial position when the Bank and its subsidiaries have discharged its obligation, or the contract is cancelled or expires.

Write-off

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

4.7 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Losses on impairment is recognised as expenses in part of profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

4.8 Investments

Accounting policies that are applied before 1 January 2020

4.8.1 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.

4.8.2 Basis of Valuation of Investments

Investments in marketable debt or equity securities classified as trading securities are stated at fair value. Unrealised 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). Unrealised gains or losses arising from the revaluation are separately shown in other components of equity and realised gains or losses after the disposal.

Investments in debt securities classified as held-to-maturity are stated at the amortised 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 realised 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.

Investments in foreign asset-backed debt securities classified as trading securities-current investments are stated at fair value.

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.

4.9 Loans

Accounting policies that are applied before 1 January 2020

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 amortised direct expenses.

4.10 Allowance for expected credit losses on financial assets

Accounting policies that are effective since 1 January 2020

The Bank and its subsidiaries recognise expected credit losses of financial assets - debt instruments which are interbank and money market items (assets), loans to customers and investments in debt securities, together with loan commitments and financial guarantee contracts, which are measured at amortised cost or fair value through other comprehensive income using the General Approach. The Bank and its subsidiaries classify their financial assets into three stages based on the changes in credit risk since initial recognition as follow:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Bank and its subsidiaries will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Bank and its subsidiaries recognise allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At every reporting date, the Bank and its subsidiaries assess whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default over the expected lifetime at the reporting date with the credit risk at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Bank and its subsidiaries use internal quantitative and qualitative indicators, and forecasts information to assess the deterioration in credit quality of financial assets such as arrears of over 30 days past due, forbearance status for debt restructuring agreements, loans on the Early warning sign, loans that are classified as High Risk group and that are closely monitored by management, a changes of internal credit rating of the borrower since initial recognition, and issuer credit rating as either 'non-investment grade' or 'no rating' for investments in debt securities, etc.

The Bank and its subsidiaries assess whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Bank and its subsidiaries classify financial assets on the basis of shared credit risk characteristics, taking into account type of instrument, internal credit ratings, overdue status, and other relevant factors.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

A loan to customer that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

The Bank and its subsidiaries consider their historical loss experience, adjusts with the current observable data and add on the reasonable and supportable forecasts of future economic conditions, including appropriate use of judgement, to estimate the amount of an expected credit losses. The Bank and its subsidiaries determine both current and future economic scenario, and probability-weighted in each scenario (base scenario, upturn scenario and downturn scenario) for calculating expected credit losses. The use of macroeconomic factors which major are include, but is not limited to, unemployment rate and property price index, etc. The Bank and its subsidiaries have established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on a yearly basis.

In the case of investment in debt securities measured at fair value through other comprehensive income, the Bank and its subsidiaries recognise impairment charge in profit and loss as expected credit losses and the corresponding allowance for expected credit losses in other comprehensive income, whereas the carrying amount of the investments in debt securities in the statement of financial position still present at fair value.

The measurement of expected credit losses for loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expect to receive. The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

In addition, a subsidiary of the Bank recognises allowance for expected credit losses of finance lease receivables using Simplified Approach. The subsidiary recognises allowance for expected credit losses at an amount equal to lifetime expected credit losses.

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the period in profit or loss in the statements of comprehensive income.

Accounting policies that are effective before 1 January 2020

The Bank and its subsidiaries which operate the loan provider business recognise allowance for doubtful accounts compliance with the BOT's Notification No. SOR NOR SOR.5/2559 dated 10 June 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 10 June 2016, summarised 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:
- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-year 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 recognise in other operating income.

4.11 Trouble debt restructuring

Accounting policies that are effective since 1 January 2020

Debt restructuring of non-performing loans (Stage 3) is considered a troubled debt restructuring regardless of whether losses are incurred from the restructuring in accordance with the Bank of Thailand's guideline of debt restructuring. The Bank and its subsidiaries determine the present value of the expected future cash flows to be received based on the terms of the new debt restructuring agreement, discounted by the loan's original effective interest rate. The difference between the outstanding loan balance and the present value of the expected future cash flows is recognised under gains (losses) on term modifications of contracts and treated as expected credit losses in profit or loss on the debt restructuring date.

Accounting policies that are effective before 1 January 2020

The Bank has a policy of managing weak or non-performing debt with the main focus on restoring the customer's business to be able to return to normal business first. But if unable to do so, there is a policy on debt restructuring by reducing the principal and/or accrued interest that has already been recorded as income, reducing interest rates, converting debt to equity or convertible debt, extending the repayment period, adjusting short-term debt to long term, providing grace period for principle and/or interest, accepting the transfer of assets as collateral, accepting the transfer of assets that are not assets as collateral, and accepting the transfer of assets by having the contract for right of the debtor to buy property back within the specified period or grant the debtor the right to buy property back before other persons (First Right of Refusal) or may be the deficiency transfer to the Bank in order to reduce the burden of the Bank and the customers' damages.

For calculating the debt restructuring losses are as the following procedures:

- 1) The consent to relaxation of debt settlement conditions to the debtor without reducing the principal and interest owed before debt restructuring, The Bank calculates the present value of the expected cash flow by using specified interest rate in the debt restructuring agreement as a discount rate. In case that the interest rate under debt restructuring agreement is lower than the finance cost, the Bank will use the finance cost rate as a discount rate instead. And when the present value of such calculated cash flows is lower than the book value (Principal including accrued interest recorded in the debtor's account), the Bank will record the reserve for loss from debt restructuring in the statement of income and other comprehensive income for that period.

The financial cost component is the weighted average cost of deposits and borrowings, Money remitted to the Bank of Thailand and the Deposit Protection Agency, including liquidity reserve expenses.

- 2) Agreement to reduce the principal and interest owed before debt restructuring or accepting debt repayment by accepting asset transfers, financial instruments or accepting capital from debtors which come from debt to equity conversion and relaxing conditions for repayment of the remaining debt to the debtor. The Bank will write-off the accounts receivable balance and immediately record the loss incurred in the statement of income and other comprehensive income after transferring has been accepted by concerning the initial allowance of doubtful accounts. The Bank will record the transferred assets in an amount not higher than the book value of the debtor, including the accrued interest receivables that the Bank is entitled to receive under the law.

In the case of receiving partial repayment by asset transferring of Debtor's financial instrument or equity received from debt to equity conversion for debt settlement under the debt restructuring agreement. The Bank will comply with number 2) first, for the remainder of the debt, if there is a relief in the payment terms, the Bank will follow number 1).

4.12 Properties for sale

Properties for sale is stated at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets. The Bank recognises losses on impairment as other operating expenses or income in the statement of comprehensive income. Net gains or losses on disposals of those properties for sale after deducting selling expenses are recognised as other operating income or expenses in the statement of comprehensive income, except for sales that allow buyer to borrow money which gains or losses on disposals will be recognised in accordance with the BOT's guideline.

According to the BOT's Policy No. THOR POR THOR. PHOR NOR SOR. (23) WOR.575/2562 dated 8 May 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 properties for sale in risk areas in the southern region (Pattani, Yala, Narathiwat and Sadao District of Songkhla) with a book value of less than Baht 50 million, appraised by an internal appraiser or an external appraiser on a case-by-case basis.

4.13 Land, premises and 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 so that the book value at the end of the reporting period is not significantly different from fair value.

The Bank and its subsidiaries recognise the differences arising from the revaluation as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The Bank and its subsidiaries write-off assets with additional appraisal when disposal or expected no future economic benefits from the use or disposal assets. The surplus from the revaluation of assets outstanding at the write-off date is transferred directly to retained earnings.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since 1 April 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 1 April 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.

No depreciation is provided on assets under installation.

4.14 Intangible assets

Intangible assets, comprising computer software, licenses and development costs are presented at cost net accumulated amortisation and allowance for impairment (if any). Amortisation is calculated by the straight-line basis over their useful lives and recognised as expenses in the statements of comprehensive income.

The Bank and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The Bank and its subsidiaries will review amortisation period and the amortisation method of such intangible assets at least at each financial year end.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

4.15 Securities purchased under resale agreements/securities sold under repurchase agreements

The Bank enters into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased under resale agreement are presented as assets under the caption of interbank and money market items or loans to customers, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of interbank and money market items in the statement of financial position and the underlying securities are treated as collateral.

4.16 Impairment of non-financial assets

For outstanding balances of assets at each reporting date, 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 realised 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 recognised in equity, when impairment occurred latterly it will be recognised in equity.

4.17 Related party transactions

Related parties comprise persons or entities that control, or are controlled by, the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and persons or entities which directly or indirectly own a voting interest in the Bank and its subsidiaries that give them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations.

4.18 Foreign currency translation

Presentation currency

The consolidated and the separate financial statements are presented in Baht.

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 translation are presented in the statements of comprehensive income as gains (losses) on financial instruments measured at fair value through profit or loss.

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 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.

4.19 Employees Benefit

Short-term employee benefits

The Bank and its subsidiaries recognised short-term employee benefits such as salary, wages, bonuses and contributions to the social security fund as expenses when received the services.

Post-employment benefits

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 25 June 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.

Post-employment benefits under defined benefit plans

The Bank and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other long-term employee benefit plans. The Bank and its subsidiaries treat these severance payment obligations as a defined benefit plans.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses for defined benefit plan are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Bank recognises restructuring-related costs.

4.20 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Bank and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Bank and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Bank and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

Deferred income tax assets and deferred income tax liabilities must offset the transaction when the Bank has legal rights to offset current tax assets against current tax liabilities and this income tax is assessed by the same tax authority for the same tax unit.

4.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Bank after dividends on preferred share (if any) by the weighted average number of ordinary shares issued during the years.

4.22 Provisions

Provisions are recognised 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 Bank complies with the BOT's Notification No. SOR NOR SOR.23/2561 dated 31 October 2018, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for commitment which is off-balance item.

4.23 Customer Loyalty Programmes

Subsidiary has customer loyalty programmes by offering reward points to customers 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 recognised to deferred revenue under "other liabilities" in the statements of financial position and shall be recognised to fees and service income when customers redeem.

4.24 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 prices (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 prices in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximising observable inputs and minimising unobservable inputs in commonly used models or the Bank's models. Those models are approved by the management and also regularly reviewed and updated.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market
- Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Bank and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.25 Leases

At inception of contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank and its subsidiaries as lessees

The Bank and its subsidiaries applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Bank and its subsidiaries recognise right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs, on the straight-line basis over the shorter of the lease term and the estimated useful lives as follows:

Premises	1 - 35 years
Office equipment	2 - 5 years
Motor vehicles	1 - 5 years

If the ownership of the leased asset transfers to the Bank and its subsidiaries at the end of the lease term or the cost of such assets reflect the exercise of a purchase option, depreciation is calculated using the estimated useful lives of assets.

The Bank and its subsidiaries have to assess the impairment of Right-of-use assets as mentioned in Note 4.16 to the consolidated financial statements regarding Impairment of non-financial assets.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Bank and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Bank and its subsidiaries exercising an option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs

The Bank and its subsidiaries discounted the present value of the lease payments by the interest rate implicit in the lease or the Bank and its subsidiaries's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and Leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Bank and subsidiaries as lessors

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition and derecognition assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Consolidating the financial statements of subsidiaries in which the Bank has less than half of its shareholding

The Bank's management considers that the Bank has control over Krungthai Card Public Company Limited, although the Bank holds 49.29 percent of the shares and voting rights in such company, which is less than half. The Bank is the shareholder with a majority of votes and can dictate the important activities of the company and other shareholders are only minor shareholders. Therefore, Krungthai Card Public Company Limited is considered as a subsidiary of the Bank and must be included in the preparation of the consolidated financial statements from the date the Bank has control over such company.

5.3 Allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts

The management is required to use judgement in estimation in determining the allowance for expected credit losses of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts. The calculation of allowance for expected credit losses of the Bank and its subsidiaries are based on the criteria of assessing if there has been a significant increase in credit risk, the development of complex expected credit losses model with a series of underlying assumptions, including the choice of inputs the forecasted macroeconomic variables in the model. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.5 Allowance for impairment of properties for sale

The Bank and its subsidiaries assess allowance for impairment of properties for sale when net realisable value falls below the book value. The management uses the BOT's regulation and judgement to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

5.6 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Bank measures land at revalued amounts. Such amounts are determined by the independent appraisers, using the market approach. The valuation involves certain assumptions and estimates as described in Note 9.11 to the consolidated financial statements.

In addition, the Bank and its subsidiaries determine allowance for impairment of land, premises and equipment when the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses when the recoverable amounts are lower than the carrying amounts. This requires management judgements in terms of forecasting future revenues and expenses relating to the assets subject to the review.

5.7 Leases

The Bank and its subsidiaries as lessees

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Bank and its subsidiaries are reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Bank and its subsidiaries to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Bank and its subsidiaries cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank and its subsidiaries would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank and its subsidiaries as lessors

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.8 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.9 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

5.10 Litigation and contingent liabilities

The Bank and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgement to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded at the end of reporting date.

6. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3.1 to the consolidated financial statements, during the current year, the Bank and its subsidiaries have adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effects of initially applying these financial reporting standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of TFRS 16 does not impact to retained earnings as at 1 January 2020.

Amounts of the adjustment transactions that have an impact to the statement of financial position as at 1 January 2020, due to the changes in accounting policies by adopting these financial reporting standards, presented as follows:

(Unit: Million Baht)

	Consolidated financial statements			
		The impacts of		
		Financial		
		reporting		
		standards related		
	31 December	to financial		1 January
	2019	instruments	TFRS 16	2020
Statement of financial position				
Assets				
Interbank and money market items - net	338,771	(400)	-	338,371
Financial assets measured at fair value				
through profit or loss	-	53,695	-	53,695
Claims on securities	67,350	(67,350)	-	-
Derivative assets	55,811	1,663	-	57,474
Investments - net	395,228	(50,828)	-	344,400
Investment in subsidiaries and associated				
companies - net	30,946	43	-	30,989
Loans to customers and accrued interest				
receivables - net	1,959,765	(4,030)	-	1,955,735
Customers' liability under acceptances	133	(133)	-	-
Right-of-use assets	-	-	3,895	3,895
Deferred tax assets	8,165	(730)	-	7,435
Accrued income	3,487	(712)	-	2,775
Other assets - net	23,842	5,822	-	29,664
Liabilities and equity				
Interbank and money market items	215,823	167	-	215,990
Liabilities to deliver securities	67,350	(67,350)	-	-
Derivative liabilities	51,869	132	-	52,001
Debt issued and borrowings	96,841	216	-	97,057
Banks' liability under acceptances	133	(133)	-	-
Lease liabilities	-	-	3,895	3,895
Provisions	15,240	1,514	-	16,754
Other liabilities	56,025	(756)	-	55,269
Equity				
Other components of equity	33,006	2,230	-	35,236
Retained earnings	212,443	1,020	-	213,463

(Unit: Million Baht)

	Separate financial statements			
	31 December 2019	The impacts of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Interbank and money market items - net	338,274	(400)	-	337,874
Financial assets measured at fair value				
through profit or loss	-	53,695	-	53,695
Claims on securities	67,350	(67,350)	-	-
Derivative assets	55,811	1,663	-	57,474
Investments - net	395,174	(50,828)	-	344,346
Loans to customers and accrued interest				
receivables - net	1,884,110	(4,030)	-	1,880,080
Customers' liability under acceptances	133	(133)	-	-
Right-of-use assets	-	-	3,434	3,434
Deferred tax assets	5,697	(730)	-	4,967
Accrued income	3,193	(712)	-	2,481
Other assets - net	23,555	5,576	-	29,131
Liabilities and equity				
Interbank and money market items	208,240	167	-	208,407
Liabilities to deliver securities	67,350	(67,350)	-	-
Derivative liabilities	51,869	132	-	52,001
Debt issued and borrowings	51,323	216	-	51,539
Banks' liability under acceptances	133	(133)	-	-
Lease liabilities	-	-	3,434	3,434
Provisions	13,776	1,514	-	15,290
Other liabilities	48,240	(756)	-	47,484
Equity				
Other components of equity	16,095	2,101	-	18,196
Retained earnings	195,290	860	-	196,150

6.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Recognition of losses from below-market interest rate loans	-	(246)
Recognition of expected credit losses of financial assets - debt instruments that are not measured at fair value through profit and loss	(141)	(141)
Reclassification of available-for-sale equity investments to financial assets measured at fair value through profit and loss	35	35
Fair value measurement of investment in non-listed equity securities	104	104
Reclassification of available-for-sale debt securities investments to financial assets measured at fair value through profit or loss	98	98
Recognition of derivatives at fair value through profit and loss	1,607	1,607
Recognition of adjusted values due to fair value hedge, which included in hedged item's book value	(383)	(383)
Recognition of the impact from the changes in accounting policy of associates	(86)	-
Relevant deferred tax assets	(214)	(214)
The impact to retained earnings due to the adoption of financial reporting standards related to financial instruments	1,020	860

As at 1 January 2020, the classification and measurement of financial assets and financial liabilities in accordance with TFRS 9 comparing with the former classification and measurement are as follow:

(Unit: Million Baht)

	Consolidated financial statements					
	Value according to former accounting policy	The classification and measurement in accordance with TFRS 9				
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets as at 1 January 2020						
Cash	68,434	-	-	-	68,434	68,434
Interbank and money market items – net	338,771	-	-	-	338,371	338,371
Financial assets measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	57,474	-	-	-	57,474
Investments - net	395,228	-	327,288	16,032	1,080	344,400
Loans to customers and accrued interest receivables - net	1,959,765	-	-	-	1,955,735	1,955,735
Customers' liability under acceptances	133	-	-	-	-	-
Accrued income	3,487	-	-	-	2,775	2,775
Other assets - net	23,842	-	-	-	29,664	29,664
Total financial assets	2,912,821	111,169	327,288	16,032	2,396,059	2,850,548
Financial liabilities as at 1 January 2020						
Deposits	2,155,865	-	-	-	2,155,865	2,155,865
Interbank and money market items	215,823	-	-	-	215,990	215,990
Liabilities payable on demand	4,744	-	-	-	4,744	4,744
Liabilities to deliver securities	67,350	-	-	-	-	-
Derivatives liabilities	51,869	52,001	-	-	-	52,001
Debt issued and borrowings	96,841	-	-	-	97,057	97,057
Banks' liability under acceptances	133	-	-	-	-	-
Provisions	15,240	-	-	-	16,754	16,754
Other liabilities	56,025	-	-	-	55,269	55,269
Total financial liabilities	2,663,890	52,001	-	-	2,545,679	2,597,680

(Unit: Million Baht)

	Separate financial statements					
	Value according to former accounting policy	The classification and measurement in accordance with TFRS 9				
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets as at 1 January 2020						
Cash	68,362	-	-	-	68,362	68,362
Interbank and money market items - net	338,274	-	-	-	337,874	337,874
Financial assets measured at fair value through profit or loss	-	53,695	-	-	-	53,695
Claims on securities	67,350	-	-	-	-	-
Derivatives assets	55,811	57,474	-	-	-	57,474
Investments - net	395,174	-	327,288	16,032	1,026	344,346
Loans to customers and accrued interest receivables - net	1,884,110	-	-	-	1,880,080	1,880,080
Customers' liability under acceptances	133	-	-	-	-	-
Accrued income	3,193	-	-	-	2,481	2,481
Other assets - net	23,555	-	-	-	29,131	29,131
Total financial assets	2,835,962	111,169	327,288	16,032	2,318,954	2,773,443
Financial liabilities as at 1 January 2020						
Deposits	2,158,460	-	-	-	2,158,460	2,158,460
Interbank and money market items	208,240	-	-	-	208,407	208,407
Liabilities payable on demand	4,744	-	-	-	4,744	4,744
Liabilities to deliver securities	67,350	-	-	-	-	-
Derivatives liabilities	51,869	52,001	-	-	-	52,001
Debt issued and borrowings	51,323	-	-	-	51,539	51,539
Banks' liability under acceptances	133	-	-	-	-	-
Provisions	13,776	-	-	-	15,290	15,290
Other liabilities	48,240	-	-	-	47,484	47,484
Total financial liabilities	2,604,135	52,001	-	-	2,485,924	2,537,925

The following table shows a reconciliation of the closing allowance for impairment as at 31 December 2019, recognised in accordance with BOT regulations and TAS 105 Accounting for Investments in Debt and Equity Securities and the provision for contingent liabilities, recognised in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets to the opening allowance for expected credit losses as at 1 January 2020, determined in accordance with TFRS 9. Such changes are due to remeasurement of allowance for expected credit losses under requirement of this financial reporting standard.

