

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this offering circular or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). This offering circular is being sent at your request and by accepting the e-mail and accessing this offering circular, you shall be deemed to have represented to us that you are not a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and that you consent to delivery of such offering circular by electronic transmission.

You are reminded that this offering circular has been delivered to you on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the dealers or any affiliate of any of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Krung Thai Bank Public Company Limited in such jurisdiction.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Krung Thai Bank Public Company Limited, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Singapore) Pte. Ltd. or Standard Chartered Bank or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from Krung Thai Bank Public Company Limited, Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited, Merrill Lynch (Singapore) Pte. Ltd. or Standard Chartered Bank.

Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Krung Thai Bank Public Company Limited
(incorporated with limited liability in the Kingdom of Thailand)
U.S.\$2,500,000,000
Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Offering Circular (the “Programme”), Krung Thai Bank Public Company Limited (the “Bank” or the “Issuer”) (from time to time acting through its Cayman Islands branch as specified in the applicable Pricing Supplement (as defined in “Summary of the Programme”)), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (including, without limitation, the Senior Notes, the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes (the “Notes”) (each as defined in the “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes” (the “Notes Conditions”) and the “Terms and Conditions of the Additional Tier 1 Subordinated Notes” (the “AT1 Notes Conditions”, and together with the Notes Conditions, the “Conditions”)). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$2,500,000,000 (or the equivalent in other currencies).

The Notes may be issued on a continuing basis to one or more of the Dealers appointed under the Programme from time to time by the Bank (each a “Dealer” and together the “Dealers”), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Investment Considerations”.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in connection with the Programme and application will be made for permission to deal in, and for the listing and quotation of, any Notes which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that any application to the SGX-ST will be approved. Unlisted series of Notes may also be issued pursuant to the Programme. The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST (or any other stock exchange). Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Bank, its subsidiaries and associated companies (the Bank and its subsidiaries taken as a whole hereafter, the “Group”), the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any statement made, opinions expressed or reports contained herein.

The Notes may be issued in bearer form (the “Bearer Notes”) or in registered form (the “Registered Notes”). The Notes of each Series (as defined in “Summary of the Programme”) to be issued in bearer form will be sold in an “offshore transaction” within the meaning of Regulation S (“Regulation S”) under the United States Securities Act of 1933 (the “Securities Act”) and will initially be represented by a temporary global note in bearer form (each a “temporary Global Note”). In the case of Notes that are expressed in the applicable Pricing Supplement to be subject to the D Rules (as defined herein), interests in temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a “permanent Global Note” and, together with the temporary Global Notes, the “Global Notes”) or, if so stated in the relevant Pricing Supplement, definitive Notes (“Definitive Notes”), after the date falling 40 days after the relevant issue date of such Tranche, upon certification as to non-US beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under “Summary of Provisions relating to the Notes while in Global Form”.

The Notes of each Series to be issued in registered form and which are sold in an “offshore transaction” within the meaning of Regulation S (“Unrestricted Notes”) will initially be represented by a permanent registered global certificate (each a “Global Certificate”) without interest or, as the case may be, Distribution coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”), with a common depository on behalf of Euroclear and Clearstream, Luxembourg; (b) in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service (“CMU”), with a sub-custodian for the CMU operated by the Hong Kong Monetary Authority (“HKMA”); and (c) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear, Clearstream, Luxembourg, and/or the CMU or delivered outside a clearing system, as agreed between the Bank, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Beneficial interests in Global Notes or Global Certificates held in book-entry form through Euroclear or Clearstream will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, as the case may be. Beneficial interests in Global Notes or Global Certificates held in book-entry form through the CMU will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in “Summary of Provisions relating to the Notes while in Global Form”. Only Senior Notes are intended to be cleared through the CMU.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or, in the case of Bearer Notes that are expressed in the applicable pricing supplement to be subject to the D Rules (as defined herein), to or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amendment and regulations thereunder). Registered Notes are subject to certain restrictions on transfer, see “Subscription and Sale”.

The Bank may agree with any Dealer and The Bank of New York Mellon, London Branch (in its capacity as trustee, the “Trustee”) that Notes may be issued in a form not contemplated by the relevant Conditions, in which event a supplemental Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Tranches of Notes to be issued under the Programme will be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Offering Circular is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the “Prospectus Regulation”) and Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (the “UK Prospectus Regulation”).

Arrangers

Citigroup

HSBC

Dealers

BofA Securities
HSBC

Citigroup
Standard Chartered Bank

Offering Circular dated 16 March 2021

The Bank accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, the Trustee or any of the Dealers, the Arrangers or the Agents (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Bank or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes have not been, and will not be, registered with the Securities Exchange Commission of Thailand. Any public offering or distribution, as defined under Thai laws and regulations, of the Notes in Thailand is not legal without such prior registration. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Thailand, as the offering of the Notes is not a public offering of securities in Thailand, nor may they be used in connection with any offer for subscription or sale of the Notes to the public in Thailand. No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Bank, the Dealers, the Arrangers, the Trustee and the Agents to inform themselves about and to observe any such restriction.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES OR, IN THE CASE OF BEARER NOTES THAT ARE EXPRESSED IN THE APPLICABLE PRICING SUPPLEMENT TO BE SUBJECT TO THE D RULES (AS DEFINED HEREIN), TO, OR FOR THE ACCOUNT AND BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER).

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS OFFERING CIRCULAR, SEE “SUBSCRIPTION AND SALE”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Bank, the Arrangers, the Dealers, the Trustee or the Agents to subscribe for, or purchase, any Notes.

Notes issued under the Programme may be denominated in Renminbi. Renminbi is currently not freely convertible and conversion of Renminbi is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi products. In addition, there is a liquidity risk associated with Renminbi products, particularly if such investments do not have an active secondary market and their prices have large bid/offer

spreads. Renminbi products are denominated and settled in Renminbi deliverable in Hong Kong, which represents a market which is different from that of Renminbi deliverable in the PRC (as defined below).

The Arrangers, the Dealers, the Trustee and the Agents have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Dealers, the Arrangers, the Trustee or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Dealers, the Trustee or to Agents or on their behalf in connection with the Bank or the issue and offering of the Notes. Each Arranger, each Dealer, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements contained herein or otherwise are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Bank, the Arrangers, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any other financial statements of the Bank or the Group should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arrangers, the Trustee or the Agents undertake to review the financial condition or affairs of the Bank or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arrangers, the Trustee or the Agents.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Bank and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with the Bank and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Bank and the terms of the Notes being offered, including the merits and risks involved. The Bank does not and the Arrangers, the Dealers, the Trustee and the Agents do not make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilisation Manager(s)”) (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

IMPORTANT — EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT — UK RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET — The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET — The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (“SFA”) — Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area (“EEA”) or the United Kingdom (the “UK”) or offered to the public in a Member State of the EEA or in the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation or the UK Prospectus Regulation, as amended, or in the UK in circumstances which require the publication of a prospectus under the UK Prospectus Regulation, as amended, in each case the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes) plus integral multiples in excess thereof of a smaller amount. The distribution of this Offering Circular, any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons who receive this Offering Circular or any Pricing Supplement are required by the Issuer, the Dealers and the Arrangers to familiarise themselves with and observe any such restriction.

CAYMAN ISLANDS DATA PROTECTION — Under the Cayman Islands Data Protection Act, 2017 and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the “Data Protection Legislation”), individual data subjects have rights and the Bank as data controller has obligations with respect to the processing of personal data by the Bank and its affiliates and delegates. Breach of the Data Protection Legislation by the Bank could lead to enforcement action.

Prospective investors should note that, in the event that the Notes are converted to definitive form and held directly by a prospective investor, personal data may be required to be supplied to the Issuer in order for an investment in the Notes to continue or to enable the Notes to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Notes or to redeem the Notes.

The Bank has published a privacy notice (the “Data Privacy Notice”), which provides prospective investors with information on the Bank’s use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the “General Information” section of this Offering Circular.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Bank is a limited liability public company organised under the laws of Thailand. Most of the directors and officers of the Bank are residents of Thailand and a substantial portion of the assets of the Bank and of such officers and directors are located in Thailand. As a result, it may not be possible for investors to effect service of process upon the Bank or such persons outside Thailand, or to enforce judgments against them obtained in courts outside Thailand predicated upon civil liabilities of the Bank or such directors and officers under laws other than Thailand, including any judgment predicated upon United States federal securities laws. The Bank has been advised by Baker & McKenzie Ltd., its Thai counsel, that a judgment or order obtained in a court outside Thailand would not be enforced as such by the courts of Thailand, but such judgment or order in the discretion of the courts of Thailand may be admitted as evidence of any obligation in new proceedings instituted in the courts of Thailand, which would consider the issue on the evidence before it.

PRESENTATION OF INFORMATION

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed thereto in the “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes”, the “Terms and Conditions of the Additional Tier 1 Subordinated Notes” or any other section of this Offering Circular. In addition, all references to “Thailand” are references to the Kingdom of Thailand. All references to the “Government” are references to the government of Thailand. All references to “United States”, “U.S.”, “U.S.A.” or “US” are to the United States of America. All references to “United Kingdom” herein are to the United Kingdom of Great Britain and Northern Ireland. All references to the “PRC” are to the People’s Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan. References herein to “Baht” or “THB” are to the lawful currency of Thailand, references to “U.S. dollar” and “U.S.\$” are to the lawful currency of the United States, references to “Hong Kong dollars”, “HK dollars” and “HK\$” are to the lawful currency of Hong Kong and references to “Renminbi”, “RMB” and “CNY” are to the lawful currency of the PRC. In addition, all references to “Sterling” and “£” refer to pounds sterling, references to “Singapore dollars” and “S\$” refer to Singapore dollars and references to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

For convenience, unless otherwise specified, certain Baht amounts have been translated into U.S. dollar amounts as of 31 December 2020 based on the prevailing exchange rate of Baht 30.0371 = U.S.\$1.00, being the middle market spot rate of exchange for Baht against the U.S. dollar quoted by the Bank of Thailand (“BoT”) on 31 December 2020.

Unless otherwise indicated, all financial information has been presented in Baht in accordance with generally accepted accounting principles in Thailand (“Thai GAAP”). Thai GAAP refers to an accounting framework that includes Thai Financial Reporting Standards (“TFRS”) and accounting principles and practices generally accepted in Thailand, which include the regulations of the Stock Exchange of Thailand (“SET”), the Thai Securities and Exchange Commission (“Thai SEC”) and, for commercial banks, the BoT. No representation is made that the Baht or U.S. dollar amounts shown herein could have been or could be converted into U.S. dollars or Baht, as the case may be, at any particular rate or at all.

Certain figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Bank concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses in which the Bank operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the Bank’s actual results of operations, financial condition and liquidity, and the development of the businesses in which the Bank operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity and the development of the businesses in which the Bank operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Bank or persons acting on its behalf may issue. The Bank does not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Investment Considerations”.

Any forward-looking statements that the Bank makes in this Offering Circular speak only as at the date of such statements, and the Bank undertakes no obligation to update such statements (whether audited or unaudited).

Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and each Supplemental Offering Circular.

This Offering Circular should also be read and construed in conjunction with the most recently published consolidated and unconsolidated financial statements, any interim consolidated and unconsolidated financial statements (whether audited or unaudited) of the Bank and the Group published from time to time and their related notes, which shall be deemed to be incorporated in, and to form part of, this Offering Circular, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Any published unaudited consolidated and unconsolidated financial statements which are, from time to time, deemed to be incorporated by reference in this Offering Circular will not have been audited or subject to review

by the auditors of the Bank or the Group. Accordingly, there can be no assurance that, had an audit or review been conducted in respect of such financial statements, the information presented therein would not have been materially different, and investors should not place undue reliance upon them.

Copies of all such documents incorporated by reference in this Offering Circular may be obtained without charge during usual business hours on any weekday (except Saturdays and public holidays) from the registered office of the Bank in Thailand. Copies of the recently published consolidated and unconsolidated financial statements, any interim consolidated and unconsolidated financial statements (whether audited or unaudited) of the Bank and the Group which are deemed to be incorporated by reference in this Offering Circular may be obtained at the website of the SET at <https://www.set.or.th>.

SUPPLEMENTAL OFFERING CIRCULAR

The Bank has given an undertaking to each Arranger and each Dealer that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Circular is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank, and the rights attaching to the Notes, the Bank shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of the Notes and shall supply to each Arranger and each Dealer such number of copies of such supplement or replacement hereto as such Arranger and Dealer may reasonably request immediately prior to its publication. References to this “Offering Circular” shall be taken to mean this document and all the documents from time to time incorporated by reference herein and forming part hereof.

TABLE OF CONTENTS

	Page
SUMMARY OF THE PROGRAMME	1
SELECTED FINANCIAL INFORMATION	11
INVESTMENT CONSIDERATIONS	16
TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE ADDITIONAL TIER 1 SUBORDINATED NOTES	48
TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 SUBORDINATED NOTES	82
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	113
USE OF PROCEEDS	118
CAPITALISATION AND INDEBTEDNESS	119
DESCRIPTION OF THE BANK	120
DESCRIPTION OF THE BANK'S CAYMAN ISLANDS BRANCH	149
RISK MANAGEMENT	150
DESCRIPTION OF ASSETS AND LIABILITIES	158
CAPITAL ADEQUACY	166
MANAGEMENT	167
PRINCIPAL SHAREHOLDERS	175
FORM OF PRICING SUPPLEMENT OF THE NOTES OTHER THAN THE ADDITIONAL TIER 1 SUBORDINATED NOTES	176
FORM OF PRICING SUPPLEMENT OF THE ADDITIONAL TIER 1 SUBORDINATED NOTES	186
RELATED PARTY TRANSACTIONS	193
SUPERVISION AND REGULATION	195
SUMMARY OF DIFFERENCES BETWEEN THAI GAAP AND IFRS	205
TAXATION	210
CLEARING AND SETTLEMENT	213
SUBSCRIPTION AND SALE	215
GENERAL INFORMATION	221
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes”, “Terms and Conditions of the Additional Tier 1 Subordinated Notes” or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer: Krung Thai Bank Public Company Limited (from time to time acting through its Cayman Islands branch as specified in the applicable Pricing Supplement)

Description: Euro Medium Term Note Programme

Size: Up to U.S.\$2,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time

Arrangers: Citigroup Global Markets Limited
The Hongkong and Shanghai Banking Corporation Limited

Dealers: Citigroup Global Markets Limited
The Hongkong and Shanghai Banking Corporation Limited
Merrill Lynch (Singapore) Pte. Ltd.
Standard Chartered Bank

The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Trustee: The Bank of New York Mellon, London Branch

Issuing and Paying Agent: The Bank of New York Mellon, London Branch (in respect of Notes other than Notes cleared through the CMU (which shall only be Senior Notes) (“CMU Notes”))

CMU Lodging and Paying Agent: The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes)

Registrars and Transfer Agents: The Bank of New York Mellon SA/NV, Luxembourg Branch (in respect of Notes other than CMU Notes) and The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes)

Method of Issue: The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest (in respect of Notes other than the Additional Tier 1 Subordinated Notes) or the first payment of Distributions (in respect of the Additional Tier 1 Subordinated Notes), as applicable), the Notes of each Series being intended to be interchangeable with all other Notes of that Series.

Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and

conditions and, save in respect of the issue date, issue price, first payment of interest (in respect of Notes other than the Additional Tier 1 Subordinated Notes) or the first payment of Distributions (in respect of the Additional Tier 1 Subordinated Notes), as applicable) and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant pricing supplement (the “Pricing Supplement”).

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes: The Notes may be issued as Bearer Notes or Registered Notes. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Certificates represent Registered Notes that are registered in the name of a nominee for one or more clearing systems.

Clearing Systems: Clearstream, Euroclear and the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer and the relevant Dealer(s) and notified in writing to the Trustee and the Issuing and Paying Agent. Only Senior Notes are intended to be cleared through the CMU.

Initial Delivery of Notes: On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or with a sub-custodian for the CMU or with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee, and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer.

Notes that can be issued under the Programme: The Issuer may issue Senior Notes, Tier 2 Subordinated Notes and Additional Tier 1 Subordinated Notes.

Specified Denomination: The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

Ratings: Tranches of Notes will be rated or unrated. Where a Tranche of Notes is/are to be rated, such rating will be specified in the relevant Pricing

Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing and Admission to Trading:

Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for permission to deal in, and for listing and quotation of, any Notes which are agreed at or prior to the time of issue to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that any application to the SGX-ST will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in any other currency). Unlisted series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each series of Notes will state whether or not the Notes of such series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

Selling Restrictions:

Thailand, Singapore, Hong Kong, United States, the European Economic Area, the United Kingdom, Japan Cayman Islands, the PRC and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “Subscription and Sale”.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

NOTES OTHER THAN THE ADDITIONAL TIER 1 SUBORDINATED NOTES

Maturities:

The Senior Notes and the Tier 2 Subordinated Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. as amended, supplemented or replaced; or

- (ii) by reference to LIBOR, EURIBOR or HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates:

The length of the interest periods for the Senior Notes and Tier 2 Subordinated Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Senior Notes and Tier 2 Subordinated Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Senior Notes and Tier 2 Subordinated Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Other Notes:

Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee, the Issuing and Paying Agent and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and/or the Supplemental Offering Circular.

Redemption:

The relevant Pricing Supplement issued in respect of each issue of Senior Notes will indicate either that the Senior Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Senior Notes will be redeemable (in whole or in part) at the option of the Issuer and/or the Senior Noteholders (upon giving notice to the Senior Noteholders or the Issuer, as the case may be), on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the relevant Pricing Supplement.

The relevant Pricing Supplement issued in respect of each issue of Tier 2 Subordinated Notes will indicate either that the Tier 2 Subordinated Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons, following an Event of Default or for regulatory reasons) or that such Tier 2 Subordinated Notes will be redeemable (in whole or in part) at the option of the Issuer (upon giving notice to the Tier 2 Subordinated Noteholders), on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the relevant Pricing Supplement.

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Variation instead of Redemption of Tier 2 Subordinated Notes:

The Issuer may vary the terms of the Tier 2 Subordinated Notes, so they remain or become Qualifying Securities as described in Notes Condition 7(g).

Redemption by Instalments:

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Status of Senior Notes:

The Senior Notes issued by the Issuer will constitute direct, unconditional, unsubordinated and (subject to Notes Condition 5 (Negative Pledge)) unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Notes Condition 5 (Negative Pledge), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

Status of the Tier 2 Subordinated Notes:

The Tier 2 Subordinated Notes issued by the Issuer will constitute direct, unsecured and subordinated obligations of the Issuer (including liabilities of all offices and branches of the Issuer wherever located). Upon the occurrence of a Winding-Up, the rights of the Noteholders, Receiptholders and Couponholders to payment of principal and interest on the Tier 2 Subordinated Notes and the Receipts and Coupons relating to them and any other obligations in respect of the Tier 2 Subordinated Notes and the Receipts and Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Senior Creditors and will rank senior to (i) all classes of equity securities of the Issuer, including preference shares, if any, (ii) Tier 1 Capital Securities, if any and (iii) obligations, if any, of the Issuer that by their terms (by way of contractual obligation) or by operation of law rank junior to the Tier 2 Subordinated Notes. The Tier 2 Subordinated Notes and the Receipts and Coupons relating to them will rank *pari passu* without any preference among themselves and with all subordinated debt instruments issued by the Issuer that qualify as Tier 2 Capital Securities. See “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Status of Tier 2 Subordinated Notes”.

Non-Viability Event in relation to Tier 2 Subordinated Notes:

Upon the occurrence of a Non-Viability Event, the Issuer shall:

- (i) deliver a Loss Absorption Event Notice to the holders of such Tier 2 Subordinated Notes, the Trustee and the Issuing and Paying Agent no later than within two Business Days of the occurrence of the Non-Viability Event. Such Loss Absorption Event Notice shall be delivered to the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Non-Viability Event has occurred;
- (ii) irrevocably (without the need for consent of the Trustee or the Tier 2 Subordinated Noteholders) cancel any interest which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* with any other Tier 2 Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent

of the Trustee or the Tier 2 Subordinated Noteholders) reduce the Prevailing Principal Amount of each Tier 2 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a “write-down” and “written down” being construed accordingly).

Negative Pledge: Applicable to Senior Notes only. See “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Negative Pledge”.

Events of Default: Applicable to Senior Notes and Tier 2 Subordinated Notes. See “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Events of Default”.

Cross Default: Applicable to Senior Notes only. See the relevant sub-condition under “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Events of Default”.

Withholding Tax: All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Taxation”.

Governing Law: English law save that (in respect of Tier 2 Subordinated Notes) Notes Conditions 3(b), 3(c) and 11(a) (and related provisions of the Trust Deed) shall be governed by, and construed in accordance with, Thai law.

ADDITIONAL TIER 1 SUBORDINATED NOTES

Maturities: The Additional Tier 1 Subordinated Notes are perpetual securities in respect of which there is no fixed redemption date and the relevant Issuer shall only have the right to redeem or purchase them in accordance with the AT1 Notes Conditions or as otherwise specified in the applicable Pricing Supplement.

Distribution Payments: Subject to AT1 Notes Condition 5(b), the Additional Tier 1 Subordinated Notes confer a right to receive Distribution on their principal amount (subject to adjustments following the occurrence of a Trigger Event or Non-Viability Event, as the case may be, in accordance with AT1 Notes Condition 4) from, and including, the Issue Date at the applicable Rate of Distribution, payable on a Distribution Payment Date.

Distributions will not be cumulative and Distributions which are not paid in accordance with AT1 Notes Conditions will not accumulate or compound and Noteholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, nor be entitled to any claim in respect thereof against the Issuer.

Optional Distribution Cancellation Event:

Unless a Distribution has already been cancelled in full due to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of a Distribution, in whole or in part, by giving a notice to the Noteholders, the Trustee and the Paying Agent signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer which shall be conclusive and binding on the Noteholders at least 10 Business Days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with AT1 Notes Condition 5(b) and any failure to pay such Distribution shall not constitute an Event of Default.

Mandatory Distribution Cancellation Event:

Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that on the Distribution Payment Date:

- (i) the Distribution scheduled to be paid if paid in full, together with any distributions or dividends paid or scheduled to be paid on the Additional Tier 1 Subordinated Notes or any Parity Loss Absorbing Instruments during the Issuer's then-current fiscal year, would exceed Distributable Reserves as at such Distribution Payment Date; or
- (ii) the Issuer is unable to make such payment of Distribution without causing a breach of the Bank of Thailand's requirements on maintenance of total capital to total risk-weighted assets ratio pursuant to notifications of the Bank of Thailand regarding supervision of capital for commercial banks, the assessment methodology and supervisory measures for domestic systemically important banks and other regulations related to capital of commercial banks, or the Issuer is prevented by applicable banking regulations or other requirements of the Relevant Authority from making such payment of Distribution.

Dividend Stopper:

If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of AT1 Notes Condition 5(b), the Issuer shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any classes of equity securities of the Issuer, including holders of preference shares, if any, or other Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations, where such dividend, distribution or other payment is made on a pro rata basis with payment on the Additional Tier 1 Subordinated Notes); or
- (ii) purchase, cancel or otherwise acquire any classes of equity securities of the Issuer, including preference shares, if any, or other Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations, where such redemption, reduction, cancellation or buy-back is made on a pro rata basis with a pro rata purchase of Additional Tier 1 Subordinated Notes) or permit any of its Subsidiaries to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date

(which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with the AT1 Notes Conditions prior to such subsequent Distribution Payment Date) has been paid in full (1) to the Noteholders or (2) irrevocably to a designated third party trust account for the benefit of the Noteholders, or (B) the Additional Tier 1 Subordinated Notes have been redeemed or repurchased and cancelled in full, or the principal amount of the Additional Tier 1 Subordinated Notes has been reduced to zero in accordance with the AT1 Notes Conditions, or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Noteholders.

Distribution Periods and Distribution Rates:

The length of the Distribution periods for the Additional Tier 1 Subordinated Notes and the applicable Distribution rate or its method of calculation may differ from time to time or be constant for any Series. The use of Distribution accrual periods permits the Additional Tier 1 Subordinated Notes to bear Distribution at different rates in the same Distribution period. All such information will be set out in the relevant Pricing Supplement.

Redemption:

The relevant Pricing Supplement issued in respect of each issue of Additional Tier 1 Subordinated Notes will indicate either that the Additional Tier 1 Subordinated Notes cannot be redeemed (other than for taxation reasons, following an Event of Default or for regulatory reasons) or that such Additional Tier 1 Subordinated Notes will be redeemable (in whole or in part) at the option of the Issuer (upon giving notice to the Additional Tier 1 Subordinated Noteholders), on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the relevant Pricing Supplement.

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

Variation instead of Redemption of Additional Tier 1 Subordinated Notes:

The Issuer may vary the terms of the Additional Tier 1 Subordinated Notes, so they remain or become Qualifying Securities as described in AT1 Notes Condition 6(e).

Status of the Additional Tier 1 Subordinated Notes:

The Additional Tier 1 Subordinated Notes issued by the Issuer will constitute direct, unsecured and subordinated obligations of the Issuer (including liabilities of all offices and branches of the Issuer wherever located). Upon the occurrence of a Winding-Up, the rights of the Noteholders, Receiptholders and Couponholders to payment of principal and Distribution on the Additional Tier 1 Subordinated Notes and the Receipts and Coupons relating to them and any other obligations in respect of the Additional Tier 1 Subordinated Notes and the Receipts and Coupons relating to them are expressly subordinated and junior and subject in right of payment to the prior payment in full of all claims in respect of the Senior Obligations and will rank senior to (i) all classes of equity securities of the Issuer, including preference shares, if any and (ii) obligations, if any, of the Issuer that by their terms (by way of contractual obligation) or by operation of law rank junior to the Additional Tier 1 Subordinated Notes. See “Terms and Conditions of the Additional Tier 1 Subordinated Notes — Status”.

Trigger Event or Non-Viability Event in relation to Additional Tier 1 Subordinated Notes:

Upon the occurrence of a Trigger Event, the Issuer may:

- (i) deliver a Loss Absorption Event Notice to the holders of such Additional Tier 1 Subordinated Notes, the Trustee and the Issuing and Paying Agent within two Business Days of the

occurrence of the Trigger Event. Such Loss Absorption Event Notice shall be delivered to the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Trigger Event has occurred. The Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and, if it does so, such certificate shall be conclusive evidence that a Trigger Event has occurred;

- (ii) irrevocably (without the need for consent of the Trustee or the Noteholders) cancel any Distribution, which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* with any other Parity Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent of the Trustee or the Noteholders) reduce the Prevailing Principal Amount of each Additional Tier 1 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a “write-down” and “written down” being construed accordingly).

Upon the occurrence of a Non-Viability Event, the Issuer shall:

- (i) deliver a Loss Absorption Event Notice to the holders of such Additional Tier 1 Subordinated Notes, the Trustee and The Bank of New York Mellon, London Branch (acting as the Issuing and Paying Agent) no later than within two Business Days of the occurrence of the Non-Viability Event. Such Loss Absorption Event Notice shall be delivered to the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Non-Viability Event has occurred;
- (ii) irrevocably (without the need for consent of the Trustee or the Noteholders) cancel any Distribution which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* with any other Parity Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent of the Trustee or the Noteholders) reduce the Prevailing Principal Amount of each Additional Tier 1 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a “write-down” and “written down” being construed accordingly).

Events of Default:

Applicable to Additional Tier 1 Subordinated Notes. See “Terms and Conditions of the Additional Tier 1 Subordinated Notes — Events of Default”.

Withholding Tax:

All payments of principal and Distribution by or on behalf of the Issuer in respect of the Additional Tier 1 Subordinated Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event,

the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in “Terms and Conditions of the Additional Tier 1 Subordinated Notes — Taxation”.

Governing Law:

English law save that AT1 Notes Conditions 3(a), 3(b) and 10(a) (and related provisions of the Trust Deed) shall be governed by, and construed in accordance with, Thai law.

SELECTED FINANCIAL INFORMATION

The following tables set forth the summary audited consolidated financial information for each of the financial years ended 31 December 2019 and 2020. The Bank has derived its selected financial information from its audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020, and should be read in conjunction with the Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 and their related notes.

The Group's audited consolidated financial statements as at and for the year ended 31 December 2019 have been audited by the State Audit Office of the Kingdom of Thailand. The Group's audited consolidated financial statements as at and for the year ended 31 December 2020 have been audited by EY Office Limited.

The Group's audited consolidated financial statements are prepared in accordance with Thai GAAP. Thai GAAP refers to an accounting framework that includes TFRS and accounting principles and practices generally accepted in Thailand, which include the regulations of the SET, the Thai SEC and the BoT. Thai GAAP differs in certain significant respects from International Financial Reporting Standard ("IFRS"). For a discussion of differences between Thai GAAP and IFRS that are relevant to the Group's financial statements, see "*Summary of Differences between TFRS and IFRS*".

The Group's audited consolidated financial statements as at and for the year ended 31 December 2020 have been prepared on the same basis as the Group's audited consolidated financial statements as at and for the year ended 31 December 2019, except for the adoption of (i) a set of financial reporting standards related to financial instruments (i.e., TAS 32 *Financial Instruments: Presentation*, TFRS 7 *Financial Instruments: Disclosures*, TFRS 9, *Financial Instruments*, TFRIC 16 *Hedges of a Net Investment in a Foreign Operation*, TFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*, collectively the "New Financial Instruments Standards") and (ii) TFRS 16 *Leases* (the "New Leases Standard"). The Group adopted the New Financial Instruments Standards and the New Leases Standard effective from 1 January 2020 under the modified retrospective method of initial adoption. Amounts for the periods beginning on or after 1 January 2020 are presented under the New Financial Instruments Standards and the New Leases Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The Group recognised the cumulative effects of the changes in accounting policies due to adoption of the New Financial Instruments Standards and the New Leases Standard as an adjustment to the opening balance of retained earnings or other components of shareholder's equity as at 1 January 2020. Please refer to note 6 to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020 for further details. In addition, for the financial year ended 31 December 2020, the Group also adheres to the Temporary Relief Measures Accounting Guidance promulgated by the Federation of Accounting Professions (the "Temporary Relief Measures Accounting Guidance") in light of the COVID-19 pandemic and the consequent adverse impact on the Thai economic conditions, particularly on asset classification. The foregoing affects the comparability of the audited consolidated financial statements as at and for the year ended 31 December 2020 with prior periods. See also "*Risk Factors — The adoption of the New Financial Instrument Standards, the New Leases Standard and the Temporary Relief Measures Accounting Guidance affects the direct comparability of the Group's audited consolidated financial statements as at and for the year ended 31 December 2020 with prior periods.*"

The Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 have only been prepared in Thai and an English translation of which (the "Financial Statements Translation") have been prepared and included in this Offering Circular for reference only (see "Index to Financial Statements"). Should there be any inconsistency between the Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 and the Financial Statements Translation, the Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 shall prevail. The Financial Statements Translation does not itself constitute audited financial statements and is qualified in its entirety by, and is subject to the more detailed information and the financial information set out or referred to in, the Group's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020.

Consolidated Statements of Financial Position

	As at 31 December		
	2019	2020 ⁽¹⁾	
	(Baht in millions)	(Baht in millions)	(U.S.\$ in millions) ⁽²⁾
Assets			
Cash	68,434	68,161	2,269
Interbank and money market items, net	338,771	516,792	17,205
Financial assets measured at fair value through profit or loss	—	13,724	457
Claims on securities	67,350	—	—
Derivatives assets	55,811	74,507	2,480
Investments, net	395,228	316,988	10,553
Investments in subsidiaries and associated companies, net	30,946	29,400	979
Loans to customers and accrued interest receivables, net			
Loans to customers	2,090,343	2,335,241	77,745
Accrued interest receivables	5,159	16,199	539
Total loans to customers and accrued interest receivables	2,095,502	2,351,440	78,284
Less: deferred revenue	(469)	(399)	(13)
Less: allowance for doubtful accounts	(135,228)	—	—
Less: revaluation allowance for debt restructuring	(40)	—	—
Less: allowance for expected credit losses	—	(150,528)	(5,011)
Total loans to customers and accrued interest receivables, net	1,959,765	2,200,513	73,260
Customers' liability under acceptances	133	—	—
Properties for sale, net	32,183	32,659	1,087
Premises and equipment, net	24,201	24,762	824
Right-of-use assets	—	4,474	149
Other intangible assets, net	3,900	6,005	200
Deferred tax assets	8,165	5,881	196
Accrued income	3,487	2,599	87
Other assets, net	23,842	31,315	1,043
Total assets	3,012,216	3,327,780	110,789
Liabilities and equity			
Deposits	2,155,865	2,463,225	82,006
Interbank and money market items	215,823	274,566	9,141
Liabilities payable on demand	4,744	4,732	157
Liabilities to deliver securities	67,350	—	—
Derivatives liabilities	51,869	65,471	2,180
Debt issued and borrowings	96,841	86,564	2,882
Bank's liability under acceptances	133	—	—
Lease liabilities	—	4,504	150
Provisions	15,240	20,287	675
Other liabilities	56,025	53,367	1,777
Total liabilities	2,663,890	2,972,716	98,968
Equity			
Equity attributable to equity holders of the Bank	338,287	343,466	11,435
Non-controlling interests	10,039	11,598	386
Total equity	348,326	355,064	11,821
Total liabilities and equity	3,012,216	3,327,780	110,789

Notes:

- (1) From 1 January 2020, the Group adopted the New Financial Instrument Standards and the New Leases Standard. The Group recognised the cumulative effects of the changes in accounting policies due to adoption of the New Financial Instruments Standards and the New Leases Standard as an adjustment to the opening balance of retained earnings or other components of shareholder's equity as at 1 January 2020. The comparative consolidated statement of financial position was not restated and therefore is not directly comparable to the selected consolidated statement of financial position for the year ended 31 December 2020.
- (2) The U.S. dollar translations were calculated for convenience only using the middle market spot rate of exchange for Bank as of 31 December 2020, as published by the Bank of Thailand: Baht/U.S.\$ = Baht 30.0371 to U.S.\$1.00.

Consolidated Statements of Comprehensive Income

	For the year ended 31 December		
	2019	2020 ⁽¹⁾	
	(Baht in millions)	(Baht in millions)	(U.S.\$ in millions) ⁽²⁾
Interest income	122,971	112,837	3,756
Interest expenses	34,655	24,494	815
Interest income, net	88,316	88,343	2,941
Fees and service income	29,596	27,690	922
Fees and service expenses	6,359	7,162	239
Fees and service income, net	23,237	20,528	683
Gains on trading and foreign exchange transaction	3,197	—	—
Gains on financial instruments measured at fair value through profit or loss	—	3,135	104
Gains on investments	4,372	951	32
Share of profit from investments accounted for under equity method	1,425	2,060	69
Dividend income	496	376	13
Other operating income	4,615	6,855	228
Total operating income	125,658	122,248	4,070
Other operating expenses			
Employee's expenses	31,390	28,466	948
Directors' remuneration	109	298	10
Premises and equipment expenses	8,942	8,896	296
Taxes and duties	4,363	3,798	126
Impairment losses of properties for sale	7,219	1,538	51
Others	10,451	10,469	349
Total other operating expenses	62,474	53,465	1,780
Expected credit losses	—	44,903	1,495
Impairment losses of loans and debt securities	23,814	—	—
Profit before income tax expenses	39,370	23,880	795
Income tax	7,232	4,441	148
Profit for the year	32,138	19,439	647
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	—	895	30
Gains (losses) on changes in value of available-for-sale investments	1,586	—	—
Gains (Losses) arising from translating the financial statements of foreign operations	(16)	44	1
Gains (Losses) on cash flow hedges	—	170	6
Gains (Losses) from deferred cost of hedging	—	90	3
Share of other comprehensive income of associate (equity method) for items that will be reclassified subsequently to profit or loss	12,823	(1,556)	(52)
Income taxes relating to other comprehensive income (losses) that will be reclassified subsequently to profit or loss	(317)	(240)	(8)

	For the year ended 31 December		
	2019	2020⁽¹⁾	
	<i>(Baht in millions)</i>	<i>(Baht in millions)</i>	<i>(U.S.\$ in millions)⁽²⁾</i>
<i>Transactions that will never be reclassified subsequently to profit or loss</i>			
Changes in surplus on revaluation of assets	(180)	—	—
Share of other comprehensive income of associate (equity method) for items that will never be reclassified subsequently to profit or loss . . .	—	(1,204)	(40)
Gains (losses) on investments in equity designated to be measured at fair value through other comprehensive income	—	(1,994)	(66)
Actuarial gains (losses) on defined benefit plans	(990)	(806)	(27)
Income tax relating to other comprehensive income (losses) for items that will never be reclassified subsequently to profit or loss	234	525	17
Other comprehensive income (loss), net	13,140	(4,076)	(136)
Total comprehensive income (loss)	45,278	15,363	511
Net profit attributable to			
Equity holders of the Bank	29,284	16,732	557
Non-controlling interest	2,854	2,707	90
Earnings per share of the Bank			
Basic earnings per share (Baht)	2.09	1.20	0.04

Notes:

- (1) From 1 January 2020, the Group adopted the New Financial Instrument Standards and the New Leases Standard. The Group recognised the cumulative effects of the changes in accounting policies due to adoption of the New Financial Instruments Standards and the New Leases Standard as an adjustment to the opening balance of retained earnings or other components of shareholder's equity as at 1 January 2020. The comparative consolidated statements of comprehensive income was not restated and therefore is not directly comparable to the selected consolidated statement of comprehensive income for the year ended 31 December 2020.
- (2) The U.S. dollar translations were calculated for convenience only using the middle market spot rate of exchange for Bank as of 31 December 2020, as published by the Bank of Thailand: Baht/U.S.\$ = Baht 30.0371 to U.S.\$1.00.

Consolidated Financial Ratios

	As at	
	31 December	
	2019	2020⁽⁵⁾
Loan to deposits ratio ⁽¹⁾	96.94	94.79
Classified loans/total loans ⁽²⁾	4.33	3.81
Allowance for expected credit loss / NPLs ⁽³⁾	—	147.3
Allowance for doubtful accounts and debt restructuring/ classified loans ⁽³⁾	131.8	—
Common equity tier 1 ratio ⁽⁴⁾	15.19	15.73
Tier 1 capital fund ratio ⁽⁴⁾	15.24	15.79
Total capital adequacy ratio ⁽⁴⁾	19.01	19.11
For the year ended		
31 December		
	2019	2020⁽⁵⁾
Return on assets	1.02	0.53
Return on equity	9.09	4.91
Net interest margin (based on earning assets) (per cent.)	3.22	2.91
Cost to income ratio	49.72	43.73

Notes:

- (1) Loan to deposits ratio refers to loans to customers less deferred revenue divided by deposits.
- (2) Classified loans/total loans refers to NPLs divided by total loans (including interbank and money market items) less deferred revenue.

- (3) Allowance for expected credit loss / NPLs refers to allowance for expected credit losses for (i) interbank and money market items, (ii) loans to customers, (iii) loan commitments and financial guarantee contracts divided by gross NPLs. Allowance for doubtful accounts and debt restructuring/ classified loans refers to allowance for doubtful accounts and revaluation allowance for debt restructuring divided by gross NPLs. “Allowance for doubtful accounts and debt restructuring/ classified loans” was renamed as “Allowance for Expected Credit Loss / NPLs” due to the adoption of the New Financial Instrument Standards.
- (4) Capital adequacy ratios are determined in accordance with the BoT’s requirements.
- (5) From 1 January 2020, the Group adopted the New Financial Instrument Standards and the New Leases Standard. The Group recognised the cumulative effects of the changes in accounting policies due to adoption of the New Financial Instruments Standards and the New Leases Standard as an adjustment to the opening balance of retained earnings or other components of shareholder’s equity as at 1 January 2020. The comparative consolidated financial ratios was not restated and therefore is not directly comparable to the selected consolidated financial ratios for the year ended 31 December 2020.

INVESTMENT CONSIDERATIONS

Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition or results of operations of the Bank and, as a result, investors could lose all or part of their investment. The risks below are not the only risks the Bank faces. Additional risks and uncertainties not currently known to the Bank, or that it currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations of the Bank. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

The Bank believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the programme, but the Bank's inability to pay any amounts on or in connection with any Note may occur for other reasons which may not be considered significant risks by the Bank based on information currently available to it or which it may not currently be able to anticipate, and the Bank does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Bank and the terms of the offering of the Notes.

RISKS RELATING TO THE BANK

The novel coronavirus ("COVID-19") could adversely affect the Thai economy and the Bank

A pandemic, or fear or perception of a pandemic, of a virus or another contagious disease in Asia, including Thailand, or measures taken by the governments against a potential or actual pandemic, including travel restrictions or quarantines, could result in significantly lower economic activity or otherwise interrupt the Bank's operations and the communities it serves.

Since its outbreak, COVID-19 has rapidly spread across various countries and territories. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19, significantly exceed those observed during the severe acute respiratory syndrome ("SARS") epidemic that occurred from November 2002 to July 2003. In March 2020, the Government declared a state of emergency nationwide in an attempt to contain the spread of COVID-19. Travel restrictions between certain provinces and all international passenger flights were suspended in April 2020. In mid-April 2020, the situation in Thailand improved and the Government gradually implemented a five-phase restrictions easing plan thereafter. However, the state of emergency nationwide was extended and remained in effect as of the date of this Offering Circular.

Thailand saw low new COVID-19 infected cases per day until December 2020. In an attempt to control the new wave of infection, the Government announced various measures, including suspending businesses and activities that pose infection risks to the public and recommending people to refrain from unnecessary travels in a number of provinces in Thailand, including Bangkok.

The COVID-19 pandemic has resulted in volatility in international markets and caused a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. The extent to which the pandemic will affect the business of the Bank's customers, particularly those in the manufacturing, trading, hospitality and business services sectors, is expected to be material in nature. The Bank expects that, among other impacts, the pandemic will adversely affect the Bank's level of non-performing loans ("NPLs"). The effects of this, and any other outbreak of a contagious disease, could have a material adverse effect on the Bank's business, prospects, financial condition and results of operations and therefore the Bank's future operational and financial results may not be in line with market expectation or historical trends.

For more information, please see "*Description of the Bank — Recent Developments — COVID-19 pandemic*".

The Bank's results of operations are significantly affected by the ability of its borrowers to repay their loans and the adequacy of the Bank's loan loss reserves

A significant portion of the Bank's business involves lending to customers. Failure by borrowers to repay loans extended to them may have an adverse impact on the business, results of operation and financial condition of the Bank. The risk of non-payment by the Bank's customers is affected by numerous factors, including the credit profile of borrowers, as well as changes in macro-economic and industry conditions, such as those which

occurred during the recent global recession and which have occurred and may continue to occur as a result of the ongoing COVID-19 pandemic. The Bank's profitability will be adversely affected should its borrowers experience financial difficulties and be unable to repay loans.

In response to the COVID-19 pandemic, the Bank has offered principal and interest debt payment suspension to its customers who have been affected directly and indirectly by the pandemic. Since April 2020, the Bank has implemented various relief measures in line with the guidelines set out by the BoT to provide assistance to debtors affected by the COVID-19 pandemic covering an unconsolidated outstanding amount of Baht 201 billion as at 31 December 2020. For more information, see “— *The novel coronavirus (“COVID-19”) could adversely affect the Thai economy and the Bank*”.

As at 31 December 2020, the Bank had consolidated NPLs in the amount of Baht 107.1 billion (a consolidated gross NPL-to-total loans ratio (“NPL ratio”) of 3.81 per cent.) compared to Baht 102.7 billion as at 31 December 2019 (an NPL ratio of 4.33 per cent.).

Volatile or adverse economic conditions globally and in Thailand, including due to the ongoing COVID-19 pandemic, may adversely affect the ability of the Bank's borrowers to repay their indebtedness, and this may result in an increase in NPLs and provisioning, allowances for loan losses and charge-offs. There is no precise method of predicting loan and credit loss. The Bank makes no assurances that its NPLs will not increase or that its loan loss reserve is or will be sufficient to absorb actual losses. An increase in NPLs could have a material adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

The Bank may be unable to grow its loan portfolio

One of the Bank's strategies for growth is to continue to expand its loan portfolio. The Bank's consolidated gross loans (before deducted by accrued interest receivables) was Baht 2,334.8 billion as of 31 December 2020, an increase of 11.7 per cent. compared to the previous financial year.

The Bank's continued ability to achieve prudent loan growth will depend, to a large extent, on the economic performance of Thailand. Loan growth is also facing continued pressure in Thailand from the growth of the Thai domestic bond market, which in some cases has caused the Bank's customers to refinance their outstanding loans with domestically issued and sold bonds or debentures. In addition, the Bank's stringent application of enhanced credit risk management controls may result in a reduction in loans made to its customers. A slowdown in loan growth may result in decreased revenues and income and adversely affect the Bank's business, cash flows, financial condition, results of operations and prospects. In addition, please refer to “— *The novel coronavirus (“COVID-19”) could adversely affect the Thai economy and the Bank*” for details in relation to risks associated with the COVID-19 pandemic, which may also adversely affect growth in the Bank's loan portfolio.

Loan restructurings often result in the Bank receiving lower interest payments and, occasionally, lower principal payments

Under the BoT guidelines, financial institutions may restructure loans through a reduction of interest rates and principal amounts, extension of tenors and various other methods. Although the Bank's NPL ratios may improve as more loans are restructured, it will generally receive lower interest payments than originally required by the loans and, in some cases, it will collect less than the original principal amount of the loans. Any future restructuring of loans may adversely affect the Bank's business, cash flows, financial condition and results of operations.

Restructured loans may become non-performing if the performance of borrowers of such loans fails to adhere to the terms of such restructured loans

In the restructuring of a number of its high-risk loans, the Bank has agreed to set payments of principal and/or interest at a relatively low level for a certain period followed by larger payments in later periods to match the Bank's expectation of the borrowers' ability to service the debt. The relatively low payments improve the likelihood that a restructured loan will be categorised as performing during the period of such payments. However, future higher payments may cause a loan to be categorised as non-performing if the relevant borrower is unable to make such larger payments in the later periods. If the Bank's customers are unable to make larger payments for their respective restructured loans, such restructured loans may become non-performing, thereby requiring additional provisions, which may adversely affect the Bank's financial condition and results of operations.

A decline in collateral values may result in an increase in provisions for loan losses

A substantial portion of the Bank's loans is secured by real property, the value of which is affected by market conditions. Although it is the Bank's general practice not to lend in excess of 80 per cent. of the internally appraised value of real property (where real property is the sole collateral for such loans), a downturn in the real estate market could result in the principal amount of a number of loans exceeding the value of the underlying real property collateral. If real estate's value deteriorates, downward adjustments to the recorded value of the collateral securing the Bank's loans will be required in future periods. Any decline in the value of the collateral securing NPLs may result in an increase in the Bank's charges for bad debts and doubtful accounts and a reduction in the recovery from collateral realisation, which may reduce the Bank's net profit and capital and may adversely affect its financial condition and results of operations.

A significant portion of the Bank's business is conducted with the Government and State-Owned Enterprises ("SOEs"), and there can be no assurance that the Bank will be able to grow or maintain this business

The Bank does a significant portion of its business with the Government and SOEs. Government and SOEs loans comprised 15.7 per cent. and 8.8 per cent. of total consolidated loans as of 31 December 2020 and 31 December 2019, respectively. In addition, deposits from the Government and SOEs comprised 34.6 per cent. and 34.6 per cent. of the Bank's deposits as of 31 December 2020 and 31 December 2019, respectively, and hence a substantial portion of its source of funds.

The Bank believes that its existing relationship with the Government and SOEs is based, at least in part, on the Government's ownership in the Bank. As part of its strategy, the Bank intends to capitalise on its relationships with the Government and SOEs to grow its business. However, there can be no assurance that the Bank will be able to maintain this amount of business with the Government and SOEs. The Bank currently competes for Government and SOE business with other state-owned or state-controlled banks, including but not limited to the Government Savings Bank, the Government Housing Bank, the Bank for Agriculture and Agricultural Cooperatives and the Export-Import Bank of Thailand, and expects to continue to do so in the future. If the Government ceases to hold a majority of the Bank's ordinary shares, by virtue of sales or transfers of its ordinary shares to the public or the Vayupak fund or otherwise, the Bank will no longer be considered a bank whose more than half of its shares are held by the FIDF and may not continue to service the Government and the SOEs to the same extent or at all. This may affect the Bank's ability to fund itself through the deposits of these entities, and to generate new loans to them.

Actions of the Government, as the Bank's controlling shareholder through the FIDF, Ministry of Finance and other Government-related entities, could affect the Bank

The Government, through the Financial Institutions Development Fund ("FIDF"), held 55.05 per cent. of the Bank's outstanding ordinary and preferred shares (or equivalent to 55.07 per cent. on ordinary shares) as at 31 December 2020 and is the Bank's controlling shareholder. For as long as the Government continues to hold a majority of the Bank's voting shares, it will have the ability to direct any decision that requires an approval of the shareholders, in particular, to elect the Bank's Board of Directors and, through it, appoint the executive officers who are responsible for the Bank's day-to-day management.

Moreover, as a major shareholder, the Government may pursue certain of its macroeconomic and social objectives through the Bank. For example, in response to the COVID-19 pandemic, the BoT has implemented a number of guidelines and measures which imposes certain requirements on commercial banks, including mandating commercial banks to provide financial support to debtors who face direct and indirect adverse impact from the COVID-19 pandemic. For more information, please see "*Description of the Bank — Recent Developments — COVID-19 pandemic*". The Government actively encourages every bank to participate in the Government's policy. However, as state commercial bank, the Bank may be under more pressure to comply with Government policies.

For as long as the Government owns a majority equity stake in the Bank, the Bank will be subject to some of the regulations and increased procedures and approvals applicable to the Bank. These may affect the Bank's operational flexibility, particularly as compared with its private competitors. While the Bank has significantly streamlined its operations and is working to further enhance its operational efficiency and productivity, there can be no assurance that the Bank's efforts will be successful.

The Bank's SOE status under different laws are subject to different and uncertain interpretation of the supervising authorities. Unexpected changes in such interpretation may have an impact on the Bank's business operations

In November 2020, the Office of the Council of State opined that the Bank is not a “State-Owned Enterprise” under the Budget Procedures Act, B.E. 2561 (2018) (the “Budget Procedures Act”) as a result of the revised definitions in sub-sections (2) and (3) of section 4 of the Budget Procedures Act.