(Unit: Million Baht)

Consolidated financial statements			
	31 December 2019	Remeasurement	1 January 2020
Allowance for expected credit losses:			
Interbank and money market items - net (assets)	1,235	400	1,635
Held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Investments in debt securities measured at fair value through other comprehensive income	79	20	99
Loans to customers and accrued interest receivables	135,268	(1,795)	133,473
Loan commitments and financial guarantee contracts	116	1,514	1,630
Total	136,734	141	136,875

(Unit: Million Baht)

Separate financial statements			
	31 December 2019	Remeasurement	1 January 2020
Allowance for expected credit losses:			
Interbank and money market items - net (assets)	1,235	400	1,635
Held-to-maturity debt securities investments, which are reclassified to be measured at amortised cost	36	2	38
Investments in debt securities measured at fair value through other comprehensive income	79	20	99
Loans to customers and accrued interest receivables	126,772	(1,795)	124,977
Loan commitments and financial guarantee contracts	116	1,514	1,630
Total	128,238	141	128,379

6.2 Leases

Upon initial application of TFRS 16 the Bank and its subsidiaries recognised lease liabilities that were previously classified as operating leases at the present value of the remaining lease payments, discounted using the Bank's and its subsidiaries' incremental borrowing rate at 1 January 2020 in percentage of 1.41 to 6.25 per annum (Separate financial statements: 1.41 to 3.14 percent per annum). For leases previously classified as finance leases, the Bank and its subsidiaries recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Million Baht)		
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	3,238	2,349
Less: Short-term leases and leases of low-value assets	(243)	(6)
Add: Option to extend or terminate lease term	296	296
Less: Contracts reassessed as service agreements	(101)	-
Add: Lease agreements that are additionally determined	977	977
Less: Others	(137)	(86)
Less: Deferred interest expenses	(135)	(96)
Increase in lease liabilities due to TFRS 16 adoption	3,895	3,434
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	3,895	3,434

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Million Baht)		
	Consolidated financial statements	Separate financial statements
Building and building improvement	2,518	2,346
Furniture, fixtures and office equipment	231	-
Motor vehicles	1,146	1,088
Total right-of-use assets	3,895	3,434

7. Risk Management

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 has the deterioration in assets' quality resulting in non-repayment full amount of debt per the agreement which was affect over the Bank's income and capital. The allowance for expected credit loss net under the assets on the statements of financial position, represented 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 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. 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 supervision of BOT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved on a yearly basis and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results of the Bank and its financial business group with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BOT's supervision policy in credit risk and other regulators' rules. The risk management results reports are normally submitted to the Risk Oversight Committee on a monthly basis and reports to the Audit Committee and the Board of Directors on a quarterly basis.

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.

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 such 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.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown gross carrying amounts prior to both collateral consideration and any actions to increase assurance as:

- For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amounts before deducting allowance for expected credit losses.
- For financial guarantees contracts, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay when the guarantees are called upon.
- For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2020, the maximum exposure to credit risk are as follow:

		(Unit: Million Baht)	
	Consolidated	Separate	
	financial statements	financial statements	
	31 December 2020	31 December 2020	
Interbank and money market items (assets)	519,529	519,058	
Investments in debt securities measured at amortised cost	1,787	942	
Investments in debt securities measured at fair value through other comprehensive income	300,505	301,259	
Loans to customers and accrued interest receivables	2,351,041	2,267,679	
Accrued interest receivables of non-loans to customers	1,038	1,038	
Total financial assets	3,173,900	3,089,976	
Loan commitments	1,320,320	1,320,320	
Financial guarantee contracts	48,928	48,928	
Total	1,369,248	1,369,248	
Total maximum exposure to credit risk	4,543,148	4,459,224	

The Bank determined that above disclosure will disclose from year 2020 onwards, due to the adoption of the financial reporting standard from 1 January 2020.

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will not be able to comply its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk. The amounts presented for financial assets are gross carrying amount (before deducting allowance for expected credit losses). For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Explanation of 12-month expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses-credit impaired are included in Note 4.10 to the consolidated financial statements.

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Interbank and money market items (assets)					
Investment grade	39,946	53	-	25	40,024
Non-investment grade	-	4,794	-	-	4,794
Not yet due	473,633	1,078	-	-	474,711
Total	513,579	5,925	-	25	519,529
<u>Less</u> Allowance for expected credit losses	(2,568)	(169)	-	-	(2,737)
Net book value	511,011	5,756	-	25	516,792
Investments in debt securities measured at amortised cost					
Investment grade	1,401	-	-	-	1,401
Non-investment grade	-	350	36	-	386
Total	1,401	350	36	-	1,787
<u>Less</u> Allowance for expected credit losses	(1)	(10)	(36)	-	(47)
Net book value	1,400	340	-	-	1,740
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	300,505	-	-	-	300,505
Total	300,505	-	-	-	300,505
Allowance for expected credit losses	(42)	-	(926)	-	(968)

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	Total
Loans to customers and accrued interest receivables - net					
Not yet due	1,650,474	176,005	5,143	2,027	1,833,649
Overdue 1 - 30 days	362,312	17,387	1,268	385	381,352
Overdue 31 - 60 days	11	14,196	3,565	40	17,812
Overdue 61 - 90 days	22	15,058	523	19	15,622
More than 90 days	556	855	98,908	2,287	102,606
Total	2,013,375	223,501	109,407	4,758	2,351,041
<u>Less</u> Allowance for expected credit losses	(32,093)	(41,627)	(74,204)	(2,604)	(150,528)
Net book value	1,981,282	181,874	35,203	2,154	2,200,513
Loan commitments					
Loan commitments	1,216,783	95,448	8,089	-	1,320,320
<u>Less</u> Allowance for expected credit losses	(910)	(2,357)	(858)	-	(4,125)
Net book value	1,215,873	93,091	7,231	-	1,316,195
Financial guarantee contracts					
Financial guarantee contracts	43,942	4,822	164	-	48,928
<u>Less</u> Allowance for expected credit losses	(117)	(334)	(12)	-	(463)
Net book value	43,825	4,488	152	-	48,465

(Unit: Million Baht)

Separate financial statements			
31 December 2020			
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)
			Total
Interbank and money market items (assets)			
Investment grade	39,500	53	-
Non-investment grade	-	4,794	-
Not yet due	473,633	1,078	-
Total	513,133	5,925	-
<u>Less</u> Allowance for expected credit losses	(2,568)	(169)	-
Net book value	510,565	5,756	-
Investments in debt securities measured at amortised cost			
Investment grade	556	-	-
Non-investment grade	-	350	36
Total	556	350	36
<u>Less</u> Allowance for expected credit losses	(1)	(10)	(36)
Net book value	555	340	-
Investments in debt securities measured at fair value through other comprehensive income			
Investment grade	301,259	-	-
Total	301,259	-	-
Allowance for expected credit losses	(42)	-	(926)

(Unit: Million Baht)

Separate financial statements				
31 December 2020				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Loans to customers and accrued interest receivables - net				
Not yet due	1,586,211	168,330	5,143	1,759,684
Overdue 1 - 30 days	361,232	15,976	1,268	378,476
Overdue 31 - 60 days	-	13,384	3,565	16,949
Overdue 61 - 90 days	-	14,741	523	15,264
More than 90 days	-	-	97,306	97,306
Total	1,947,443	212,431	107,805	2,267,679
<u>Less</u> Allowance for expected credit losses	(28,249)	(39,183)	(73,158)	(140,590)
Net book value	1,919,194	173,248	34,647	2,127,089
Loan commitments				
Loan commitments	1,216,783	95,448	8,089	1,320,320
<u>Less</u> Allowance for expected credit losses	(910)	(2,357)	(858)	(4,125)
Net book value	1,215,873	93,091	7,231	1,316,195
Financial guarantee contracts				
Financial guarantee contracts	43,942	4,822	164	48,928
<u>Less</u> Allowance for expected credit losses	(117)	(334)	(12)	(463)
Net book value	43,825	4,488	152	48,465

Collateral and any operations to increase creditability

The Bank has held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Bank for each type of financial assets are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements		
	Exposure to credit risk with collateral		Type of
	31 December 2020	31 December 2019	major collateral
Interbank and money market items (assets)	449,876	258,707	Bonds
Loans to customers and accrued interest receivables	1,589,418	1,505,396	Lands and buildings

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 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, setting proper guideline when there is the breach of the limits/indicators and reporting to the executives and the Risk Oversight Committee regularly.

- Interest Rate Risk

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rates which affect the assets, liabilities and financial position that are rate sensitive items which may affect net interest income, economic value, market value of trading accounts and other income and expenses that relate to the interest rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities of the Bank and subsidiaries classified by periods of interest rate change or period of maturity, whichever is earlier, are as follows:

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2020						
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,161	-	68,161
Interbank and money market items	467,731	8,626	1,851	245	40,975	-	519,428
Investments	7,943	76,197	43,480	174,636	14,743	36	317,035
Loans to customers	1,414,740	301,386	427,590	61,114	22,644	107,368	2,334,842
Total financial assets	1,890,414	386,209	472,921	235,995	146,523	107,404	3,239,466
Financial liabilities							
Deposits	1,889,225	122,020	309,923	37,686	104,371	-	2,463,225
Interbank and money market items	179,848	43,441	6,983	38,194	6,100	-	274,566
Liabilities payable on demand	-	-	-	-	4,732	-	4,732
Debt issued and borrowings	-	2,268	6,275	78,021	-	-	86,564
Total financial liabilities	2,069,073	167,729	323,181	153,901	115,203	-	2,829,087

(Unit: Million Baht)

	Consolidated financial statements						
	31 December 2019						
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,434	-	68,434
Interbank and money market items	289,469	8,155	3,563	1	38,640	4	339,832
Investments	11,745	128,578	62,618	178,132	15,360	36	396,469
Loans to customers	1,338,994	289,944	229,593	109,243	19,444	102,655	2,089,873
Total financial assets	1,640,208	426,677	295,774	287,376	141,878	102,695	2,894,608
Financial liabilities							
Deposits	1,569,871	121,186	246,914	133,958	83,936	-	2,155,865
Interbank and money market items	152,039	19,627	1,543	27,948	14,666	-	215,823
Liabilities payable on demand	-	-	-	-	4,744	-	4,744
Debt issued and borrowings	108	-	16,007	80,726	-	-	96,841
Total financial liabilities	1,722,018	140,813	264,464	242,632	103,346	-	2,473,273

(Unit: Million Baht)

	Separate financial statements						
	31 December 2020						
	At call to 1 month	1 - 3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,116	-	68,116
Interbank and money market items	467,664	8,626	1,851	245	40,571	-	518,957
Investments	7,943	76,135	42,797	175,290	14,740	36	316,941
Loans to customers	1,425,332	233,886	425,923	58,690	4,937	103,254	2,252,022
Total financial assets	1,900,939	318,647	470,571	234,225	128,364	103,290	3,156,036
Financial liabilities							
Deposits	1,892,079	122,020	310,465	37,841	104,375	-	2,466,780
Interbank and money market items	173,706	43,441	6,983	38,194	6,101	-	268,425
Liabilities payable on demand	-	-	-	-	4,732	-	4,732
Debt issued and borrowings	-	-	-	44,293	-	-	44,293
Total financial liabilities	2,065,785	165,461	317,448	120,328	115,208	-	2,784,230

(Unit: Million Baht)

	Separate financial statements						
	31 December 2019						
	At call to 1 month	1 -3 months	3 - 12 months	Over 1 year	Non- interest bearing	Non- performing transaction	Total
Financial assets							
Cash	-	-	-	-	68,362	-	68,362
Interbank and money market items	288,902	8,155	3,224	1	39,049	4	339,335
Investments	11,745	127,962	62,529	178,783	15,360	36	396,415
Loans to customers	1,345,205	224,636	227,562	108,650	1,040	99,220	2,006,313
Total financial assets	1,645,852	360,753	293,315	287,434	123,811	99,260	2,810,425
Financial liabilities							
Deposits	1,571,307	121,187	247,084	134,113	84,769	-	2,158,460
Interbank and money market items	144,649	19,627	1,042	27,948	14,974	-	208,240
Liabilities payable on demand	-	-	-	-	4,744	-	4,744
Debt issued and borrowings	1	-	7,322	44,000	-	-	51,323
Total financial liabilities	1,715,957	140,814	255,448	206,061	104,487	-	2,422,767

- Interest rate sensitivity analysis

Sensitivity analysis on interest rate change is to show the potential impact in the changes in interest rates on the statement of comprehensive income and the equity of the Bank by setting other variables constant.

The sensitivity of the statement of comprehensive income is the effect of changing interest rates on profit or loss for the year. For financial assets and financial liabilities at the end of reporting date, the Bank evaluates sensitivity analysis from net interest income change for the next 12 months under the assumption of changing interest rates of 1.00 percent for all types of financial assets and financial liabilities per each period of interest rate adjustment.

The impact of interest rates changes on profit or loss and equity as of 31 December 2020 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Effect of		Effect of	
	Profit or loss	Equity	Profit or loss	Equity
Interest increase 1%	(94)	(94)	(370)	(370)
Interest decrease 1%	(9,777)	(9,777)	(9,501)	(9,501)

- 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 conducting transactions in foreign currency or having assets or liabilities in foreign currency, when converting foreign currency items on the Bank's financial statements to local currency, resulting in a decrease in book values including a decline in income or losses incurred from foreign currency trading.

The Bank has foreign exchange transactions, resulting in risk from changes in foreign exchange rates. However, the Bank has policy to hedge foreign exchange rate risk by regularly following up the risk and controlling the risk to be contained within the risk ceiling that the Bank set.

Financial position of the Bank and its subsidiaries' foreign currency balances as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	542	295	78	87	296
Interbank and money market items	13,674	1,112	552	147	3,882
Derivative assets	757,092	118,450	44,372	833	15,471
Investments	15,095	1,721	18,021	345	1,920
Loans to customers	55,581	474	242	11	114
Total assets	841,984	122,052	63,265	1,423	21,683
Deposits	32,682	1,684	96	229	2,909
Interbank and money market items	8,781	271	-	-	58
Derivative liabilities	813,632	119,644	62,456	616	15,717
Total liabilities	855,095	121,599	62,552	845	18,684
Net	(13,111)	453	713	578	2,999
<u>Foreign currency of commitments</u>					
Loan commitments	40,690	-	-	-	105
Liabilities under unmatured import bills	1,735	138	2	-	4
Letter of credit	22,302	2,654	1,670	-	2,417
Other commitments	15,728	3,043	29	-	209

(Unit: Million Baht)

Consolidated financial statements					
31 December 2019					
<u>Foreign currency in the statement of financial position</u>	Australian				
	US Dollar	Euro	Yen	Dollar	Others
Cash	2,245	925	56	200	801
Interbank and money market items	21,138	1,406	2,562	129	3,360
Derivative assets	839,210	134,507	41,740	2,216	86,025
Investments	18,279	1,738	33,671	317	2,347
Loans to customers	55,892	747	291	19	42
Total assets	936,764	139,323	78,320	2,881	92,575
Deposits	21,041	1,614	31	261	3,083
Interbank and money market items	12,701	630	-	-	160
Derivative liabilities	877,147	135,649	65,136	2,176	86,560
Debt issued and borrowings	-	-	-	-	7,322
Total liabilities	910,889	137,893	65,167	2,437	97,125
Net	25,875	1,430	13,153	444	(4,550)
<u>Foreign currency of commitments</u>					
Loan commitments ⁽¹⁾	-	-	-	-	-
Liabilities under unmatured import bills	1,012	38	113	-	19
Letter of credit	33,719	6,479	3,429	-	5,146
Other commitments	23,257	2,987	19	-	260

⁽¹⁾ The Bank determined that such disclosure will disclose from year 2020 onwards, due to the financial reporting standards, set of financial instruments, became effective on 1 January 2020.

(Unit: Million Baht)

Separate financial statements					
31 December 2020					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statement of financial position</u>					
Cash	542	295	78	87	296
Interbank and money market items	13,674	1,112	552	147	3,882
Derivative assets	757,092	118,450	44,372	833	15,471
Investments	15,095	1,721	18,021	345	1,920
Loans to customers	55,581	474	242	11	114
Total assets	841,984	122,052	63,265	1,423	21,683
Deposits	32,682	1,684	96	229	2,909
Interbank and money market items	8,781	271	-	-	58
Derivative liabilities	813,632	119,644	62,456	616	15,717
Total liabilities	855,095	121,599	62,552	845	18,684
Net	(13,111)	453	713	578	2,999
<u>Foreign currency of commitments</u>					
Loan commitments	40,690	-	-	-	105
Liabilities under unmatured import bills	1,735	138	2	-	4
Letter of credit	22,302	2,654	1,670	-	2,417
Other commitments	15,728	3,043	29	-	209

(Unit: Million Baht)

	Separate financial statements				
	31 December 2019				
	Australian				
<u>Foreign currency in the statement of financial position</u>	US Dollar	Euro	Yen	Dollar	Others
Cash	2,245	925	56	200	801
Interbank and money market items	21,138	1,406	2,562	129	3,360
Derivative assets	839,210	134,507	41,740	2,216	86,025
Investments	18,279	1,738	33,671	317	2,347
Loans to customers	55,892	747	291	19	42
Total assets	936,764	139,323	78,320	2,881	92,575
Deposits	21,041	1,614	31	261	3,083
Interbank and money market items	12,701	630	-	-	160
Derivative liabilities	877,147	135,649	65,136	2,176	86,560
Debt issued and borrowings	-	-	-	-	7,322
Total liabilities	910,889	137,893	65,167	2,437	97,125
Net	25,875	1,430	13,153	444	(4,550)
<u>Foreign currency of commitments</u>					
Loan commitments ⁽¹⁾	-	-	-	-	-
Liabilities under unmatured import bills	1,012	38	113	-	19
Letter of credit	33,719	6,479	3,429	-	5,146
Other commitments	23,257	2,987	19	-	260

⁽¹⁾ The Bank determined that such disclosure will disclose from year 2020 onwards, due to the financial reporting standards, set of financial instruments, became effective on 1 January 2020.

- **Foreign exchange rate sensitivity analysis**

Sensitivity analysis will quantify the impact from the potential changes in exchange rates on the statement of comprehensive income and the equity of the Bank by setting constant to other variables. Risks and methods used in sensitivity analysis does not change from the previous period.

The impact from changes in exchange rate on profit or loss and equity as of 31 December 2020 can be summarised as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	Effect of	
	Profit or loss	Equity
10% increase	(2,435)	(836)
10% decrease	2,435	836

- Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank has no policy of holding position in those items; hence, the Bank manage such risk exposures by doing back-to-back transactions.

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 inability to finance sufficient funds or acquiring funds at a higher than acceptable level cost thus affecting income and capital funds at present and in the future.

Structure of Sources and Uses of Funds

Liquidity risk is the significant risk of commercial banks. The Bank's primary sources of funds are from deposits, mostly short-term deposit less than 1 year and deposits that can be withdrawn without restricted timing, i.e. saving accounts, current accounts. The Bank's primary uses of funds are loans, which have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from the inability to turn asset into cash or the ability to turn asset into cash at cost higher than acceptable level, which 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 set the indicator to control liquidity risk such as coverage ratio (LCR) etc. In addition, the Bank also monitors the sources and uses of funds and funding source concentration, especially on important sources of funds; then regularly report such risk to the Asset and Liability Management Committee (ALCO), the Risk Oversight Committee (ROC) and other related parties.

Liquidity Risk Management Tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity and reported to top-level executives and relevant departments in order to efficiently manage liquidity risk. The Bank prepares liquidity risk report to evaluate liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators in order to manage and control the risk level within the limit. Such reports are as follows;

- Net liquidity position report of the 14 days duration presents daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, which is based on historical cash flow pattern together with forecasted future trend under realistic and conservative principles. This report is done on a daily basis.

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior in the past under normal situation.
- Daily financial position report presents the Bank's liquid assets in terms of daily average deposits with the BOT. The BOT's regulation requires maintaining sum of the average daily deposit balance at BOT 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 each type of high quality liquid assets to support the liquidity need 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 aims to ensure that a bank has the sufficient liquidity to withstand the severe short term liquidity situation. The Bank must have the unencumbered high quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or significant devaluation to meet its liquidity needs for a 30 calendar day under severe 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 have stable funding source in line with the noncallable asset or the non-marketable with significant devaluation.
- Simulation liquidity risk stress testing report will be 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 type 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.

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 reporting period.

Information as at 31 December 2020

Liquidity Ratio

The Bank has average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BOT. As at 31 December 2020 and 2019, the Bank has deposits at the BOT and cash at the Cash Center of Baht 28,036 million and Baht 36,767 million, respectively.

Sources and Uses of Funds

Sources and uses of funds as at 31 December 2020, the Bank and its subsidiaries' major sources of funds were deposits accounting for 74.02 percent of total funds. Other significant sources of funds included interbank and money market items (liabilities) of 8.25 percent, debt issued and borrowings of 2.60 percent and equity of 10.67 percent.

The Bank and its subsidiaries' uses of funds were loans to customers accounting for 70.16 percent of total uses of funds. Other significant uses of funds included interbank and money market items - net (assets) of 15.53 percent and investments - net of 10.41 percent.

	31 December 2020	31 December 2019
	(%)	(%)
Sources of Funds		
Deposits	74.02	71.57
Interbank and money market items (liabilities)	8.25	7.16
Debt issued and borrowings	2.60	3.21
Equity	10.67	11.56
Uses of Funds		
Loans to customers	70.16	69.38
Interbank and money market items - net (assets)	15.53	11.25
Investments - net	10.41	14.15

Loans to deposits ratio

	31 December 2020	31 December 2019
	(%)	(%)
Loans to deposits ratio (Consolidated financial statements)	94.79	96.94
Loans to deposits ratio (Separate financial statements)	91.29	92.95

On the consolidated financial statements as at 31 December 2020, the Bank has loans to deposits ratio of 94.79 percent which has decreased from 96.94 percent as at 31 December 2019.

Loans to deposits ratio on the separate financial statements as at 31 December 2020 is 91.29 percent which has decreased from 92.95 percent as at 31 December 2019. As a result, loans increased 12.25 percent and deposits increased 14.28 percent from the end of the year 2019.

These above ratios have no significant impact to the liquidities of the Bank and its subsidiaries.

As at 31 December 2020 and 2019, the Bank's significant financial assets and liabilities are classified by remaining maturity as follows:

(Unit: Million Baht)

Consolidated financial statements						
31 December 2020						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,161	68,161
Interbank and money market items	41,775	477,651	2	-	-	519,428
Financial assets measured at fair value through profit or loss	-	959	1,329	10,262	1,174	13,724
Derivative assets	-	29,447	28,197	16,863	-	74,507
Investments	36	51,869	224,627	25,760	14,743	317,035
Loans to customers	212,109	475,506	572,766	1,074,461	-	2,334,842
Total financial assets	253,920	1,035,432	826,921	1,127,346	84,078	3,327,697
Financial liabilities						
Deposits	1,930,454	513,786	18,985	-	-	2,463,225
Interbank and money market items	55,545	180,826	31,408	6,787	-	274,566
Derivative liabilities	-	25,358	25,581	14,532	-	65,471
Debt issued and borrowings	-	8,543	14,559	63,462	-	86,564
Total financial liabilities	1,985,999	728,513	90,533	84,781	-	2,889,826

(Unit: Million Baht)

Consolidated financial statements						
31 December 2019						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,434	68,434
Interbank and money market items	54,414	285,384	1	-	33	339,832
Derivative assets	-	20,843	21,232	13,736	-	55,811
Investments	36	185,281	161,488	34,302	15,362	396,469
Loans to customers	221,297	527,111	377,770	963,695	-	2,089,873
Total financial assets	275,747	1,018,619	560,491	1,011,733	83,829	2,950,419
Financial liabilities						
Deposits	1,577,854	438,787	137,628	1,596	-	2,155,865
Interbank and money market items	45,907	141,442	21,922	6,552	-	215,823
Derivative liabilities	-	21,485	16,841	13,543	-	51,869
Debt issued and borrowings	-	6,186	19,088	71,567	-	96,841
Total financial liabilities	1,623,761	607,900	195,479	93,258	-	2,520,398

(Unit: Million Baht)

Separate financial statements						
31 December 2020						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,116	68,116
Interbank and money market items	41,304	477,651	2	-	-	518,957
Financial assets measured at fair value through profit or loss	-	1,102	1,650	10,262	1,174	14,188
Derivative assets	-	29,447	28,197	16,863	-	74,507
Investments	36	51,124	225,283	25,758	14,740	316,941
Loans to customers	219,356	413,571	544,809	1,074,286	-	2,252,022
Total financial assets	260,696	972,895	799,941	1,127,169	84,030	3,244,731
Financial liabilities						
Deposits	1,933,312	514,328	19,140	-	-	2,466,780
Interbank and money market items	52,403	177,827	31,408	6,787	-	268,425
Derivative liabilities	-	25,358	25,581	14,532	-	65,471
Debt issued and borrowings	-	-	-	44,293	-	44,293
Total financial liabilities	1,985,715	717,513	76,129	65,612	-	2,844,969

(Unit: Million Baht)

Separate financial statements						
31 December 2019						
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash	-	-	-	-	68,362	68,362
Interbank and money market items	54,012	285,322	1	-	-	339,335
Derivative assets	-	20,843	21,232	13,736	-	55,811
Investments	36	184,577	162,141	34,302	15,359	396,415
Loans to customers	222,110	464,363	356,133	963,707	-	2,006,313
Total financial assets	276,158	955,105	539,507	1,011,745	83,721	2,866,236
Financial liabilities						
Deposits	1,579,785	439,295	137,783	1,597	-	2,158,460
Interbank and money market items	43,820	135,946	21,922	6,552	-	208,240
Derivative liabilities	-	21,485	16,841	13,543	-	51,869
Debt issued and borrowings	-	1	-	51,322	-	51,323
Total financial liabilities	1,623,605	596,727	176,546	73,014	-	2,469,892

8. Capital funds

As at 31 December 2020 and 2019, the Bank has calculated capital funds in accordance with the BOT's Basel III Framework. Since 2016, the BOT has required commercial banks that are registered in Thailand to maintain the additional common equity Tier 1 ratio that exceeds the minimum capital funds by more than 2.5 percent of total risk-weighted assets, by gradually increasing the excess over the minimum capital funds by 0.625 percent each year, beginning from 1 January 2016 until the full amount was maintained on 1 January 2019.

The BOT added a rule requiring those commercial banks that have been identified as commercial banks with systematic country risk to maintain an additional capital adequacy ratio equal to 0.5 percent of risk-weighted assets from 1 January 2019 and increasing in to be 1 percent of total risk-weighted assets from 1 January 2020 onwards.

Capital adequacy ratios

	2020	2019
	More than %	More than %
Common equity Tier 1 ratio	8.00	7.50
Tier 1 capital fund ratio	9.50	9.00
Capital adequacy ratio	12.00	11.50

The capital fund and capital adequacy ratio information as at 31 December 2020, is preliminary information prepared using the criteria and methods prescribed by the BOT, which requires the Bank to prepare and submit such information to the BOT within 3 months from the end of the quarter, and to disclose such information as at 31 December of each year via the Bank's website. Comparative information as at 31 December 2020, already submitted to the BOT, is as follow:

(Unit: Million Baht)

	Financial business group	
	31 December 2020	31 December 2019
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	205,207	193,994
Other components of equity	30,963	33,011
Capital deduction items on common equity Tier 1	(21,743)	(22,340)
Tier 1 capital funds - financial instruments	1,288	1,100
Total Tier 1 capital funds	315,755	305,805
Tier 2 capital funds		
Long-term subordinated debt	44,000	53,091
Allowance for assets classified as normal	22,349	22,443
Total Tier 2 capital funds	66,349	75,534
Total capital funds	382,104	381,339

(Unit: Million Baht)

	Separate financial statements	
	31 December 2020	31 December 2019
Common equity Tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserve	7,201	7,201
Net income after appropriation	187,929	179,309
Other components of equity	16,661	16,090
Capital deduction items on common equity Tier 1	(10,947)	(9,977)
Total tier 1 capital funds	293,683	285,462
Tier 2 capital funds		
Long-term subordinated debt	44,000	53,091
Allowance for assets classified as normal	21,332	21,525
Total Tier 2 capital funds	65,332	74,616
Total capital funds	359,015	360,078

	Capital adequacy ratio			
	Financial business group		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	(%)	(%)	(%)	(%)
Common equity Tier 1 ratio	15.73	15.19	15.35	14.80
Tier 1 capital fund ratio	15.79	15.24	15.35	14.80
Capital adequacy ratio	19.11	19.01	18.76	18.66

The Bank discloses information about the capital requirements of the Bank and the financial business group in accordance with the BOT's Notification regarding the Disclosure of Capital Requirements of Commercial Banks and Notification regarding the Disclosure of Capital Requirement of Financial Business Groups.

Channel of disclosure www.krungthai.com>Investor Relations>Financial Information> Pillar III disclosures

Date of disclosure Within 4 months after the end of reporting period.

Information as at 31 December 2020

9. Supplementary information

9.1 Supplementary information of cash flows

9.1.1 Cash

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Cash	61,446	62,717	61,401	62,645
Cash received in advance from electronic money transactions and electronic money transfer services	6,715	5,717	6,715	5,717
Total	68,161	68,434	68,116	68,362

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Increase in revaluation surplus on available-for-sale investments - net of income tax expenses	-	1,269	-	1,285
Increase in revaluation surplus on investments measured at fair value through other comprehensive income - net of income tax expenses	923	-	741	-
Increase in right-of-use assets	3,237	-	2,321	-
Increase in properties for sale from loans repayment	1,277	1,704	1,277	1,704

9.1.3 Disclosures of related changes in liabilities from financing activities

(Unit: Million Baht)

Item	Consolidated financial statements			
	Cash flows			31 December 2020
	31 December 2019	from financing activities	Non-cash item	
Debt issued and borrowings	96,841	(10,569)	292	86,564
Total	96,841	(10,569)	292	86,564

(Unit: Million Baht)

Item	Separate financial statements			
	Cash flows			31 December 2020
	31 December 2019	from financing activities	Non-cash item	
Debt issued and borrowings	51,323	(7,322)	292	44,293
Total	51,323	(7,322)	292	44,293

9.2 Classification of financial assets and financial liabilities

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets					
Cash	-	-	-	68,161	68,161
Interbank and money market items - net	-	-	-	516,792	516,792
Financial assets measured at fair value through profit and loss	13,724	-	-	-	13,724
Derivatives assets	74,507	-	-	-	74,507
Investments - net	-	300,505	14,743	1,740	316,988
Loans to customers and accrued interest receivables - net	-	-	-	2,200,513	2,200,513
Total financial assets	88,231	300,505	14,743	2,787,206	3,190,685
Financial liabilities					
Deposits	-	-	-	2,463,225	2,463,225
Interbank and money market items - net	-	-	-	274,566	274,566
Liabilities payable on demand	-	-	-	4,732	4,732
Derivatives liabilities	65,471	-	-	-	65,471
Debt issued and borrowings	-	-	-	86,564	86,564
Lease liabilities	-	-	-	4,504	4,504
Provisions	-	-	-	20,287	20,287
Total financial liabilities	65,471	-	-	2,853,878	2,919,349

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 6.1 to the consolidated financial statements.

(Unit: Million Baht)

Separate financial statement					
31 December 2020					
	Financial instruments measured at fair value through profit and loss	Financial instruments measured at fair value through other comprehensive income	Investments in equity securities designated at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>					
Cash	-	-	-	68,116	68,116
Interbank and money market items - net	-	-	-	516,321	516,321
Financial assets measured at fair value through profit and loss	14,188	-	-	-	14,188
Derivatives assets	74,507	-	-	-	74,507
Investments - net	-	301,259	14,740	895	316,894
Loans to customers and accrued interest receivables - net	-	-	-	2,127,089	2,127,089
Total financial assets	88,695	301,259	14,740	2,712,421	3,117,115
<u>Financial liabilities</u>					
Deposits	-	-	-	2,466,780	2,466,780
Interbank and money market items - net	-	-	-	268,425	268,425
Liabilities payable on demand	-	-	-	4,732	4,732
Derivatives liabilities	65,471	-	-	-	65,471
Debt issued and borrowings	-	-	-	44,293	44,293
Lease liabilities	-	-	-	3,529	3,529
Provisions	-	-	-	18,740	18,740
Total financial liabilities	65,471	-	-	2,806,499	2,871,970

The beginning balance of financial assets and financial liabilities classified in accordance with TFRS 9 are presented in Note 6.1 to the consolidated financial statements.

9.3 Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	25,449	419,897	445,346	32,135	221,061	253,196
Commercial banks	459	8,449	8,908	475	22,532	23,007
Specialised financial institutions	14	19,573	19,587	23	6,126	6,149
Other financial institutions	25	26,249	26,274	40	28,993	29,033
Total	25,947	474,168	500,115	32,673	278,712	311,385
Add: Accrued interest receivables	-	83	83	-	117	117
Less: Deferred revenue	-	(2)	(2)	-	(22)	(22)
Less: Allowance for doubtful account	-	-	-	(1)	(1,149)	(1,150)
Less: Allowance for expected credit losses	(1)	(2,635)	(2,636)	-	-	-
Total domestic items	25,946	471,614	497,560	32,672	277,658	310,330
Foreign						
US Dollar	12,266	1,362	13,628	15,328	5,775	21,103
Yen	552	-	552	2,562	-	2,562
Euro	1,112	-	1,112	1,406	-	1,406
Others	1,898	2,125	4,023	2,224	1,176	3,400
Total	15,828	3,487	19,315	21,520	6,951	28,471
Add: Accrued interest receivables	-	18	18	-	57	57
Less: Deferred revenue	-	-	-	-	(2)	(2)
Less: Allowance for doubtful account	-	-	-	(1)	(84)	(85)
Less: Allowance for expected credit losses	(62)	(39)	(101)	-	-	-
Total foreign items	15,766	3,466	19,232	21,519	6,922	28,441
Total	41,712	475,080	516,792	54,191	284,580	338,771

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	25,449	419,897	445,346	32,135	221,061	253,196
Commercial banks	2	8,449	8,451	1	22,532	22,533
Specialised financial institutions	-	19,573	19,573	-	6,126	6,126
Other financial institutions	25	26,249	26,274	40	28,993	29,033
Total	25,476	474,168	499,644	32,176	278,712	310,888
Add: Accrued interest receivables	-	83	83	-	117	117
Less: Deferred revenue	-	(2)	(2)	-	(22)	(22)
Less: Allowance for doubtful account	-	-	-	(1)	(1,149)	(1,150)
Less: Allowance for expected credit losses	(1)	(2,635)	(2,636)	-	-	-
Total domestic items	25,475	471,614	497,089	32,175	277,658	309,833
Foreign						
US Dollar	12,266	1,362	13,628	15,328	5,775	21,103
Yen	552	-	552	2,562	-	2,562
Euro	1,112	-	1,112	1,406	-	1,406
Others	1,898	2,125	4,023	2,224	1,176	3,400
Total	15,828	3,487	19,315	21,520	6,951	28,471
Add: Accrued interest receivables	-	18	18	-	57	57
Less: Deferred revenue	-	-	-	-	(2)	(2)
Less: Allowance for doubtful account	-	-	-	(1)	(84)	(85)
Less: Allowance for expected credit losses	(62)	(39)	(101)	-	-	-
Total foreign items	15,766	3,466	19,232	21,519	6,922	28,441
Total	41,241	475,080	516,321	53,694	284,580	338,274

As at 31 December 2020, the Bank has no loans to a subsidiary company, which was a financial institution.

9.4 Financial assets measured at fair value through profit and loss

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Investments	31 December 2020	31 December 2020
Financial assets held for trading		
Government and state enterprises securities	6,497	6,497
Private enterprises debt securities	1,973	2,437
Marketable equity securities	36	36
Total	8,506	8,970
Others		
Private enterprises debt securities	4,080	4,080
Unit trust	382	382
Marketable equity securities	756	756
Total	5,218	5,218
Total financial assets measured at fair value through profit and loss	13,724	14,188

9.5 Derivatives

9.5.1 Derivatives held for trading

Fair value and notional amount classified by type of risk are as follows.

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
Type of risk	Fair value		Notional amounts	Fair value		Notional amounts
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	35,370	29,425	1,752,331	31,047	27,323	2,083,533
Interest rate	32,092	29,047	2,110,901	18,789	17,215	2,177,441
Others	6,125	6,699	123,954	5,975	7,331	163,262
Total	73,587	65,171	3,987,186	55,811	51,869	4,424,236

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
Type of risk	Fair value		Notional amounts	Fair value		Notional amounts
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	35,370	29,425	1,752,331	31,047	27,323	2,083,533
Interest rate	32,092	29,047	2,110,901	18,789	17,215	2,177,469
Others	6,125	6,699	123,954	5,975	7,331	163,262
Total	73,587	65,171	3,987,186	55,811	51,869	4,424,264

9.5.2 Derivative for hedging

As at 31 December 2020, hedging instrument classified by type of hedging and risk are detailed as follow.

Dynamic hedging

Fair value and notional amount classified by type of risk are as follows.

(Unit: Million Baht)			
Consolidated and separate financial statements			
31 December 2020			
Type of risk	Notional amounts	Fair value	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	4,315	-	-
Total	4,315	-	-

Fair value hedges

The amounts relating to items designated as hedged items under fair value hedges are as follow.

(Unit: Million Baht)

Consolidated and separate financial statements					
31 December 2020					
Type of risk		Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
		Assets	Liabilities	Assets	Liabilities
<u>Interest rate risk</u>					
THB fixed-rate borrowings	A	-	3,451	-	101
THB fixed-rate debt issued	B	-	10,293	-	293
Total interest rate risk		-	13,744	-	394
<u>Foreign exchange rate risk</u>					
USD investments in equity securities, designated at fair value through other comprehensive income	C	2,987	-	90	-
EUR investments in equity securities, designated at fair value through other comprehensive income	C	7	-	-	-
Total foreign exchange rate risk		2,994	-	90	-
Total		2,994	13,744	90	394

The items in the statement of financial position, where the hedged items and the cumulative fair value changes are recorded, include:

- A. Interbank and money market items (Liabilities)
- B. Debt issued and borrowings
- C. Investment - net

The amounts relating to items designated as hedging instruments under fair value hedges are as follow.

(Unit: Million Baht)			
Consolidated and separate financial statements			
31 December 2020			
Type of risk	Notional amounts	Fair value of hedging instruments	
		Assets	Liabilities
<u>Interest rate risk</u>			
Interest rate swap	13,350	457	4
Total interest rate risk	13,350	457	4
<u>Foreign exchange rate risk</u>			
Foreign currency forward contract	30	-	-
Foreign currency swap contract	2,890	90	-
Total foreign exchange rate risk	2,920	90	-
Total	16,270	547	4

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, to changes in the fair value of the hedged items and hedging instruments during the year, used as the basis for recognising ineffectiveness:

(Unit: Million Baht)				
Consolidated and separate financial statements				
For the year period 31 December 2020				
Type of risk		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	Hedged items	Hedging instruments	
<u>Interest rate risk</u>				
THB fixed-rate borrowings	Interest rate swap	66	(62)	4
THB fixed-rate debt issued	Interest rate swap	(77)	77	-
Total interest rate risk		(11)	15	4

(Unit: Million Baht)

		Consolidated and separate financial statements		
		For the year ended 31 December 2020		
Type of risk		Gains (losses) attributable to the hedged risk		Change in fair value used
Hedged items	Hedging instruments	Hedged items	Hedging instruments	for measuring ineffectiveness
Foreign exchange rate risk				
USD investments in equity securities, designated at fair value through other comprehensive income	Foreign currency forward contract / Foreign currency swap contract	(88)	88	-
EUR investments in equity securities, designated at fair value through other comprehensive income	Foreign currency swap contract	-	-	-
Total foreign exchange rate risk		(88)	88	-
Total		(99)	103	4

Cash flow hedges

The amounts relating to items designated as hedged items under cash flow hedges are as follow.

(Unit: Million Baht)

		Consolidated and separate financial statements		
		31 December 2020		
Type of risk		Change in fair value measuring used for ineffectiveness	Cash flow hedge reserve	
			Continuing hedges	Discontinued hedges
Interest rate and foreign exchange rate risk				
Investment in debt securities, measured at fair value through other comprehensive income				
USD fixed-rate		(3)	(15)	-
USD floating rate		(165)	50	-
YEN fixed-rate		(63)	123	-
EUR fixed-rate		62	10	-
EUR floating rate		59	14	-
AUD fixed-rate		24	-	-
Total		(86)	182	-

The corresponding items in the statement of financial position, where the hedged items are recorded is "Investment - net".

The below table sets out the outcome of the Bank's hedging strategy, set out in Note 4.5 to the consolidated financial statements, in particular, the notional and the carrying amounts of the derivatives the Bank uses as cash flow hedging instruments and the changes in fair value used for measuring ineffectiveness of the cash flow hedges as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements						
	31 December 2020						
		Carrying amount of hedging instruments		Changes in fair value used for measuring ineffectiveness			Amount reclassified from the cash flow hedge reserve to profit or loss
Type of risk	Notional amounts	Assets	Liabilities	Total	Effective portion recognised in other comprehensive income	Ineffective portion recognised in profit or loss	
Interest rate and foreign exchange rate risk							
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities	1,410	11	6	3	3	-	(14)
Cross currency swap (THB:USD) - hedge the risk of USD floating rate investments in debt securities	5,052	173	-	165	165	-	(115)
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities	14,906	189	134	63	63	-	45
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities	797	-	63	(62)	(62)	-	67
Cross currency swap (THB:EUR) - hedge the risk of EUR floating rate investments in debt securities	922	-	61	(59)	(59)	-	74
Cross currency swap (THB:AUD) - hedge the risk of AUD fixed-rate investments in debt securities	343	-	32	(24)	(24)	-	27
Total	23,430	373	296	86	86	-	84

The corresponding line item in the statement of comprehensive income that includes hedge ineffectiveness is "Net gains on financial instruments measured at fair value through profit or loss".

The corresponding line items in the statement of comprehensive income that affected by the reclassification of the cash flow hedge reserve are "Net gains on financial instruments measured at fair value through profit or loss" and "Interest income".

As at 31 December 2020, the Bank has hedging instruments used to hedge interest rate risk and foreign exchange rate risk, classified by the maturity as follows.