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”. The differences in interpretation depend on the intended scope of the application under each law, for example:

- *pursuant to the Public Debt Management Act B.E. 2548 (2005), as amended (the “Public Debt Management Act”)*: on 21 January 2021, the Public Debt Management Office opined that the Bank is considered as a state-owned enterprise since the definition of a state-owned enterprise under the Public Debt Management Act is different to that under the Budget Procedures Act. Pursuant to sub-section 4(b) of the Public Debt Management Act, “State-Owned Enterprise” means a limited company or public limited company whose more than 50 per cent. of its shares are held by another state agency or state-owned enterprise. Given that the Bank is a public limited company, and the FIDF, a state agency under the Budget Procedures Act, holds 55.07 per cent. of the Bank’s share capital, the Bank is a state enterprise under sub-section 4(b) of the Public Debt Management Act.
- *pursuant to the Public Private Partnership Act B.E. 2562 (2019) (the “PPP Act”)*: on 10 February 2021, the State Enterprise Policy Office (“SEPO”) made an interpretation on the Bank’s state-owned enterprise status under section 4 of the PPP Act. According to the SEPO, the definition of “State-Owned Enterprise” under sub-section 2 of the PPP Act includes a company whose more than 50 per cent. of its shares are held by “Other State Agency”. Since FIDF is considered as an “Other State Agency” pursuant to the PPP Act and is holding more than 50 per cent. of the Bank’s share capital, the Bank is therefore considered as a state-owned enterprise under the PPP Act. Accordingly, any partnership project between the Bank and any government agency should not be subject to the procedures under the PPP Act.

Given the change of the Bank’s state-owned enterprise status under the Budget Procedures law, the Ministry of Finance has amended government budget disbursement regulations, which initially allow the Government and SOEs to disburse government budget only through SOE banks. The amendments permit the Bank to continue to service the Government and SOEs despite the change of its state-owned enterprise status and there has been no impact on the Bank’s operations.

Nevertheless, the Bank’s state-owned enterprise status under other applicable laws are subject to different and uncertain interpretation. Unexpected changes in such interpretation may not allow the Bank to continue to provide services the Government and SOEs or lose benefits it currently enjoys as an SOE bank. This may in turn have an adverse impact on the Bank’s financial condition and results of operations. See “— *A significant portion of the Bank's business is conducted with the Government and State-Owned Enterprises (“SOEs”), and there can be no assurance that the Bank will be able to grow or maintain this business.*”

Failure by the Bank to maintain and ensure adequate sources of funding may adversely affect the Bank

The Bank’s primary source of funding is deposits, including interbank and money market deposits. A significant percentage of the Bank’s Baht funding requirements is satisfied through savings accounts. As at 31 December 2020 and 31 December 2019, 78.4 per cent. and 73.2 per cent. of the Bank’s consolidated total deposits were saving accounts and demand deposits, respectively. Although, in the Bank’s experience, a substantial portion of deposits are rolled over upon maturity and have been, in the past, a stable source of long-term funding, no assurances can be given that this will continue to be the case. If a substantial number of depositors do not roll over deposited funds upon maturity, or if the Bank is unable to secure sufficient foreign currency-denominated borrowings, its liquidity position would be adversely affected and it could be required to seek more expensive sources of short-term or long-term funding to finance its operations. To the extent the Bank is unable to obtain sufficient funding on acceptable terms, its financial condition and results of operations may be adversely affected.

The Bank has several policies in place to manage its liquidity to ensure that even under adverse conditions it has access to necessary funds at a reasonable cost. Although the Bank’s policy is to maintain prudent liquidity risk management, diversified and stable sources of funding, there can be no assurance that there will not be a liquidity crisis affecting the Bank. Failure by the Bank to maintain and ensure adequate sources of funding may adversely affect the financial condition and results of operations of the Bank.

Interest rate volatility and fluctuations could significantly affect the Bank's financial condition and results of operations

A significant portion of the Bank's assets consists of, and a significant portion of its revenue is derived from, assets that are monetary in nature. Although the Bank engages in limited trading through positions in fixed-income instruments, and to some extent in financial derivative instruments, these assets are subject to the normal risks associated with proprietary investing activities, including the risk that a change in market prices, rates, indices, volatility, correlations, liquidity or other factors will result in losses for a specific position or portfolio. Thailand's policy rate decreased by 0.75 percent, from 1.25 percent as at 31 December 2019 to 0.50 per cent. as at 30 June 2020 to soften the negative impacts of the COVID-19 pandemic and the downside risks stemming from domestic and external factors. Although the value of fixed-rate investment of the Bank's portfolio may increase and be positive to the Bank's financial statements, the tightening monetary policy has led the Bank to cut both lending and fixed deposit rates. Cutting interest rates would require the Bank to try to re-balance its assets and liabilities in order to minimise the risk of potential mismatches and maintain its profitability. Even though interest rates are expected to decline in the global market, there can be no assurance that interest rates in Thailand will continuously decrease in the future. There can be no assurance that interest rates will not increase in the future. During a period of increasing interest rates, the value of the Bank's portfolio of fixed rate investments may decrease, and this may require the Bank to recognise a loss for financial accounting purposes. A sustained increase in interest rates would raise the Bank's funding costs, while reducing loan demand, especially among consumers. Rising interest rates would require the Bank to try to re-balance its assets and liabilities in order to minimise the risk of potential mismatches and maintain its profitability. In addition, rising interest rates may adversely affect the Thai economy and the financial condition and repayment ability of its corporate and retail borrowers, which in turn may lead to a deterioration in the Bank's credit portfolio.

The Bank's profitability depends to a large extent on its net interest income, which represented 72.3 per cent. and 70.3 per cent. of its consolidated total income for the financial year ended 31 December 2020 and the year ended 31 December 2019, respectively. Changes in interest rates, changes in the relationship between short-term and long-term interest rates, or changes in the relationship between different types of interest rates can affect the interest rate charged on interest-earning assets differently from the interest rate paid on interest-bearing liabilities. This impact may be increased by the Bank's inability to adjust to rate changes with respect to the fixed rate portions of the Bank's portfolio. How the Bank manages interest rate volatility generally will determine, to a certain extent, the impact of such volatility on the Bank's net interest and dividend income, and there can be no assurance that it will be able to manage such volatility in a manner that does not adversely affect its results of operations.

The Bank's business is inherently subject to the risk of market fluctuations

The Bank's business is inherently subject to risks in the financial markets and in the wider economy, including changes in, and increased volatility of, exchange rates, interest rates, inflation rates, credit spreads, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with business, pricing and hedging assumptions. Market movements may have an impact on the Bank in a number of key areas. For example, changes in interest rate levels, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. Competitive pressures on fixed rates or product terms in existing loans and deposits sometimes restrict the Bank in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

Any failure by the Bank to implement, or consistently follow, its risk management systems may adversely affect its financial condition and results of operations, and there can be no assurance that the Bank's risk management systems will be effective. In addition, the Bank's risk management systems may not be fully effective in mitigating risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicated.

The Bank may not be successful in implementing new business strategies or penetrating new markets

The Bank's business strategy includes increasing the availability and scale of its existing products as well as developing new products to expand the Bank's business activities. The expansion of the Bank's business activities may expose it to a number of risks and challenges including, among other things, the following:

- new and expanded business activities may have less growth or profit potential than the Bank anticipates, and there can be no assurance that new business activities will become profitable at the level the Bank desires or at all;
- the new business strategy may alter the risk profile of the Bank's portfolio;
- the Bank may fail to identify and offer attractive new services in a timely fashion, putting it at a disadvantage with competitors;
- the Bank's competitors may have substantially greater experience and resources for the new and expanded business activities and so the Bank may not be able to attract customers from its competitors; and
- economic conditions, such as changes in interest rates or inflation, could hinder the Bank's expansion.

The Bank's inability to implement its business strategy could have a material adverse effect on its business, cash flows, financial condition, results of operations and prospects.

Any substantial failure to carry out planned improvements to the Bank's information technology infrastructure and its management information systems properly or in a timely manner, as well as any damage to its data centres, could adversely affect the Bank's competitiveness, financial condition and results of operations

The Bank has made and may in the future be required to make significant investments and improvements in its information technology ("IT") infrastructure in order to remain competitive. The information available to and received by the Bank's management through its current information systems may not be timely and sufficient for the Bank's management to manage risks and plan for, and respond to, market and other developments in the future. As a result, the Bank may be required to further upgrade its IT infrastructure and management information systems. Any substantial failure to improve or upgrade the Bank's IT infrastructure and management information systems properly or on a timely basis could adversely affect its competitiveness, financial condition and results of operations.

The Bank's business could be harmed if it experiences any significant system delays, failure or loss of data. All of the Bank's data processing activities are currently performed at its two data centres. The occurrence of a major catastrophic event or other system failure at these data centres could interrupt data processing or result in the loss of stored data.

Security breaches in the Bank's computer systems and network infrastructure, fraud, systems failures and calamities could have a material adverse effect on its business

The Bank's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could have a security impact. Any failure in the Bank's systems, particularly those utilised for its retail products and services and transaction banking, the occurrence of natural disasters that affect areas in which it has a significant presence, or if such systems are inadequate to meet its needs or the Bank's employees are not adequately trained in how to operate its systems as they evolve, the Bank's business, results of operations and financial condition could be materially and adversely affected.

The Bank's risk management controls may not be effective

The Bank is exposed to a variety of risks, including credit risk, market risk, liquidity risk, strategic risk and operational risk. The effectiveness of the Bank's risk management is limited by the quality, timeliness and availability of data to the Bank in relation to factors such as the credit history of proposed borrowers and the loan exposure borrowers have with other financial institutions. In order to increase the efficiency and efficacy of its risk management, the Bank has in place what it deems as a comprehensive set of risk management policies and procedures such as the Bank's Enterprise Risk Management, which follows the framework of Committee of Sponsoring Organisations of the Treadway Commission ("COSO"). In addition, the Bank follows standardised regulations on risk management policies and procedures. The Bank is currently in compliance with Basel III and continuously assesses the impact of any implementation requirements of the BoT. While the Bank believes that

these policies and procedures will result in improvements in risk management, there can be no assurance that this will be the case or that these policies and procedures will operate in the way that the Bank has anticipated or keep pace with the Bank's changing risk exposures. In addition, the resources available to the Bank in its risk management operations may not be the same as those available in jurisdictions with more developed financial infrastructures. The Bank may also have developed credit screening standards, in response to such inadequacies in quality of credit information, that may be different from the standards used by its international competitors. As a result, the Bank's ability to assess, monitor and manage risks inherent in its business may not be the same as the standards of its counterparts in jurisdictions with more developed financial infrastructures and could have a material adverse effect on the Bank's ability to manage these risks. Failures to appropriately manage risk can adversely affect the Bank's business, cash flows, financial condition, results of operations and prospects.

The Bank engages in transactions with related parties

The Bank makes loans to its subsidiaries and companies controlled by or affiliated with the Bank. As at 31 December 2020, the Bank had outstanding loans to such companies totalling Baht 17,117 million, which amounted to 0.8 per cent. of its total loan portfolio (on an unconsolidated basis), as well as obligations to affiliates (on an unconsolidated basis) totalling Baht 36 million. The Bank also makes loans to certain personnel at the executive level. There can be no assurance that such loans have been granted on identical or less favourable terms or conditions than a third-party bank would have extended.

The Bank is subject to counterparty risks

Like most financial institutions, the Bank acts as an intermediary, primarily in domestic and international foreign exchange and derivative markets, and the Bank currently has foreign currency forward and swap arrangements with a number of domestic and international banks, financial institutions and other entities including those in Asian countries. In addition, the Bank has a number of interest rate swap arrangements. Therefore, the Bank is subject to credit risk from its various counterparties. Although the Bank believes that the overall credit quality of its counterparties is adequate, there can be no assurance that parties with significant exposure will not face difficulties in paying amounts on derivative contracts when due.

The Bank has a group of employee representatives that represent the benefits of the overall employees and may encounter difficulties in managing its labour costs

Most of the Bank's employees are represented by a group of representatives. While the Bank does not envision significant reductions of staff in the future, it is continuously searching for ways to control its operating costs and may at times seek to change the size and/or composition of its workforce. The Bank's employee representatives are likely to oppose any downsizing. In addition, the Bank is significantly constrained in its ability to unilaterally reduce its headcount. This may make it difficult or costly for the Bank to reduce its headcount and associated operating costs.

The Bank's financial statements are prepared on the basis of Thai GAAP, which differs from IFRS

The financial information included in this Offering Circular was prepared in accordance with Thai GAAP, which differs from accounting principles generally accepted in certain other countries in certain significant respects. See "Summary of Significant Differences Between Thai GAAP and IFRS".

In accordance with Thai GAAP, the Bank has not (i) performed a reconciliation of the financial statements included in this Offering Circular to IFRS as issued by the International Accounting Standards Board, or (ii) quantified the differences between IFRS and Thai GAAP with respect to such financial statements. Had the Bank's financial statements and the other financial information been prepared in accordance with IFRS, the Bank's results of operations and financial condition could be materially different.

The Bank's audited and consolidated financial statements as of and for the financial years ended 31 December 2019 have been included in this Offering Circular in reliance upon the reports of the State Audit Office of the Kingdom of Thailand, the auditor for SOEs. The State Audit Office of the Kingdom of Thailand is independent with respect to the Bank in accordance with the State Audit Act B.E. 2542 (1999) and the Public Limited Company Act B.E. 2535 (1992). There can be no assurance, however, that the State Audit Office of the Kingdom of Thailand would be considered an independent auditor with respect to the Bank within the meaning of similar standards established elsewhere. As at 1 January 2020, EY Office Limited has been appointed as an independent auditor of the Bank.

The adoption of the New Financial Instruments Standards and the New Leases Standard affects the direct comparability of the Group's financial statements as at and for the year ended 31 December 2020 with prior periods

The New Financial Instruments Standards and the New Leases Standard came into effect on 1 January 2020 and will apply to the Group's financial statements prepared from that date onwards. The Group has used the modified retrospective method of initial adoption in preparing the financial statements as at and for the financial year ended 31 December 2020. The comparative financial information as at and for the financial year ended 31 December 2019 has not been restated to reflect the impact of the New Financial Instruments Standards and the New Leases Standard.

As a result of the foregoing, the Bank's financial condition and results of operations as at and for the year ended 31 December 2020 are not fully comparable with the financial information for earlier dates and periods presented in this Offering Circular. The cumulative effects of the changes in accounting policies due to the adoption of the New Financial Instruments Standards and the New Leases Standard are set out in detail in note 6 to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020.

The Bank faces adverse conditions in the global financial markets and the general economy, which may adversely affect its business, cash flows, financial condition, results of operations and prospects

The Bank is affected by challenging conditions in financial markets and the economy in Thailand, other Asian countries and globally.

During the second half of 2019, the United States continued to impose import tariff on Chinese products. This move was condemned by the administration of the PRC which in turn announced enhanced tariffs on goods from the United States including soybeans, aircraft and vehicles. Such measures escalated into a trade war between the two countries and impacted their trading partners and allies, resulting in disruptions in global trade and investment. If the trade tensions continue to be unresolved or worsen, there can be no assurance that the Bank would not be adversely affected.

In October 2020, the International Monetary Fund projected that global economic growth would be — 4.4 percent in 2020. The global economic growth is projected to be 5.2 per cent. in 2021. In the same vein, a number of governments, including those in Asia, have revised their gross domestic product (“GDP”) growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19. For more information, see “— *The novel coronavirus (“COVID-19”) pandemic could adversely affect the Thai economy and the Bank*”. In addition, the development of significant global macroeconomic events, such as Britain's exit from the European Union, the interest rate environment in the U.S., the U.S.-China trade tensions could have a significant negative impact on international markets. These and other factors may lead to short-term increases in volatility of the markets and the global economy. In particular, continuing difficulties in financial and economic conditions could result in a deterioration in the quality of the Bank's assets and larger provisioning, allowances for loan losses and charge-offs.

There can be no assurance that the global economic downturn will not result in a material increase in the Bank's NPL levels in the future. In the event of such global economic downturn, the Bank may be forced to scale back certain of its core lending activities and other operations and/or borrow money at a higher funding cost or face a tightening in its net interest margin, any of which may have a negative impact on its earnings and profitability. While there are signs that the financial markets and economies in Thailand and other countries in Asia and the global economy may be improving, there remain uncertainties as to the nature, extent, sustainability and pace of recovery of the markets in which the Bank operates, which may have a material effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

RISKS RELATING TO THAILAND

Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect the Bank's business, cash flows, financial condition, results of operations and prospects

The Bank is subject to political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. The Bank's business and operations are subject to the changing economic and political conditions prevailing from time to time in Thailand. The Government has frequently intervened in the Thai economy and occasionally made significant changes in policies. The Government's policies have included, among other things, wage and price controls, capital controls and limits on imports. The Bank's business, cash flows, financial condition, results of operations and prospects may be adversely affected by changes in the Government policies.

Thailand experienced a negative economic growth in 2020 compared to an economic expansion of 2.4 per cent. in 2019, mainly due to the severe impact of the COVID-19 pandemic which has halted economic activities and dampened domestic demand. According to the Office of the National Economic and Social Development Council, the country's 2020 GDP contracted 6.1 per cent compared to a 2.8 per cent. growth it initially projected in January 2020. There can be no assurance that Thailand's GDP will consistently grow in the future. There is also no assurance that current or future governments will adopt economic policies that are conducive to sustaining economic growth.

Factors that may adversely affect the Thai economy include:

- recessions or potential economic downturns in the United States, Europe, Asia or elsewhere in the world;
- exchange rate fluctuations;
- a prolonged period of inflation, deflation, or changes in regional interest rates;
- changes in taxation;
- natural disasters, including tsunamis, earthquakes, fires, floods, drought and similar events;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- fluctuations in world oil prices and other commodity prices;
- other regulatory, political or economic developments in or affecting Thailand;
- recent and threatened terrorist activities in Southeast Asia; and
- a potential recurrence or outbreak of avian influenza, SARS, the H1N1 virus, COVID-19 or any other contagious diseases in Thailand or other Asian countries.

The Bank's results and those of most of its corporate customers may be influenced in part by the political situation in Thailand that has been unstable from time to time in the past. Changes in government, recent political unrest and protests, as well as the failure of any coalition to develop, could result in the delay or curtailment of economic reforms in Thailand and decrease confidence in the Government, the Thai economy and the performance of Thai companies generally. There can be no assurance that the current or any future political instability in Thailand or any changes in the Government's policies or in Thailand's political environment will not have a material adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

The ongoing COVID-19 pandemic is also likely to continue to pose a significant risk to Thailand and the global economy, which in turn could have a further material adverse impact on the growth of Thai exports. For more information, see "*— The novel coronavirus ("COVID-19") could adversely affect the Thai economy and the Bank*".

Political conditions and continued conflict in Thailand may have a direct impact on the Bank's business

The Bank's business, financial condition, results of operations and prospects may be influenced in part by the political situation in Thailand. Thailand has experienced periods of instability, including coups, anti-government protests and counter-protests, declarations of martial law and states of emergency in southern provinces in response to violence. The current coalition government faces increasing challenges in consolidating its power among more than 10 political parties. There is no assurance that these political parties' interests will be aligned, forming a fragmented and uncertain political landscape.

There can be no assurance that there will not be further political disruptions in the future. The Bank cannot predict whether there will be any further amendment or introduction of new laws or whether the current government will seek to make further changes to the legal and regulatory framework to which the Bank is subject. Any changes in the legal and regulatory environment in Thailand may adversely affect the Bank's business and operations, cash flows, results of operations, financial condition and prospects.

Any failure on the part of the Government to bring back political stability in Thailand could have a material adverse effect on economic and legal conditions in Thailand, which in turn could have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

A downturn in the Thai economy will likely increase the Bank's NPLs, for which the Bank may have inadequate provisions

The Bank's consolidated NPLs increased from Baht 102.7 billion as at 31 December 2019 to Baht 107.1 billion as at 31 December 2020. There can be no assurance that the Bank's NPLs will decrease in the future.

Any downturn in the Thai economy, including downturn due to the ongoing COVID-19 pandemic, will likely lead to an increase in the Bank's NPLs, which would require the Bank to make substantial additional provisions for loan losses and adversely affect its results of operations, financial condition and capital adequacy. There can be no assurance that the Bank's provisions for loan losses are or will be sufficient to absorb actual losses.

Private consumption may not grow in the long-term

The COVID-19 pandemic has suspended a wide range of economic activities, which consequently affected consumption in the service and away-from-home spending categories. Meanwhile, a rise in the unemployment rate that Thailand is experiencing could further diminish consumer confidence and expenditure. Although a low interest rate environment, low energy prices and the Government's stimulus measures to alleviate the impact of the COVID-19 pandemic would partly help boost private consumption to a certain level, a persistently high level of household debt is expected to be a major hindrance for private consumption to significantly and sustainably grow in the long term. For more information, see "*— The novel coronavirus ("COVID-19") could adversely affect the Thai economy and the Bank*".

Downgrades of credit ratings of the Government and Thai banks and companies and the disruptions recently experienced in the international capital markets could adversely affect the Bank's business

International credit rating agencies, such as Moody's, S&P Global Ratings and Fitch have in the past issued commentary in relation to the "credit negative" developments in the Thai economy, especially surrounding the latest political crisis of 2013 and 2014. In March 2020, Fitch revised its outlook on Thailand's credit rating to "stable" from "positive". The change reflects the evolving impact of the global COVID-19 pandemic on Thailand's economy through its tourism sector as well as lingering uncertainty in Thailand's political environment following the country's transition to civilian rule. In April 2020, Moody's and S&P Global Ratings also revised Thailand's credit rating outlook to "stable" from "positive". Moody's cited delays in the Government's policy implementation and ongoing political tensions as well as the deep economic shock caused by the COVID-19 pandemic as reasons for the revision, while S&P cited economic and political uncertainty caused by the COVID-19 pandemic.

There can be no assurance that international credit rating agencies will not downgrade the credit ratings of Thailand or Thai companies, including the Bank in the future. The credit rating assigned to a country may be an important determinant of the credit ratings of corporates with operations in that country, particularly state-owned institutions such as the Bank, and as a result, their cost of financing. Any downgrade could have an adverse impact on the ability of the Government, the Bank or other Thai companies to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets.

All these factors may have an adverse impact on the Bank's business, cash flows, financial condition, results of operations and prospects and could adversely affect its level of competitiveness.

Material changes in the regulations that govern the Bank and its business activities may adversely affect its business and future financial performance

The Bank operates under a heavily regulated environment under the supervision of the BoT. The Bank is also subject to the banking, corporate and other laws in effect in Thailand from time to time. The regulatory and legal framework governing the Bank differs in certain material respects from that in effect in other jurisdictions and may continue to change as the Thai economy and commercial and financial markets evolve. If additional rules or regulations are introduced, the Bank may incur substantial compliance and monitoring costs. The Bank's business could also be directly affected by any changes in the BoT's policies, including in the areas of specific

lending activities, loan loss provisioning, capital adequacy and liquidity requirements. In addition, there are fees payable to the FIDF and the Deposit Protection Agency. The fees comprise a fee charged to compensate FIDF losses in an amount equal to 0.23 per cent. of total deposits (lowered from 0.46 per cent.) and other public-borrowed money obligations as prescribed by the BoT and a guarantee fee of 0.01 per cent. of the total guaranteed deposits payable to the Deposit Protection Agency. There can be no assurance that future changes in the regulatory environment for banks in Thailand will not adversely affect the Bank's business, financial condition and financial performance. Failure by the Bank to comply with applicable rules and regulations could result in penalties, loss of regulatory permits and reputational damage, which could have a material adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

Minimum regulatory capital and liquidity requirements

With effect from 1 January 2013, the Bank became subject to capital adequacy requirements introduced by the Basel Committee on Banking Supervision ("Basel III") which were implemented by the BoT. Basel III requires that commercial banks maintain a minimum ratio of total capital to risk-weighted assets of 8.5 per cent., a minimum ratio of Common Equity Tier 1 capital to risk-weighted assets of 4.5 per cent. and a minimum ratio of Tier 1 capital (which consists of Common Equity Tier 1 and additional Tier 1) to risk-weighted assets of 6.0 per cent. Pursuant to Basel III, the BoT requires commercial banks to maintain capital conservation buffer of more than 2.5 per cent. from 2019. The BoT may also require commercial banks to maintain additional countercyclical capital buffer at a maximum rate of 2.5 per cent. The capital adequacy requirements under Basel III increases the minimum quantity and quality of capital which a bank is obliged to maintain and there can be no assurance of the availability or cost of such capital. Basel III also requires Tier 1 and Tier 2 capital instruments to be more loss-absorbing on a going-concern basis and include a "non-viability" clause.

As at 31 December 2020, the Bank's consolidated Tier 1 capital fund ratio and consolidated capital adequacy ratio were 15.79 per cent. and 19.11 per cent, respectively.

Moreover, the BoT has imposed liquidity requirements for commercial banks to be in line with those set forth in Basel III. With respect to the minimum Liquidity Coverage Ratio ("LCR"), the BoT requires commercial banks to have unencumbered high quality liquid assets to meet its liquidity needs for a 30-day period under the prescribed stress scenarios. As at 31 December 2020, the Bank was well positioned to meet the LCR requirement. With respect to Net Stable Funding Ratio ("NSFR"), which came into effect on 1 July 2018, Thai commercial banks must maintain stable sources of funds that match the assets to be funded, with an NSFR of at least 100.0 per cent. As at 31 December 2020, the Bank was well positioned to meet the NSFR requirements. The BoT may require commercial banks to maintain a higher NSFR if it believes that such commercial banks' prevailing NSFR is insufficient to cover their liquidity risk.

The approach and local implementation of Basel III in Thailand will depend on the BoT's response to the minimum standards set by the Basel Committee on Banking Supervision ("BCBS"). There can be no assurance that BCBS will not introduce reforms on the requirements described above and the BoT may implement such reforms in a manner that is different from that which is currently envisaged.

It has also been agreed at the global level that systemically important banks ("SIFIs"), which pose greater systemic risks to the economy in the event of failure should face higher capital requirements and be subject to more stringent regulatory requirements than other banks not falling within the SIFI category. In November 2019, a revised group of 30 banks was identified as systemically important on a global basis and would be subject to additional Common Equity Tier 1 capital requirements of between 1.0 per cent. and 2.5 per cent. No banks in Thailand are among this group. Adopting the SIFI framework, the BoT designated the Bank as one of the domestic systemically important banks ("**D-SIBs**") on 31 August 2017.

Pursuant to the BoT Notification Sor.Nor.Sor. 16/2560 Re: Guidelines on Designation and Supervision on Domestic Systemically Important Banks dated 31 August 2017 (the "BoT Notification No. 16/2560"), from 1 January 2020, D-SIBs are subject to higher loss absorbency requirements, which are in the form of additional Common Equity Tier 1 of 1 per cent. of total risk-weighted assets. D-SIBs must accumulate additional Common Equity Tier 1 of 1 per cent. by 1 January 2020. As a result, the minimum Common Equity Tier 1 capital adequacy ratio for D-SIBs is 8.0 per cent., while the Tier 1 capital fund ratio is 9.5 per cent. and the minimum total capital ratio is 12.0 per cent. from 1 January 2020. Additionally, D-SIBs are also subject to other supervisory measures set out under the BoT Notification No. 16/2560. For example, a D-SIB must regularly submit its internal management reports and risk reports to the BoT. The D-SIB must also arrange for its board of directors to consider audit reports prepared by the BoT. Additionally, D-SIBs are subject to more rigorous

supervisory measures, such as additional reporting requirements. Should the BoT introduce other aspects of the SIFI framework to banks in Thailand, the Bank would face stricter capital requirements or liquidity standards or other additional or unpredictable restrictions on its activities as compared to its less regulated competitors. This could affect the Bank's ability to implement its strategy and conduct its operations, which could have a material adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

While the Bank is currently in compliance with the capital adequacy and liquidity requirements of the BoT, there can be no assurance that it will continue to be able to comply with such requirements. If the applicable regulations subject the Bank to increased thresholds or requirements, such increase may place the Bank at a disadvantaged position compared to its less regulated competitors. Any failure of the Bank to meet applicable regulatory requirements could also result in administrative actions or sanctions, which may have an adverse effect on the Bank's business, cash flows, financial condition, results of operations and prospects.

The laws on guarantee and mortgage and other legislations governing the Bank's products and services could adversely affect the Bank's operations and require significant implementation costs or changes to the Bank's business strategy

An act amending the Civil and Commercial Code of Thailand concerning guarantee and mortgage (the "First CCC Amendment Act") came into force on 11 February 2015. One of the main purposes of the First CCC Amendment Act was to increase the rights and protection of guarantors and mortgagors. For example, the Civil and Commercial Code of Thailand, as amended (the "CCC") bans an agreement that make guarantors become liable as primary obligors. The CCC also requires certain administrative procedures to be followed by the creditors before they can enforce their rights against guarantors. The CCC also limits a third-party mortgagor's liability to the mortgaged property only, which in effect prohibits a third-party mortgagor from providing a guarantee on the same underlying debts. Any provisions that are contrary to the foregoing provisions will be void. On 15 July 2015, another amendment to the Civil Commercial Code of Thailand concerning guarantee and mortgage (the "Second CCC Amendment Act") came into force. One of the objectives of the Second CCC Amendment Act was to provide some relaxation in certain activities that would otherwise be restricted by virtue of the First CCC Amendment Act. Once promulgated and effective, the Second CCC Amendment Act, amongst others, permitted juristic person guarantors to be liable as principal debtors. Individual guarantors are, nevertheless, not to be liable as principal debtors. In addition, a third-party mortgagor who has management power or power to control the operation of the debtor can now provide a guarantee to the obligations owed by the debtor.

Although it may be too premature to evaluate the impact of the amendments on the Thai banking industry, it is anticipated that the amendments may adversely affect the business of commercial banks in Thailand, including the Bank's. In particular, there could be significant adverse effects on letters of guarantee or mortgages granted to secure performance or obligations of a primary obligor to a commercial bank (e.g. loan agreements), letters of guarantee delivered to secure performance or obligations of parties under underlying contracts (e.g. construction contracts) and bank guarantees issued by commercial banks as performance security.

If the amendments were proven to decrease the value of guarantee or mortgage taken by the Bank as security, the Bank may have to request that its customers procure additional security or collaterals to secure their obligations. In addition, the Bank may have to alter its lending operations, which may result in changes in the Bank's credit policies, delivery systems, and other relevant documentation, as well as significant reforms to the Bank's risk management practices. These could have an adverse effect on the operating results, financial condition and prospects of the Bank.

Volatility of the Baht may adversely affect the Bank's economic condition

During the past decade, the Thai economy has, from time to time, experienced volatility in the Baht and the limited availability of foreign exchange. Recent volatility has been due to other major economies' monetary easing policies. From the beginning of 2019 to 30 December 2020, the value of the Baht against the U.S. dollar fluctuated between a low of Baht 29.74 to a high of Baht 33.19.

Depreciation in the value of the Baht would increase, in Baht terms, the outstanding foreign currency debt of the Bank's customers. Such increased debt burden could negatively affect the creditworthiness of some or all of such customers and may result in more customers being unable to repay their debts as they come due. Appreciation of the value of the Baht could also have an adverse effect on the Bank's financial condition by making Thai exports more expensive, which could have a negative impact on the financial condition of certain of the Bank's

borrowers. There can be no assurance that the value of the Baht will not fluctuate significantly against the U.S. dollar or other currencies in the future. In addition, there can be no assurance that the Government will not adopt policies that adversely affect the value of the Baht. Accordingly, the volatility of the Baht may adversely affect the Bank's business and financial condition.

Extreme weather and natural disasters may adversely affect the Bank's business

Natural disasters, such as the flooding experienced in the southern part of Thailand in January 2017, could adversely affect the operations of the Bank's branches and profitability. While the Bank has contingency plans and insurance coverage in place to cope with the flooding, the property damage and business interruption caused by the flooding and any future flooding could materially and adversely affect the Bank's business and results of operations.

Non-enforceability of non-Thai judgments and the application of the parties' choice of law by Thai courts may limit the Trustee's or a Noteholder's ability to recover damages from the Bank

Under Thai law, judgments entered by an English court or any other non-Thai court are not enforceable in Thailand. The Trustee and any Noteholder would have to bring a separate action or claim in Thailand. While a non-Thai judgment could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine de novo issues arising in the case. Thai counsel has advised that in a court proceeding in Thailand, a Thai court would base its judgment on English law, the governing law of the Notes (except for provisions in relation to subordination, set-off and payment void and default and enforcement which are governed by Thai law) and the Trust Deed, provided that evidence satisfactory to the court as to the relevant provisions of English law is provided to the court and such provisions are not contrary to Thai public order or good morals. Thus, to the extent the Trustee or the Noteholders are entitled to bring legal action against the Bank, they may be limited in their remedies and any recovery in any Thai proceeding might be limited depending on the relevant court's discretion. To the extent the Trustee or any Noteholders are entitled to any recovery with respect to the Notes in any Thai proceedings, recovery might be limited to payments in Baht.

Enforcement difficulties may prevent lenders from recovering the assessed value of collateral when the Bank's borrowers default on their obligations in Thailand

Thai banks may not be able to fully recover collateral or enforce any guarantees due, in part, to the legal uncertainties in enforcing such rights in Thailand. Although Thai law provides for expedited procedures for the enforcement of certain types of collaterals, in practice, lenders generally have to submit a petition to a Thai court or face challenges brought by borrowers. This could lead to long delays in the enforcement process and deterioration in physical condition and market value of collaterals. Moreover, the current laws on mortgage which became effective in 2015 provide for additional protection for mortgagors and any contractual provisions that are contrary to this protective mechanism are void. See “— *The new law on guarantee and mortgage and other legislation governing the Bank's products and services could adversely affect the Bank's business and could require significant implementation costs or changes to the Bank's business strategy*”. These factors have exposed lenders in Thailand to legal liability while in possession of collaterals. The current difficulty of bringing enforcement actions in the Thai legal system significantly reduces the ability of lenders to realise the value of collaterals located in Thailand and therefore the effectiveness of taking a secured position on loans to Thai borrowers. In addition, there can be no assurance that lenders will be able to realise the full value, or any value, of any collaterals located in Thailand in a bankruptcy or foreclosure proceeding or otherwise, especially as the value of secured assets such as real property and inventory has been, and may continue to be, negatively affected by the current political, economic and social conditions in Thailand.

In addition, Thai commercial banks must dispose of foreclosed properties (including properties surrendered in settlement) within a specific period set by the BoT. There can be no assurance that the Bank will be able to dispose of any particular seized property for a value acceptable to the Bank within such period and the Bank may incur significant administrative costs in maintaining and disposing of seized properties. Failing to comply with the BoT regulations on disposal of foreclosed properties may subject the Bank to fines, required provisions or litigation.

RISKS RELATING TO THE THAI BANKING INDUSTRY

The Thai banking industry is very competitive, and the Bank's growth strategy depends on its ability to compete effectively

The Thai banking sector remains very competitive. The Bank's primary competitors are major domestic and foreign banks operating in Thailand. In recent years, the Government has implemented a policy of deregulating domestic financial and banking markets by allowing banks and financial institutions to provide a wider range of services, by permitting increased competition from foreign banks and other financial institutions and by broadening the range of investment instruments, such as mutual funds, available to the public.

The Bank may also face increased competition in the future from financial institutions (including non-bank institutions) offering a wider array of commercial banking and financial services and products than the Bank and that have larger lending limits, greater financial resources and stronger balance sheets than the Bank. Increased competition may result from:

- foreign banks, due to, among other things, liberalisation of foreign ownership restrictions or relaxed regulations potentially permitting large foreign banks to open additional branch offices and acquire control of Thai banks;
- domestic banks entering into strategic alliances with foreign banks with significant financial and management resources;
- financial services companies specialising in products that the Bank offers;
- multi-finance companies and securities houses that offer products the Bank does not have licences to offer, such as mutual fund management and underwriting of shares;
- banking agents by non-bank companies with points of services nationwide;
- entities owned by or affiliated with the Government that provide export and import lending and services, retail and residential mortgage lending as well as lending to small and medium enterprises or farming cooperatives;
- state-owned banks and other Thai banks that have established relationships with the Government and large corporate groups; and
- an increasing number of competitors, both existing and new, particularly international banks, banks and non-bank financial companies with technological expertise, such as those with expertise in e-commerce, telecommunications, retail and wholesale trade, as well as the emergence of financial technology companies that have played a greater role in the financial sector.

The current global trend towards the adoption of financial technologies has shifted consumer behaviour and changed the business environment, particularly in the banking sector. Crowdfunding has been introduced and become an alternative funding option for entrepreneurs. The Bank is required to keep abreast of the changing technologies and adapt itself to serve customers' evolving needs and remain competitive. The adoption of these technologies may also raise issues of cyber security and the protection of consumer data. The World Economic Forum has ranked the threat of a cyber-attack as one of the ten most significant global risks faced by financial institutions. There can be no assurance that the Bank's cyber security system will be able to protect it adequately from advanced and sophisticated cyber-attacks. For more information, see “— *Any substantial failure to carry out planned improvements to the Bank's information technology infrastructure and its management information systems properly or in a timely manner, as well as any damage to its data centres, could adversely affect the Bank's competitiveness, financial condition and results of operations*”.

There can be no assurance that the Bank will be able to compete effectively. Increased competition may make it difficult for the Bank to increase the size of its loan portfolio and deposit base, which could have a material adverse effect on the Bank's growth plans, business, cash flows, financial condition, results of operations and prospects.

The Bank may not be able to optimally utilise customer deposits in order to generate income to repay its depositors or generate sufficient profit to fund its growth

Deposits in Thai commercial banks were guaranteed by the FIDF until 11 August 2008, which was the date on which the Deposit Protection Agency Act B.E. 2551 (2008) (the “Deposit Protection Agency Act”) became effective. The Deposit Protection Agency Act was passed to replace the FIDF guarantee of the full amount of

deposits. The Deposit Protection Agency protects deposits in Thai resident Baht accounts of financial institutions in Thailand. The amount of guaranteed deposits equals to the lesser of (a) the aggregate of deposit amount in all accounts of a depositor and (b) the following amounts: Baht 5 million (applicable during 11 August 2019 and 10 August 2021) and Baht 1 million (applicable on 11 August 2021 and thereafter).

Financial institutions are required to make mandatory contributions to the Deposit Protection Fund twice a year. The mandatory contributions from financial institutions are equal to 0.01 per cent. of the total domestic deposits as at the end of the daily average total domestic deposit within the relevant half-year period. The effect of the limitation of the deposit guarantee (which will eventually be reduced to Baht 1 million for the aggregate amount of all accounts of a depositor) may lead to customers placing their deposits with large banks with strong financial position, such as the Bank. There can be no assurance that the Bank will be able to on-lend such deposits to customers, or otherwise make use of such deposits, in order to generate income to repay its depositors or generate sufficient profit for the growth of the Bank. In a case where the Bank needs to reduce its interest rates for deposits in order to lower its costs of funding, customers may withdraw deposits and place their deposits elsewhere. This may have an adverse impact on the Bank's business, cash flows, financial condition, results of operations and prospects and could adversely affect its level of competitiveness.

Guidelines for NPL classifications and provisioning in Thailand may be less stringent than those in other countries

The BoT's regulations with respect to loan classifications and provisioning, in certain circumstances, may be less stringent than those applicable to banks in the United States and other countries. This may result in the Bank's classifying particular loans as non-performing at a later time or in a category reflecting a lower degree of risk than might be expected in such countries. As a result, the amount of the Bank's NPLs may be lower than would be reported if it were located in such countries.

Thai rules and regulations do not require the Bank to provide as much corporate disclosure as banks in some other countries

The Bank is required by the SET to publish annual and semi-annual audited and quarterly unaudited financial results. The BoT also requires the Bank to disclose monthly summary balance sheets, and quarterly NPL and allowance amounts, which are made publicly available on the BoT's website and SET's website. The rules and regulations of the SET and the BoT are evolving and the amount of information publicly available with respect to publicly listed entities in Thailand is significantly less than that available with respect to comparable listed entities in other jurisdictions. Certain types of statistical and financial information published by banks in certain other countries are not published by Thai banks. Accordingly, direct comparisons with banking institutions in such countries may not be possible.

Thai financial markets lack advanced risk management tools

The Thai financial markets lack advanced instruments to manage credit, interest and foreign exchange risks. For example, there are limited national credit bureau databases in Thailand as well as a lower corporate credit rating penetration compared to jurisdictions with more advanced financial infrastructures. Accordingly, the Bank is not always able to change its pricing strategy and reshape its portfolio in a timely manner in response to market conditions. In addition, there are very limited national credit bureau databases. This lack of sophistication in the local market may hinder the Bank in managing its risks, which may adversely affect its results of operations.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features and risks associated:

If the Bank has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of Notes. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate (in respect of Notes other than the Additional Tier 1 Notes) or the Distribution rate (in respect of the Additional Tier 1 Notes), as applicable, on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate (in respect of Notes other than the Additional Tier 1 Notes) or an effective Distribution rate (in respect of the Additional Tier 1 Notes), as applicable, as high as the interest rate (in respect of Notes other than the Additional Tier 1 Notes) or the Distribution rate (in respect of the Additional Tier 1 Notes), as applicable, on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis or, as the case may be, Distribution basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable, at a rate that the Bank may elect to convert from a fixed rate to a floating rate, or *vice versa*. Such a feature to convert the interest basis (in respect of Notes other than the Additional Tier 1 Notes) or Distribution basis (in respect of the Additional Tier 1 Notes), and any conversion of the interest basis (in respect of Notes other than the Additional Tier 1 Notes) or Distribution basis (in respect of the Additional Tier 1 Notes), may affect the secondary market in, and the market value of, such Notes as the change of interest basis (in respect of Notes other than the Additional Tier 1 Notes) or Distribution basis (in respect of the Additional Tier 1 Notes), may result in a lower interest return (in respect of Notes other than the Additional Tier 1 Notes) or Distribution return (in respect of the Additional Tier 1 Notes) for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates or, as the case may be, Distribution rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates (in respect of Notes other than the Additional Tier 1 Notes) or Distribution rates (in respect of the Additional Tier 1 Notes), as applicable, than do prices for more conventional interest-bearing securities or, as the case may be, Distribution-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities or, as the case may be, Distribution-bearing securities with comparable maturities.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”

Interest rates and indices which are deemed to be “benchmarks”, (including the London interbank offered rate (“LIBOR”), the euro interbank offered rate (“EURIBOR”) and the Hong Kong interbank offered rate (“HIBOR”)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Regulation (EU) 2016/1011 (the “EU Benchmarks Regulation”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “UK Benchmarks Regulation”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 5 March 2021, the FCA announced, inter alia, the dates on which the various LIBOR rates in respect of various currencies will either cease to be provided or cease to be representative of their underlying market, with such end-date falling either on 31 December 2021 or 30 June 2023. Investors should note that, subject further to the terms of the relevant Notes, such announcement may be construed as a relevant Benchmark Event (as defined in the relevant Conditions and referred to below) or Benchmark Transition Event (as defined in the relevant Conditions and referred to below), as the case may be, as having occurred. Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, the benchmarks will continue to be supported going forwards. This may cause the benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Where “Benchmark Discontinuation (General)” is specified as being applicable in the relevant Pricing Supplement, the Notes Conditions or, as the case may be, the AT1 Notes Conditions provide for certain fallback arrangements in the event that the Reference Rate (as defined in the relevant Conditions) and/or any page on which the Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest, the Reset Rate of Distribution or the Rate of Distribution (as applicable) (each term as defined in the relevant Conditions) could be set by reference to a Successor Rate or an Alternative Reference Rate (each term as defined in the relevant Conditions), with or without the application of an adjustment spread and may include amendments to the relevant Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in a commercially reasonable manner). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest, the Reset Rate of Distribution or the Rate of Distribution (as applicable). The use of a Successor Rate or Alternative Reference Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower Rate of Interest, Reset Distribution Rate or Rate of Distribution (as applicable)) than they would if the relevant Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of calculating, amongst other, (i) (in the case of Floating Rate Notes) the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used; and (ii) (in the case of Additional Tier 1 Securities) (A) the Reset Rate of Distribution for a particular Reset Distribution Period may result in the Reset Rate of Distribution for the last preceding Reset

Distribution Period being used; or (B) the Rate of Distribution for a particular Distribution Period may result in the Rate of Distribution for the last preceding Distribution Period being used. This may result in the effective application of a fixed rate for such Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the relevant Series of Notes as regulatory capital or eligible liabilities, where applicable, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Where “Benchmark Discontinuation (ARRC)” is specified as being applicable in the relevant Pricing Supplement, if the Bank or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark, then a Benchmark Replacement will replace the then-current Benchmark and the Bank or its designee will have the right to make Benchmark Replacement Conforming Changes. There are no limits or parameters dictating whom the Bank may appoint as its designee to assist in this determination, and the designee may be an affiliate of the Bank, an agent of the Bank or any other party or person. There is no assurance that the designee selected by the Bank to assist in this determination has the competency to make such a determination or that the designee’s determination will be consistent with similar determinations made on similar securities. The selection of a Benchmark Replacement, and any decisions, determinations or elections made by the Bank or its designee in connection with implementing a Benchmark Replacement with respect to such Notes could result in a lower rate of interest or, as the case may be, rate of Distribution being paid in respect of such Notes.

If a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to U.S. dollar LIBOR, and if the Bank or its designee cannot determine the relevant U.S. dollar LIBOR rate by means of interpolating from other tenors of U.S. dollar LIBOR, then the rate of interest or, as the case may be, rate of Distribution on the Notes will be determined based on the Secured Overnight Financing Rate (“SOFR”) (unless a Benchmark Transition Event and its related Benchmark Replacement Date also occur with respect to the Benchmark Replacements that are linked to SOFR, in which case the rate of interest or, as the case may be, rate of Distribution will be based on the next-available Benchmark Replacement).

The Benchmark Replacements specified in the Notes include Term SOFR, a forward-looking term rate which will be based on SOFR. Term SOFR is currently being developed under the sponsorship of the Federal Reserve Bank of New York (the “FRBNY”), and there is no assurance that the development of Term SOFR will be completed by the time that a Benchmark Transition Event and its related Benchmark Replacement Date occur, or at all. Further, due to uncertainty concerning the availability of certain of the fallback benchmark replacements, such as Term SOFR and Compounded SOFR, the relevant fallback provision may not operate as intended. If a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to U.S. dollar LIBOR, and if the Bank or its designee cannot determine the relevant U.S. dollar LIBOR rate by means of interpolating from other tenors of U.S. dollar LIBOR, and, at that time, a form of Term SOFR has not been selected or recommended by the Relevant Governmental Body, then the next-available Benchmark Replacement will be used to determine (unless a Benchmark Transition Event and its related Benchmark Replacement Date occur with respect to that next-available Benchmark Replacement) (i) the amount of interest payable on the Notes during the applicable interest period or in respect of the applicable interest determination date, as the case may be, for the next applicable interest period, as the case may be, and all subsequent interest periods; or (ii) the amount of Distribution payable on the Notes during the applicable Distribution period or in respect of the applicable Distribution determination date, as the case may be, for the next applicable Distribution period, as the case may be, and all subsequent Distribution periods.

If a particular Benchmark Replacement or Benchmark Replacement Adjustment cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected or formulated by (i) the Relevant Governmental Body (such as the Alternative Reference Rates Committee), (ii) ISDA or (iii) in certain circumstances, the Bank or its designee. In addition, the Bank or its designee can make Benchmark Replacement Conforming Changes with respect to, among other things, the determination of interest periods or, as the case may be, Distribution periods, and the timing and frequency of determining rates and making payments of interest or, as the case may be, Distribution.

No consent of the Noteholders shall be required in connection with effecting any Benchmark Replacement, Benchmark Replacement Adjustment or Benchmark Replacement Conforming Changes. The application of a Benchmark Replacement, Benchmark Replacement Adjustment and Benchmark Replacement Conforming Changes, any decisions, determinations or elections made by the Bank or its designee in connection with Benchmark Replacement, Benchmark Replacement Adjustment and Benchmark Replacement Conforming

Changes, as well as the implementation of Benchmark Replacement Conforming Changes, could result in a lower rate of interest or, as the case may be, rate of Distribution being paid on the Notes which could adversely affect the return on, value of and market for such Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the then-applicable U.S. dollar LIBOR rate that it is replacing, or that any Benchmark Replacement will produce the economic equivalent of the then applicable U.S. dollar LIBOR rate that it is replacing.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment

The Bank may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

Notes which are issued with variable interest rates or Distribution rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

Notes with variable interest rates or Distribution rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes

Inverse Floating Rate Notes have an interest rate or Distribution rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate or Distribution rate of the Notes, but may also reflect an increase in prevailing interest rates or Distribution rates, which further adversely affects the market value of these Notes.

There are particular risks associated with an investment in certain types of Notes, such as Index Linked Notes and Dual Currency Notes. In particular, an investor might receive less interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) than expected or no interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) in respect of such Notes

The Bank may issue Notes with principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each a "Relevant Factor"). In addition, it may issue Notes with principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes);
- (iii) the payment of principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

RISKS RELATING TO THE NOTES GENERALLY

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) is payable in one or more currencies, or where the currency for principal or interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Investors should pay attention to any modification and waivers

The Notes Conditions and the AT1 Notes Conditions contain provisions for calling meetings of Noteholders (including by way of teleconference or videoconference call) to consider and vote upon matters affecting their interests generally or to pass resolutions in writing. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolutions and Noteholders who voted in a manner contrary to the majority.

The Notes Conditions and the AT1 Notes Conditions also provide that the Trustee may agree, without the consent of Noteholders, Receiptholders or Couponholders and regard to the interests of particular Noteholders, to (i) any modification of any of the provisions of the Trust Deed which, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven

to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream and/or the CMU, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders.

Where the Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a “Plan”) with its creditors under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the Issuer and certain exclusions where the Plan is proposed within the 12 week period following the end of a moratorium). Providing that one class of creditors (who would receive a payment, or have a genuine economic interest in the Issuer) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the “relevant alternative” (such as, broadly, liquidation or administration), then the English court can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the Issuer may, therefore, adversely affect the rights of Noteholders and the price or value of their investment in the Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest, or as the case may be, Distributions payable on the Notes, the maturity date or dates on which any payments are due or substituting the Issuer).

Investors who hold less than the minimum Specified Denomination (as specified in the applicable Pricing Supplement) may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Performance of contractual obligations

The ability of the Bank to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Transfer Agent, the relevant Registrar, and/or the Calculation Agent (as defined in the amended and restated agency agreement dated 16 March 2021 (the “Agency Agreement”)) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Bank of its obligations to make payments in respect of the Notes, the Bank may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

Noteholders are exposed to financial risk

Interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Bank. The Bank may be unable to make interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) payments, where applicable, or principal repayments, under a series of Notes should it suffer serious decline in net operating cash flows.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Global financial turmoil has led to volatility in international capital markets which may adversely affect the market price of any Series of Notes

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Limited rights of enforcement and subordination of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes could impair an investor's ability to enforce its rights or realise any claims on the Tier 2 Subordinated Notes or, as the case may be, the Additional Tier 1 Subordinated Notes

In most circumstances, the sole remedy against the Bank available to the Trustee (on behalf of the holders of Tier 2 Subordinated Notes or Additional Tier 1 Subordinated Notes, as the case may be) to recover any amounts owing in respect of the principal of or interest on the Tier 2 Subordinated Notes, or any amounts owing in respect of the principal of or Distribution on the Additional Tier 1 Subordinated Notes, will be to institute Winding-Up Proceedings (as defined in the relevant Conditions) against the Bank and/or prove in the Winding-Up Proceedings (as defined in the relevant Conditions). See Notes Condition 11(a) or, as the case may be, AT1 Notes Condition 10(a).