Type of risk	Consolidated and separate financial statements					
	31 December 2020					
	Remaining time to maturity					
	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
<u>Fair value hedges - interest rate risk</u>						
Interest rate swap - hedge THB fixed-rate borrowings						
Notional amount (Unit: Million Baht)	200	1,850	500	10,000	800	13,350
Average fixed rate (%)	4.60	4.34	4.50	3.40	3.41	3.59
Average floating rate (%)	0.72	0.39	0.63	1.70	0.83	1.41
<u>Fair value hedges - foreign exchange rate risk</u>						
Foreign currency forward contract - hedge USD investments in equity securities						
Notional amount (Unit: Million Baht)	-	30	-	-	-	30
Average foreign exchange rate (THB:USD)	-	30.00	-	-	-	30.00
Foreign currency swap contract - hedge EUR investments in equity securities						
Notional amount (Unit: Million Baht)	-	7	-	-	-	7
Average foreign exchange rate (THB:EUR)	-	36.52	-	-	-	36.52
Foreign currency swap contract - hedge USD investments in equity securities						
Notional amount (Unit: Million Baht)	-	2,884	-	-	-	2,884
Average foreign exchange rate (THB:USD)	-	30.97	-	-	-	30.97
<u>Cash flow hedges – interest rate and foreign exchange rate risk</u>						
Cross currency swap (THB:USD) - hedge the risk of USD fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	150	1,260	-	1,410
Average foreign exchange rate (THB:USD)	-	-	30.27	30.51	-	30.48
Average fixed rate (%)	-	-	2.10	2.70	-	2.64
Cross currency swap (THB:USD) - hedge the risk of USD floating rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	757	4,295	-	5,052
Average foreign exchange rate (THB:USD)	-	-	30.26	30.74	-	30.66
Average fixed rate (%)	-	-	1.48	1.48	-	1.48

Consolidated and separate financial statements						
31 December 2020						
Remaining time to maturity						
Type of risk	Less than 1 month	1 to 3 months	Over 3 months to 1 year	Over 1 to 5 years	Over 5 years	Total
Cross currency swap (THB:YEN) - hedge the risk of YEN fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	227	14,679	-	14,906
Average foreign exchange rate (THB:YEN)	-	-	0.28	0.29	-	0.29
Average fixed rate (%)	-	-	1.56	1.33	-	1.34
Cross currency swap (THB:EUR) - hedge the risk of EUR fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	797	-	797
Average foreign exchange rate (THB:EUR)	-	-	-	33.43	-	33.43
Average fixed rate (%)	-	-	-	1.76	-	1.76
Cross currency swap (THB:EUR) - hedge the risk of EUR floating rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	-	922	-	922
Average foreign exchange rate (THB:EUR)	-	-	-	33.69	-	33.69
Average fixed rate (%)	-	-	-	1.73	-	1.73
Cross currency swap (THB:AUD) - hedge the risk of AUD fixed-rate investments in debt securities						
Notional amount (Unit: Million Baht)	-	-	344	-	-	344
Average foreign exchange rate (THB:AUD)	-	-	20.79	-	-	20.79
Average fixed rate (%)	-	-	1.50	-	-	1.50

During the year ended 31 December 2020, there were no forecast transactions that are expected to be discontinued hedge as they were not expected to occur in the current year.

The following table provides a reconciliation by risk categories of other components of equity, resulting from hedge accounting.

(Unit: Million Baht)

	Consolidated and separate financial statements		
	Cash flow hedge reserve	Gains (losses) from deferred cost of hedging	Total
Balance as at 1 January 2020 - net income tax	9	(39)	(30)
Effective portion of changes in fair value:			
Interest rate and foreign exchange rate risk	86	-	86
Net amount reclassified to profit or loss:			
Interest rate and foreign exchange rate risk	84	-	84
Changes in deferred cost of hedging	-	90	90
Related income taxes	(34)	(18)	(52)
Balance as at 31 December 2020 - net income tax	145	33	178

9.6 Investments - net

The detail of investments of the Bank and its subsidiaries as of 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Investments in debt securities measured				
at amortised cost	1,740	-	895	-
Investments in debt securities measured at fair				
value through other comprehensive income	300,505	-	301,259	-
Investments in equity securities designated				
at fair value through other comprehensive				
income	14,743	-	14,740	-
Trading investments	-	48,252	-	48,252
Available-for-sale investments	-	344,198	-	344,856
Held-to-maturity investments	-	1,737	-	1,028
General investments	-	1,041	-	1,038
	316,988	395,228	316,894	395,174

9.6.1 Investments in debt securities measured at amortised cost

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2020	31 December 2020
	Amortised cost	Amortised cost
Government and state enterprise securities	845	
Private enterprise debt securities	364	364
Foreign debt securities	578	578
Total	1,787	942
<u>Less</u> Allowance for expected credit losses	(47)	(47)
Total	1,740	895

9.6.2 Investments in debt securities measured at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2020	31 December 2020
	Fair value	Fair value
Government and state enterprise securities	256,924	256,924
Private enterprise debt securities	10,867	11,621
Foreign debt securities	32,714	32,714
Total	300,505	301,259
Allowance for expected credit losses	(968)	(968)

9.6.3 Investments in equity securities designated at fair value through other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020		31 December 2020	
	Fair value	Dividend income	Fair value	Dividend income
Domestic marketable equity securities	10,436	281	10,436	281
Foreign marketable equity securities	3,180	27	3,180	27
Domestic non-marketable equity securities	1,120	14	1,117	14
Foreign non-marketable equity securities	7	1	7	1
Total	14,743	323	14,740	323

During the year ended 31 December 2020, the Bank and its subsidiaries have no disposal on investments in equity securities designated at fair value through other comprehensive income.

9.6.4 Trading securities

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2019	31 December 2019
	Fair value	Fair value
Government and state enterprise securities	29,737	29,737
Private enterprise debt securities	26	26
Foreign debt securities	18,489	18,489
Total	48,252	48,252

9.6.5 Available-for-sale securities

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2019	31 December 2019
	Fair value	Fair value
Government and state enterprise securities	278,825	278,825
Private debt securities	15,730	16,388
Foreign debt securities	36,527	36,527
Domestic marketable equity securities	12,849	12,849
Foreign marketable equity securities	267	267
Total	344,198	344,856

9.6.6 Held-to-maturity debt securities

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2019	31 December 2019
	Cost/Amortised cost	Cost/Amortised cost
Government and state enterprise securities	709	-
Private debt securities	605	605
Foreign debt securities	459	459
Total	1,773	1,064
<u>Less</u> Allowance for impairment	(36)	(36)
Total	1,737	1,028

9.6.7 General investments

		(Unit: Million Baht)	
		Consolidated financial statements	Separate financial statements
		31 December 2019	31 December 2019
		Cost/Amortised cost	Cost/Amortised cost
Domestic non-marketable equity securities		2,242	2,239
Foreign non-marketable equity securities		3	3
Others		1	1
Total		2,246	2,243
<u>Less</u> Allowance for impairment		(1,205)	(1,205)
Total		1,041	1,038

9.6.8 The Bank and its subsidiaries have investments in securities which the Bank hold not less than 10 percent of the equity of the investee, classified by industrial sector and represented at their fair value as follows:

		(Unit: Million Baht)	
		Consolidated and separate financial statements	
		31 December 2020	31 December 2019
Public utilities and services		1,726	1,538
Mutual funds and REIT		881	545

9.6.9 As at 31 December 2020 and 2019, investments of the Bank and its subsidiaries in the consolidated and separate financial statements include investments in companies which have problems with their financial position and operating performance, as follows:

	Consolidated and separate financial statements							
							Allowance for expected credit losses/ allowance for impairment provided in the accounts	
	Number		Cost		Fair value			
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies that are possible to delisting from the SET	2	3	-	-	33	-	-	-
2. Companies which have debt settlement problems or default on debt repayment	3	2	947	115	-	-	962	115

9.7 Investments in subsidiaries and associated companies - net

9.7.1 Separate financial statements

(Unit: Million Baht)

			Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended	
			31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Name of company	Type of business	Type of shares						
Subsidiaries								
Directly held								
KTB Law Co., Ltd.	Legal services	Ordinary	100.00	100.00	30	30	13	27
KTB General Services and Security Co., Ltd.	General services	Ordinary	100.00	100.00	140	140	59	119
Krung Thai Asset Management Plc.	Fund management	Ordinary	100.00	100.00	211	211	500	455
KTB Computer Services Co., Ltd.	IT services	Ordinary	100.00	100.00	1,300	1,300	-	79
KTB Leasing Co., Ltd.*	Hire purchase	Ordinary	100.00	100.00	1,000	1,000	-	-
KTB Advisory Co., Ltd.**	Financial counseling & advisory services	Ordinary	76.00	100.00	228	40	-	-
Krungthai Card Plc.	Credit card business	Ordinary	49.29	49.10	2,150	1,980	1,118	1,046
KTC Nano Co., Ltd.***	Nano finance	Ordinary	24.95	24.95	13	13	-	-
KTC Pico (Bangkok) Co., Ltd.***	Personal loan	Ordinary	24.95	24.95	15	15	-	-
KTC Prepaid Co., Ltd.***	Electronic money services	Ordinary	24.95	-	25	-	-	-
Indirect held								
KTC Pico (Chonburi) Co., Ltd.****	Personal loan				-	-	-	-
KTC Pico (Pathum Thani) Co., Ltd.****	Personal loan				-	-	-	-
KTC Pico (Samut Prakan) Co., Ltd.****	Personal loan				-	-	-	-
KTC Pico (Samut Sakhon) Co., Ltd.****	Personal loan				-	-	-	-
Infinitas by Krungthai Co., Ltd.*****	Digital platform services				-	-	-	-
Total					5,112	4,729	1,690	1,726
Less Allowance for impairment					(799)	(799)	-	-
Total					4,313	3,930	1,690	1,726

(Unit: Million Baht)

Name of company	Type of business	Type of shares	Percentages of shareholdings		Investments (Cost method)		Dividend for the years ended	
			31 December	31 December	31 December	31 December	31 December	31 December
			2020	2019	2020	2019	2020	2019
Associated companies								
Krungthai-AXA Life Insurance Plc.	Life insurance	Ordinary	50.00	50.00	4,072	4,072	-	-
Krungthai Panich Insurance Plc.	Non-life insurance	Ordinary	45.00	45.00	1,519	1,519	208	193
Krung Thai IBJ Leasing Co., Ltd.	Hire purchase	Ordinary	49.00	49.00	87	87	40	43
Krungthai Zmico Securities Co., Ltd.	Securities business	Ordinary	50.00	50.00	1,069	1,069	-	-
National ITMX Co., Ltd.	Services	Ordinary	19.86	19.82	36	36	35	17
BCI (Thailand) Co., Ltd.	Services	Ordinary	22.17	22.17	117	117	-	-
Total					6,900	6,900	283	253
Less Allowance for impairment					(10)	-	-	-
Total					6,890	6,900	283	253
Investments in subsidiaries and associates - net					11,203	10,830	1,973	1,979

* Under considering of business restructuring plan.

** Under operation of business plan preparation.

*** The Bank has 24.95 percent shareholding in KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC Prepaid Co., Ltd. and has indirect holdings of 49.29 percent through Krungthai Card Plc., and which Krungthai Card Plc. held 75.05 percent in KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC prepaid Co., Ltd.

**** The Bank, indirectly invested by KTC Pico (Bangkok) Co., Ltd., which invested in the 100% shareholdings of KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd.

***** The Bank, indirectly invested by KTB Advisory Co., Ltd., which invested in the 100% shareholdings of Infnitas by Krungthai Co., Ltd.

Details of investments in subsidiaries companies that have non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years ended		Profit allocated to non-controlling interests during the years ended		Other comprehensive income allocated to non-controlling interests during the years ended		Share of surplus from the change in the ownership interests in subsidiaries	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(%)	(%)										
Krungthai Card Plc.	50.71	50.90	11,561	10,039	1,150	1,069	2,699	2,853	14	(27)	(41)	-
KTB Advisory Co., Ltd.	12.17	-	37	-	-	-	-	-	-	-	37	-
			11,598	10,039	1,150	1,069	2,699	2,853	14	(27)	(4)	-

Summarised financial information, before eliminating intercompany transactions, of subsidiaries companies that have significant non-controlling interests are as follows:

(Unit: Million Baht)		
Krungthai Card Plc. ⁽¹⁾		
	31 December 2020	31 December 2019
<u>Summarised information about financial position</u>		
Total assets	88,403	85,409
Total liabilities	65,553	65,674
<u>Summarise information about comprehensive income</u>		
Net operating income	19,146	19,502
Profit for the years	5,332	5,524
Other comprehensive income	27	(54)
Total comprehensive income	5,359	5,471
<u>Summarised information about cash flow</u>		
Cash flow from (used in) operating activities	3,482	(2,211)
Cash flow from (used in) investing activities	(402)	(487)
Cash flow from (used in) financing activities	(2,515)	1,325

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies.

9.7.2 Consolidated financial statements

As at 31 December 2020 and 2019, investment in the associated companies, which presented under the equity method, in the consolidated financial statements consists of investment in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)						
Name of company	31 December 2020			31 December 2019		
	Percentages of shareholdings	Investments (cost method)	Investment (equity method)	Percentages of shareholdings	Investments (cost method)	Investment (equity method)
Associated companies						
Krungthai-AXA Life Insurance Plc.	50.00	594	23,816	50.00	594	25,663
Krungthai Panich Insurance Plc.	45.00	971	3,027	45.00	971	2,952
Krung Thai IBJ Leasing Co., Ltd.	49.00	87	790	49.00	87	695
Krungthai Zmico Securities Co., Ltd.	50.00	1,069	1,208	50.00	1,069	1,148
National ITMX Co., Ltd.	19.86	36	464	19.82	36	379
BCI (Thailand) Co., Ltd.	22.17	117	95	22.17	117	109
Total investments in associated companies - net		2,874	29,400		2,874	30,946

(Unit: Million Baht)

For the years ended 31 December

Name of company	2020				2019		
	Dividend income	Share of profit	Retained earnings	Share of other comprehensive income	Dividend income	Share of profit	Share of other comprehensive income
Associated companies							
Krungthai-AXA Life Insurance Plc. ⁽¹⁾	-	1,436	(577)	(2,706)	-	963	12,799
Krungthai Panich Insurance Plc. ⁽¹⁾	208	315	(1)	(76)	193	331	52
Krung Thai IBJ Leasing Co., Ltd.	40	135	-	-	43	78	-
Krungthai Zmico Securities Co., Ltd.	-	69	(29)	22	-	9	(28)
National ITMX Co., Ltd.	35	119	-	-	17	53	-
BCI (Thailand) Co., Ltd.	-	(14)	-	-	-	(9)	-
Total investments in associated companies - net	283	2,060	(607)	(2,760)	253	1,425	12,823

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies for the year 2020.

Investments in associated companies are accounted in the consolidated financial statements by using the equity method based on financial information from unaudited/ unreviewed financial statements of the associated companies.

9.7.3 Significant financial information of the associated companies

Summarised information about financial position

(Unit: Million Baht)

	Krungthai-AXA Life Insurance Plc.		Krungthai Panich Insurance Plc.		Krung Thai IBJ Leasing Co., Ltd.	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	341,759	334,284	11,866	10,506	12,734	12,908
Total liabilities	294,127	282,958	5,139	3,946	11,121	11,490
Net assets	47,632	51,326	6,727	6,560	1,613	1,418
Shareholding percentage (%)	50.00	50.00	45.00	45.00	49.00	49.00
Carrying amounts of the associate based on equity method	23,816	25,663	3,027	2,952	790	695

(Unit: Million Baht)

	Krungthai Zmico Securities Co., Ltd.		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Total assets	8,552	6,182	2,969	2,267	459	526
Total liabilities	6,136	3,886	634	348	29	36
Net assets	2,416	2,296	2,335	1,919	430	490
Shareholding percentage (%)	50.00	50.00	19.86	19.82	22.17	22.17
Carrying amounts of the associate based on equity method	1,208	1,148	464	379	95	109

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai-AXA Life Insurance Plc.		Krungthai Panich Insurance Plc.		Krung Thai IBJ Leasing Co., Ltd.	
	2020	2019	2020	2019	2020	2019
Revenue	64,919	68,963	2,920	2,857	1,038	958
Profit (loss)	2,872	1,881	701	731	275	154
Other comprehensive income	(5,411)	25,598	(168)	117	-	-
Total comprehensive income	(2,539)	27,479	533	848	275	154

(Unit: Million Baht)

	For the years ended 31 December					
	Krungthai Zmico Securities Co., Ltd.		National ITMX Co., Ltd.		BCI (Thailand) Co., Ltd.	
	2020	2019	2020	2019	2020	2019
Revenue	1,368	1,098	1,389	1,049	32	67
Profit (loss)	138	13	595	372	(60)	(40)
Other comprehensive income	43	(56)	-	-	-	-
Total comprehensive income	181	(43)	595	372	(60)	(40)

9.8 Loans to customers and accrued interest receivables - net

9.8.1 Classified by type of loans

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Overdrafts	155,037	168,673	155,037	168,673
Loans	1,592,453	1,407,818	1,504,951	1,324,106
Bills	581,389	505,162	590,829	512,322
Hire-purchase receivables	1,618	3,599	1	1
Finance lease receivables	957	1,165	-	-
Others	3,787	3,925	1,270	1,247
<u>Less</u> Deferred revenue	<u>(399)</u>	<u>(469)</u>	<u>(66)</u>	<u>(36)</u>
Total loans to customers net of deferred revenue	2,334,842	2,089,873	2,252,022	2,006,313
<u>Add</u> Accrued interest receivables	<u>16,199</u>	<u>5,160</u>	<u>15,657</u>	<u>4,569</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,351,041	2,095,033	2,267,679	2,010,882

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's regulations				
Individual approach	-	(66,723)	-	(64,394)
Collective approach	-	(4,046)	-	-
2. Excess allowance	-	(64,459)	-	(62,338)
<u>Less</u> Revaluation allowance for debt restructuring	-	(40)	-	(40)
<u>Less</u> Allowance for expected credit losses	(150,528)	-	(140,590)	-
Total loans to customers and accrued interest receivables - net	2,200,513	1,959,765	2,127,089	1,884,110

As at 31 December 2020, the Bank has interbank and money market loans made under programs rolled out in accordance with government policy. These consist of a soft loans program to provide working capital for SMEs, a soft loans program for replacement and improvement of machinery and increased productivity for SMEs, a program to provide financial support for entrepreneurs in the three Southern border provinces, a phase 6 of a program for financial institutions to provide revolving funds for energy conservation, a project to provide loans for the environment and COVID- 19 soft loans for personal loan and SMEs, together totalled Baht 44,667 million.

9.8.2 Classified by loans currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,252,468	25,952	2,278,420	2,005,481	27,401	2,032,882
US Dollar	25,122	30,459	55,581	30,570	25,322	55,892
Other currencies	817	24	841	1,069	30	1,099
Total*	2,278,407	56,435	2,334,842	2,037,120	52,753	2,089,873

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,169,648	25,952	2,195,600	1,921,921	27,401	1,949,322
US Dollar	25,122	30,459	55,581	30,570	25,322	55,892
Other currencies	817	24	841	1,069	30	1,099
Total*	2,195,587	56,435	2,252,022	1,953,560	52,753	2,006,313

* Total loans net of deferred revenues

9.8.3 Classified by business type of customers

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Agriculture and mining	24,424	26,521	24,267	26,389
Manufacturing and trading	504,670	533,198	503,167	532,322
Real estate and construction	128,957	114,047	128,112	113,021
Public utilities and services	583,746	360,854	584,481	361,774
Housing loans	430,281	396,036	430,281	396,036
Others	662,764	659,217	581,714	576,771
Total *	2,334,842	2,089,873	2,252,022	2,006,313

* Total loans net of deferred revenues

9.8.4 Classified by loans classification

(Unit: Million Baht)

	Consolidated financial statements	
	31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	2,013,375	32,093
Financial assets where there has been a significant increase in credit risk (Under-Performing)	223,501	41,627
Financial assets that are credit-impaired (Non-Performing)	109,407	74,204
Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL - simplified approach)	4,758	2,604
Total	2,351,041	150,528

(Unit: Million Baht)

Consolidated financial statements				
31 December 2019				
	Loans and accrued interest receivables	Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
1. Minimum reserve under BOT's regulations				
Normal	1,923,616	883,841	1	13,908
Special mention	68,696	30,545	2	8,478
Substandard	12,780	6,429	100	6,433
Doubtful	12,647	4,527	100	4,547
Doubtful of loss	77,294	37,398	100	37,403
2. Excess allowance				64,459
Total	2,095,033	962,740		135,228

⁽¹⁾ Net amount used in setting the allowance for doubtful accounts represents the outstanding amount of principal, excluding accrued interest receivables, after deducting collateral, or debts after deducting the present value of expected cash flows from debtors, or the present value of expected cash flows from the sale of collateral.

⁽²⁾ Included loss rate net of recovery.

(Unit: Million Baht)

Separate financial statements		
31 December 2020		
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,947,443	28,249
Financial assets where there has been a significant increase in credit risk (Under-Performing)	212,431	39,183
Financial assets that are credit-impaired (Non-Performing)	107,805	73,158
Total	2,267,679	140,590

(Unit: Million Baht)

Separate financial statements				
31 December 2019				
	Loans and accrued interest receivables	Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
1. Minimum reserve under BOT's regulations				
Normal	1,844,573	808,034	1	11,391
Special mention	67,026	29,098	2	7,942
Substandard	12,528	6,200	100	6,204
Doubtful	12,494	4,388	100	4,409
Doubtful of loss	74,261	34,444	100	34,448
2. Excess allowance				62,338
Total	2,010,882	882,164		126,732

⁽¹⁾ Net amount used in setting the allowance for doubtful accounts represents the outstanding amount of principal, excluding accrued interest receivables, after deducting collateral, or debts after deducting the present value of expected cash flows from debtors, or the present value of expected cash flows from the sale of collateral.

⁽²⁾ Included loss rate net of recovery.

9.8.5 As at 31 December 2020, the Bank and its subsidiaries have loans and accrued interest receivables with one delisted company amounting to Baht 8,410 million which have allowance for expected credit losses amounting to Baht 4,736 million (2019: There are loans and accrued interest receivable with 2 potential delisted companies amounting to Baht 8,501 million which have allowance for doubtful accounts of Baht 3,141 million).