If the Bank defaults on the payment of principal or interest (in respect of the Tier 2 Subordinated Notes) or Distribution (in respect of the Additional Tier 1 Subordinated Notes), the Trustee will only institute Winding-Up Proceedings against the Bank and/or prove in the Winding-Up Proceeding if it is so contractually obliged. The Trustee will have no right to accelerate payment of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes in the case of default in payment or failure to perform a covenant except as they may be so permitted under the relevant Conditions.

The Tier 2 Subordinated Notes will be unsecured and subordinated obligations of the Bank and will rank junior in priority to the claims of the Senior Creditors (as defined in the Notes Conditions). Upon the occurrence of any Winding-Up (as defined in the Notes Conditions), the rights of the holders of the Tier 2 Subordinated Notes to payments on such Tier 2 Subordinated Notes will, by way of contractual obligations or by operation of law, be subordinated in right of payment to the prior payment in full of all deposits and other obligations of the Bank, as applicable, except those obligations which rank equally with or junior to the Tier 2 Subordinated Notes. In any such proceeding, according to Notes Condition 3(b), the holders of the Tier 2 Subordinated Notes may recover less than the holders of deposit liabilities or the holders of other unsubordinated obligations of the Bank, as applicable. As there is no precedent for a Winding-Up, of a major financial institution in Thailand, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof. Although Tier 2 Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Tier 2 Subordinated Notes will lose all or some of its investment upon any Winding-Up. If a Winding-Up Proceeding should occur, holders of the Tier 2 Subordinated Notes may recover less rateably than the Senior Creditors. To the extent that holders of the Tier 2 Subordinated Notes are entitled to any recovery with respect to the Tier 2 Subordinated Notes in any Thai proceedings, such holders may not be entitled in such proceedings to a recovery in currency of denomination of the Tier 2 Subordinated Notes and may be entitled only to a recovery in Thai Baht.

The Additional Tier 1 Subordinated Notes will be unsecured and subordinated obligations of the Bank and will rank junior in priority to all claims in respect of the Senior Obligations (as defined in the AT1 Notes Conditions). Upon the occurrence of any Winding-Up (as defined in the AT1 Notes Conditions), the rights of the holders of the Additional Tier 1 Subordinated Notes to payments on such Additional Tier 1 Subordinated Notes will, by way of contractual obligations or by operation of law, be subordinated in right of payment to the prior payment in full of all deposits and other obligations of the Bank, as applicable, except those obligations which rank equally with or junior to the Additional Tier 1 Subordinated Notes. In any such proceeding, according to AT1 Notes

Condition 3(a), the holders of the Additional Tier 1 Subordinated Notes may recover less than the holders of Tier 2 Subordinated Notes, the holders of deposit liabilities or the holders of other unsubordinated obligations of the Bank, as applicable. As there is no precedent for a Winding-Up of a major financial institution in Thailand, there is uncertainty as to the manner in which such a proceeding would occur and the results thereof (including, but not limited to, the recognition or treatment between the holders of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes in terms of their status and rights to receive payments under their Notes). There is a real risk that an investor in Additional Tier 1 Subordinated Notes will lose all or some of its investment upon any Winding-Up. If a Winding-Up Proceeding should occur, the holders of the Additional Tier 1 Subordinated Notes may recover less rateably than the creditors of the Senior Obligations. To the extent that the holders of the Additional Tier 1 Subordinated Notes are entitled to any recovery with respect to the Additional Tier 1 Subordinated Notes in any Thai proceedings, such holders may not be entitled in such proceedings to a recovery in currency of denomination of the Notes and may be entitled only to a recovery in Thai Baht.

The Bank believes that all of these deposit liabilities rank senior to the Bank's obligations under the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes. Any Tier 2 Subordinated Notes, the Additional Tier 1 Subordinated Notes and the relevant Conditions do not limit the amount of the liabilities ranking senior to the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes which may be hereafter incurred or assumed by the Bank.

There is also no restriction on the amount of securities or instruments that the Bank may issue and which rank *pari passu* with the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes. The issue of any such securities may reduce the amount recoverable by the holders of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes on a Winding-Up of the Bank. Upon the Winding-Up of the Bank and after payment of the claims of senior creditors and of depositors, there may not be a sufficient amount to satisfy the amounts owing to the holders of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes.

The Tier 2 Subordinated Notes may not qualify as Tier 2 capital and the Additional Tier 1 Notes may not qualify as Additional Tier 1 capital

There is no guarantee that the Notes designated as Tier 2 Subordinated Notes will qualify as Tier 2 capital and the Notes as Additional Tier 1 Subordinated Notes will qualify as Additional Tier 1 capital, under the capital adequacy requirements published by the BoT. See "Supervision and Regulation — Capital Adequacy Requirements". The failure of such Notes to qualify as Tier 2 capital or, as the case may be, Additional Tier 1 capital, due to any reason (including changes in law, regulations or interpretations of the BoT or other government authorities) would adversely affect the Bank's capital adequacy ratio and give rise to the Bank having to redeem those Tier 2 Subordinated Notes which are not qualified as Tier 2 capital prior to the maturity date thereof or, as the case may be, those Additional Tier 1 Subordinated Notes which are not qualified as Additional Tier 1 capital prior to the relevant call date thereof. See "— The Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may be redeemed upon certain events" below.

The terms of Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes may contain loss absorption provisions

Upon the occurrence of a Non-Viability Event (as defined in the relevant Conditions) of the Bank, which is the occurrence of the BoT and/or other empowered governmental agency (the "Relevant Authority") deciding to grant financial assistance to the Bank, the Bank may be required, subject to the terms of the relevant series of Subordinated Notes, irrevocably (without the need for the consent of the holders of such Tier 2 Subordinated Notes or, as the case may be, the holders of such Additional Tier 1 Subordinated Notes) to effect either a full or a partial write-off of the outstanding principal and accrued and unpaid interest in respect of such Tier 2 Subordinated Notes or, as the case may be, unpaid Distribution in respect of such Additional Tier 1 Subordinated Notes in full or in part.

Upon the occurrence of a Trigger Event (as defined in the AT1 Notes Conditions), which is the occurrence of the Common Equity Tier 1 Ratio (as defined in the AT1 Notes Conditions) of the Bank on either a standalone or consolidated basis being less than the Trigger Level (as defined in the AT1 Notes Conditions), the Bank may be required, subject to the terms of the relevant Series of the Additional Tier 1 Subordinated Notes, irrevocably (without the need for the consent of the holders of such Additional Tier 1 Subordinated Notes) to effect either a full or a partial write-off of the outstanding principal and accrued but unpaid Distribution in respect of such Additional Tier 1 Subordinated Notes.

In the event of a partial write-off or conversion, the sequence and the amount of write-off or conversion between different subordinated obligations of the Bank that are capable of being written off or converted is at the discretion of the Bank (as notified and acknowledged by the Relevant Authority). The write-off or the conversion will be effected in full in the event that the amount written off or converted is not sufficient for the Trigger Event (which is applicable to only Additional Tier 1 Subordinated Notes) or the Non-Viability Event (which is applicable to both Additional Tier 1 Subordinated Notes and Tier 2 Subordinated Notes) to cease to continue. To the extent relevant in the event that Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes are written off, any written-off amount shall be irrevocably lost and holders of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest or, as the case may be, unpaid Distribution, which has been subject to write-off.

Upon the occurrence of a Trigger Event or Non-Viability Event, potential investors can expect a Suspension Period to be imposed on holders of a Series of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes that contains provisions relating to loss absorption, during which holders will not be able to settle any transfers of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes. Where such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes are represented by one or more Global Notes or Global Certificates, any sale or other transfer of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes that has been initiated by a holder prior to the occurrence of a Trigger Event or Non-Viability Event and is scheduled to settle through Euroclear and Clearstream from the time of notification of the Trigger Event or Non-Viability Event to the clearing systems to the end of such Suspension Period, may be rejected, and may not be settled, by Euroclear and Clearstream.

While a Series of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes that contains loss absorption provisions is represented by one or more Global Notes or Global Certificates and a Trigger Event or Non-Viability Event occurs, the records of Euroclear and Clearstream or any other clearing system (other than the CMU) of their respective participants' position held in such Series of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may not be immediately updated to reflect the amount of write-off and may continue to reflect the nominal amount of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes prior to the write-off as being outstanding, for a period of time. The update process of the relevant clearing system may only be completed after the date on which the write-off will occur. Notwithstanding such delay, holders of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may lose the entire value of their investment in such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes on the date on which the write-off occurs. No assurance can be given as to the period of time required by the relevant clearing system to complete the update of their records. Further, the conveyance of notices and other communications by the relevant clearing system to their respective participants, by those participants to their respective indirect participants, and by the participants and indirect participants to beneficial owners of interests in the Global Note or Global Certificate will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Upon the occurrence of a Trigger Event or a Non-Viability Event, Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may be partially or fully written down, irrespective of the reduction of the registered capital of the Bank In respect of the Additional Tier 1 Subordinated Notes, by virtue of the loss absorption provisions under the AT1 Notes Conditions, holders of Additional Tier 1 Subordinated Notes agree that the Bank is entitled to partially or fully write down the principal and Distribution under such Notes upon the occurrence of a Trigger Event or a Non-Viability Event, on the basis specified in the AT1 Notes Conditions

In respect of the Tier 2 Subordinated Notes, by virtue of the loss absorption provisions under the Notes Conditions, holders of the Tier 2 Subordinated Notes agree that the Bank is entitled to partially or fully write down the principal and interest under such Notes upon the occurrence of a Non-Viability Event, on the basis specified in the Notes Conditions.

At the time of the write-down of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, the Bank is not required to (nor is the Relevant Authority required to instruct the Bank to) perform a reduction of the Bank's share capital (including ordinary shares and preference shares) to any degree prior to, or after, such write-down. Reduction of the Bank's registered capital is subject to the sole and absolute discretion of the Bank's shareholders and the Relevant Authority's approval or the Issuer's receipt of official order or instruction from the Relevant Authority.

Holders of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes have no right to contest with the Bank or the Relevant Authority that a reduction or a further reduction of the Bank's share capital should be performed prior to, or after, the write-down of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, and should not invest in such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes in the expectation that such a capital reduction would be performed by the Bank or the Relevant Authority.

Holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes should note that any amount that is written-off upon the occurrence of a Trigger Event or a Non-Viability Event, as the case may be, in accordance with the relevant Conditions is permanent and will not be restored under any circumstances, including where the relevant Trigger Event or the Non-Viability Event ceases to continue. Additionally, a Trigger Event or a Non-Viability Event may occur on more than one occasion and each Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may be written down on more than one occasion.

As the rate of interest and rate of Distribution are calculated on the basis of the principal amount as adjusted following the occurrence of a Trigger Event or a Non-Viability Event, in the event that such principal amount is reduced by the relevant write-down, holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will receive less interest or Distribution on their Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes. Additionally, holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes could risk losing up to the full principal amount of the holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, as well as the cancellation of any accrued (and unpaid) interest or Distributions, without receiving any compensation for such loss or cancellation.

The occurrence of a Trigger Event or Non-Viability Event may be inherently unpredictable and may depend on a number of factors which may be outside of the Bank's control. The occurrence of a Non-Viability Event is dependent on a determination by the Relevant Authority. As a result, the Relevant Authority may require or may cause a write-off in circumstances that are beyond the control of the Bank and with which the Bank does not agree. Due to the inherent uncertainty regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-off will occur

The occurrence of a Trigger Event depends, in part, on the calculation of the Common Equity Tier 1 Ratio, which can be affected, among other things, by a variety of factors such as the growth of Bank's business and its future earnings, expected dividend payments by the Bank and regulatory changes (including possible changes in regulatory capital definitions and calculations) which may be outside of the Bank's control.

The trading behaviour in respect of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes which have the loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that the Bank is trending towards a Trigger Event or Non-Viability Event could have a material adverse effect on the market price of the relevant Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes.

Potential investors should consider the risk that a holder of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes which have the loss absorption feature may lose all of their investment in such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, including the principal amount plus any accrued but unpaid interest or Distribution, in the event that a Trigger Event or Non-Viability Event occurs.

There is no assurance that any contractual provisions with loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that the Relevant Authorities may implement in the future. There is a risk that any Relevant Authority may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

Thai regulations on loss absorption are new, untested and subject to interpretation and application by regulations in Thailand

Thai regulations on loss absorption, such as the BoT Notification No. Sor.Nor.Sor. 7/2562 Re: Regulations on Components of Capital for Locally-Incorporated Banks dated 7 May 2019, are new and untested, and will be subject to the interpretation and application by the Relevant Authority. It is uncertain how the Relevant Authority

would determine the occurrence of a Trigger Event or Non-Viability Event, and it is possible that the grounds that constitute Trigger Event or Non-Viability Events may change (including that additional grounds are introduced). Accordingly, the operation of any such future legislation may have an adverse effect on the position of holders of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes which have loss absorption features.

A potential investor should not invest in the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes unless it has the knowledge and expertise to evaluate how the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will perform under changing conditions, the resulting effects on the likelihood of a write-down and the value of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

The Bank has existing Tier 1 capital securities that do not contain any contractual terms providing for their write-down or conversion into ordinary shares upon the occurrence of a Non-Viability Event

As of the date of this Offering Circular, the Bank has Tier 1 capital securities that do not contain any contractual terms providing for their write-down or conversion into ordinary shares upon the occurrence of a Non-Viability Event. While the principal and interest under the Tier 2 Subordinated Notes or, as the case may be, Distribution under the Additional Tier 1 Subordinated Notes will be partially or fully written down upon the occurrence of a Non-Viability Event, subject to certain provisions under the relevant Conditions, such Non-Viability Event will not cause such existing Tier 1 capital securities to be so written down. Such Non-Viability Event may occur resulting in partial or full write-down of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes even if certain Tier 1 capital securities remain outstanding. This may have an adverse effect on the position of holders of Subordinated Notes.

The Additional Tier 1 Subordinated Notes are perpetual securities and investors have no right to require redemption

The Additional Tier 1 Subordinated Notes are perpetual and have no maturity date. Noteholders do not have the ability to require the Bank to redeem their Additional Tier 1 Subordinated Notes, whereas the Bank can redeem the Additional Tier 1 Subordinated Notes in certain circumstances as described in the AT1 Notes Conditions. The Additional Tier 1 Subordinated Notes are redeemable at the option of the Bank pursuant to AT1 Notes Condition 6(c), which shall be not less than five years from the Issue Date, at their Prevailing Principal Amount or the Optional Redemption Amount (if specified in the applicable Pricing Supplement) together (if appropriate) with any Distribution accrued but unpaid to (but excluding) the date fixed for redemption. However, the Bank is under no obligation to redeem the Additional Tier 1 Subordinated Notes at any time. The ability of the Bank to redeem Additional Tier 1 Subordinated Notes is subject to the Bank obtaining the prior written consent of the BoT prior to the redemption.

As a result, Additional Tier 1 Subordinated Noteholders do not have the ability to cash in their investment, except if those Noteholders are able to sell their holdings or the Bank exercises its right to redeem the Additional Tier 1 Subordinated Notes. Noteholders who wish to sell their Additional Tier 1 Subordinated Notes may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Additional Tier 1 Subordinated Notes. Moreover, there can be no guarantee that the Bank will be able to meet the conditions imposed by the Relevant Authority for redemption of Additional Tier 1 Subordinated Notes.

Additionally, upon the occurrence of the events described in AT1 Notes Condition 6(b) and AT1 Notes Condition 6(d), the Additional Tier 1 Subordinated Notes may be redeemed at their Prevailing Principal Amount together (if appropriate) with any Distribution accrued but unpaid as more particularly described in the AT1 Notes Conditions. There can also be no assurance that Additional Tier 1 Subordinated Noteholders will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in the Additional Tier 1 Subordinated Notes. Also, if any Trigger Event or Non-Viability Event occurs, as more fully described in AT1 Notes Condition 4, the Additional Tier 1 Subordinated Noteholder may be subject to a write-down up to the aggregate principal amount of the Additional Tier 1 Subordinated Notes.

Payments of Distribution on Additional Tier 1 Subordinated Notes are discretionary, and Distributions are non-cumulative

Payment of Distributions under the Additional Tier 1 Subordinated Notes on any Distribution Payment Date is at the sole discretion of the Bank. Subject to the AT1 Notes Conditions, the Bank may at its sole discretion elect not to pay any Distribution on any Distribution Payment Date. Please see AT1 Notes Condition 5(b)(i) in relation to Optional Distribution Cancellation Event for more details (the “Optional Distribution Cancellation Event”). Additionally, the Bank will not be obliged to pay, and will not pay, any Distribution upon the occurrence of a Mandatory Distribution Cancellation Event (as defined in the AT1 Notes Conditions). The Bank shall not be obliged to pay, and shall not pay, any Distribution on the Distribution Payment Date if on the Distribution Payment Date, the Distribution scheduled to be paid in full, together with any distributions or dividends paid or scheduled to be paid on the Additional Tier 1 Subordinated Notes or any Parity Loss Absorbing Instruments (as defined in the AT1 Notes Conditions) during the Bank’s then-current fiscal year, would exceed Distributable Reserves (as defined in the AT1 Notes Conditions) as at such Distribution Payment Date. The Bank shall also not be obliged to pay, and shall not pay, any Distribution if by doing so, the Bank would be causing a breach of any applicable regulations.

Such cancelled Distributions both upon the occurrence of a Mandatory Distribution Cancellation Event and Option Distribution Cancellation Event, will not continue to accrue nor be reinstated and will not constitute an event of default. Additionally, Distributions would only be paid out of Distributable Reserves, unless the Bank has obtained the prior written approval of the BoT for such Distribution.

The BoT, at its sole discretion, may allow a payment of Distribution even where there are insufficient Distributable Reserves by granting an approval on a case-by-case basis. In granting such approval, the BoT will consider and take into account factors relating to the stability of the Bank, such as the capital levels, profit generating ability, and level of accumulated profits of the Bank. However, there can be no assurance that such approval will be granted by the BoT at the time approval is sought by the Bank.

Any Distributions which are not paid on the applicable Distribution Payment Date following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a write-off shall not accumulate or be payable at any time thereafter, whether or not funds are or subsequently become available. Noteholders will have no right thereto whether in a bankruptcy or dissolution as a result of the insolvency of the Bank or otherwise. Therefore, any Distributions not paid following a Mandatory Distribution Cancellation Event, an Optional Distribution Cancellation Event or a write-off will be lost and the Bank will have no obligation to make payment of such Distributions or to pay interest thereon.

As a result of the Distribution cancellation provisions of the Additional Tier 1 Subordinated Notes, the market price of the Additional Tier 1 Subordinated Notes may be more volatile than the market prices of other debt securities that are not subject to such cancellation. In addition, if Distributions are not paid for whatever reason, the Additional Tier 1 Subordinated Notes may trade at a lower price. If a Noteholder sells its Additional Tier 1 Subordinated Notes during such a period, it may not receive the same return on investment as a Noteholder who continues to hold its Additional Tier 1 Subordinated Notes until Distributions are resumed.

The Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may be redeemed upon certain events

Upon the occurrence of a tax event or a regulatory event, but subject to the prior written consent of the BoT, the Bank may, at its option, redeem, as provided in the relevant Conditions, all but not some only of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, as applicable, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together with interest or Distribution, if any, accrued to but excluding the date of redemption. For the avoidance of doubt and to the extent there has been a partial write-down of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, holders will only receive the remaining principal amount of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes which remains outstanding on redemption. There can be no assurance that holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes of the Bank.

Certain call options in connection with the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may not be exercised

In addition to the certain call rights described in the relevant Conditions, Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may contain provisions allowing the Bank to call them. To exercise such a call option, the Bank must obtain the prior written consent of the BoT and comply with the procedures as prescribed under the relevant regulations. The BoT will consider whether to approve the exercise of such call option on a case-by-case basis and may impose any additional condition for granting an approval for the exercise of such call option by the Bank. Holders of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes have no right to call for the redemption of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes and should not invest in such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes in the expectation that such a call will be exercised by the Bank. Any decisions by the Bank as to whether it will exercise calls in respect of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will be taken at the absolute discretion of the Bank with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Holders of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes should be aware that they may be required to bear the financial risks of an investment in such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes for a period of time in excess of the minimum period. For the avoidance of doubt and to the extent there has been a partial write-down of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, holders will only receive the remaining principal amount of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes which remains outstanding on redemption.

The Issuer may vary the terms of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes

The Issuer may, without the consent or approval of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes or the Trustee, but subject to the prior approval of the BoT (to the extent that any variation would affect the eligibility of any Tier 2 Subordinated Notes as Tier 2 capital or, as the case may be, Additional Tier 1 Subordinated Notes as Additional Tier 1 capital), vary the terms of any Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes so that they remain or, as appropriate, become Qualifying Securities (as defined in the relevant Conditions), subject to certain conditions. No assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. The terms of such varied Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may contain one or more provisions that are substantially different from the terms of the original Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, provided that the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes remain Qualifying Securities in accordance with the relevant Conditions and the Issuer cannot make changes to the terms of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes that give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes, as applicable, or that result in a Tier 2 Subordinated Notes Tax Event (as defined in the Notes Conditions), an Additional Tier 1 Subordinated Notes Tax Event (as defined in the AT1 Notes Conditions) or, as the case may be, Capital Event (as defined in the relevant Conditions) or which do not comply with the rules of any stock exchange on which such Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes may be listed or admitted to trading. Furthermore, the Trustee has no obligation or ability to verify whether the requirements for such variations have been satisfied and will have no discretion in determining whether any such variation results in terms that are materially less favourable to the holders of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes. In addition, the tax and stamp duty consequences of holding such varied Subordinated Notes could be different for some categories of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes from the tax and stamp duty consequences of holding the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes prior to such variation.

No events of default allowing acceleration under the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes

Issues of Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes do not provide for events of default allowing acceleration of the Subordinated Notes except upon the Winding-Up of the Bank. Upon a payment default, the sole remedy available to the holders of the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes for recovery of amounts owing in respect of any payment or

principal of, or interest or Distribution on, the Tier 2 Subordinated Notes or, as the case may be, Additional Tier 1 Subordinated Notes will be to institute Winding-Up Proceedings against the Bank and/or prove in the Winding-Up Proceedings. See Notes Condition 11(a) or, as the case may be, AT1 Notes Condition 10(a).

Change in law

The value of the Notes could be adversely affected by a change in English law or, as the case may be, Thai law or administrative practice. The Notes Conditions and the AT1 Notes Conditions are based on English law or, in the case of the subordination provisions set out in such conditions in the Notes Conditions and the AT1 Notes Conditions, Thai law, in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Thai law, or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Where the Global Notes or Global Certificates are held by or on behalf of Euroclear, Clearstream, investors will have to rely on their procedures for transfer, payment and communication with the Bank

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depository for Euroclear and Clearstream or lodged with the CMU (each of Euroclear, Clearstream and the CMU, a “Clearing System”). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Bank will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, or the CMU, as the case may be, for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Bank has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, or the CMU, as the case may be, to appoint appropriate proxies.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including the giving of notice to the Bank pursuant to Notes Condition 11 or, as the case may be, AT1 Notes Condition 10), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security, and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security, and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

RISKS RELATING TO THE MARKET GENERALLY

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a

developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Bank's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such Notes for an indefinite period of time or until their maturity. Application may be made for the listing and quotation of the Notes on SGX-ST but there can be no assurance that such listing will occur. Historically, the market for debt securities by South East Asian issuers has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for any Notes will not be subject to similar disruptions. Any such disruption may have an adverse effect on holders of such Notes.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Bank will pay principal and interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) on the Notes in the currency specified in the applicable Pricing Supplement (the "Currency"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Currency. These include the risk that foreign exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency-equivalent interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable foreign exchange rate. As a result, investors may receive less interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) or principal than expected, or no interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes) or principal.

The value of Notes may be adversely affected by movements in market interest rates. Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest or Distribution payments at higher prevailing interest rates or Distribution rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest or Distribution payments received may be reinvested at lower prevailing interest rates or Distribution rates.

Noteholders may be adversely affected by inflation. Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

The market value of the Notes may fluctuate

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Bank, political, economic, financial and any other factors that can affect the capital markets, the industry, the Bank generally. Adverse economic developments, acts of war and health hazards in countries in which the Bank operates could have a material adverse effect on the Bank's operations, operating results, business, financial position, and performance.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Bank, the Programme or an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional

factors discussed above, and other factors that may affect the value of the Notes. Future events may have a negative impact on the rating of the Programme and/or such Notes, and prospective investors should be aware that there is no assurance that ratings given will continue or that the ratings would not be reviewed, revised, suspended or withdrawn as a result of future events, unavailability of information or if, in the judgment of the relevant rating agency, circumstances so warrant. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Notes denominated in Renminbi (“Renminbi Notes”) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outward from the PRC

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other routine foreign exchange transactions. These transactions are known as current account items. While regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account activity items are developing gradually, remittance of Renminbi by foreign investors into and out of the PRC for the purposes of capital account items, such as capital contributions, is currently generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system.

Although starting from 1 October 2016, the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People’s Bank of China (the “PBOC”) in 2018, there is no assurance that the PRC government will liberalise its control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Bank’s ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “Renminbi Clearing Banks”) and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “Settlement Arrangements”), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or that the Settlement Arrangements with each Renminbi Clearing Bank will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Bank is required to source Renminbi in the offshore market to service the Renminbi Notes, there is no assurance that the Bank will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. Recently, the PBOC implemented changes to the way it calculates the Renminbi’s daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable, and principal will be made with respect to

Renminbi Notes in Renminbi. As a result, the value of these Renminbi payments may vary in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which the investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for the investor, as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely by (i) when the Renminbi Notes are represented by a Global Note or a Global Perpetual Security, and held with the CMU or the common depositary for Euroclear and Clearstream or any alternative clearing system, transfer to a Renminbi bank account maintained in the Offshore Renminbi Centre(s) specified in the applicable Pricing Supplement in accordance with prevailing CMU or Euroclear and Clearstream rules and procedures, and (ii) when the Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in the Offshore Renminbi Centre(s) specified in the applicable Pricing Supplement in accordance with prevailing rules and regulations. The Bank cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

TERMS AND CONDITIONS OF THE NOTES OTHER THAN THE ADDITIONAL TIER 1 SUBORDINATED NOTES

The following, save for the paragraphs in italics, is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a trust deed (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) dated 16 March 2021 between the Issuer and The Bank of New York Mellon, London Branch (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The Noteholders are deemed to have accepted the appointment of the Trustee.

These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 16 March 2021 has been entered into in relation to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as the initial issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent and registrar for Senior Notes (as defined below) only to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “CMU”), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (other than in relation to Notes to be held with the CMU which shall only be Senior Notes) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “CMU Lodging and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the “Registrars”, the “Transfer Agents” (which expression shall include the Registrars) and the “Calculation Agent(s)” (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Calculation Agents, Registrars and Transfer Agents being together referred to as the “Agents”). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Senior Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent, and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement referred to above are (i) available for inspection free of charge upon written request and satisfactory proof of holding during usual business hours (between 9:00 a.m. and 3:00 p.m. local time in the location of the relevant office) at the principal office of the Trustee (presently at One Canada Square, London, E14 5AL, United Kingdom) and at the specified offices of the Paying Agents, the Registrar and the Transfer Agent or (ii) available electronically via e-mail from the Issuing and Paying Agent.

The Noteholders, the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts (the “Receipts”) for the payment of instalments of principal (the “Receiptholders”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to have the benefit of, are bound by, and are deemed to have notice of all of the provisions of the Trust Deed and the applicable Pricing Supplement and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

1 Form, Denomination and Title

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Notes which are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note (together with an Index Linked Interest Note, an “Index Linked Note”), an Instalment Note, a Senior Note, a Tier 2 Subordinated Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the applicable Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes, and the expression “Senior Noteholder” shall be construed accordingly in relation to Senior Notes and the expression “Tier 2 Subordinated Noteholder” shall be construed accordingly in relation to Tier 2 Subordinated Notes.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f), one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed in writing by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar at the Issuer’s expense to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption or a Partial Write-down in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, a partial

redemption of, or a partial write-down of (as the case may be) a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option, or such partial write-down, or in respect of the balance of the holding not redeemed or (as the case may be) written down. In the case of a partial exercise of an option or a partial write-down resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 7(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or such other relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption, partial write-down or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment by the relevant Noteholder of any stamp duty, tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(b)) or (v) during a Suspension Period (as defined in Condition 4(k)).

3 Status

- (a) **Status of Senior Notes:** The senior notes (being those Notes that specify their status as Senior in the applicable Pricing Supplement (the “Senior Notes”)) and the Receipts and Coupons relating to them constitute direct, unsubordinated and (subject to Condition 5) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Status of Tier 2 Subordinated Notes:** The subordinated notes (being those Notes that specify their status as Subordinated in the applicable Pricing Supplement), which are intended to qualify as Tier 2 capital of the Issuer in accordance with applicable law and regulations and under the relevant notification of the Bank of Thailand (the “Tier 2 Subordinated Notes”) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer (including liabilities of all offices and branches of the Issuer wherever located). The rights and claims of Noteholders, the Receiptholders and the Couponholders are subordinated as described below.

Upon the occurrence of a Winding-Up, the rights of the Noteholders, Receiptholders and Couponholders to payment of principal and interest on the Tier 2 Subordinated Notes and the Receipts and Coupons relating to them and any other obligations in respect of the Tier 2 Subordinated Notes and

the Receipts and Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of the Senior Creditors and will rank senior to (i) all classes of equity securities of the Issuer, including preference shares, if any, (ii) Tier 1 Capital Securities, if any and (iii) obligations, if any, of the Issuer that by their terms (by way of contractual obligation) or by operation of law rank junior to the Tier 2 Subordinated Notes.

The Tier 2 Subordinated Notes and the Receipts and Coupons relating to them will rank *pari passu* without any preference among themselves and with all subordinated debt instruments issued by the Issuer that qualify as Tier 2 Capital Securities. In the event that (i) the Noteholders, Receiptholders or Couponholders do not receive payment in full of principal due and payable in respect of the Tier 2 Subordinated Notes plus interest thereon accrued to the date of repayment in any Winding-Up and (ii) the Winding-Up order or resolution passed for the Winding-Up or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Noteholders, Receiptholders or Couponholders did not receive payment in full of such principal of and interest on such Tier 2 Subordinated Notes and the Receipts or the Coupons relating to them, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 11(a) and Clause 5 and Clause 7 of the Trust Deed.

For the purposes of these Conditions:

“Senior Creditors” means creditors of the Issuer (including the Issuer’s depositors) other than those whose claims are expressed to rank *pari passu* or junior to the claims of the holders of the Tier 2 Subordinated Notes;

“Tier 1 Capital Securities” means any security issued by the Issuer that constitutes Tier 1 capital of the Issuer under the applicable laws and regulations in Thailand; and

“Tier 2 Capital Securities” means any security issued by the Issuer that constitutes Tier 2 capital of the Issuer under the applicable laws and regulations in Thailand.

The provisions of this Condition 3(b) apply only to the principal and interest in respect of the Tier 2 Subordinated Notes. Each Noteholder, Receiptholder and Couponholder irrevocably waives its rights as a creditor to the extent necessary to give effect to the subordination provisions of these Conditions in relation to the Tier 2 Subordinated Notes.

- (c) **Set-off and payment void:** No Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Tier 2 Subordinated Notes, the relative Receipts or Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Tier 2 Subordinated Note, Receipt or Coupon, be deemed to have waived all such rights of such set-off, counter-claim or retention to the fullest extent permitted by law. If at any time any Noteholder, Receiptholder or Couponholder receives payment or benefit of any sum in respect of the Tier 2 Subordinated Notes or the Receipts or the Coupons relating to them (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with Clause 7.2(b) of the Trust Deed, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Noteholder, Receiptholder or Couponholder, by acceptance of such Tier 2 Subordinated Note or a Receipt or Coupon in relation to it, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Noteholder, Receiptholder or Couponholder to the Issuer upon demand by the Issuer or, in the event of the Winding-Up, to the liquidator or official receiver of the Issuer upon demand by such liquidator or official receiver, whether or not such payment or receipt shall have been deemed void under this Condition 3(c). Any sum so paid or returned shall then be treated for the purposes of the Issuer’s obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Tier 2 Subordinated Notes or the Receipts or the Coupons relating to them.

4 Non-Viability Event in relation to Tier 2 Subordinated Notes:

- (a) Upon the occurrence of a Non-Viability Event, the Issuer shall:
- (i) deliver a Loss Absorption Event Notice to the holders of such Tier 2 Subordinated Notes, the Trustee and the Issuing and Paying Agent no later than within two Business Days of the occurrence of the Non-Viability Event. Such Loss Absorption Event Notice shall be delivered to

the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Non-Viability Event has occurred;

- (ii) irrevocably (without the need for consent of the Trustee or the Tier 2 Subordinated Noteholders) cancel any interest which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* with any other Tier 2 Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent of the Trustee or the Tier 2 Subordinated Noteholders) reduce the Prevailing Principal Amount of each Tier 2 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a “write-down” and “written down” being construed accordingly).

For the avoidance of doubt, any write-down pursuant to this Condition 4 will not constitute an Event of Default under the Tier 2 Subordinated Notes.

- (b) To the extent permitted by applicable laws, upon the occurrence of a Non-Viability Event where the Issuer is to write-down the Tier 2 Subordinated Notes, the Issuer shall (where possible) convert into ordinary shares or write-down (i) all Tier 1 Loss Absorbing Instruments, and (ii) instruments ranked junior to the Tier 2 Subordinated Notes which, pursuant to their terms or by operation of law are capable of being converted into equity or written down at that time, before or concurrently (or substantially concurrently) with the write-down of the Tier 2 Subordinated Notes and the write-down or conversion of any Tier 2 Loss Absorbing Instruments.
- (c) Subject to compliance with all applicable laws and regulations in force at the relevant time, the write-down of the Tier 2 Subordinated Notes will (where possible) be done (i) on the basis that such write-down will have an effect that will not be more prejudicial to the rights of the Tier 2 Subordinated Noteholders than the holders of Tier 1 Loss Absorbing Instruments, and (ii) on a *pari passu* basis among the Tier 2 Subordinated Notes and all other Tier 2 Loss Absorbing Instruments.
- (d) Each of the Tier 2 Subordinated Noteholders hereby irrevocably waives its right to receive payment of the principal amount written down under the Tier 2 Subordinated Notes and irrevocably waives its right to any interest, including interest accrued but unpaid up to the relevant Loss Absorption Effective Date.
- (e) Once any principal or, as the case may be, interest under a Tier 2 Subordinated Note has been written down or written off, it will be extinguished and will not be restored in any circumstances, including where the relevant Non-Viability Event ceases to continue.
- (f) The Tier 2 Subordinated Notes may be written down on more than one occasion, except where such Tier 2 Subordinated Notes have been written down in their entirety.
- (g) Following the giving of a Loss Absorption Event Notice which specifies a write-down of the Tier 2 Subordinated Notes, the Issuer shall (to the extent permitted by applicable law) procure that a similar notice is, or has been, given in respect of each Tier 2 Loss Absorbing Instrument (in accordance with its terms), and the prevailing principal amount of each Tier 2 Loss Absorbing Instrument outstanding (if any) is (where possible) written down or (to the extent permitted by applicable law) converted into ordinary shares as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.
- (h) Following a write-down which does not result in the Tier 2 Subordinated Notes being cancelled in full, interest will accrue on the Tier 2 Subordinated Notes on the basis of the then Prevailing Principal Amount (and not, for the avoidance of doubt, their Initial Principal Amount).
- (i) Any reference in these Conditions to principal in respect of the Tier 2 Subordinated Notes shall thereafter refer to the Prevailing Principal Amount of the Tier 2 Subordinated Notes.
- (j) Notwithstanding anything to the contrary that may be set out in these Conditions, the Trust Deed, the Agency Agreement, the applicable Pricing Supplement or any other document relating to the Tier 2 Subordinated Notes, Receipts, Coupons or Talons:
 - (i) each of the Trustee, the Agents, Euroclear and Clearstream and any other relevant clearing system shall be entitled without further enquiry and without liability to any Tier 2 Subordinated Noteholder, Receiptholder, Couponholder or any other person to rely conclusively on such Loss Absorption Event Notice and the Write-Down Amount specified therein and the same shall, as to

the amount of interest and/or principal to be written-off, be conclusive evidence of the occurrence of the Non-Viability Event, in which event it shall be conclusive and binding on Tier 2 Subordinated Noteholders, Receiptholders and Couponholders;

- (ii) neither the Trustee nor any Agent shall be under any duty to determine or calculate, or verify any determination or calculation of or relating to, any Write-Down Amount and will not be responsible or liable to the Tier 2 Subordinated Noteholders, Receiptholders, Couponholders or any other person for any loss or liability arising from any failure by it to do so;
 - (iii) as long as such Tier 2 Subordinated Notes are held in global form, neither the Trustee, any Agent nor the Common Depositary shall, in any circumstances, be responsible or liable to the Issuer, the Tier 2 Subordinated Noteholders, Receiptholders, Couponholders or any other person for any act, omission or default by Euroclear and Clearstream, any other clearing system, or its respective participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any write-down or write-off by any of them in respect of such Tier 2 Subordinated Notes;
 - (iv) neither the Trustee nor any Agent shall be under any duty to determine, monitor or report whether a Non-Viability Event has occurred or circumstances exist which may lead to the occurrence of a Non-Viability Event and will not be responsible or liable to the Tier 2 Subordinated Noteholders, Receiptholders, Couponholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee and the Paying Agent receive the Loss Absorption Event Notice in accordance with this Condition 4 and the other Agents are expressly notified in writing, each of them shall be entitled to assume that no such event or circumstance has occurred or exists;
 - (v) once the Issuer has delivered a Loss Absorption Event Notice to the Trustee pursuant to this Condition 4:
 - (A) the Trustee shall not be obliged to take any action pursuant to any direction, instruction or request provided to it pursuant to an Extraordinary Resolution (as defined in the Trust Deed) or a resolution passed at a meeting of Tier 2 Subordinated Noteholders;
 - (B) any direction, instruction or request given to the Trustee pursuant to an Extraordinary Resolution or a resolution passed at a meeting of Tier 2 Subordinated Noteholders prior to the date of the Loss Absorption Event Notice shall cease automatically and shall be null and void and of no further effect,

provided that sub-paragraph (v)(A) above shall not apply in respect of any Tier 2 Subordinated Notes that remain outstanding after the Loss Absorption Effective Date and any action taken by the Trustee in respect of any such Tier 2 Subordinated Notes shall only be taken after the Suspension Period; and
 - (C) each Tier 2 Subordinated Noteholder, Receiptholder and Couponholder shall be deemed to have authorised, directed and requested the Trustee, the Paying Agents and the relevant Registrar, as the case maybe, to take any and all necessary action to give effect to any write-down or write-off following the occurrence of any Non-Viability Event without any further action or direction on the part of the Tier 2 Subordinated Noteholders, except as may be determined by the Trustee, the Paying Agent and the relevant Registrar in its sole discretion.
- (k) For the purposes of these Conditions:
- “Clearstream” means Clearstream Banking, S.A.;
 - “Common Depositary” means, in relation to a Series of Tier 2 Subordinated Notes, a depositary common to Euroclear and Clearstream;
 - “Common Equity Tier 1 Ratio” means Common Equity Tier 1 ratio, as defined under the relevant notification of the Bank of Thailand;
 - “Euroclear” means Euroclear Bank SA/NV;
 - “Initial Principal Amount” means the amount of the denomination that the relevant Tier 2 Subordinated Note was issued in;
 - “Loss Absorption Effective Date” means the date on which the write-down will take effect that will be specified as such in the Loss Absorption Event Notice;
 - “Loss Absorption Event Notice” means, unless otherwise specified hereon, a notice substantially in the form attached as Schedule 4 to the Trust Deed specifying that a Non-Viability Event has occurred, the

Write-Down Amount and the Loss Absorption Effective Date, and if the Tier 2 Subordinated Notes are represented in global form at the time of occurrence of the Non-Viability Event, such notice shall also contain an instruction by the Issuer (through the Paying Agent) to Euroclear and Clearstream to cease all clearance and settlement of transfers in the Tier 2 Subordinated Notes during a Suspension Period, or such other instructions that may be relevant according to the then applicable rules and regulations of such clearing systems;

“Non-Viability Event” means, unless otherwise specified hereon, the occurrence of the Bank of Thailand and/or any other empowered government agency (the “Relevant Authority”) deciding to officially grant financial assistance to the Issuer such as in the form of a capital injection, without which the Issuer would become unable to continue its business in any manner, including but not limited to situations as set out below (or any such similar events):

- (i) having insufficient resources to make repayments to its depositors and creditors; or
- (ii) its capital funds having depleted to the extent that its depositors and creditors will be adversely affected; or
- (iii) not being in a position to independently increase its capital base;

“Prevailing Principal Amount”, in respect of the Tier 2 Subordinated Notes, means the Initial Principal Amount of such Tier 2 Subordinated Notes as reduced (on one or more occasions) pursuant to a write-down;

“Suspension Period” means the period commencing on the day the Loss Absorption Event Notice has been delivered in accordance with Condition 4(a) and ending on the close of business in Thailand on the Loss Absorption Effective Date;

“Tier 1 Loss Absorbing Instrument” means, at any time, any instrument issued directly or indirectly by the Issuer which (A) is eligible to qualify as Additional Tier 1 capital of the Issuer pursuant to the rules and regulations of the Bank of Thailand; and (B) contains specific provisions allowing a write-down or conversion into ordinary shares of the principal amount of such instrument on the occurrence of a Trigger Event or a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

“Tier 2 Loss Absorbing Instrument” means, at any time, any instrument issued directly or indirectly by the Issuer, other than the Tier 2 Subordinated Notes, which (A) is eligible to qualify as Tier 2 capital pursuant to the rules and regulations of the Bank of Thailand; and (B) contains specific provisions allowing a write-down or conversion into ordinary shares of the principal amount of such instrument on the occurrence of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

“Trigger Event” means, at any time, the Common Equity Tier 1 Ratio of the Issuer on either a standalone or consolidated basis is less than 5.15 per cent.;

“Write-Down Amount” means the amount as determined by the Issuer (as notified to and acknowledged by the Relevant Authority) by which the then Prevailing Principal Amount of each outstanding Tier 2 Subordinated Note is to be written down pursuant to a write-down as of the date on which the Non-Viability Event occurs, being the minimum of:

- (i) the amount (together with the write-down or conversion into ordinary shares (where possible) of the prevailing principal amount of any Tier 1 Loss Absorbing Instruments and/or on a *pro rata* basis any Tier 2 Loss Absorbing Instruments), to the extent permitted by applicable laws, as is required (A) to enable the Issuer to continue its business as certified by a certificate signed by the authorised director(s) of the Issuer whose name appears on the certification document (affidavit) of the Issuer or (B) by the Relevant Authority, in accordance with applicable regulations; and
- (ii) the amount necessary to reduce the Prevailing Principal Amount to zero.

No Tier 2 Subordinated Noteholder may exercise, claim or plead any right to any Write-Down Amount, and each Tier 2 Subordinated Noteholder shall, by virtue of his holding of any Tier 2 Subordinated Notes, be deemed to have waived all such rights to such Write-Down Amount.

Note: The terms and conditions of the Tier 2 Subordinated Notes will be subject to applicable legal and regulatory provisions governing the status of capital adequacy and subordinated securities of Thai banks.

Accordingly, further provisions relating to the terms of any Tier 2 Subordinated Notes issued under this Programme (which may include any further procedures required by the Trustee, the Paying Agent, the relevant Registrar, Euroclear or Clearstream) will, if applicable, be set out in the applicable Pricing Supplement.

5 Negative Pledge

This Condition 5 applies to Senior Notes (being those Notes that specify their status as Senior in the applicable Pricing Supplement).

So long as any Senior Note, or any Receipt or Coupon relating to them remains outstanding (as defined in the Trust Deed) the Issuer will not create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Senior Notes, the Receipts and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Senior Noteholders or (ii) as shall be approved by an Extraordinary Resolution of the Senior Noteholders.

In these Conditions, “Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

6 Interest and Other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The Rate(s) of Distribution may be reset in the manner provided in the applicable Pricing Supplement.

The amount of interest payable shall be determined in accordance with Condition 6(h).

- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the

provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR, EURIBOR or HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Issuer (or an independent adviser appointed by the Issuer) shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR, the principal Hong Kong office of each of the Reference Banks to provide its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer (or an independent adviser appointed by the Issuer) with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as notified by the Issuer (or an independent adviser appointed by the Issuer) to, and determined by, the Calculation Agent; and
- (z) If paragraph (y) above applies and fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic

mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer (or an independent adviser appointed by the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer (or an independent adviser appointed by the Issuer) with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer (or an independent adviser appointed by the Issuer) it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)(B)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 9).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
 - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in

accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be.

The Calculation Agent shall cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to such exchange or other relevant authority, and in respect of both the Calculation Agent and the Issuer, as soon as possible after their determination but in no event later than:

- (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount; or
- (ii) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) **Determination or Calculation by an agent of the Issuer:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint another agent on its behalf to do so. In doing so, such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by an agent of the Issuer pursuant to this Condition 6(j) shall (in the absence of manifest error) be final and binding upon all parties.
- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Notes denominated in a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of Notes denominated in euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- (iii) in the case of Notes denominated in Renminbi, if cleared through the CMU (which shall only be Senior Notes), a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong and, if cleared through Euroclear and Clearstream, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (iv) in the case of a currency and/or one or more Financial Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30.

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- (viii) if “Actual/Actual-ICMA” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi or (ii) the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and (iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market, in each case selected by the Issuer or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page).

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior notification to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. Any Calculation Agent appointed in respect of the Notes may not resign its duties without a successor having been appointed as aforesaid. The Calculation Agent shall not be responsible to the Issuer, Noteholders or any third party for any failure of the Reference Banks to provide quotations or as a result of the Calculation Agent having acted on any quotation or other information given by any Reference Bank and notified by the Issuer to the Calculation Agent which subsequently may be found to be incorrect or inaccurate in any way.
- (m) **Benchmark Discontinuation:** In addition, notwithstanding the provisions above in this Condition 6:
- (i) where “Benchmark Replacement (General)” is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event occurs in relation to a Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:
- (A) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 10 Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (or such other date as may be agreed with the Calculation Agent) (the “IA Determination Cut-off Date”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
- (B) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(m)(i)); provided, however, that if paragraph (B) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this paragraph (C) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(m)(i);
- (D) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the

Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. The Trustee and the Agents shall, at the direction and expense of the Issuer, but subject to receipt of a certificate signed by authorised signatory(ies) of the Issuer, be obliged to concur with the Issuer in effecting such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 6(m)(i). provided that the Trustee and the Agents shall not be obliged so to concur if, in the opinion of the Trustee and the Agents, doing so would impose more onerous obligations upon them or expose them to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions, the Trust Deed, the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee or the Agents (if required). None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard; and

- (E) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread, give notice thereof to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread and any consequential changes made to these Conditions.

For the purposes of this Condition 6(m)(i):

“Adjustment Spread” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

“Alternative Reference Rate” means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate.

“Benchmark Event” means:

- (i) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;
- (ii) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate), unless such cessation is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued, unless such discontinuation is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes, and in each case within the following six months, unless such prohibition is reasonably expected by the Issuer to not occur prior to the Maturity Date;
- (v) it has become unlawful for any Issuing and Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate; or
- (vi) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used.

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

“Relevant Nominating Body” means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof.

“Successor Rate” means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

- (ii) where “Benchmark Replacement (ARRC)” is specified as being applicable in the relevant Pricing Supplement, if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, then the following provisions shall apply:
 - (A) the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates;

- (B) in connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. The Trustee and the Agents shall, at the direction and expense of the Issuer, but subject to receipt of a certificate signed by authorised signatory(ies) of the Issuer, be obliged to concur with the Issuer in effecting such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 6(m)(ii), provided that the Trustee and the Agents shall not be obliged so to concur if, in the opinion of the Trustee and the Agents, doing so would impose more onerous obligations upon them or expose them to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions, the Trust Deed, the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. Noteholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required);
- (C) any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 6(m)(ii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party. None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or its designee with respect to any Benchmark Replacement (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

For the purposes of this Condition 6(m)(ii):

"Benchmark" means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"Benchmark Replacement" means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (v) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment,

or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period” and “Interest Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Period or Interest Accrual Period, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of paragraphs (i) or (ii) of the definition of “Benchmark Transition Event”, the later of:
 - (a) the date of the public statement or publication of information referenced therein, and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period or Interest Accrual Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with paragraph (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time.

Notwithstanding the foregoing, Compounded SOFR may include such lookback and/or suspension period as specified in the relevant Pricing Supplement as a mechanism to determine the interest amount payable prior to the end of each Interest Period or Interest Accrual Period;

“Corresponding Tenor” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source;

“Interpolated Benchmark” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means London Interbank Offered Rate;

“Reference Time” with respect to any determination of the Benchmark means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

7 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 7, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the

Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons:

- (i) *Senior Notes:* The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if such Senior Note is either a Floating Rate Note or an Index Linked Note) or, at any time, (if such Senior Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Thailand or the Cayman Islands, as applicable, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(c)(i), the Issuer shall deliver to the Trustee a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Issuer is entitled to effect such redemption and

setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion addressed to the Trustee, of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and opinion and, if it does so, such certificate or opinion shall be conclusive evidence of the satisfaction of the condition precedents set out in sub-paragraphs (A) and (B) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (ii) *Tier 2 Subordinated Notes*: Subject to Condition 7(l), the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Bank of Thailand) on any Interest Payment Date (if such Tier 2 Subordinated Note is either a Floating Rate Note or an Index Linked Note) or, at any time, (if such Tier 2 Subordinated Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if:
- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9; or
 - (B) payments of interest on the Tier 2 Subordinated Notes will or would be treated as "distributions" or dividends within the meaning of the Revenue Code of Thailand or any other act in respect of or relating to Thailand taxation or would otherwise be considered as payments of a type that are non-deductible for Thailand income tax purposes; or
 - (C) in the case of Tier 2 Subordinated Notes issued by the Cayman Islands branch of the Issuer, the Issuer will not or would not be entitled to claim a deduction in respect of the payments of interest on the Tier 2 Subordinated Notes in computing the Cayman Islands taxation liabilities of the Cayman Islands branch, or the amount of the deductions will or would be materially reduced,

in each case (1) as a result of any change in, or amendment to, the laws or regulations of Thailand or the Cayman Islands, as applicable, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a "Tier 2 Subordinated Notes Tax Event"), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Tier 2 Subordinated Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7(c)(ii), the Issuer shall deliver to the Trustee a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion addressed to the Trustee, of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and opinion and, if it does so, such certificate or opinion shall be conclusive evidence of the satisfaction of the condition precedents set out in sub-paragraphs (1) and (2) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer:

- (i) *Senior Notes*: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Senior Notes on any Optional Redemption Date. Any such redemption of Senior Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Senior Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place determined by the Issuer and notified in writing to the Trustee and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (ii) *Tier 2 Subordinated Notes*: Subject to Condition 7(l), and unless otherwise specified hereon, if Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some of the Tier 2 Subordinated Notes on any Optional Redemption Date (which shall not be less than five years from the Issue Date). Any such redemption of Tier 2 Subordinated Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

All Tier 2 Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

- (e) **Redemption at the Option of Senior Noteholders**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Senior Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No such Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Unless otherwise provided in the applicable Pricing Supplement, the Tier 2 Subordinated Notes are not redeemable prior to the Maturity Date at the option of the Noteholders.