9.8.6 Finance lease receivables (including hire-purchase receivables and finance lease receivables)

(Unit: Million Baht)

Consolidated financial statements								
31 December 2020					31 December 2019			
Amount due per the contract				Amount due per the contract				
Not over 1 year	Over 1 - 5 years	Over 5 years	Total	Not over 1 year	Over 1 - 5 years	Over 5 years	Total	
Gross investment of leases	1,100	1,290	185	2,575	2,532	2,169	63	4,764
<u>Less</u> Unearned financial income			(333)					(433)
Present value of minimum lease payments			2,242					4,331
<u>Less</u> Allowance for doubtful accounts			-					(515)
<u>Less</u> Allowance for expected credit losses			(501)					-
Finance lease receivables - net			1,741					3,816

(Unit: Million Baht)

Separate financial statements								
31 December 2020					31 December 2019			
Amount due of the contract				Amount due of the contract				
Not over 1 year	Over 1 - 5 years	Over 5 years	Total	Not over 1 year	Over 1 - 5 years	Over 5 years	Total	
Gross investment of leases	1	-	-	1	1	-	-	1
<u>Less</u> Unearned financial income			-					-
Present value of minimum leases payments			1					1
<u>Less</u> Allowance for doubtful accounts			-					(1)
<u>Less</u> Allowance for expected credit losses			(1)					-
Finance lease receivables - net			-					-

9.9 Allowance for expected credit losses/Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements						
31 December 2020						
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculate expected credit losses (Lifetime ECL - simplified approach)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)						
Beginning balance	-	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards ⁽¹⁾	505	1,126	4	-	(1,235)	400
	505	1,126	4	-	-	1,635
Changes due to staging of financial assets	5	(5)	-	-	-	-
Changes due to remeasurement of loss allowance	1,860	(962)	-	-	-	898
New financial assets purchased or acquired	199	19	-	-	-	218
Derecognition of financial assets	(1)	(9)	(4)	-	-	(14)
Ending balance	2,568	169	-	-	-	2,737
Investments in debt securities measured at amortised cost						
Beginning balance	-	-	-	-	36	36
Changes due to the adoption of new accounting standards ⁽¹⁾	1	1	36	-	(36)	2
	1	1	36	-	-	38
Changes due to remeasurement of loss allowance	-	6	-	-	-	6
New financial assets purchased or acquired	-	3	-	-	-	3
Ending balance	1	10	36	-	-	47

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Financial assets where applied simplified approach to calculate expected credit losses (Lifetime ECL - simplified approach)	Allowance for doubtful accounts	Total
Investments in debt securities measured at fair value through other comprehensive income						
Beginning balance	-	-	-	-	79	79
Changes due to the adoption of new accounting standards ⁽¹⁾	12	8	79	-	(79)	20
	12	8	79	-	-	99
Changes due to remeasurement of loss allowance	3	-	847	-	-	850
New financial assets purchased or acquired	29	-	-	-	-	29
Derecognition of financial assets	(2)	(8)	-	-	-	(10)
Ending balance	42	-	926	-	-	968
Loans to customers and accrued interest receivables						
Beginning balance	-	-	-	-	135,228	135,228
Changes due to the adoption of new accounting standards ⁽¹⁾	24,530	43,954	62,070	2,919	(135,228)	(1,755)
	24,530	43,954	62,070	2,919	-	133,473
Changes due to staging of financial assets	7,281	(9,030)	1,749	-	-	-
Changes due to remeasurement of loss allowance	(1,531)	7,268	34,391	(199)	-	39,929
New financial assets purchased or acquired	3,962	1,081	1,362	-	-	6,405
Derecognition of financial assets	(1,910)	(764)	(1,258)	-	-	(3,932)
Bad debt written-off	(239)	(882)	(24,110)	(200)	-	(25,431)
Bad debt recovery	-	-	-	84	-	84
Ending balance	32,093	41,627	74,204	2,604	-	150,528

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated financial statements.

(Unit: Million Baht)

Consolidated financial statements							
31 December 2019							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Allowance in excess of BOT's requirement	Total
Beginning balance	13,399	11,585	7,899	9,196	33,008	58,667	133,754
Doubtful accounts	648	(1,942)	3,285	(4,571)	21,181	5,239	23,840
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	(40)	-	-	-	-	(40)
Bad debt recovery	-	-	-	-	2,320	-	2,320
Bad debt written-off	(144)	(1,126)	(4,751)	(101)	(19,054)	-	(25,176)
Others	5	1	-	23	(52)	553	530
Ending balance	13,908	8,478	6,433	4,547	37,403	64,459	135,228

(Unit: Million Baht)

Separate financial statements					
31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)					
Beginning balance	-	-	-	1,235	1,235
Changes due to the adoption of new accounting standards ⁽¹⁾	505	1,126	4	(1,235)	400
	505	1,126	4	-	1,635
Changes due to staging of financial assets	5	(5)	-	-	-
Changes due to remeasurement of loss allowance	1,860	(962)	-	-	898
New financial assets purchased or acquired	199	19	-	-	218
Derecognition of financial assets	(1)	(9)	(4)	-	(14)
Ending balance	2,568	169	-	-	2,737

(Unit: Million Baht)

Separate financial statements					
31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Investments in debt securities measured at amortised cost					
Beginning balance	-	-	-	36	36
Changes due to the adoption of new accounting standards ⁽¹⁾	1	1	36	(36)	2
	1	1	36	-	38
Changes due to remeasurement of loss allowance	-	6	-	-	6
New financial assets purchased or acquired	-	3	-	-	3
Ending balance	1	10	36	-	47
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	-	-	-	79	79
Changes due to the adoption of new accounting standards ⁽¹⁾	12	8	79	(79)	20
	12	8	79	-	99
Changes due to remeasurement of loss allowance	3	-	847	-	850
New financial assets purchased or acquired	29	-	-	-	29
Derecognition of financial assets	(2)	(8)	-	-	(10)
Ending balance	42	-	926	-	968

(Unit: Million Baht)

Separate financial statements					
31 December 2020					
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Loans to customers and accrued interest receivables					
Beginning balance	-	-	-	126,732	126,732
Changes due to the adoption of new accounting standards ⁽¹⁾	22,204	41,956	60,817	(126,732)	(1,755)
	22,204	41,956	60,817	-	124,977
Changes due to staging of financial assets	6,449	(8,448)	1,999	-	-
Changes due to remeasurement of loss allowance	(1,751)	5,740	28,695	-	32,684
New financial assets purchased or acquired	3,331	1,081	1,362	-	5,774
Derecognition of financial assets	(1,745)	(264)	(525)	-	(2,534)
Bad debt written-off	(239)	(882)	(19,190)	-	(20,311)
Ending balance	28,249	39,183	73,158	-	140,590

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulations. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated financial statements.

(Unit: Million Baht)

Separate financial statements							
31 December 2019							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Allowance in excess of BOT's requirement	Total
Beginning balance	11,143	11,091	7,689	9,020	30,109	56,288	125,340
Doubtful accounts	243	(3,110)	(1,485)	(4,634)	20,989	5,497	17,500
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	(40)	-	-	-	-	(40)
Bad debt recovery	-	-	-	-	2,236	-	2,236
Bad debt written-off	-	-	-	-	(18,834)	-	(18,834)
Others	5	1	-	23	(52)	553	530
Ending balance	11,391	7,942	6,204	4,409	34,448	62,338	126,732

9.10 Properties for sale

Properties for sale as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

Type of properties for sale	Consolidated financial statements							
	31 December 2020				31 December 2019			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	40,136	4,381	(4,929)	39,588	36,799	8,018	(4,681)	40,136
Movable assets	192	131	(152)	171	297	41	(146)	192
Total	40,328	4,512	(5,081)	39,759	37,096	8,059	(4,827)	40,328
Others	69	974	(366)	677	69	-	-	69
Properties for sale in transit	986	1,923	(2,259)	650	902	986	(902)	986
Total	41,383	7,409	(7,706)	41,086	38,067	9,045	(5,729)	41,383
<u>Less</u> Allowance for impairment	(9,201)	(1,575)	2,349	(8,427)	(2,084)	(7,117)	-	(9,201)
Properties for sale - net	32,182	5,834	(5,357)	32,659	35,983	1,928	(5,729)	32,182

(Unit: Million Baht)

Type of properties for sale	Separate financial statements							
	31 December 2020				31 December 2019			
	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance
Assets from debt repayment								
Immovable properties	40,136	4,381	(4,929)	39,588	36,799	8,018	(4,681)	40,136
Movable assets	111	11	(111)	11	111	-	-	111
Total	40,247	4,392	(5,040)	39,599	36,910	8,018	(4,681)	40,247
Others (closed branches)	69	968	(362)	675	69	-	-	69
Properties for sale in transit	986	1,923	(2,259)	650	902	986	(902)	986
Total	41,302	7,283	(7,661)	40,924	37,881	9,004	(5,583)	41,302
<u>Less</u> Allowance for impairment	(9,126)	(1,541)	2,312	(8,355)	(1,967)	(7,159)	-	(9,126)
Properties for sale - net	32,176	5,742	(5,349)	32,569	35,914	1,845	(5,583)	32,176

During the years ended 31 December 2020 and 2019, the Bank had losses on sales of properties for sale totaling Baht 309 million and Baht 878 million, respectively (excluding revenue from ownership transfer fees paid by customers totaling Baht 58 million and Baht 74 million, respectively and selling expenses of Baht 225 million and Baht 231 million, respectively).

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

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Immovable assets for sale - assets from debt repayment		
Appraised by external appraisers	38,599	31,675
Appraised by internal appraisers	989	8,461
Total	39,588	40,136

9.11 Land, premises and equipment

Land, premises and equipment as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020					
	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<u>Cost</u>						
1 January 2020	5,848	10,258	12,375	22,990	896	52,367
Additions/transfers-in	7	364	359	2,033	1,777	4,540
Disposals/transfers-out	(77)	(223)	(118)	(1,243)	(1,697)	(3,358)
31 December 2020	5,778	10,399	12,616	23,780	976	53,549
<u>Accumulated depreciation</u>						
1 January 2020	-	-	8,724	18,653	724	28,101
Depreciation	-	-	235	1,506	58	1,799
Disposals	-	-	(109)	(1,053)	(16)	(1,178)
31 December 2020	-	-	8,850	19,106	766	28,722
<u>Allowance for impairment</u>						
1 January 2020	49	-	16	-	-	65
31 December 2020	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2020	5,729	10,399	3,750	4,674	210	24,762
Depreciation for the years ended 31 December						
2019						1,872
2020						1,799

* The Bank has revaluation in 2016.

(Unit: Million Baht)

Consolidated financial statements						
31 December 2019						
	Land					
	Cost	Revaluation*	Premises	Equipment	Others	Total
<u>Cost</u>						
1 January 2019	9,522	10,438	12,272	20,676	1,354	54,262
Additions/transfers-in	3	-	300	2,783	630	3,716
Disposals/transfers-out	(3,677)	(180)	(197)	(469)	(1,088)	(5,611)
31 December 2019	5,848	10,258	12,375	22,990	896	52,367
<u>Accumulated depreciation</u>						
1 January 2019	-	-	8,642	17,531	653	26,826
Depreciation	-	-	255	1,543	74	1,872
Disposals	-	-	(173)	(421)	(3)	(597)
31 December 2019	-	-	8,724	18,653	724	28,101
<u>Allowance for impairment</u>						
1 January 2019	49	-	16	-	-	65
31 December 2019	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2019	5,799	10,258	3,635	4,337	172	24,201

* The Bank has revaluation in 2016.

(Unit: Million Baht)

Separate financial statements						
31 December 2020						
Land						
	Cost	Revaluation*	Premises	Equipment	Others	Total
<u>Cost</u>						
1 January 2020	6,065	10,258	11,455	12,837	873	41,488
Additions/transfers-in	3	-	49	891	1,725	2,668
Disposals/transfers-out	(77)	(223)	(83)	(216)	(1,622)	(2,221)
31 December 2020	5,991	10,035	11,421	13,512	976	41,935
<u>Accumulated depreciation</u>						
1 January 2020	-	-	8,028	10,377	724	19,129
Depreciation	-	-	200	892	58	1,150
Disposals	-	-	(80)	(212)	(16)	(308)
31 December 2020	-	-	8,148	11,057	766	19,971
<u>Allowance for impairment</u>						
1 January 2020	49	-	16	-	-	65
31 December 2020	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2020	5,942	10,035	3,257	2,455	210	21,899
Depreciation for the years ended 31 December						
2019						1,110
2020						1,150

* The Bank has revaluation in 2016.

(Unit: Million Baht)

	Separate financial statements					
	31 December 2019					
	Land					
	Cost	Revaluation*	Premises	Equipment	Others	Total
<u>Cost</u>						
1 January 2019	9,739	10,438	11,367	11,279	1,062	43,885
Additions/transfers-in	3	-	241	1,773	178	2,195
Disposals/transfers-out	(3,677)	(180)	(153)	(215)	(367)	(4,592)
31 December 2019	6,065	10,258	11,455	12,837	873	41,488
<u>Accumulated depreciation</u>						
1 January 2019	-	-	7,941	9,762	653	18,356
Depreciation	-	-	217	819	74	1,110
Disposals	-	-	(130)	(204)	(3)	(337)
31 December 2019	-	-	8,028	10,377	724	19,129
<u>Allowance for impairment</u>						
1 January 2019	49	-	16	-	-	65
31 December 2019	49	-	16	-	-	65
<u>Net book value</u>						
31 December 2019	6,016	10,258	3,411	2,460	149	22,294

* The Bank has revaluation in 2016.

As at 31 December 2020 and 2019, the Bank and its subsidiaries have buildings and equipment which have been fully depreciated but are still in use, with gross carrying amounts before deducting accumulated depreciation and allowance for impairment approximately Baht 19,198 million and Baht 18,733 million, respectively (separate financial statements: Baht 12,200 million and Baht 11,177 million, respectively).

The Bank arranged for an independent professional appraiser to appraise the value of land in 2016. The basis of the revaluation was market approach.

Assumptions used in the valuation are summarised below:

	Consolidated and separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	2,800 - 1,566,352	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land of the Bank and its subsidiaries for the years ended 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Balance - beginning of the year	8,206	8,350	8,206	8,350
Increased during the year ⁽¹⁾	418	-	127	-
Transfer out during the year ⁽¹⁾	(44)	(144)	(44)	(144)
Balance - end of the year	8,580	8,206	8,289	8,206

⁽¹⁾ Include the adjustment for the transfer of land of closed branches to properties for sale.

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

9.12 Leases

The Bank and its subsidiaries have lease contracts for various items of premises, equipment, and vehicles used in its operations. Leases generally have lease terms between 1 - 50 years.

9.12.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are shown below:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2020			
	Premises	Equipment	Vehicles	Total
<u>Cost</u>				
1 January 2020 ⁽¹⁾	2,518	231	1,146	3,895
Additions/transfers-in	2,478	339	420	3,237
Disposals/transfers-out	(660)	(125)	(65)	(850)
31 December 2020	4,336	445	1,501	6,282
<u>Accumulated depreciation</u>				
1 January 2020 ⁽¹⁾	-	-	-	-
Depreciation	1,657	130	447	2,234
Disposals	(352)	(30)	(44)	(426)
31 December 2020	1,305	100	403	1,808
<u>Net book value</u>				
31 December 2020	3,031	345	1,098	4,474

⁽¹⁾ The beginning balance is presented in accordance with the adjustment of rights-of-use assets from the first-time adoption of TFRS16 as presented in Note 6.2 to the consolidated financial statements.

(Unit: Million Baht)

	Separate financial statements			
	31 December 2020			
	Premises	Equipment	Vehicles	Total
<u>Cost</u>				
1 January 2020 ⁽¹⁾	2,346	-	1,088	3,434
Additions/transfers-in	2,016	-	305	2,321
Disposals/transfers-out	(657)	-	(56)	(713)
31 December 2020	3,705	-	1,337	5,042
<u>Accumulated depreciation</u>				
1 January 2020 ⁽¹⁾	-	-	-	-
Depreciation	1,477	-	388	1,865
Disposals	(352)	-	(42)	(394)
31 December 2020	1,125	-	346	1,471
<u>Net book value</u>				
31 December 2020	2,580	-	991	3,571

⁽¹⁾ The beginning balance is presented in accordance with the adjustment of rights-of-use assets from the first-time adoption of TFRS16 as presented in Note 6.2 to the consolidated financial statements.

9.12.2 Lease liabilities

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2020	31 December 2020
Lease payments		
Up to 1 years	2,078	1,592
Over 1 - 5 years	2,526	1,980
Over 5 years	63	63
Total	4,667	3,635
Less: Deferred interest expenses	(163)	(106)
Total	4,504	3,529

9.12.3 Expenses relating to leases that are recognised in profit or loss

(Unit: Million Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	2,234	1,865
Interest expense on lease liabilities	101	60
Expense relating to short-term leases	442	382
Expense relating to leases of low-value assets	181	26
Total	2,958	2,333

9.12.4 Others

The Bank and its subsidiaries had total cash outflows for leases for the year ended 31 December 2020 of Baht 3,027 million, including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Bank and its subsidiaries had non-cash additions to right-of-use assets and lease liabilities of Baht 3,237 million

9.13 Intangible assets

Intangible assets as of 31 December 2020 and 2019 are summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
31 December 2020					
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2020	7,225	14	4,286	468	11,993
Additions/transfers-in	2,829	-	42	2,644	5,515
Disposals/transfers-out	(13)	-	(4)	(2,418)	(2,435)
31 December 2020	10,041	14	4,324	694	15,073
<u>Accumulated amortisation</u>					
1 January 2020	4,742	11	3,340	-	8,093
Amortisation	764	1	228	-	993
Disposal	(14)	-	(4)	-	(18)
31 December 2020	5,492	12	3,564	-	9,068
<u>Net book value</u>					
31 December 2020	4,549	2	760	694	6,005
Amortisation for the years ended 31 December					
2019					878
2020					993

(Unit: Million Baht)

Consolidated financial statements					
31 December 2019					
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2019	6,849	11	4,262	508	11,630
Additions/transfers-in	858	3	24	775	1,660
Disposals/transfers-out	(482)	-	-	(815)	(1,297)
31 December 2019	7,225	14	4,286	468	11,993
<u>Accumulated amortisation</u>					
1 January 2019	4,307	10	3,096	-	7,413
Amortisation	633	1	244	-	878
Disposal	(198)	-	-	-	(198)
31 December 2019	4,742	11	3,340	-	8,093
<u>Net book value</u>					
31 December 2019	2,483	3	946	468	3,900

(Unit: Million Baht)

Separate financial statements					
31 December 2020					
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2020	1,494	7	735	392	2,628
Additions/transfers-in	2,610	-	26	2,507	5,143
Disposals/transfers-out	(11)	-	(4)	(2,304)	(2,319)
31 December 2020	4,093	7	757	595	5,452
<u>Accumulated amortisation</u>					
1 January 2020	776	5	449	-	1,230
Amortisation	286	-	57	-	343
Disposal	(12)	-	(3)	-	(15)
31 December 2020	1,050	5	503	-	1,558
<u>Net book value</u>					
31 December 2020	3,043	2	254	595	3,894
Amortisation for the years ended 31 December					
2019					182
2020					343

(Unit: Million Baht)

	Serperated financial statements				
	31 December 2019				
	Computer software	Other licenses	Development cost	Intangible assets under development	Total
<u>Cost</u>					
1 January 2019	1,173	5	735	130	2,043
Additions/transfers-in	606	2	-	615	1,223
Disposals/transfers-out	(285)	-	-	(353)	(638)
31 December 2019	1,494	7	735	392	2,628
<u>Accumulated amortisation</u>					
1 January 2019	650	5	393	-	1,048
Amortisation	126	-	56	-	182
31 December 2019	776	5	449	-	1,230
<u>Net book value</u>					
31 December 2019	718	2	286	392	1,398

As at 31 December 2020 and 2019, the Bank and its subsidiaries have intangible assets which have been fully amortised but are still in use, with gross carrying amounts before deducting accumulated amortisation of approximately Baht 5,056 million and Baht 3,370 million, respectively (separate financial statements: Baht 886 million and Baht 304 million, respectively).

9.14 Deferred tax assets/liabilities and income tax

9.14.1 Deferred tax assets/liabilities

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deferred tax assets	11,567	13,117	8,931	10,387
Deferred tax liabilities	(5,686)	(4,953)	(5,370)	(4,690)
Net	5,881	8,164	3,561	5,697

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December	31 December	Changes of deferred tax for	
	2020	2019	the years ended 31 December	
			2020	2019
Deferred tax assets:				
Investments	585	426	159	(254)
Investment in subsidiaries and associated companies	-	160	(160)	(1)
Loans to customers and accrued interest receivable	2,309	5,451	(3,142)	1,444
Properties for sale	1,671	1,825	(154)	1,423
Land, premises and equipment	16	18	(2)	(251)
Provisions	4,247	3,046	1,201	680
Unused tax losses	6	-	6	-
Leases	88	-	88	-
Others	2,645	2,191	454	47
Total	11,567	13,117	(1,550)	3,088
Deferred tax liabilities:				
Investments	(2,474)	(2,161)	(313)	(127)
Land, premises and equipment	(2,444)	(2,482)	38	10
Leases	(79)	-	(79)	-
Others	(689)	(310)	(379)	66
Total	(5,686)	(4,953)	(733)	(51)
Net	5,881	8,164	(2,283)	3,037
Changes of deferred tax:				
Recognised in retained earning as of 1 January 2020 ⁽¹⁾			(214)	-
Recognised in other components of equity as of 1 January 2020 ⁽¹⁾			(516)	-
Recognised in profit or loss			(1,733)	3,120
Recognised in other comprehensive income			180	(83)
Total			(2,283)	3,037

⁽¹⁾ The effect of changes in accounting policies due to the adoption of new financial reporting standards as described in Note 6 to the consolidated financial statements.

(Unit: Million Baht)

	Separate financial statements			
	31 December 2020	31 December 2019	Changes of deferred tax for the years ended 31 December	
			2020	2019
Deferred tax assets:				
Investments	583	426	157	(256)
Investment in subsidiaries and associated companies	162	160	2	(1)
Loans to customers and accrued interest receivables	418	3,541	(3,123)	1,456
Properties for sale	1,671	1,825	(154)	1,432
Land, premises and equipment	13	13	-	(174)
Provisions	3,938	2,755	1,183	664
Others	2,146	1,667	479	24
Total	8,931	10,387	(1,456)	3,145
Deferred tax liabilities:				
Investments	(2,474)	(2,163)	(311)	(129)
Land, premises and equipment	(2,388)	(2,422)	34	15
Others	(508)	(105)	(403)	-
Total	(5,370)	(4,690)	(680)	(114)
Net	3,561	5,697	(2,136)	3,031
Changes of deferred tax:				
Recognised in retained earning as of 1 January 2020 ⁽¹⁾			(214)	-
Recognised in other components of equity as of 1 January 2020 ⁽¹⁾			(516)	-
Recognised in profit or loss			(1,650)	3,143
Recognised in other comprehensive income			244	(112)
Total			(2,136)	3,031

⁽¹⁾ The effect of changes in accounting policies due to the adoption of new financial reporting standards as described in Note 6 to the consolidated financial statements.

9.14.2 Income tax

The Bank has complied with its tax management policy to correctly operate tax payment, tax filing and tax benefit utilisation 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 higher future income tax (or lower) on the basis of amounts expected to be paid. Such the consideration is based on estimations, 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.

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	2,708	10,353	1,134	8,721
Deferred tax:				
Relating to temporary differences and reversal of temporary differences	1,733	(3,120)	1,650	(3,143)
Income tax expenses reported in profit or loss	4,441	7,233	2,784	5,578

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax on surplus from revaluation of assets	105	(36)	32	(36)
Deferred tax on gains (losses) from hedge accounting	52	-	52	-
Deferred tax on gains (losses) from the changes in value of investments in debt instruments measured at fair value through other comprehensive income	188	-	189	-
Deferred tax on gains (losses) from the changes in value of investments in equity instruments designated at fair value through other comprehensive income	(364)	-	(364)	-
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	-	317	-	321
Deferred tax on actuarial gains and losses	(161)	(198)	(153)	(173)
	(180)	83	(244)	112

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	23,880	39,370	16,076	31,904
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	4,776	7,874	3,215	6,381
Effects of non-taxable revenue and non-deductible expenses - net	(335)	(641)	(431)	(803)
Income tax expenses reported in profit or loss	4,441	7,233	2,784	5,578

9.15 Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Prepaid expenses	1,380	1,332	1,074	1,118
Suspense debtors	3,917	5,906	4,040	5,896
Collateral under Credit Support Annex				
Contract and Cash Margin Debtors	16,490	6,975	16,490	6,975
Settlement account between the Bank and other financial institutions	627	968	627	968
Receivables from sale of securities	3,401	5,413	3,401	5,413
Other assets	9,066	6,421	9,038	6,341
Total	34,881	27,015	34,670	26,711
Less: Allowance for impairment	(3,566)	(3,173)	(3,566)	(3,156)
Other assets - net	31,315	23,842	31,104	23,555

As at 31 December 2020 and 2019, other assets included defaulted debtors from convertible preferred shares contracts of Baht 998 million and Baht 998 million, respectively, which the Bank has set up an allowance for impairment at the same amount (Note 9.42.1 to the consolidated financial statements).

9.16 Deposits

9.16.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Demand deposits	104,371	84,692	104,375	84,705
Saving deposits	1,826,080	1,493,162	1,828,935	1,495,080
Time of deposits	532,774	578,011	533,470	578,675
Total	2,463,225	2,155,865	2,466,780	2,158,460

9.16.2 Classified by customers currency and residence

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,409,212	16,413	2,425,625	2,112,824	17,011	2,129,835
US Dollar	19,991	12,691	32,682	14,217	6,824	21,041
Other currencies	2,661	2,257	4,918	2,621	2,368	4,989
Total	2,431,864	31,361	2,463,225	2,129,662	26,203	2,155,865

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020			31 December 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,412,767	16,413	2,429,180	2,115,419	17,011	2,132,430
US Dollar	19,991	12,691	32,682	14,217	6,824	21,041
Other currencies	2,661	2,257	4,918	2,621	2,368	4,989
Total	2,435,419	31,361	2,466,780	2,132,257	26,203	2,158,460

9.17 Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2020			31 December 2019		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	261	13,538	13,799	598	24,156	24,754
Commercial banks	3,617	133,553	137,170	383	92,620	93,003
Specialised financial institutions	3,318	51,525	54,843	3,565	29,964	33,529
Other financial institutions	47,703	19,029	66,732	38,443	20,138	58,581
Total domestic items	54,899	217,645	272,544	42,989	166,878	209,867
Foreign						
US Dollar	384	1,376	1,760	289	5,428	5,717
Euro	106	-	106	79	-	79
Other currencies	156	-	156	160	-	160
Total foreign items	646	1,376	2,022	528	5,428	5,956
Total	55,545	219,021	274,566	43,517	172,306	215,823

(Unit: Million Baht)

Separate financial statements						
31 December 2020			31 December 2019			
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	261	13,538	13,799	598	24,156	24,754
Commercial banks	475	130,554	131,029	686	86,633	87,319
Specialised financial institutions	3,318	51,525	54,843	3,565	29,964	33,529
Other financial institutions	47,703	19,029	66,732	38,443	18,239	56,682
Total domestic items	51,757	214,646	266,403	43,292	158,992	202,284
Foreign						
US Dollar	384	1,376	1,760	289	5,428	5,717
Euro	106	-	106	79	-	79
Other currencies	156	-	156	160	-	160
Total foreign items	646	1,376	2,022	528	5,428	5,956
Total	52,403	216,022	268,425	43,820	164,420	208,240

9.18 Debt issued and borrowings

As at 31 December 2020 and 2019, debt issued and borrowings are classified as follows:

(Unit: Million Baht)

				Consolidated financial statements					
				31 December 2020			31 December 2019		
	Currency	Interest rate (%)	Maturity date	Domestic	Foreign	Total	Domestic	Foreign	Total
<u>Long term bonds</u>									
2015	Baht	3.68 - 4.00	2022 - 2025	2,695	-	2,695	4,695	-	4,695
2016	Baht	2.12 - 4.00	2021 - 2026	13,825	-	13,825	14,600	-	14,600
2017	Baht	2.46 - 3.80	2022 - 2027	10,988	-	10,988	11,043	-	11,043
2018	Baht	2.35 - 3.83	2021 - 2028	5,327	-	5,327	9,065	-	9,065
2019	Baht	2.40 - 3.20	2021 - 2029	5,974	-	5,974	6,115	-	6,115
2020	Baht	1.93 - 2.65	2022 - 2030	3,462	-	3,462	-	-	-
<u>KTB subordinated debentures</u>									
No. 1/2015	MYR	-	-	-	-	-	-	7,322	7,322
No. 1/2017	Baht	3.40	2027	20,293	-	20,293	20,000	-	20,000
No. 1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
<u>Other</u>									
Short-term bills of exchange (B/E) *	Baht			-	-	-	1	-	1
Total				86,564	-	86,564	89,519	7,322	96,841

(Unit: Million Baht)

				Separate financial statements					
				31 December 2020			31 December 2019		
	Currency	Interest rate (%)	Maturity date	Domestic	Foreign	Total	Domestic	Foreign	Total
<u>KTB subordinated debentures</u>									
No.1/2015	MYR	-	-	-	-	-	-	7,322	7,322
No.1/2017	Baht	3.40	2027	20,293	-	20,293	20,000	-	20,000
No.1/2019	Baht	3.70	2029	24,000	-	24,000	24,000	-	24,000
<u>Others</u>									
Short-term bills of exchange (B/E) *	Baht			-	-	-	1	-	1
Total				44,293	-	44,293	44,001	7,322	51,323

* Include matured bills of exchange that its holder is still not redeemable.

Subordinated debentures pursuant to Malaysian Ringgit Medium Term Note Programme amounting to MYR 5,000 million

On 6 July 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debentures). The debenture has a tenor of 10 years and a fixed interest rate of 5.10 percent per annum, and there is an option to early redeem the debentures after 5 years or after that subject to the conditions of the Bank, without the holder's consent. The Bank redeemed the debentures on 6 July 2020.

Subordinated debentures

The Bank issued Baht 20,000 million of subordinated debenture No. 1/2017, comprising 20 million units of Baht 1,000 each. The debenture has a fixed interest rate of 3.40 percent per annum, with payment of interest to be made every three months until maturity, and a tenor of 10 years, maturing in 2027. There is an option to early redeem the debentures after 5 years, or after that subject to the conditions of the Bank, without the holder's consent.

The Bank issued Baht 24,000 million of subordinated debenture No. 1/2019, comprising 24 million units of Baht 1,000 each. The debenture has a fixed interest rate of 3.70 percent per annum, with payment of interest to be made every three months until maturity, and a tenor of 10 years, maturing in 2029. There is an option to early redeem the debentures after 5 years, or after that subject to the conditions of the Bank, without the holder's consent.

Redemption of subordinated debentures

There are rights to early redeem debentures after 5 years or on any scheduled interest payment date after 5 years, or in accordance with the conditions of the agreement.

9.19 Provisions

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Allowance for expected credit losses on loan commitments and financial guarantee contracts	4,588	-	4,588	-
Provisions for employee benefits	15,123	14,419	13,582	12,973
Provisions for contingent losses from legal case	570	698	570	687
Other provisions	6	123	-	116
Total provisions	20,287	15,240	18,740	13,776

9.19.1 Allowance for expected credit losses on loan commitments and financial guarantee contracts

As at 31 December 2020, allowance for expected credit losses on loan commitments and financial guarantee contracts classified by classification are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2020	
	Loan commitments and financial guarantee contracts	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	1,260,725	1,027
Financial assets where there has been a significant increase in credit risk (Under-Performing)	100,270	2,691
Financial assets that are credit-impaired (Non-Performing)	8,253	870
Total	1,369,248	4,588

The changes in the allowance for expected credit losses on loan commitments and financial guarantees are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements				
	31 December 2020				
	Financial assets where there has not been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Beginning balance	-	-	-	116	116
Changes due to the adoption of new accounting standards ⁽¹⁾	744	663	223	(116)	1,514
	744	663	223	-	1,630
Changes due to staging of financial assets	192	(194)	2	-	-
Changes due to remeasurement of loss allowance	1	2,148	467	-	2,616
New issued obligations to grant credit/ guarantees	131	98	220	-	449
Derecognition of financial assets	(41)	(23)	(2)	-	(66)
Bad debt written-off	-	(1)	(40)	-	(41)
Ending balance	1,027	2,691	870	-	4,588

⁽¹⁾ Allowance for doubtful accounts at the beginning of the year is determined in accordance with the Bank of Thailand's regulation. Currently, they are shown as 12-mth ECL and Lifetime ECL according to the principles of TFRS 9, without retrospective adjustment, as described in Note 3 to the consolidated financial statements.

9.19.2 Provisions for employee benefits

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Defined benefit obligation at the beginning of the years	14,419	10,988	12,973	9,904
Included in profit or loss:				
Current service cost	918	742	786	643
Interest cost	266	393	241	351
Past service cost	-	2,541	-	2,373
Included in other comprehensive income:				
Actuarial (gains) losses arising from:				
- Demographic assumptions changes	1	1,404	(1)	1,098
- Financial assumptions changes	375	2,011	399	1,844
- Experience adjustments	430	(2,426)	365	(2,076)
Benefits paid during the years	(1,286)	(1,234)	(1,181)	(1,164)
Defined benefit obligation at the end of the years	15,123	14,419	13,582	12,973

As at 31 December 2020 and 2019, the Bank and its subsidiaries expect to pay Baht 710 million and Baht 700 million, respectively, in long-term employee benefits during the next one year (separate financial statements: Baht 623 million and Baht 627 million, respectively).

The Principal Actuarial Assumptions

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate (Percent per annum)	1.28 - 1.79	1.63 - 1.96	1.51 - 1.60	1.88
Future salary increase rate (Percent per annum)	3.00 - 6.00	3.00 - 6.00	6.00	6.00
Average staff turnover rate (Percent per annum)	0.57 - 34.38	0.57 - 45.84	0.57 - 6.88	0.57 - 6.88
Age of retirement (Year)	55 - 60 years	55 - 60 years	60 years	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 changes in assumptions occur separately.

(Unit: Million Baht)

	Increase (decrease) in the provisions			
	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Discount rate				
Increase 1%	(1,548)	(1,808)	(1,400)	(1,307)
Decrease 1%	1,854	2,191	1,682	1,563
Future salary increase rate				
Increase 1%	1,301	1,689	1,153	1,084
Decrease 1%	(1,118)	(1,443)	(988)	(934)

As at 31 December 2020 and 2019, the weighted average durations of the liabilities for long-term employee benefit obligation of the Bank and its subsidiaries are 8 - 16 years and 8.5 - 17 years, respectively (separate financial statements: 12 - 16 years and 16 years, respectively).

9.19.3 Provisions for litigation

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
Balance at the beginning of the years	698	685	687	685
Increase during the years	125	293	125	282
Utilised	(222)	(115)	(222)	(115)
Reversal of provisions	(31)	(165)	(20)	(165)
Balance at the end of the years	570	698	570	687

9.20 Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Accrued interest expenses	3,554	4,611	3,227	4,269
Accrued expenses	11,515	13,958	10,448	12,020
Interbranch account	135	911	135	911
Suspense account creditors	4,597	2,151	3,508	3,110
Tax payables	2,059	5,713	1,191	4,863
Deferred revenue for reward points	2,346	2,277	-	-
Settle account between the Bank and other financial institutions	993	132	531	132
Advanced account	6,805	5,717	6,715	5,717
Cheque in transit	5,939	1,745	5,939	1,745
Payables from trading securities	3,401	2,555	3,401	2,555
Other liabilities	12,023	16,255	10,946	12,918
Total	53,367	56,025	46,041	48,240

9.21 Share capital

9.21.1 Ordinary shares

As at 31 December 2020 and 2019, the Bank's authorised share capital and issued and paid-up share capital - ordinary shares was 13,976,061,250 shares.

9.21.2 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.

9.21.3 As at 31 December 2020, the Financial Institutions Development Fund holds 7,696,248,833 ordinary shares of the Bank or 55.05 percent of paid-up ordinary and preferred shares.

9.22 Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Surplus on revaluation of assets	10,725	10,258	10,361	10,258
Less: The effect of deferred tax liabilities	(2,145)	(2,052)	(2,072)	(2,052)
Net surplus on revaluation of assets	8,580	8,206	8,289	8,206
Revaluation surplus (deficit) on investments				
Debt securities	1,638	1,921	1,648	1,747
Equity securities	9,127	8,260	9,127	8,260
Expected credit loss	968	-	968	-
Total revaluation surplus (deficit) on investments	11,733	10,181	11,743	10,007
Add (less): The effect of deferred tax liabilities	(2,347)	(2,001)	(2,349)	(2,001)
Net revaluation surplus (deficit) on investments	9,386	8,180	9,394	8,006
Losses from reclassification of investments	-	(2)	-	(2)
Hedge reserves	223	-	223	-
Less: The effect of deferred tax liabilities	(45)	-	(45)	-
Net hedge reserves	178	-	178	-
Gains (losses) from translating the financial statements	(72)	(116)	(72)	(116)
Share of other comprehensive income of associated companies	14,107	16,738	-	-
Total	32,179	33,006	17,789	16,094

9.23 Legal reserve

In accordance with the Public Limited Company Act, the Bank is required to appropriate to its legal reserve not less than 5 percent of its net profit after deducting accumulated losses brought forward (if any), until the legal reserve reaches an amount not less than 10 percent of authorised share capital. The Bank has already set aside the full amount of its legal reserve.

9.24 Dividends

During the years ended 31 December 2020 and 2019, the Bank has dividends payments as follow:

(Unit: Million Baht)

Dividends	Approved by	Total dividends		Dividend per share		Payment date
		Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	
Interim dividends for the year 2019	Board of Directors Meeting on 25 March 2020	5	10,524	0.9075	0.753	23 April 2020
Dividends for the year 2018	Annual General Meeting of the Shareholders on 12 April 2019	5	10,035	0.8725	0.718	10 May 2019

9.25 Commitment and contingent liabilities

9.25.1 Leases and service commitment

As at 31 December 2020, the Bank and its subsidiaries have future rental and service charges under non-cancellable leases which have not yet effective, long term lease and long term service contracts as follows :

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	Within 1 year	Over 1 - 5 years	Within 1 year	Over 1 - 5 years
Non-cancellable lease which have not yet effective	1	1	-	-
Long term leases	137	8	3	2
Long term service contracts	888	604	249	195
Total	1,026	613	252	197

9.25.2 Contingent liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Avals to bills	5,614	8,128	5,614	8,128
Guarantees of loans	9	3,544	9	3,544
Liabilities under unmatured import bills	5,450	6,589	5,450	6,589
Letters of credit	30,993	53,244	30,993	53,244
Banks' liability under acceptances	22	-	22	-
Other contingencies				
Unused overdraft credit lines	180,307	153,649	180,307	153,649
Other guarantees	177,681	180,861	177,681	180,861
Others	180,768	6,417	6,525	6,417
Total	580,844	412,432	406,601	412,432

As at 31 December 2020 and 2019, the Bank has contingent liabilities relating to significant lawsuits brought against the Bank of Baht 17,311 million and Baht 13,349 million, respectively. These included lawsuits in which the Court of First Instance has already ruled and that are being appealed in the Appeal Court and the Supreme Court.

As at 31 December 2020 and 2019, the Bank has guarantees for transactions of the Bank of Baht 5,140 million and Baht 5,161 million, respectively.

9.26 Assets with obligations and restrictions

(Unit: Million Baht)

	Consolidated and separate financial statements	
	31 December 2020	31 December 2019
Government and state enterprise bonds pledged as collateral		
Court collateral	447	518
Repurchase agreements	40,133	26,212
Collateral for Student Loan Fund	58	58
Properties for sale (subject to purchase or sell agreements with clients)	1,808	2,037
Properties for sale (debtor is granted the right to buy back or first right for this portion)	6,236	8,405
Total	48,682	37,230

9.27 Related party transactions

9.27.1 The Bank have the following related parties transactions with the Bank's executives (First Vice President and above) including related persons who together with these employees as follows:

(Unit: Million Baht)

	Separate financial statements	
	31 December 2020	31 December 2019
Loans	163	130
Deposits	375	232

(Unit: Million Baht)

	Separate financial statements	
	For the years ended 31 December	
	2020	2019
Interest income	5	5
Interest expenses	2	2

9.27.2 Interbank and money market items (assets), loans, obligations, derivatives, and other assets

The balances of interbank and money market items (assets), loans, obligations, derivatives, and other assets with related parties, which are under normal bank pricing policies, as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Interbank and money market items (assets)				
<u>Associated companies</u>				
Krungthai-AXA Life insurance Plc.	1	-	1	-
Krungthai Zmico Securities Co., Ltd.	431	605	431	605
<u>Less</u> Allowance for doubtful accounts	-	(6)	-	(6)
<u>Less</u> Allowance for expected credit losses	(62)	-	(62)	-
Total	370	599	370	599
Loans				
Related parties in which the Bank held from 10 to 20 percent of paid-up capital in total				
	-	1	-	1
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR				
	8,411	8,490	8,411	8,490
<u>Less</u> Allowance for doubtful accounts	-	(3,141)	-	(3,141)
<u>Less</u> Allowance for expected credit losses	(4,736)	-	(4,736)	-
Total	3,675	5,350	3,675	5,350
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	7	8
KTB Computer Services Co., Ltd.	-	-	2,096	2,089
KTB Leasing Co., Ltd.	-	-	1,780	3,693
Krungthai Card Plc.	-	-	7,660	3,491
<u>Less</u> Allowance for doubtful accounts	-	-	-	(93)
<u>Less</u> Allowance for expected credit losses	-	-	(21)	-
Total	-	-	11,522	9,188
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	5,142	5,739	5,142	5,739
Krungthai Panich Insurance Plc.	-	1	-	1
<u>Less</u> Allowance for doubtful account	-	(57)	-	(57)
<u>Less</u> Allowance for expected credit losses	(26)	-	(26)	-
Total	5,116	5,683	5,116	5,683

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Loans (cont'd)				
Related parties with common directors or key management personnel	19,263	30,620	19,263	30,620
<u>Less</u> Allowance for doubtful accounts	-	(170)	-	(170)
<u>Less</u> Allowance for expected credit losses	(126)	-	(126)	-
Total	19,137	30,450	19,137	30,450
Commitments				
Related parties in which the Bank holds from 10 to 20 percent of paid-up capital in total	13	19	13	19
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	1	1	1	1
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	21	1
KTB Computer Services Co., Ltd.	-	-	5	5
KTB Leasing Co., Ltd.	-	-	1	1
Krungthai Card Plc.	-	-	1	1
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	2	2	2	2
Krungthai-AXA Life Insurance Plc.	1	1	1	1
Krungthai Panich Insurance Plc.	5	5	5	5
Related parties with directors or key management personnel	365	127	365	127
Derivatives (Notional amount)				
<u>Subsidiary</u>				
KTB Leasing Co., Ltd.	-	-	-	28
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	731	933	731	933
Krungthai-AXA Life Insurance Plc.	10,614	9,690	10,614	9,690