- (f) **Redemption for Regulatory Reasons**: Subject to Condition 7(l), the Tier 2 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if such Tier 2 Subordinated Note is either a Floating Rate Note or Index Linked Note) or at any time (if such Tier 2 Subordinated Note is neither a Floating Rate Note nor an Index Linked Note) on giving not less than 30 nor more than 60 days' notice to Noteholders (which notice shall be irrevocable) following the occurrence of a Regulatory Redemption Event.

For the purposes of this Condition 7(f), a "Regulatory Redemption Event" occurs if immediately before the giving of the notice of redemption referred in this Condition 7(f) that the Tier 2 Subordinated Notes, after having qualified as such, will no longer qualify (in whole or in part) as Tier 2 capital (or equivalent) of the Issuer as a result of amendments to the relevant provisions of the Notification of the Bank of Thailand No. Sor.Nor.Sor. 7/2562 Re: Regulations on Components of Capital for Locally-Incorporated Banks dated 7 May 2019 (as amended, supplemented or replaced), or any successor legislation, or any statutory guidelines issued by the Bank of Thailand or any successor thereto in relation thereto, after the Issue Date (excluding for the avoidance of doubt, non-qualification (i) solely by virtue of the Issuer already having on issue securities with an aggregate nominal amount up to or in excess of the limit of Tier 2 capital (or equivalent) as permitted from time to time by the Bank of Thailand or (ii) solely as a result of any discounting requirements as to the eligibility of the Tier 2 Subordinated Notes for such inclusion pursuant to the relevant legislation and statutory guidelines in force from time to time) provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Regulatory Redemption Event will occur or crystallise.

Prior to giving any notice of redemption pursuant to this Condition 7(f), the Issuer shall deliver to the Trustee (A) a certificate signed by the authorised director(s) whose name appears on the certification

document (affidavit) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (B) a copy of the written consent of the Bank of Thailand; and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on the certificate and, if it does so, such certificate shall be conclusive evidence of the satisfaction of the condition precedents set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders. Tier 2 Subordinated Notes redeemed pursuant to this Condition 7(f) will be redeemed at the Early Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant date fixed for redemption.

(g) **Variation instead of Redemption:** The Issuer may at any time without any requirement for the consent or approval of the Tier 2 Subordinated Noteholders or the Trustee and having given not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and to the Trustee in writing, vary the terms of the Tier 2 Subordinated Notes so that they remain or, as appropriate, become Qualifying Securities provided that:

- (i) such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Tier 2 Subordinated Notes which may adversely affect the Tier 2 Subordinated Noteholders' interests in respect thereof;
- (ii) neither a Tier 2 Subordinated Notes Tax Event (as defined in Condition 7(c)(ii)) nor a Capital Event arises as a result of such variation; and
- (iii) the Issuer is in compliance with the rules of any stock exchange on which the Tier 2 Subordinated Notes are for the time being listed or admitted to trading;

and further provided that any variation which would require a special quorum resolution (as defined in the Trust Deed) pursuant to Condition 12(a) may only be effected upon the Issuer obtaining the special quorum resolution in compliance with Condition 12(a).

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 7(g), such event will not constitute an Event of Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the Tier 2 Subordinated Notes as Tier 2 Capital Securities) of the Tier 2 Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written consent of the Bank of Thailand, if required.

In this Condition 7(g):

"Capital Event" will be deemed to have occurred if the Tier 2 Subordinated Notes will no longer qualify (in whole or in part) as Tier 2 Capital Securities (or equivalent) under the applicable laws and regulations in Thailand.

"Qualifying Securities" means any security issued by the Issuer that:

- (i) constitutes (in whole or in part) Tier 2 Capital Securities (or equivalent) under the applicable laws and regulations in Thailand;
- (ii) has a ranking at least equal to that of the Tier 2 Subordinated Notes;
- (iii) has at least the same interest rate and the same Interest Payment Dates as those applying to the Tier 2 Subordinated Notes immediately prior to such variation;
- (iv) has the same redemption rights and amounts as the Tier 2 Subordinated Notes (except for any changes which do not adversely affect the Tier 2 Subordinated Noteholders' interest in respect hereof);
- (v) preserves the existing rights under the Tier 2 Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of variation and where the effective date of such variation is prior to any Optional Redemption Date(s) (if any), has the same optional redemption date(s) as the Tier 2 Subordinated Notes;
- (vi) if applicable, is assigned (or maintains) the same or higher credit ratings as were assigned to the Tier 2 Subordinated Notes immediately prior to such variation; and
- (vii) is listed on the same stock exchange (or such other stock exchange selected by the Issuer) if the Tier 2 Subordinated Notes were listed immediately prior to such variation.

- (h) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.
- (i) **Purchases:** Subject to Condition 7(l) in the case of Tier 2 Subordinated Notes, the Issuer and its Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (j) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Tier 2 Subordinated Note that is written-off in full in accordance with Condition 4 shall be automatically cancelled.

In these Conditions, “Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

- (k) **No Obligation to Monitor:** The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists pursuant to this Condition 7 and will not be responsible or liable to the Noteholders, Receiptholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance pursuant to this Condition 7, it shall be entitled to assume that no such event or circumstance has occurred or exists.
- (l) **Conditions for Redemption and Purchase in respect of Tier 2 Subordinated Notes:** Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Tier 2 Subordinated Notes (other than pursuant to Condition 7(a) and 11(a)) and the Issuer or any of its Subsidiaries shall not purchase any of the Tier 2 Subordinated Notes unless the prior written consent of the Bank of Thailand thereto shall have been obtained.

Prior to any redemption pursuant to Condition 7(c)(ii), Condition 7(d)(ii) or Condition 7(f) or purchase pursuant to Condition 7(i), the Issuer shall satisfy all the conditions and requirements imposed under the applicable regulations of the Bank of Thailand.

These Conditions may be amended, modified or varied in relation to any Series of Tier 2 Subordinated Notes by the terms of the applicable Pricing Supplement in relation to such Series.

8 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)), as the case may be:
 - (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States, at the option of the holder, by transfer to an account denominated in such currency with a Bank; and
 - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

“Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
 - (i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against

presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

- (ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (in the case of a currency other than Renminbi) or in the case of Renminbi, on the fifth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made:
 - (A) in the case a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
 - (B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 8(b):

“registered account” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Laws:** Payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 9, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto, and in such event, the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the Paying Agents, the Registrars and the Transfer Agents appointed under the Agency Agreement and any Calculation Agent(s) appointed in respect of any Notes act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or any Calculation Agent(s) in accordance with the Agency Agreement and to appoint additional Agents in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Senior Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Notes), those Notes should be surrendered to the relevant Paying Agent for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer, the Issuing and Paying Agent and/or the Registrar may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in the location of the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as "Financial Centres" hereon and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day or
 - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Thailand other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

References in these Conditions to “Relevant Jurisdiction” means (i) where the Issuer is not acting through any of its branches, Thailand or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes or (ii) where the Issuer is acting through its Cayman Islands branch, Thailand or any political subdivision or any authority thereof or therein having power to tax, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or (iii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

For the avoidance of doubt, none of the Trustee or the Agents shall be responsible or liable for (a) determining whether a Noteholder, a Receiptholder, a Couponholder or the Issuer is liable to pay any taxes or the amounts payable (if any) in connection with this Condition; or (b) determining the sufficiency or insufficiency or any amounts so paid and none of the Trustee or the Agents shall be liable for any failure of the Issuer, any Noteholder, Receiptholder or Couponholder to pay such taxes.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Events of Default

- (a) **Tier 2 Subordinated Notes:** In the case of the Tier 2 Subordinated Notes:
 - (i) **Non-payment:** if default is made in the payment of principal or interest due in respect of any of the Tier 2 Subordinated Notes and the default continues for a period of 10 days in Thailand (in the case of principal) or 15 days in Thailand (in the case of interest) (each, an “Event of Default”)

then in order to enforce the obligations of the Issuer, the Trustee at its sole discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Tier 2 Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion) institute Winding-Up Proceedings against the Issuer and/or prove in the Winding-Up Proceedings provided that the Trustee shall have no right to accelerate payment under such Tier 2 Subordinated Note in the case of such default in the payment of interest on or other amounts owing under such Tier 2 Subordinated Note or a default in the performance of any other obligation of the Issuer in such Tier 2 Subordinated Note or under the Trust Deed, except as provided for in this Condition 11 and Clause 7 of the Trust Deed; or

- (ii) **Winding-Up:** if an order is made or an effective resolution passed for the Winding-Up, or the Issuer shall apply or petition for a Winding-Up order in respect of itself or ceases or threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Tier 2 Subordinated Noteholders, then the Trustee at its sole discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Tier 2 Subordinated Notes then outstanding, or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), institute Winding-Up Proceedings against the Issuer and/or prove in the Winding-Up Proceedings for the Prevailing Principal Amount together (if applicable) with accrued interest.
- (iii) In these Conditions:
 - (a) “Winding-Up” shall mean, with respect to the Issuer, final and effective order or resolution for the bankruptcy, winding-up, liquidation, administrative receivership or similar proceeding in respect of the Issuer; and
 - (b) “Winding-Up Proceeding” shall mean, with respect to the Issuer, proceedings in Thailand for the bankruptcy, liquidation, winding-up, administrative receivership, or other similar proceeding of the Issuer.

Note: The terms and conditions of the Tier 2 Subordinated Notes will be subject to applicable legal and regulatory provisions governing the status of capital adequacy and subordinated securities of Thai banks. Accordingly, further provisions relating to the terms of any Tier 2 Subordinated Notes issued under this Programme (which may include any further procedures required by the Trustee, the Paying Agent, the relevant Registrar, Euroclear or Clearstream) will, if applicable, be set out in the applicable Pricing Supplement.

- (b) **Senior Notes:** If any of the following events (each, an “Event of Default”) occurs and is continuing, in the case of Senior Notes, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Prevailing Principal Amount together (if applicable) with accrued interest:
 - (i) **Non-Payment:** default is made for more than 15 days (in the case of interest) or ten days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes; or
 - (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Senior Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Trustee at its specified office by any Senior Noteholder; or
 - (iii) **Cross-Default:** (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees

and indemnities in respect of which one or more of the events mentioned above in this Condition 11(b)(iii) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates) in any other currency; or

- (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and is not discharged or stayed within 60 days; or
 - (v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
 - (vi) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
 - (vii) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or ceases or threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Senior Noteholders; or
 - (viii) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer; or
 - (ix) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Senior Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Senior Notes admissible in evidence in the courts of England is not taken, fulfilled or done; or
 - (x) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes; or
 - (xi) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.
- (c) Without prejudice to Condition 11(a) or 11(b), the Trustee may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Notes binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or interest in respect of the Notes), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer and/or prove in the Winding-Up Proceedings as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it.
- (d) The Trustee shall not be bound to take action as referred to in Conditions 11(a), 11(b) and 11(c) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (i) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction at its sole discretion. In the case of Senior Notes, no Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.
- (e) In the case of Tier 2 Subordinated Notes and subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 11(a)

above or submitting a claim in the Winding-Up Proceedings will be available to the Trustee or the Noteholders, Receiptholders or Couponholders.

- (f) In the case of Tier 2 Subordinated Notes, no Noteholder, Receiptholder or Couponholder shall be entitled either to institute proceedings for the Winding-Up or to prove in the Winding-Up Proceedings, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to prove in the Winding-Up Proceedings, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Noteholder or Couponholder may, on giving an indemnity, security and/or pre-funding satisfactory to the Trustee in its sole discretion, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or prove in the Winding-Up Proceedings of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

12 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders (including by way of teleconference or videoconference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in nominal amount of the Notes outstanding and (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding, shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed and waiver:** The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or error which is, in the opinion of the Trustee, proven, or to comply with any mandatory provisions of applicable law or as required by Euroclear and/or Clearstream and/or the CMU, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these

Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Notwithstanding any other provision of these Conditions or the Trust Deed, other than such modifications as the Trustee may agree in accordance with this Condition 12(b)(i) or (ii) to the extent that such modifications do not change or otherwise impact the eligibility of any Tier 2 Subordinated Notes as Tier 2 Capital Securities, no modification to any Condition or any provision of the Trust Deed may be made without the approval of the Bank of Thailand. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such waiver or authorisation shall be notified by the Issuer to the Noteholders as soon as practicable.

- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Noteholders, Receiptholders or Couponholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee, acting, for and on behalf of Noteholders shall not be entitled to require, nor shall any Noteholder, Receiptholders or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.
- (d) **Indemnification of the Trustee:** The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. For the avoidance of doubt, in the event of a write-down or write-off of any Tier 2 Subordinated Notes, the indemnification of the Trustee shall survive any such write-down or write-off. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Noteholders, Receiptholders or Couponholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Noteholders, Receiptholders and the Couponholders.

- (e) **Indemnification of the Agents:** The Agency Agreement contains provisions for the indemnification of the Agents and their relief from responsibility. For the avoidance of doubt, in the event of a write-down or write-off of any Tier 2 Subordinated Notes, the indemnification of the Agents shall survive any such write-down or write-off.

13 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Couponholders or Receiptholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the

Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

15 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be the Wall Street Journal Asia). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

So long as the Notes are represented by a Global Note and the Global Note is held on behalf of:

- (a) Euroclear or Clearstream or any alternative clearing system, notices to Noteholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or
- (b) the CMU, notices to the holders of Senior Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of dispatch of such notice.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

16 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 16, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be

construed in accordance with, English law save that (in respect of Tier 2 Subordinated Notes) Conditions 3(b), 3(c) and 11(a) (and related provisions of the Trust Deed) are governed by, and shall be construed in accordance with, Thai law.

- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including any dispute relating to any non- contractual obligations arising out of or in connection with any Notes, Receipts, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (including any dispute relating to any non-contractual obligations arising out of or in connection with any Notes, Receipts, Coupons or Talons) (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** The Issuer has in the Trust Deed irrevocably appointed Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 15. Nothing shall affect the right to serve process in any manner permitted by law.
- (d) **Waiver of immunity:** The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

TERMS AND CONDITIONS OF THE ADDITIONAL TIER 1 SUBORDINATED NOTES

The following, save for the paragraphs in italics, is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Additional Tier 1 Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Additional Tier 1 Subordinated Notes or Certificates, as the case may be. References in these Conditions to “Additional Tier 1 Subordinated Notes” are to the Additional Tier 1 Subordinated Notes of one Series only, not to all Additional Tier 1 Subordinated Notes that may be issued under the Programme.

The Additional Tier 1 Subordinated Notes are constituted by a trust deed (as amended or supplemented as at the date of issue of the Additional Tier 1 Subordinated Notes (the “Issue Date”), the “Trust Deed”) dated 16 March 2021 between the Issuer and The Bank of New York Mellon, London Branch (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The Noteholders are deemed to have accepted the appointment of the Trustee.

These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Additional Tier 1 Subordinated Notes, Certificates, Receipts, Coupons and Talons referred to below. An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 16 March 2021 has been entered into in relation to the Additional Tier 1 Subordinated Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as the initial issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as the lodging and paying agent and registrar for senior notes only to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “CMU”), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (other than in relation to Notes to be held with the CMU which shall only be senior notes) and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “CMU Lodging and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the “Registrars”, the “Transfer Agents” (which expression shall include the Registrars) and the “Calculation Agent(s)” (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Calculation Agents, Registrars and Transfer Agents being together referred to as the “Agents”). Copies of the Trust Deed and the Agency Agreement referred to above are (i) available for inspection free of charge upon written request and satisfactory proof of holding during usual business hours (between 9:00 a.m. and 3:00 p.m. local time in the location of the relevant office) at the principal office of the Trustee (presently at One Canada Square, London, E14 5AL, United Kingdom) and at the specified offices of the Paying Agents, the Registrar and the Transfer Agent or (ii) available electronically via e-mail from the Issuing and Paying Agent.

The Noteholders, the holders of the Distribution coupons (the “Coupons”) relating to Additional Tier 1 Subordinated Notes in bearer form and, where applicable in the case of such Additional Tier 1 Subordinated Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts (the “Receipts”) for the payment of instalments of principal (the “Receiptholders”) relating to Additional Tier 1 Subordinated Notes in bearer form of which the principal is payable in instalments are entitled to have the benefit of, are bound by, and are deemed to have notice of all of the provisions of the Trust Deed and the applicable Pricing Supplement and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, “Tranche” means Additional Tier 1 Subordinated Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Additional Tier 1 Subordinated Notes together with any further Tranche or Tranches of Additional Tier 1 Subordinated Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Distribution thereon and the date from which Distribution starts to accrue.

1 Form, Denomination and Title

The Additional Tier 1 Subordinated Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Additional Tier 1 Subordinated Notes which are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Additional Tier 1 Subordinated Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to an Additional Tier 1 Subordinated Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Additional Tier 1 Subordinated Notes.

2 No Exchange of Additional Tier 1 Subordinated Notes and Transfers of Registered Notes

- (a) **No Exchange of Additional Tier 1 Subordinated Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f), one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed in writing by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Additional Tier 1 Subordinated Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Additional Tier 1 Subordinated Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar at the Issuer’s expense to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption or a Partial Write-down in Respect of Registered Notes:** In the case of an exercise of an Issuer’s option in respect of, a partial redemption of, or a partial write-down of (as the case may be) a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option, or such partial write-down, or in respect of the balance of the holding not redeemed or (as the case may be) written down. In the case of a partial exercise of an option or a partial write-down resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Additional Tier 1 Subordinated Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or such other relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “business day” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfer Free of Charge:** Transfers of Additional Tier 1 Subordinated Notes and Certificates on registration, transfer, partial redemption, partial write-down or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment by the relevant Noteholder of any stamp duty, tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Additional Tier 1 Subordinated Note, (ii) during the period of 15 days before any date on which Additional Tier 1 Subordinated Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (iii) after any such Additional Tier 1 Subordinated Note has been called for redemption, (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)) or (v) during a Suspension Period (as defined in Condition 4(n)).

3 Status

- (a) **Status:** The subordinated notes which are intended to qualify as Additional Tier 1 capital of the Issuer in accordance with applicable law and regulations and under the relevant notification of the Bank of Thailand (the “Additional Tier 1 Subordinated Notes”) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer (including liabilities of all offices and branches of the Issuer wherever located). The rights and claims of Noteholders, the Receiptholders and the Couponholders are subordinated as described below.

Upon the occurrence of a Winding-Up, the rights of the Noteholders, Receiptholders and Couponholders to payment of principal and Distribution on the Additional Tier 1 Subordinated Notes and the Receipts and Coupons relating to them and any other obligations in respect of the Additional Tier 1 Subordinated Notes and the Receipts and Coupons relating to them are expressly subordinated and junior and subject in right of payment to the prior payment in full of all claims in respect of the Senior Obligations and will rank senior to (i) all classes of equity securities of the Issuer, including preference shares, if any and (ii) obligations, if any, of the Issuer that by their terms (by way of contractual obligation) or by operation of law rank junior to the Additional Tier 1 Subordinated Notes.

The Additional Tier 1 Subordinated Notes and the Receipts and the Coupons relating to them will rank *pari passu* without any preference among themselves and with all subordinated debt instruments issued by the Issuer that qualify as Additional Tier 1 Capital Securities. In the event that (i) the Noteholders, Receiptholders or Couponholders do not receive payment in full of principal due and payable in respect of the Additional Tier 1 Subordinated Notes plus Distribution thereon accrued to the date of repayment in any Winding-Up and (ii) the Winding-Up order or resolution passed for the Winding-Up or the dissolution of the Issuer is subsequently stayed, discharged, rescinded, avoided, annulled or otherwise rendered inoperative, then to the extent that such Noteholders, Receiptholders or Couponholders did not receive payment in full of such principal of and Distribution on such Additional Tier 1 Subordinated Notes and the Receipts or the Coupons relating to them, such unpaid amounts shall remain payable in full; provided that payment of such unpaid amounts shall be subject to the provisions under this Condition 3 and Condition 10(a) and Clause 5 and Clause 7 of the Trust Deed.

For the purposes of these Conditions:

“Senior Obligations” means debts or obligations of the Issuer (including deposits) other than (i) those that are, by their terms or by operation of laws, expressed to rank *pari passu* or junior to the Additional

Tier 1 Subordinated Notes and (ii) the Issuer's ordinary shares and any other class of the Issuer's shares (including, without limitation, any preference shares). For the avoidance of doubt, the Senior Obligations include any security issued by the Issuer that constitutes Tier 2 capital of the Issuer under the applicable laws and regulations in Thailand; and

"Additional Tier 1 Capital Securities" means any security issued by the Issuer that constitutes Additional Tier 1 capital of the Issuer under the applicable laws and regulations in Thailand.

The provisions of this Condition 3(a) apply only to the principal and Distribution in respect of the Additional Tier 1 Subordinated Notes. Each Noteholder, Receiptholder and Couponholder irrevocably waives its rights as a creditor to the extent necessary to give effect to the subordination provisions of these Conditions in relation to the Additional Tier 1 Subordinated Notes.

- (b) **Set-off and payment void:** No Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Additional Tier 1 Subordinated Notes, the relative Receipts or Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Additional Tier 1 Subordinated Note, Receipt or Coupon, be deemed to have waived all such rights of such set-off, counter-claim or retention to the fullest extent permitted by law. If at any time any Noteholder, Receiptholder or Couponholder receives payment or benefit of any sum in respect of the Additional Tier 1 Subordinated Notes or the Receipts or the Coupons relating to them (including any benefit received pursuant to any such set-off, counter-claim or retention) other than in accordance with Clause 7.3(b) of the Trust Deed, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Noteholder, Receiptholder or Couponholder, by acceptance of such Additional Tier 1 Subordinated Note or a Receipt or Coupon in relation to it, shall agree as a separate and independent obligation that any such sum or benefit so received shall forthwith be paid or returned in full by such Noteholder, Receiptholder or Couponholder to the Issuer upon demand by the Issuer or, in the event of the Winding-Up, to the liquidator or official receiver of the Issuer upon demand by such liquidator or official receiver, whether or not such payment or receipt shall have been deemed void under this Condition 3(b). Any sum so paid or returned shall then be treated for the purposes of the Issuer's obligations as if it had not been paid by the Issuer, and its original payment shall be deemed not to have discharged any of the obligations of the Issuer under the Additional Tier 1 Subordinated Notes or the Receipts or the Coupons relating to them.

4 Trigger Event or Non-Viability Event:

- (a) Upon the occurrence of a Trigger Event, the Issuer may:
- (i) deliver a Loss Absorption Event Notice to the holders of such Additional Tier 1 Subordinated Notes, the Trustee and the Issuing and Paying Agent within two Business Days of the occurrence of the Trigger Event. Such Loss Absorption Event Notice shall be delivered to the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Trigger Event has occurred. The Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and, if it does so, such certificate shall be conclusive evidence that a Trigger Event has occurred;
 - (ii) irrevocably (without the need for consent of the Trustee or the Noteholders) cancel any Distribution, which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
 - (iii) *pari passu* with any other Parity Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent of the Trustee or the Noteholders) reduce the Prevailing Principal Amount of each Additional Tier 1 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a "write-down" and "written down" being construed accordingly).
- (b) Upon the occurrence of a Non-Viability Event, the Issuer shall:
- (i) deliver a Loss Absorption Event Notice to the holders of such Additional Tier 1 Subordinated Notes, the Trustee and the Issuing and Paying Agent no later than within two Business Days of the occurrence of the Non-Viability Event. Such Loss Absorption Event Notice shall be delivered to the Trustee and the Paying Agent at their respective specified offices between 9:00 a.m. and 3:00 p.m. (Singapore time). Any Loss Absorption Event Notice shall be accompanied by a

certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Non-Viability Event has occurred;

- (ii) irrevocably (without the need for consent of the Trustee or the Noteholders) cancel any Distribution which is accrued and unpaid up to the relevant Loss Absorption Effective Date; and
- (iii) *pari passu* with any other Parity Loss Absorbing Instruments (where possible), irrevocably (without the need for the consent of the Trustee or the Noteholders) reduce the Prevailing Principal Amount of each Additional Tier 1 Subordinated Note by the relevant Write-Down Amount (such reduction being referred to as a “write-down” and “written down” being construed accordingly).

For the avoidance of doubt, any write-down pursuant to this Condition 4 will not constitute an Event of Default under the Additional Tier 1 Subordinated Notes.

The Trigger Event and the Non-Viability Event may occur concurrently or substantially concurrently, in which case, the amount of the Additional Tier 1 Subordinated Notes to be written down must comply with both requirements in respect of the Trigger Event and the Non-Viability Event as contemplated under the definition of Write-Down Amount.