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Other assets				
Entities with related parents or with related directors or key management personnel	2,511	1,531	2,511	1,531
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	18	-
KTB Leasing Co., Ltd.	-	-	1	-
Krungthai Card Plc.	-	-	752	903
Krung Thai Asset Management Plc.	-	-	108	55
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	169	250	168	250
Krungthai Panich Insurance Plc.	29	32	29	32
Krungthai Zmico Securities Co., Ltd.	-	1	-	1

9.27.3 Deposits, interbank and money market items (liabilities) and other liabilities

The balances of deposits, interbank and money market items (liabilities) and other liabilities to related parties, which are under normal bank pricing policies, as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deposits				
<u>Parent company</u>				
Financial Institutions Development Fund	20	-	20	-
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	401	501
KTB General Services and Security Co., Ltd.	-	-	773	703
KTB Computer Services Co., Ltd.	-	-	350	276
KTB Leasing Co., Ltd.	-	-	257	190
KTB Advisory Co., Ltd.	-	-	3	44
Krungthai Card Plc.	-	-	1,469	881
Infinitas by Krungthai Co.,Ltd.	-	-	300	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Deposits (cont'd)				
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	31	19	31	19
Krungthai Panich Insurance Plc.	245	401	245	401
Related parties with directors or key management personnel	10,198	7,410	10,198	7,410
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	622	239	622	239
Interbank and money market items (liabilities)				
<u>Subsidiary</u>				
Krung Thai Asset Management Plc.	-	-	158	303
<u>Associated companies</u>				
Krungthai-AXA Life Insurance Plc.	4,789	6,581	4,789	6,581
Krungthai Zmico Securities Co., Ltd.	42	19	42	19
Other liabilities				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	344	240
KTB Computer Services Co., Ltd.	-	-	638	709
Krungthai Card Plc.	-	-	2	1
KTB Law Co., Ltd.	-	-	104	126
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	12	9	12	9
Krungthai-AXA Life Insurance Plc.	14	26	7	26
National ITMX Co., Ltd.	27	16	27	16

9.27.4 Income and expenses

The Bank has significant income and expenses with related parties as follows:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interest income				
<u>Subsidiaries</u>				
KTB Computer Services Co., Ltd.	-	-	43	70
KTB Leasing Co., Ltd.	-	-	25	123
Krungthai Card Plc.	-	-	55	59
<u>Associated companies</u>				
Krungthai Zmico Securities Co., Ltd.	9	22	9	22
Krung Thai IBJ Leasing Co., Ltd.	68	71	68	71
Related parties with directors or key management personnel	201	740	201	740
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	34	39	34	39
Interest expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	3	4
KTB General Services and Security Co., Ltd.	-	-	4	5
Krungthai Card Plc.	-	-	2	2
Krung Thai Asset Management Plc.	-	-	1	1
KTB Computer Services Co., Ltd.	-	-	1	-
KTB Leasing Co., Ltd.	-	-	1	-
<u>Associated companies</u>				
Krungthai Panich Insurance Plc.	2	2	2	2
Krungthai-AXA Life Insurance Plc.	113	160	113	160
Krung Thai IBJ Leasing Co., Ltd.	2	-	2	-
Krungthai Zmico Securities Co., Ltd.	2	-	-	-
Related parties with directors or key management personnel	95	28	95	28
Related parties in which the Bank acquired 10 percent or more of paid-up capital from TDR	1	3	1	3

(Unit: Million Baht)

For the years ended 31 December

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other income				
<u>Subsidiaries</u>				
KTB General Services and Security Co., Ltd.	-	-	9	5
KTB Leasing Co., Ltd.	-	-	8	21
Krung Thai Asset Management Plc.	-	-	816	651
Krungthai Card Plc.	-	-	222	268
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	7	8	7	8
Krungthai Zmico Securities Co., Ltd.	5	8	4	8
Krungthai Panich Insurance Plc.	327	191	305	191
Krungthai-AXA Life Insurance Plc.	2,226	2,203	2,110	2,203
Other expenses				
<u>Subsidiaries</u>				
KTB Law Co., Ltd.	-	-	380	774
KTB General Services and Security Co., Ltd.	-	-	2,317	2,370
KTB Computer Services Co., Ltd.	-	-	3,618	3,676
Krungthai Card Plc.	-	-	6	7
<u>Associated companies</u>				
Krung Thai IBJ Leasing Co., Ltd.	12	36	-	36
Krungthai Zmico Securities Co., Ltd.	9	9	8	9
National ITMX Co., Ltd.	242	181	242	181
Krungthai-AXA Life Insurance Plc.	74	-	-	-
Krungthai Panich Insurance Plc.	18	-	-	-

9.27.5 The Bank and its subsidiaries have no compensation or other benefits, either monetary or non-monetary, to directors and executives, except the benefits normally paid as follows:

(Unit: Million Baht)

For the years ended 31 December

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	1,266	1,186	907	797
Post-employment benefits	49	63	29	27
Total	1,315	1,249	936	824

9.27.6 Intercompany trading transactions

Subsidiaries

- 1) KTB Computer Services Co, Ltd. has been designated mainly to provide information technology (IT) services for the Bank's operations in accordance with the various projects and systems of the Bank, in accordance with the Bank's business plans. Service offers consist of system control and maintenance, system software development, and providing preliminary consultancy services and training in various areas. The Bank incurred service charges on a cost-plus method of Baht 3,487 million and Baht 3,545 million for the years ended 31 December 2020 and 2019, respectively.
- 2) Since 2003, the GFMS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMS attached to the Secretariat of the Prime Minister unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursements associated with the investments in the GFMS project on 22 September 2005. Furthermore, the Bank signed a hire-of-work contract for the implementation and maintenance with the Office of GFMS. The Bank incurred service charges of Baht 131 million and Baht 131 million for the years ended 31 December 2020 and 2019, respectively.
- 3) The Bank operates a student loan service for the Student Loans Fund, including public relations, policy, regulation, loan payment, document filling, loan notification, loan status, as well as receipt of settlement, pursuit of loan collection, and prosecution. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurred service charges for the years ended 31 December 2020 and 2019 of Baht 165 million and Baht 590 million, respectively.
- 4) KTB General Services and Security Co., Ltd. is assigned by the Bank to provide collection and delivery services for all cash, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expenses in respect of those services for the years ended 31 December 2020 and 2019 were Baht 2,317 million and Baht 2,371 million, respectively.
- 5) The Bank incurred service charges provided by its subsidiaries [including fees mentioned in No. 1) to 3)] totaling Baht 6,321 million and Baht 6,828 million for the years ended 31 December 2020 and 2019, respectively, at the rates as mutually agreed.
- 6) The Bank generated fee income from service with subsidiaries for the years ended 31 December 2020 and 2019, amounting to Baht 797 million and Baht 857 million, respectively.
- 7) The Bank generated premises rental income from subsidiaries of Baht 3 million and Baht 20 million for the years ended 31 December 2020 and 2019, respectively, at the rate upon agreement.

Intercompany considerations

Intercompany income and expenses are based on the rates upon agreement and the amount specified in the contract, while the cost-plus method is used for certain transactions.

The consolidated financial statements include the accounts of subsidiaries after eliminating intercompany transactions and balances.

Associated companies

The Bank generated fee income under support service contracts of Baht 2,426 million and Baht 2,410 million for the years ended 31 December 2020 and 2019, respectively, at the rate upon agreement.

9.28 Significant financial position and operations classified by domestic and foreign business segment

9.28.1 Financial position classified by business segment

(Unit: Million Baht)

	Consolidated financial statements							
	31 December 2020				31 December 2019			
	Domestic business	Foreign branches business	Elimination	Total	Domestic business	Foreign branch business	Elimination	Total
Total assets	3,323,187	19,261	(14,668)	3,327,780	2,999,664	20,960	(8,408)	3,012,216
Interbank and money market items - net	508,031	8,761	-	516,792	329,785	8,986	-	338,771
Financial assets measured at fair value through profit or loss	13,724	-	-	13,724	-	-	-	-
Investments - net*	344,433	1,955	-	346,388	423,820	2,354	-	426,174
Loans to customers and accrued interest receivables - net	2,192,197	8,316	-	2,200,513	1,950,481	9,284	-	1,959,765
Deposits	2,458,740	4,485	-	2,463,225	2,151,130	4,735	-	2,155,865
Interbank and money market items	274,553	13	-	274,566	215,810	13	-	215,823
Debt issued and borrowings	86,564	-	-	86,564	89,519	7,322	-	96,841

* Includes investments in subsidiaries and associated companies.

(Unit: Million Baht)

Separate financial statements								
31 December 2020					31 December 2019			
	Domestic business segment	Foreign branches business segment	Elimination	Total	Domestic business segment	Foreign branches business segment	Elimination	Total
Total assets	3,222,394	19,261	(14,668)	3,226,987	2,895,806	20,960	(8,408)	2,908,358
Interbank and money market items - net	507,560	8,761	-	516,321	329,288	8,986	-	338,274
Financial assets measured at fair value through profit or loss	14,188	-	-	14,188	-	-	-	-
Investments - net*	326,144	1,955	-	328,099	403,650	2,354	-	406,004
Loans to customers and accrued interest receivables - net	2,118,773	8,316	-	2,127,089	1,874,826	9,284	-	1,884,110
Deposits	2,462,295	4,485	-	2,466,780	2,153,725	4,735	-	2,158,460
Interbank and money market items	268,412	13	-	268,425	208,228	12	-	208,240
Debt issued and borrowings	44,292	-	-	44,292	44,001	7,322	-	51,323

* Includes investments in subsidiaries and associated companies.

9.28.2 Operations classified by business segment

(Unit: Million Baht)

Consolidated financial statements								
For the years ended 31 December								
	2020				2019			
	Domestic business segment	Foreign branches business segment	Related party transactions	Total	Domestic business segment	Foreign branches business segment	Related party transactions	Total
Interest income	112,323	884	(370)	112,837	122,160	2,890	(2,079)	122,971
Interest expenses	(24,425)	(439)	370	(24,494)	(34,552)	(2,182)	2,079	(34,655)
Interest income - net	87,898	445	-	88,343	87,608	708	-	88,316
Fees and service income - net	20,464	64	-	20,528	23,185	53	-	23,238
Other operating income	13,409	(32)	-	13,377	14,018	85	-	14,103
Other operating expenses and allowance for expected credit loss/impairment losses of loans and debt securities	(98,177)	(191)	-	(98,368)	(86,038)	(249)	-	(86,287)
Profit from operating before income tax expenses	23,594	286	-	23,880	38,773	597	-	39,370

(Unit: Million Baht)

Separate financial statements								
For the years ended 31 December								
	2020				2019			
	Domestic business segment	Foreign branches business segment	Related party transactions	Total	Domestic business segment	Foreign branches business segment	Related party transactions	Total
Interest income	97,381	884	(370)	97,895	107,509	2,890	(2,079)	108,320
Interest expenses	(22,927)	(439)	370	(22,996)	(33,058)	(2,182)	2,079	(33,161)
Interest income - net	74,454	445	-	74,899	74,451	708	-	75,159
Fees and service income - net	16,309	64	-	16,373	18,516	53	-	18,569
Other operating income	10,225	(32)	-	10,193	11,072	85	-	11,157
Other operating expenses and allowance for expected credit loss/impairment losses of loans and debt securities	(85,198)	(191)	-	(85,389)	(72,732)	(249)	-	(72,981)
Profit from operating before income tax expenses	15,790	286	-	16,076	31,307	597	-	31,904

9.29 Operations classified by operating segment

Segment definition

The Bank organises segments for internal management purposes, with the Management Committee of each segment being the chief operating decision-maker (CODM). Three reportable segments have been identified based on customer type and nature of business:

- 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 its network of 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 maintain appropriate levels and enable the generation of profit from the Bank's equity investment, international business and excess liquidity, and also supervises overseas branches and companies in which the Bank has invested, among others.

Other segments comprise of middle offices, back offices, subsidiaries and associated companies.

Accounting procedures for segment reporting

The accounting procedures for the operating segments are based on the principle of Economic Value Management (EVM), whereby performance is measured on the same basis as that used in the internal management reports that are reviewed by the Bank's CODM. In accordance with the EVM concept, which is different from the accounting policy use for the preparation of financial statements, all business units are treated as profit centers, with Internal Service Charges (ISC) between the service providing unit and service receiving unit. The Fund Transfer Pricing (FTP) concept is used to calculate the value of funds for the fund provider unit and the cost of funds for fund user unit. Income and expenses are allocated according to ownership in order to derive the net operating profit after tax (NOPAT).

(Unit: Million Baht)

Consolidated financial statements						
For the years ended 31 December 2020						
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
Total operating income	50,538	28,815	6,481	42,861	(6,447)	122,248
Total expenses and tax expenses (excluding expected credit losses)	(30,625)	(6,334)	(2,330)	(24,794)	6,177	(57,906)
Expected credit losses	(12,735)	(25,292)	(1,051)	(5,755)	(70)	(44,903)
Net profit	7,178	(2,811)	3,100	12,312	(340)	19,439

(Unit: Million Baht)

Consolidated financial statements						
For the years ended 31 December 2019						
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
Total operating income	50,121	32,799	8,746	44,226	(10,234)	125,658
Total expenses and tax expenses (excluding impairment losses of loans and debt securities)	(32,550)	(16,305)	(2,849)	(24,632)	6,630	(69,706)
Impairment losses of loans and debt securities	(1,814)	(5,928)	(166)	(15,906)	-	(23,814)
Net profit	15,757	10,566	5,731	3,688	(3,604)	32,138

Assets and liabilities for segment of the Bank and its subsidiaries as at 31 December 2020 and 2019 are as follows.

(Unit: Million Baht)

	Consolidated financial statements					
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	Total
As at 31 December 2020:						
Segment assets	988,351	1,208,867	943,799	187,601	(838)	3,327,780
Segment liabilities	1,711,923	839,087	200,543	239,613	(18,449)	2,972,717
As at 31 December 2019:						
Segment assets	934,786	1,076,578	857,030	148,926	(5,104)	3,012,216
Segment liabilities	1,570,438	671,319	228,333	196,987	(3,187)	2,663,890

Information about major customers

During the years ended 31 December 2020 and 2019, the Bank and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

9.30 Interest Income

Interest income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interbank and money market items	3,594	7,113	3,594	7,113
Investment and trading transactions	435	482	435	482
Investment in debt securities	4,251	4,943	4,266	4,953
Loans to customers *	104,307	109,784	89,533	95,569
Hire-purchase and finance leases	184	428	-	-
Others	66	221	66	203
Total interest income	112,837	122,971	97,894	108,320

* Interest income from loans to customers for the years ended 31 December 2020 and 2019, including payment from the auction of property, mortgage collateral, of one debtor, amounting to Baht 4,747 million and Baht 3,899 million (Note 9.42.1 to consolidated financial statements).

9.31 Interest expenses

Interest expenses for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deposits	13,765	17,861	13,775	17,873
Interbank and money market items	1,860	2,532	1,788	2,454
Contributions to Bank of Thailand (BOT)	5,450	9,766	5,450	9,766
Contributions to Deposit Protection Agency (DPA)	237	212	237	212
Debt issued				
- Subordinated debentures	1,655	2,655	1,655	2,655
- Others	1,411	1,407	-	-
Borrowings	4	3	1	2
Borrowing fees	10	20	-	-
Others	102	199	90	199
Total interest expenses	24,494	34,655	22,996	33,161

9.32 Fees and service income

Fees and service income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Fees and service income				
Acceptance, aval and guarantees	1,279	1,674	1,279	1,674
ATM and electronic banking services	11,886	11,988	11,886	11,988
Management fees and Bancassurance Product	5,949	5,287	3,827	3,621
Others	8,576	10,647	4,565	5,992
Total fees and service income	27,690	29,596	21,557	23,275
Fees and service expenses	(7,162)	(6,359)	(5,184)	(4,706)
Net fees and service income	20,528	23,237	16,373	18,569

9.33 Gains on financial instruments measured at fair value through profit and loss

(Unit: Million Baht)

	For the years ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange and foreign exchange element of derivatives contracts	1,713	1,713
- Interest rate element of derivatives contracts	923	986
- Debt securities	(226)	(226)
- Others	735	735
Losses from hedge accounting - hedged items	(11)	(11)
Total	3,134	3,197

9.34 Gains on trading and foreign exchange transactions

(Unit: Million Baht)

	For the years ended 31 December 2019	
	Consolidated financial statements	Separate financial statements
Gains (losses) on trading and foreign exchange transactions		
- Foreign exchange and foreign exchange element of derivatives contracts	1,378	1,378
- Interest rate element of derivatives contracts	1,356	1,355
- Debt securities	1,246	1,246
- Others	(783)	(783)
Total	3,197	3,196

9.35 Gains on investments

Gains on investments for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Gains on derecognition of				
- Investments in debt securities measured at fair value through other comprehensive income	951	-	951	-
- Available-for-sale securities	-	3,958	-	3,958
- General investments	-	47	-	47
- Investment in subsidiaries	-	410	-	410
Total	951	4,415	951	4,415
Reversal (losses) on impairment of				
- General investments	-	(43)	-	(43)
- Investments in subsidiaries	-	-	(10)	3
Total	-	(43)	(10)	(40)
Total gains on investments	951	4,372	941	4,375

9.36 Expected credit losses

Expected credit losses and gains or losses resulting from modification of terms for financial assets for the year ended 31 December 2020 are as follows:

(Unit: Million Baht)

	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Interbank and money market items (assets)	1,102	1,102
Investments in debt securities measured at amortised cost	9	9
Investments in debt securities measured at fair value through other comprehensive income	869	869
Loans to customers and accrued interest receivables		
- Expected credit losses	39,660	33,185
- Losses from modification of contracts	305	305
Total	41,945	35,470
Loan commitments and financial guarantee contracts	2,958	2,958
Total	44,903	38,428

9.37 Impairment losses of loans and debt securities

(Unit: Million Baht)

	For the year ended 31 December 2019	
	Consolidated financial statements	Separate financial statements
Interbank and money market items	(592)	(592)
Loans to customers	24,366	18,056
Losses from troubled debt restructuring	40	40
Total	23,814	17,504

9.38 Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to ordinary shareholders of the Bank (after deducting the preferred shares's portion and excluding other comprehensive income) by the weighted average number of ordinary shares issued during the years.

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit for the years attributable to equity holders of the Bank (after deducting preferred shares' portion) (Million Baht)	16,728	29,280	13,288	26,322
Earnings per share (Baht/share)	1.20	2.09	0.95	1.88
Weighted average number of ordinary shares (Million shares)	13,976	13,976	13,976	13,976

9.39 Provident fund

The Bank, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 15 percent of their basic salaries, and the Bank and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year ended 31 December 2020, the Bank and its subsidiaries contributed Baht 1,518 million to the fund (separate financial statements: Baht 1,359 million) (2019: Baht 1,526 million in the consolidated financial statements and Baht 1,369 million in the separate financial statements).

9.40 Fair value of financial instruments

Financial assets and liabilities carried at fair value classified by the level of fair value hierarchy are as follows:

(Unit: Million Baht)

Consolidated financial statements							
31 December 2020				31 December 2019			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value							
Financial assets							
Financial assets measured at fair value through profit or loss	792	12,932	-	13,724	-	-	-
Investments in debt securities measured at fair value through other comprehensive income	17,648	282,857	-	300,505	-	-	-
Investments in equity securities designated at fair value through other comprehensive income	13,583	655	505	14,743	-	-	-
Derivatives assets	-	74,507	-	74,507	-	55,811	55,811
Trading investments	-	-	-	-	18,489	29,763	48,252
Available-for-sale investments	-	-	-	-	48,355	295,843	344,198
Financial liabilities							
Derivatives liabilities	-	65,471	-	65,471	-	51,869	51,869

(Unit: Million Baht)

Separate financial statements							
31 December 2020				31 December 2019			
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value							
Financial assets							
Financial assets measured at fair value through profit or loss	792	13,396	-	14,188	-	-	-
Investments in debt securities measured at fair value through other comprehensive income	17,648	283,611	-	301,259	-	-	-
Investments in equity securities designated at fair value through other comprehensive income	13,583	652	505	14,740	-	-	-
Derivatives assets	-	74,507	-	74,507	-	55,811	55,811
Trading investments	-	-	-	-	18,489	29,763	48,252
Available-for-sale investments	-	-	-	-	48,355	296,501	344,856
Financial liabilities							
Derivatives liabilities	-	65,471	-	65,471	-	51,869	51,869

Since the majority of the Bank's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is assumed to approximate their book value in the statement of financial position.

Valuation techniques and inputs used for fair value measurement

Cash	- The fair value is assumed to approximate its book value in the statement of financial position.
Interbank and money market items (asset)	- The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature.
Derivatives	- The fair value of derivatives is calculated using valuation techniques that include the discounted cash flow model and option pricing model, commonly used by market participants. The information used in the valuation techniques is observable in the market, which is based on reliable sources, such as interest rates, exchange rates and volatilities etc. Moreover, in using valuation techniques, the Bank has adjusted valuation adjustment in order to appropriately reflect relevant risks such as credit valuation adjustment (CVA), market liquidity risk based on Bid-Offer spread and model risk used in the option pricing for SMEs insurance scheme etc.
Investments	<ul style="list-style-type: none"> - The fair value of marketable securities is based on the latest bid price of the last working day of the year. - The fair value of domestic debt securities is determined using the yield rates quoted by the Thai Bond Market Association. - The fair value of foreign debt securities is determined based on the latest published price obtained from reliable sources. - The fair value of unit trusts is determined from their net asset value - The fair value of investments in non-marketable equity securities is determined using their latest book value from the entity's financial statements. - The Bank has adjusted valuation adjustment in order to appropriately reflect market liquidity risk based on Bid-Offer Spread Adjustment.
Loans to customers	<ul style="list-style-type: none"> - The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and allowance for debt restructuring. - The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue. - The fair value of fixed rate loans for which revenue recognition has discontinued is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale.

Land, premises and equipment - land	- The fair value of land is determined by using the market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.
Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Bank's announced interest rate for similar deposits.
Liability payable on demand	- The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate debt issues and borrowings with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current year, the Bank changed the fair value hierarchy as follows.

Fair value hierarchy from level 1 to level 2	<ul style="list-style-type: none"> - The fair value of unit trusts is calculated from the net asset value of unit trusts received from the asset management company - The fair value of foreign currency corporate bond is calculated from the latest bid price at the end of business day from Bloomberg.
Fair value hierarchy from level 2 to level 3	- The fair value of investments in non-marketable equity securities is determined using their latest book value from the entity's financial statements.

9.41 Policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group.

The BOT's Notifications No.SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated 27 April 2017, SOR NOR SOR. 8/2561 dated 11 April 2018, SOR NOR SOR. 12/2561 dated 22 May 2018, and SOR NOR SOR. 11/2562 dated 7 May 2019 regarding the Consolidated Supervision Policy, require the Bank to disclose policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group as the compliance guidance to supervise business transactions within the financial business group, which is composed of the Bank and 19 companies (Note 9.7 excluding National ITMX Co., Ltd. and BCI (Thailand) Co., Ltd.), in terms of common standards and procedures in alignment to the BOT's consolidated supervision policy. The policies on business transactions within the financial business group and risk management policies in relation to business transactions within the financial business group had been approved by the Bank's Board of Directors and reviewed at least once a year. The policies cover types of transaction, rules and regulations for business transactions, the ratio of business transactions within the financial business group, capital requirements of the financial business group and other related operating procedures. Business transactions within the group are conducted in the same manner as to the public with contract entitled by law and follow the Bank's corporate governance policy.

In cases of the Bank having business transactions with a company within the financial business group in which such company is deemed to be the Bank's business unit, the Bank will follow the lenient business transaction guideline as provided by BOT.

9.42 Others

- 9.42.1 The Bank has certain defaulting debtors in relation to convertible preferred shares sale and purchase agreement and lending facilities with the outstanding principal amounts according to the related sale and purchase agreements and facilities agreements, as of 31 December 2020 totaling Baht 9,745 million, exclusive of the default interests. In this regard, for such outstanding principal amounts, the Bank has fully made a provision for impairment and allowance for doubtful accounts according to the Bank of Thailand's criteria and it is currently in the execution process according to the orders of the Civil Court and the Bankruptcy Court.

In addition, such debtors together with other defendants were connected to a lawsuit of the Office of the Attorney General which was submitted to the Criminal Division for Persons Holding Political Positions of the Supreme Court's (the "Supreme Court"). The Supreme Court had ordered an acceptance of the complaint on 25 July 2012 and thereafter rendered a judgement on 26 August 2015 that all defendants shall be jointly liable for damages to the Bank. The Bank had submitted a letter to the Office of the Attorney General requesting the Department of Legal Execution, the Office of the Attorney General to execute a judgement for the Bank. In January 2016, the Office of the Attorney General had submitted a motion to the Supreme Court requesting for a writ of execution for appointing the executing officers and the Supreme Court ordered and appointed the executing officers. In this respect, the Bank had notified the public prosecutor of the result of a search for all judgment debtors' property. On 5 October 2016, the public prosecutor of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office (AMLO) and the Bank to consider the issues regarding the legal execution of the Supreme Court's judgement and to coordinate and exchange information. Each party will legally

exercise its authority and the Supreme Court's order to enforce all defendants for the best interest of the Bank's benefits and legal rights.

On 17 August 2017, a defendant of the criminal case of the Persons Holding Political Positions, who was not a defaulting debtor of the civil case, had made a payment of Baht 1,636 million to the Bank for payment of partial damages according to such criminal case. The Bank accepted the payment and recorded such payment as other revenue from a lawsuit compensation, as well as issuing a letter to such defendant demanding for payment of the remaining damages together with all relevant defendants to the Bank according to such judgement.

At present, judgments of the criminal case, other bankruptcy and civil cases have been enforced for confiscation of the mortgaged collaterals according to the preferred mortgage in the Bank's civil case for public auction. The court had issued an order for the Bank to receive debt payment as a mortgagee from such mortgaged collaterals according to an application for repayment of the mortgaged debt submitted by the Bank. Thereafter, on 17 October 2018, the Legal Execution Department made an announcement of public auction and managed the proceedings of public auction for the mortgaged collaterals; whereby, a third party was the successful bidder for Baht 8,914 million. In 2019, the Bank has received the net amount of Baht 3,899 million from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under the criminal case. The Bank exercised the right pursuant to Thai laws by deducting fees and litigation expenses of the Bank for Baht 1 million, and the remaining amount of Baht 3,898 million after deduction of the Legal Execution Department's expenses was considered as interest payment according to the judgment of the Bank's civil case. In this respect, on 25 September 2019, a defendant of the criminal case has filed a civil lawsuit against the Bank to take the lawsuit amount to be recorded as the damages pursuant to the judgment of such criminal case in which the Bank submitted the defending response, affirming the Bank's action. In 2020, the Bank had received net payment from the Legal Execution Department for the mortgaged collaterals which had been sold in other bankruptcy cases in the amount of Baht 3,524 million. The Bank exercised the right pursuant to Thai laws by deducting expenses in relation to auction announcement of Baht 0.02 million, and the remaining amount of Baht 3,524 million was considered as interest payment according to the judgement of the Bank's civil case. For other civil cases, currently, the Bank has received the net amount of Baht 1,223 million from the Legal Execution Department for the mortgaged collaterals according to the preferred mortgage which were sold under civil cases. The Bank exercised the right pursuant to Thai laws by deducting for interest in the amount of Baht 1,223 million according to the judgment of the Bank's civil case. On July 8, 2020, the Legal Execution Department made an announcement of public auction for the remaining 1 plot of land from the collateral in a criminal case, and managed the proceedings of public auction for such mortgaged collateral; whereby, a third party was the successful bidder for Baht 7.29 million, with the payment due date on 22 February 2021.

For the Bank's civil case, whereby the Bank was a plaintiff suing for the foreclosure of such mortgaged collaterals, the Civil Court had rendered a judgment in favor of the Bank to receive full payment of debt according to the grounds of the lawsuit together with interest on 28 September 2017. Thereafter, on 31 October 2018, the Court of Appeal had issued an appointment for the hearing of judgement, which upheld the judgment of the Civil Court. The defendant had filed a petition to the Supreme Court on 25 December 2018 and the Bank had filed an answer against such defendant's petition on 25 February 2019. Currently, the

Supreme Court had rendered a judgement on 5 May 2020 which upheld the judgement of the Court of Appeal.

9.42.2 In 2010, the Bank lent a company USD 96 million (Baht 2,885 million) , for which an investment in the ordinary shares of a foreign financial institution was pledged as collateral. Although these shares, accounting for 50 percent of such financial institution's authorised shares capital, were under the Bank's name, the Bank had no control over this financial institution. The Bank received full repayment of the loan under the contract in July 2011 but had not yet transferred such pledged ordinary shares back to the company because the company must first seek a financial institution to be a new investor of such financial institution.

9.42.3 The Bank considers factors for closing certain branch in foreign country according to advice from its legal consultants. The assets, liabilities and operating performance of such branch are not material to the Bank's financial statements.

9.43 COVID-19

As a result of the COVID - 19 pandemic having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand has issued a series of measures, covering payment moratoriums, government guarantees as well as payment holidays to get bank helped affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. As at 31 December 2020, the outstanding balances of loans to customers that the Bank has assisted in accordance with the measures of the Bank of Thailand amounting to Baht 201 billion.

9.44 Events after the reporting period

On 10 February 2021, the Board of Directors of the Bank passed a resolution to approve in principle and to proceed for a 75.05 percent sale of investments in KTB Leasing Co., Ltd. to Krungthai Card Plc.

9.45 Approval of the financial statements

These financial statements were authorised for issue by the Board of Directors on 24 February 2021.

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
Home Page	:	krungthai.com
Krungthai Contact Center	:	+662 111-1111

2. Bank's Shares

2.1 Number and Type of the Total Shares Issued

As at December 31, 2020

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 Debt Instruments or Convertible Securities

Issuance Date	Type/Name of Debt Instruments	Credit Rating	Outstanding	Period	Redemption Date	Type of Offerings
Nov. 23, 2017	Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank PCL.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- (tha) (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 Krungthai Bank PCL. No. 1/2018 (Redemption in 2023).	AA+ (tha) (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 PCL.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- (tha) (Fitch Ratings Thailand)	THB 24,000 million	10 ปี (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, 2020

Company	Type of Business	Total Shares Issued	Shareholding Ratio			Type of Share
			Direct Holding of Shares Invested by the Bank		Indirect Holding ⁽¹⁾	
			No. of Shares Invested	Percentage of Shareholding	Percentage of Shareholding	
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 E-mail : customer.care@krungthai-axa.co.th	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 Pcl. 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	2.00 ⁽²⁾	Ordinary
Credit Card/Personal Loan/Retail Loan						
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	1,270,908,500	49.29	-	Ordinary

Company	Type of Business	Total Shares Issued	Shareholding Ratio			Type of Share
			Direct Holding of Shares Invested by the Bank		Indirect Holding ⁽¹⁾	
			No. of Shares Invested	Percentage of Shareholding	Percentage of Shareholding	
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	Nano Finance	5,000,000	1,247,500	24.95	75.05 ⁽³⁾	Ordinary
8. KTC Prepaid Co., Ltd. 591 Samatchavanich 2 Bldg., G Fl., Room 102, Sukhumvit Rd., Klong Ton Nua, Wattana, Bangkok 10110 Tel. : +662 828-5568	Payment Service under Supervision	10,000,000	2,495,000	24.95	75.05 ⁽³⁾	Ordinary
9. 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	75.05 ⁽³⁾	Ordinary
10. KTC Pico (Chonburi) Co., Ltd. 89/457 Moo 6, Bo Win, Si Racha, Chon Buri	Retail Loan	1,000,000	-	-	100.00 ⁽⁴⁾	Ordinary
11. KTC Pico (Pathum Thani) Co., Ltd. 94 Future Park Rangsit, 2nd Fl., Paholyothin Rd., Prachathipat, Thanyaburi, Pathumthani	Retail Loan	1,000,000	-	-	100.00 ⁽⁴⁾	Ordinary
12. KTC Pico (Samut Prakan) Co., Ltd. 200/63 Moo 1, Bang Sao Thong, Samut Prakan	Retail Loan	1,000,000	-	-	100.00 ⁽⁴⁾	Ordinary
13. KTC Pico (Samut Sakhon) Co., Ltd. 322/90 Ekkachai Rd., Mahachai, Mueang Samut Sakhon, Samut Sakhon	Retail Loan	1,000,000	-	-	100.00 ⁽⁴⁾	Ordinary
Securities / Holding Company						
14. 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

- Notes :
- (1) Final shareholding ratio
 - (2) Indirect shareholding through Krungthai Panich Insurance Pcl.
 - (3) Indirect shareholding through Krungthai Card Pcl.
 - (4) Indirect shareholding through KTC Pico (Bangkok) Co., Ltd.
 - (5) Indirect shareholding through KTB Advisory Co., Ltd.

Company	Type of Business	Total Shares Issued	Shareholding Ratio			Type of Share
			Direct Holding of Shares Invested by the Bank		Indirect Holding ⁽¹⁾	
			No. of Shares Invested	Percentage of Shareholding	Percentage of Shareholding	
15. Krungthai Zmico Securities Co.,Ltd. 287 Liberty Square Bldg., 8th,15th-17th, 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
16. 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	Holding Company	30,000,000	22,799,999	76.00	24.00 ⁽³⁾	Ordinary
Supporting Business						
17. KTB Law Co., Ltd. 191/50-53,55, 21 CTI 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
18. 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 Fax. : +662 935-3711	General Services	1,400,000	1,399,990	100.00	-	Ordinary
19. 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
20. Infinitas by Krungthai Co., Ltd. 944 Mitrtown Office Tower, 25-26th Fl., Rama 4 Rd., Wangmai, Pathumwan, Bangkok 10330	Digital Platform Service and Services Related to Technology	30,000,000	-	-	100.00 ⁽⁵⁾	Ordinary

Company	Type of Business	Total Shares Issued	Shareholding Ratio			Type of Share
			Direct Holding of Shares Invested by the Bank		Indirect Holding ⁽¹⁾	
			No. of Shares Invested	Percentage of Shareholding	Percentage of Shareholding	
Others						
21. 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	99,295	19.86	-	Ordinary
22. 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
23. 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
24. 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
25. 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
26. 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
27. Kuang Pei San Food Products Pcl. 43 Tanasarn Tower, Chiangmai Rd., Klong 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

Notes : (1) Final shareholding ratio

(2) Indirect shareholding through Krungthai Panich Insurance Pcl.

(3) Indirect shareholding through Krungthai Card Pcl.

(4) Indirect shareholding through KTC Pico (Bangkok) Co., Ltd.

(5) Indirect shareholding through KTB Advisory Co., Ltd.

Company	Type of Business	Total Shares Issued	Shareholding Ratio			Type of Share
			Direct Holding of Shares Invested by the Bank		Indirect Holding ⁽¹⁾	
			No. of Shares Invested	Percentage of Shareholding	Percentage of Shareholding	
28. 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
29. 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))	21,100,000	18,590,302.70	88.11	-	Trust Certificate
30. 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))	70,940,000	60,892,696.86	85.84	-	Trust Certificate

Notes : (1) Final shareholding ratio
(2) Indirect shareholding through Krungthai Panich Insurance Pcl.
(3) Indirect shareholding through Krungthai Card Pcl.
(4) Indirect shareholding through KTC Pico (Bangkok) Co., Ltd.
(5) Indirect shareholding through KTB Advisory Co., Ltd.

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

E-mail : SETContactCenter@set.or.th

- **Debenture Holder Agent and Debenture Registrar**

- > Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank PCL. 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 Krungthai 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

- > Subordinated Instruments intended to qualify as Tier 2 Capital of Krungthai Bank PCL. 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**

EY Office Co., Ltd.

193/136-137 Lake Ratchada Bldg., 33rd Fl.

Ratchadapisek Rd., Khlong Toei, Bangkok 10110

Tel. : +662 264-9090

Fax. : +662 264-0789-90

- **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. : +662 208-1770-79

KTBLaw Co., Ltd.

191/50-53, 21 CTI Tower 18th-19th, 27th Fl.,

Ratchadapisek Rd., Klong Toey,

Klong Toey, Bangkok 10110

Tel. : +662 261-3739

Fax. : +662 261-3748-50

5. Credit Ratings of the Bank

	Dec 2020	Dec 2019
<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 Watch Negative ⁽²⁾ 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 Stable baa3	Baa1 / P-2 Positive baa3
<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 Stable bbb- -- ⁽¹⁾ AA+ (tha) / F1+ (tha) Stable AA+ (tha) AA- (tha)	BBB / F2 Positive bbb- BBB- AA+ (tha) / F1+ (tha) Stable AA+ (tha) AA (tha)

(1) The Bank redeemed Subordinated Debt (USD) in December, 2019.

(2) On August 24, 2020, the S&P Global Ratings classified credit rating of the Bank and the instruments as CreditWatch with negative implications.

On April 2, 2020, Fitch Ratings announced to "maintain" international foreign currency credit rating and national credit rating of the Bank by considering the challenges of the business environment and economic impact arising from the COVID-19 outbreak. The Bank, as one of five banks, was designated as the Domestic Systemically Important Banks (D-SIBs) by the BOT as well as a bank with strategic importance to the Thai government correspondingly. Nevertheless, the national credit rating of subordinated debt of the Bank was adjusted to 1 notch to AA- (tha), formerly AA (tha), according to the revised credit rating criteria of Fitch Ratings, affecting the national credit rating of subordinated debt.

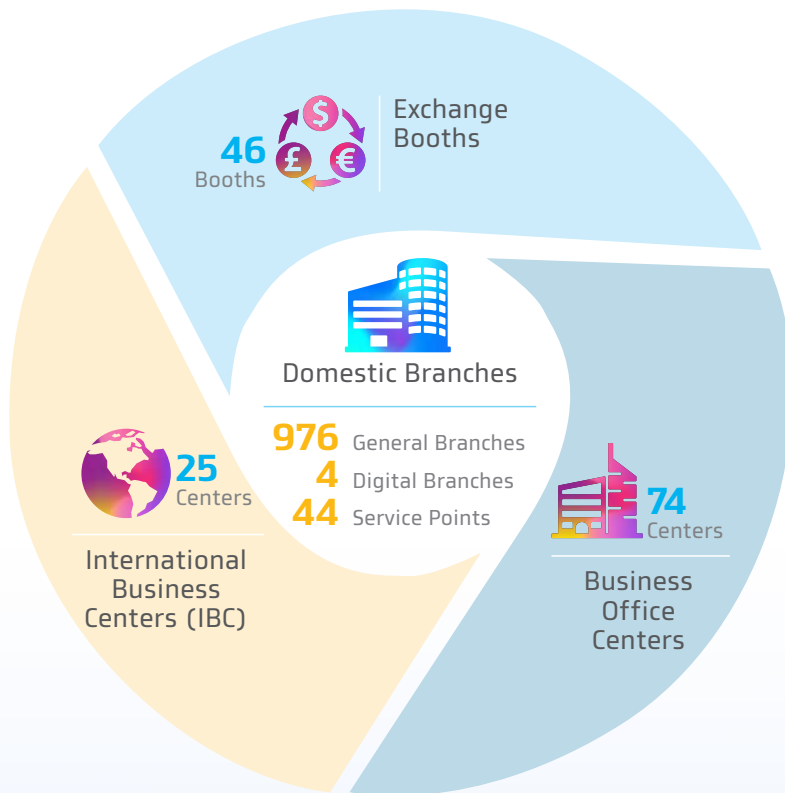
On August 24, 2020, S&P Global Ratings referred to the COVID-19 pandemic to have effects on the overall economy of Thailand, including causing the increase in credit risk of banks in Thailand. Therefore, S&P Global Ratings then announced the credit rating of the Bank and the instruments as CreditWatch with negative implications.

6. Other Major Information

None

Banking Network

as at December 31, 2020









(For more detail of domestic network and service hours, please visit

krungthai.com/en/contact-us/ktb-location

or scan QR Code)

Note: Including head quarter and off-site banking services for more than 30 days.

 Northeastern Region	187 General Branches	1 Digital Branch	6 Service Points
 Northern Region	151 General Branches	1 Digital Branch	6 Service Points
 Southern Region	151 General Branches	8 Service Points	
 Eastern Region	94 General Branches	5 Service Points	
 Central Region	92 General Branches	2 Service Points	
 Bangkok & Vicinity	301 General Branches	2 Digital Branches	16 Service Points

Contact Channels

Retail Banking

 Krungthai Contact Center +662 111-1111

 Call.Center@krungthai.com

Krungthai Corporate

 Corporate (08:00 - 19:00 hrs.) +662 111-9999

 Government Sector (24 hrs.) +662 111-1144

 Cash.management@krungthai.com

Complaints and Suggestions

 Krungthai Contact Center +662 111-1111

 Customer Complaint Center

P.O. Box 44 Hua Lam Pong

Post Office Bangkok 10331

 complaint.center@krungthai.com

     Krungthai Care

OVERSEAS OFFICES

as at December 31, 2020

Kunming Branch

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 Address : 19th Floor, Shuncheng East Building,
 No.11, Dongfeng Road (West),
 Kunming, Yunnan, China, 650031
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 Fax. : +86 (871) 6313-8367
 SWIFT : KRTHHBKKNM
 E-Mail : br.kunming@krungthai.com

Los Angeles International Branch

Senior Manager-Credit & Acting GM : Mr. Ittisoonthorn Nuangyindee
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 Tel. : +1 (213) 488-9897, 488-9899
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 SWIFT : KRTHUS6L
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Mumbai Branch

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 Nariman Point, Mumbai 400021,
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 Fax. : +91 (22) 2287-3744
 SWIFT : KRTHINBB
 E-Mail : br.mumbai@krungthai.com

Phnom Penh Branch

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 Fax. : +855 (23) 883-719
 SWIFT : KRTHHBKPMF
 E-Mail : br.phnompenh@krungthai.com

Siem Reap Province Sub-Branch

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 Khum Svay Dangsum Siem Reap District,
 Siem Reap 17252, Cambodia
 Tel. : +855 (63) 964-758
 Fax. : +855 (63) 964-759
 E-Mail : br.siemreap@krungthai.com

Singapore Branch

FVP Overseas Branch Head : Mr. Pisit Buranakitpinyo
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 Tel. : +65 6533-6691
 Fax. : +65 6533-0930
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 E-Mail : br.singapore@krungthai.com

Vientiane Branch

Overseas Branch Manager : Mr. Chokchai Leelapattaraphan
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 People's Democratic Republic of Lao
 Tel. : +856 (21) 213-480, 222-761
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 E-Mail : br.vientiane@krungthai.com

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@krungthai.com

Yangon Representative Office

Senior Manager, Representative Office : Mr. Wutichai Sermongsakunchai
 Address : Centre Point Tower, 7th Floor,
 No.65, Corner of Sule Pagoda Road and
 Merchant Street, Kyauktada Township,
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This Annual Report is

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This Annual Report 2020 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

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Global Business Development and Strategy
Group
Krungthai Bank

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Growing Together

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