- (c) To the extent permitted by applicable laws, upon the occurrence of a Trigger Event where the Issuer is to write-down the Additional Tier 1 Subordinated Notes, the Issuer shall write-down or (where possible) convert into ordinary shares Parity Loss Absorbing Instruments, concurrently (or substantially concurrently) with the write-down of the Additional Tier 1 Subordinated Notes.
- (d) Subject to compliance with all applicable laws and regulations in force at the relevant time, the write-down pursuant to a Trigger Event will be done (i) on the basis that such write-down will have an effect that will not be more prejudicial to the rights of the Noteholders than the other holders of Parity Loss Absorbing Instruments; and (ii) on a *pari passu* basis among the Additional Tier 1 Subordinated Notes and all Parity Loss Absorbing Instruments.
- (e) To the extent permitted by applicable laws, upon the occurrence of a Non-Viability Event where the Issuer is to write-down the Additional Tier 1 Subordinated Notes, the Issuer shall (where possible) convert into ordinary shares or write-down Parity Loss Absorbing Instruments, concurrently (or substantially concurrently) with the write-down of the Additional Tier 1 Subordinated Notes.
- (f) Subject to compliance with all applicable laws and regulations in force at the relevant time, the write-down pursuant to a Non-Viability Event will be done (i) on the basis that such write-down will have an effect that will not be more prejudicial to the rights of the Noteholders than the other holders of Parity Loss Absorbing Instruments; and (ii) on a *pari passu* basis among the Additional Tier 1 Subordinated Notes and all Parity Loss Absorbing Instruments.
- (g) Each of the Noteholders hereby irrevocably waives its right to receive payment of the principal amount written down under the Additional Tier 1 Subordinated Notes and irrevocably waives its right to any Distribution, including Distribution accrued but unpaid up to the relevant Loss Absorption Effective Date.
- (h) Once any principal or, as the case may be, Distribution under an Additional Tier 1 Subordinated Note has been written down or written off, it will be extinguished and will not be restored in any circumstances, including where the relevant Trigger Event and/or Non-Viability Event, as the case may be, ceases to continue.
- (i) The Additional Tier 1 Subordinated Notes may be written down on more than one occasion pursuant to a Non-Viability Event and/or a Trigger Event, except where such Additional Tier 1 Subordinated Notes have been written down in their entirety.
- (j) Following the giving of a Loss Absorption Event Notice which specifies a write-down of the Additional Tier 1 Subordinated Notes, the Issuer shall (to the extent permitted by applicable law) procure that:
 - (i) with respect to a write-down following a Trigger Event, a similar notice is, or has been, given in respect of each Parity Loss Absorbing Instrument (in accordance with its terms), and the prevailing principal amount of each Parity Loss Absorbing Instrument outstanding (if any) is (where possible) written down or (to the extent permitted by applicable law) converted into ordinary shares as soon as reasonably practicable following the giving of such Loss Absorption Event Notice; and

- (ii) with respect to a write-down following a Non-Viability Event, a similar notice is, or has been, given in respect of each Parity Loss Absorbing Instrument (in accordance with its terms), and the prevailing principal amount of each Parity Loss Absorbing Instrument outstanding (if any) is (where possible) written down or (to the extent permitted by applicable law) converted into ordinary shares as soon as reasonably practicable following the giving of such Loss Absorption Event Notice.
- (k) Following a write-down pursuant to a Trigger Event or a Non-Viability Event, which does not result in the Additional Tier 1 Subordinated Notes being cancelled in full, Distribution will accrue on the Additional Tier 1 Subordinated Notes on the basis of the then Prevailing Principal Amount (and not, for the avoidance of doubt, their Initial Principal Amount).
- (l) Any reference in these Conditions to principal in respect of the Additional Tier 1 Subordinated Notes shall thereafter refer to the Prevailing Principal Amount of the Additional Tier 1 Subordinated Notes.
- (m) Notwithstanding anything to the contrary that may be set out in these Conditions, the Trust Deed, the Agency Agreement, the applicable Pricing Supplement or any other document relating to the Additional Tier 1 Subordinated Notes, Receipts, Coupons or Talons:
 - (i) each of the Trustee, the Agents, Euroclear and Clearstream and any other relevant clearing system shall be entitled without further enquiry and without liability to any Noteholder, Receiptholder, Couponholder or any other person to rely conclusively on such Loss Absorption Event Notice and the Write-Down Amount specified therein and the same shall, as to the amount of interest and/or principal to be written-off, be conclusive evidence of the occurrence of the Trigger Event and/or Non-Viability Event, as the case may be, in which event it shall be conclusive and binding on Noteholders, Receiptholders and Couponholders;
 - (ii) neither the Trustee nor any Agent shall be under any duty to determine or calculate, or verify any determination or calculation of or relating to, any Write-Down Amount and will not be responsible or liable to the Noteholders or any other person for any loss or liability arising from any failure by it to do so;
 - (iii) as long as such Additional Tier 1 Subordinated Notes are held in global form, neither the Trustee, any Agent nor the Common Depositary shall, in any circumstances, be responsible or liable to the Issuer, the Noteholders, Receiptholders, Couponholders or any other person for any act, omission or default by Euroclear and Clearstream, any other clearing system, or its respective participants, members, any broker-dealer or any other relevant third party with respect to the notification and/or implementation of any write-down or write-off by any of them in respect of such Additional Tier 1 Subordinated Notes;
 - (iv) neither the Trustee nor any Agent shall be under any duty to determine, monitor or report whether a Trigger Event and/or Non-Viability Event, as the case may be, has occurred or circumstances exist which may lead to the occurrence of a Trigger Event and/or Non-Viability Event, as the case may be, and will not be responsible or liable to the Noteholders, Receiptholders, Couponholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee and the Paying Agent receive the Loss Absorption Event Notice in accordance with this Condition 4 and the other Agents are expressly notified in writing, each of them shall be entitled to assume that no such event or circumstance has occurred or exists;
 - (v) once the Issuer has delivered a Loss Absorption Event Notice to the Trustee pursuant to this Condition 4:
 - (A) the Trustee shall not be obliged to take any action pursuant to any direction, instruction or request provided to it pursuant to an Extraordinary Resolution (as defined in the Trust Deed) or a resolution passed at a meeting of Noteholders; and
 - (B) any direction, instruction or request given to the Trustee pursuant to an Extraordinary Resolution or a resolution passed at a meeting of Noteholders prior to the date of the Loss Absorption Event Notice shall cease automatically and shall be null and void and of no further effect,

provided that sub-paragraph (A) above shall not apply in respect of any Additional Tier 1 Subordinated Notes that remain outstanding after the Loss Absorption Effective Date and any action taken by the Trustee in respect of any such Additional Tier 1 Subordinated Notes shall only be taken after the Suspension Period; and.

- (vi) each Noteholder, Receiptholder and Couponholder shall be deemed to have authorised, directed and requested the Trustee, the Paying Agents and the relevant Registrar, as the case maybe, to take any and all necessary action to give effect to any write-down or write-off following the occurrence of any Trigger Event and/or Non-Viability Event, as the case may be, without any further action or direction on the part of the Noteholders, except as may be determined by the Trustee, the Paying Agent and the relevant Registrar in its sole discretion.
- (n) For the purposes of these Conditions:
- “Clearstream” means Clearstream Banking, S.A.;
- “Common Depositary” means, in relation to a Series of Additional Tier 1 Subordinated Notes, a depositary common to Euroclear and Clearstream;
- “Common Equity Tier 1 Ratio” means Common Equity Tier 1 ratio, as defined under the relevant notification of the Bank of Thailand;
- “Euroclear” means Euroclear Bank SA/NV;
- “Initial Principal Amount” means the amount of the denomination that the relevant Additional Tier 1 Subordinated Note was issued in;
- “Loss Absorption Effective Date” means the date on which the write-down pursuant to a Trigger Event or a Non-Viability Event, as the case may be, will take effect that will be specified as such in the Loss Absorption Event Notice;
- “Loss Absorption Event Notice” means, unless otherwise specified hereon, a notice substantially in the form attached as Schedule 4 to the Trust Deed specifying that a Trigger Event or a Non-Viability Event has occurred, the Write-Down Amount and the Loss Absorption Effective Date, and if the Additional Tier 1 Subordinated Notes are represented in global form at the time of occurrence of the Trigger Event or the Non-Viability Event, such notice shall also contain an instruction by the Issuer (through the Paying Agent) to Euroclear and Clearstream to cease all clearance and settlement of transfers in the Additional Tier 1 Subordinated Notes during a Suspension Period or such other instructions that may be relevant according to the then applicable rules and regulations of such clearing systems;
- “Non-Viability Event” means, unless otherwise specified hereon, the occurrence of the Bank of Thailand and/or any other empowered government agency (the “Relevant Authority”) deciding to officially grant financial assistance to the Issuer such as in the form of a capital injection, without which the Issuer would become unable to continue its business in any manner, including but not limited to situations as set out below (or any such similar events):
- (i) having insufficient resources to make repayments to its depositors and creditors; or
 - (ii) its capital funds having depleted to the extent that its depositors and creditors will be adversely affected; or
 - (iii) not being in a position to independently increase its capital base;
- “Parity Loss Absorbing Instrument” means, at any time, (i) any preference shares which qualify as Additional Tier 1 capital and (ii) any Parity Obligation, all of which contain specific provisions allowing a write-down or conversion into ordinary shares of the Issuer of the principal amount of such instrument on the occurrence of a Trigger Event or a Non-Viability Event and in respect of which, as the case may be, the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;
- “Parity Obligation” means any instrument issued by the Issuer that ranks or is expressed to rank *pari passu* with the Additional Tier 1 Subordinated Notes by operation of law or contract;
- “Prevailing Principal Amount”, in respect of the Additional Tier 1 Subordinated Notes, means the Initial Principal Amount of such Additional Tier 1 Subordinated Notes as reduced (on one or more occasions) pursuant to a write-down;
- “Senior Loss Absorbing Instrument” means, at any time, any Senior Obligations which contain provisions relating to a write-down or conversion into ordinary shares of the principal amount of such instrument on the occurrence of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied;

“Suspension Period” means the period commencing on the day the Loss Absorption Event Notice has been delivered in accordance with Condition 4(a) or, as the case may be, Condition 4(b) and ending on the close of business in Thailand on the Loss Absorption Effective Date;

“Trigger Event” means, at any time, the Common Equity Tier 1 Ratio of the Issuer on either a standalone or consolidated basis is less than the Trigger Level;

“Trigger Level” means 5.15 per cent.; and

“Write-Down Amount” means the amount as determined by the Issuer (as notified to and acknowledged by the Relevant Authority) by which the then Prevailing Principal Amount of each outstanding Additional Tier 1 Subordinated Note is to be written down pursuant to a write-down:

- (i) as of the date on which the Trigger Event occurs, being the minimum of:
 - (A) the amount necessary to restore the Common Equity Tier 1 Ratio above the Trigger Level, considering the pro rata write-down or conversion into ordinary shares (where possible) of the prevailing principal amount of the Parity Loss Absorbing Instruments (if any) to be, to the extent permitted by applicable laws, written down or converted concurrently (or substantially concurrently); and
 - (B) the amount necessary to reduce the Prevailing Principal Amount to zero; or
- (ii) as of the date on which the Non-Viability Event occurs, being the minimum of:
 - (A) the amount (together with the write-down or conversion into ordinary shares (where possible) of the prevailing principal amount of the Parity Loss Absorbing Instruments (if any) on a pro rata basis and/or Senior Loss Absorbing Instruments), to the extent permitted by applicable laws, as is required (1) to enable the Issuer to continue its business as certified by a certificate signed by the authorised director(s) of the Issuer whose name appears on the certification document (affidavit) of the Issuer or (2) by the Relevant Authority, in accordance with applicable regulations; and
 - (B) the amount necessary to reduce the Prevailing Principal Amount to zero.

No Noteholder may exercise, claim or plead any right to any Write-Down Amount, and each Noteholder shall, by virtue of his holding of any Additional Tier 1 Subordinated Notes, be deemed to have waived all such rights to such Write-Down Amount, as the case may be, pursuant to a Trigger Event or a Non-Viability Event.

Note: The terms and conditions of the Additional Tier 1 Subordinated Notes will be subject to applicable legal and regulatory provisions governing the status of capital adequacy and subordinated securities of Thai banks. Accordingly, further provisions relating to the terms of any Additional Tier 1 Subordinated Notes issued under this Programme (which may include any further procedures required by the Trustee, the Paying Agent, the relevant Registrar, Euroclear or Clearstream) will, if applicable, be set out in the applicable Pricing Supplement.

5 Distribution and Other Calculations

(a) Distribution Payments:

- (i) *Non-Cumulative Distribution:* Subject to Condition 5(b) below, the Additional Tier 1 Subordinated Notes confer a right to receive distributions (each a “Distribution”) on their principal amount (subject to adjustments following the occurrence of a Trigger Event or Non-Viability Event, as the case may be, in accordance with Condition 4) from, and including, the Issue Date at the applicable Rate of Distribution, payable on a Distribution Payment Date.
 - (A) Distributions will not be cumulative and Distributions which are not paid in accordance with these Conditions will not accumulate or compound and Noteholders will have no right to receive such Distributions at any time, even if subsequent Distributions are paid in the future, nor be entitled to any claim in respect thereof against the Issuer. Unless otherwise provided in these Conditions, each Additional Tier 1 Subordinated Note will cease to confer the right to receive any Distribution from the due date for redemption unless, upon surrender of the Global Note representing such Additional Tier 1 Subordinated Note, payment of principal is improperly withheld or refused. In such event, Distribution shall continue to accrue on the unpaid outstanding principal amount (subject to adjustments following the occurrence of a

Trigger Event or Non-Viability Event, as the case may be, in accordance with Condition 4) at the applicable Rate of Distribution (both before and after judgment) until the date which is the earlier of (1) the date on which all amounts due in respect of such Additional Tier 1 Subordinated Note have been paid; and (2) the second day after notice is given to the relevant Noteholder(s) that the full amount of moneys payable (including Distribution as aforesaid) in respect of such Additional Tier 1 Subordinated Note (including Distribution) is available for payment to such Noteholder(s), provided that upon further presentation thereof being duly made, such payment is made.

(B) No Noteholder shall have any claim in respect of any Distribution or part thereof cancelled and/or not due or payable pursuant to Conditions 5(a) and 5(b). Accordingly, such Distribution shall not accumulate for the benefit of the Noteholders or entitle the Noteholders to any claim in respect thereof against the Issuer.

- (ii) *Rate of Distribution:* The Rate of Distribution of the Additional Tier 1 Subordinated Notes shall be: (A) in respect of the period from, and including, the Issue Date to, but excluding, the First Reset Date, the Initial Rate of Distribution, at an annual percentage as presented in the Pricing Supplement; and (B) in respect of a Reset Distribution Period, the relevant Reset Rate of Distribution. The amount of Distribution payable shall be determined in accordance with this Condition 5(a)(ii).

For the purposes of these Conditions:

“Distribution Reset Date” means a date as specified hereon.

“First Reset Date” means a date as specified hereon.

“Initial Spread” means the annual percentage as specified hereon.

“Reference Rate” means the rate as specified hereon.

“Reset Distribution Period” means the period from, and including, a Distribution Reset Date to, but excluding, the immediately following Distribution Reset Date.

“Reset Rate of Distribution” means the Reference Rate, as specified hereon, with respect to the relevant Distribution Reset Date plus the Initial Spread.

- (iii) *Calculation of Distribution:* The amount of Distribution payable per Calculation Amount in respect of any Additional Tier 1 Subordinated Note for any Distribution Accrual Period shall be equal to the product of the Rate of Distribution, the Calculation Amount and the Day Count Fraction for such Distribution Accrual Period, unless a Distribution Amount (or a formula for its calculation) is applicable to such Distribution Accrual Period, in which case the amount of Distribution payable per Calculation Amount in respect of such Additional Tier 1 Subordinated Note for such Distribution Accrual Period shall equal such Distribution Amount (or be calculated in accordance with such formula). Where any Distribution Period comprises two or more Distribution Accrual Periods, the amount of Distribution payable per Calculation Amount in respect of such Distribution Period shall be the sum of the Distribution Amounts payable in respect of each of those Distribution Accrual Periods. In respect of any other period for which Distributions are required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which Distributions are required to be calculated.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (iv) *Determination and Publication of Relevant Reset Rate of Distribution, Rate of Distribution and Distribution Amounts:* The Calculation Agent shall, on the second Business Day prior to each Distribution Reset Date (the “Reset Determination Date”), calculate the applicable Reset Rate of Distribution or as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, calculate the applicable Rate of Distribution and Distribution Amounts for the relevant Distribution Accrual Period.

The Calculation Agent shall cause the Reset Rate of Distribution, Rate of Distribution and Distribution Amounts for each Distribution Accrual Period to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Additional Tier 1 Subordinated Notes that is to make a further calculation upon receipt of such information and, if the Additional Tier 1 Subordinated Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Issuer shall cause the Reset Rate of Distribution, Rate of Distribution and Distribution Amounts for each Distribution Accrual Period to be notified to such exchange or other relevant authority, and in respect of both the Calculation Agent and the Issuer, as soon as possible after their determination but in no event later than:

- (A) the commencement of the relevant Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Distribution and Distribution Amount; or
- (B) in all other cases, the fourth Business Day after such determination.

The Issuer shall cause notice of the then applicable Reset Rate of Distribution to be notified to the Noteholders as soon as practicable in accordance with Condition 14 after determination thereof.

The determination of any rate, obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s), or as the case may be, the Independent Adviser shall (in the absence of manifest error) be final and binding upon all parties.

- (v) *Determination or Calculation by an agent of the Issuer:* If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Distribution for a Distribution Accrual Period or Distribution Amounts or the relevant Reset Rate of Distribution, the Issuer shall appoint another agent on its behalf to do so. In doing so, such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by an agent of the Issuer pursuant to this Condition 5(a)(v) shall (in the absence of manifest error) be final and binding upon all parties.
- (vi) *Calculation Agent:* The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Additional Tier 1 Subordinated Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Additional Tier 1 Subordinated Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to calculate the amount of Distribution in respect of any period or the Reset Rate of Distribution, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior notification to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. Any Calculation Agent appointed in respect of the Additional Tier 1 Subordinated Notes may not resign its duties without a successor having been appointed as aforesaid.
- (vii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (B) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (C) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(viii) *Benchmark Discontinuation — General*

In addition, notwithstanding the provisions above in this Condition 5(a), where “Benchmark Replacement (General)” is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event occurs in relation to a Reference Rate when any Rate of Distribution or Reset Rate of Distribution (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

- (A) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 10 Business Days prior to the relevant Distribution determination date relating to the next Distribution Period or, as the case may be, Reset Determination Date relating to the next succeeding Reset Distribution Period (or such other date as may be agreed with the Calculation Agent) (the “IA Determination Cut-off Date”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Distribution or the Reset Rate of Distribution (or the relevant component part thereof) applicable to the Additional Tier 1 Subordinated Notes;
- (B) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;
- (C) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Distribution Periods or, as the case may be, Reset Distribution Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(a)(viii)); provided, however, that if paragraph (B) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to:
 - (1) the relevant Distribution determination date, the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Additional Tier 1 Subordinated Notes in respect of the preceding Distribution Period (or alternatively, if there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Distribution Period for the Margin that is to be applied to the relevant Distribution Period); for the avoidance of doubt, the proviso in this paragraph (C) shall apply to the relevant Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(a)(viii);
 - (2) the relevant Reset Determination Date, the Reset Rate of Distribution applicable to the next succeeding Reset Distribution Period shall be equal to the Reset Rate of Distribution last determined in relation to the Additional Tier 1 Subordinated Notes in respect of the preceding Reset Distribution Period (or alternatively, if there has not been a first Distribution Reset Date, the Reset Rate of Distribution shall be the initial Reset Rate of Distribution (if any)) (subject, where applicable, to substituting the Margin that applied to such preceding Reset Distribution Period for the Margin that is to be applied to the relevant Reset Distribution Period); for the avoidance of doubt, the proviso in this paragraph (C) shall apply to the relevant Reset Distribution Period only and any subsequent Reset Distribution Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(a)(viii);
- (D) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Reset Determination Date and/or the definition of Reference Rate applicable to the Additional Tier 1 Subordinated Notes, and the method for determining the fallback rate in relation to the Additional Tier 1 Subordinated Notes, in order

to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. The Trustee and the Agents shall, at the direction and expense of the Issuer, but subject to receipt of a certificate signed by authorised signatory(ies) of the Issuer, be obliged to concur with the Issuer in effecting such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(a)(viii), provided that the Trustee and the Agents shall not be obliged so to concur if, in the opinion of the Trustee and the Agents, doing so would impose more onerous obligations upon them or expose them to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions, the Trust Deed, the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Trustee or the Agents (if required). None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard; and

- (E) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread, give notice thereof to the Trustee, the Issuing and Paying Agent, the Calculation Agent and the Noteholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any related Adjustment Spread and any consequential changes made to these Conditions.

For the purposes of this Condition 5(a)(viii):

“Adjustment Spread” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

“Alternative Reference Rate” means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of Distribution in respect

of bonds denominated in the Specified Currency and of a comparable duration to the relevant Distribution Period or Reset Distribution Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Reference Rate.

“Benchmark Event” means:

- (A) the relevant Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;
- (B) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate);
- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued;
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Additional Tier 1 Subordinated Notes, and in each case within the following six months;
- (E) it has become unlawful for any Issuing and Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the relevant Reference Rate; or
- (F) the making of a public statement by the supervisor of the administrator of the relevant Reference Rate announcing that such Reference Rate is no longer representative or may no longer be used.

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

“Relevant Nominating Body” means, in respect of a Reference Rate:

- (A) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the Reference Rate relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (3) a group of the aforementioned central banks or other supervisory authorities, or (4) the Financial Stability Board or any part thereof.

“Successor Rate” means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(ix) *Benchmark Discontinuation — ARRC*

In addition, notwithstanding the provisions above in this Condition 5(a), where “Benchmark Replacement (ARRC)” is specified as being applicable in the relevant Pricing Supplement, if the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, then the following provisions shall apply:

- (A) the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Additional Tier 1 Subordinated Notes in respect of such determination on such date and all determinations on all subsequent dates;
- (B) in connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from

time to time. The Trustee and the Agents shall, at the direction and expense of the Issuer, but subject to receipt of a certificate signed by authorised signatory(ies) of the Issuer, be obliged to concur with the Issuer in effecting such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(a)(ix), provided that the Trustee and the Agents shall not be obliged so to concur if, in the opinion of the Trustee and the Agents, doing so would impose more onerous obligations upon them or expose them to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions, the Trust Deed, the Agency Agreement and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. Noteholders' consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required);

- (C) any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(a)(ix), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Additional Tier 1 Subordinated Notes, shall become effective without consent from any other party. None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations or certifications made by the Issuer or its designee with respect to any Benchmark Replacement (as applicable) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

For the purposes of this Condition 5(a)(ix):

“Benchmark” means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement;

“Benchmark Replacement” means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- (iii) the sum of: (a) the alternate rate of distribution that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (iv) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and
- (v) the sum of: (a) the alternate rate of distribution that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of distribution as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Reset Distribution Period”, “Distribution Period” and “Distribution Accrual Period”, timing and frequency of determining rates and making payments of distribution, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Reset Distribution Period or Distribution Period or Distribution Accrual Period, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of paragraphs (i) or (ii) of the definition of “Benchmark Transition Event”, the later of:
 - (a) the date of the public statement or publication of information referenced therein, and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (ii) in the case of paragraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Compounded SOFR” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the distribution amount payable prior to the end of each Reset Distribution Period or Distribution Period or Distribution Accrual Period) being established by the Issuer or its designee in accordance with:

- (i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that
- (ii) if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with paragraph (i) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time.

Notwithstanding the foregoing, Compounded SOFR may include such lookback and/or suspension period as specified in the relevant Pricing Supplement as a mechanism to determine the distribution amount payable prior to the end of each Reset Distribution Period or Distribution Period or Distribution Accrual Period;

“Corresponding Tenor” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source;

“Interpolated Benchmark” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- (i) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor; and
- (ii) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for distribution rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“LIBOR” means London Interbank Offered Rate;

“Reference Time” with respect to any determination of the Benchmark means:

- (i) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination; and
- (ii) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

“Term SOFR” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(b) **Distribution Restrictions:**

- (i) *Optional Distribution Cancellation Event:* Unless a Distribution has already been cancelled in full due to a Mandatory Distribution Cancellation Event, prior to any Distribution Payment Date the Issuer may, at its sole discretion, elect to cancel any payment of a Distribution, in whole or in part, by giving a notice to the Noteholders, the Trustee and the Paying Agent signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer which shall be conclusive and binding on the Noteholders (a “Distribution Cancellation Notice”) at least 10 Business Days prior to the relevant Distribution Payment Date. The Issuer shall have no obligation to pay any Distribution on any Distribution Payment Date if it validly elects not to do so in accordance with this Condition 5(b) and any failure to pay such Distribution shall not constitute an Event of Default.

(ii) *Mandatory Distribution Cancellation Event*: Notwithstanding that a Distribution Cancellation Notice may not have been given, the Issuer shall not be obliged to pay, and shall not pay, any Distribution on the applicable Distribution Payment Date, in whole or in part, as applicable, if and to the extent that on the Distribution Payment Date:

(A) the Distribution scheduled to be paid if paid in full, together with any distributions or dividends paid or scheduled to be paid on the Additional Tier 1 Subordinated Notes or any Parity Loss Absorbing Instruments during the Issuer's then-current fiscal year, would exceed Distributable Reserves as at such Distribution Payment Date; or

(B) the Issuer is unable to make such payment of Distribution without causing a breach of the Bank of Thailand's requirements on maintenance of capital to total risk-weighted assets ratio pursuant to notifications of the Bank of Thailand regarding supervision of capital for commercial banks, the assessment methodology and supervisory measures for domestic systemically important banks and other regulations related to capital of commercial banks, or the Issuer is prevented by applicable banking regulations or other requirements of the Relevant Authority from making such payment of Distribution,

(each a "Mandatory Distribution Cancellation Event").

The Issuer shall have no obligation to pay any Distribution (in whole or in part, if and to the extent applicable) on any Distribution Payment Date if such non-payment is in accordance with this Condition 5(b)(ii) and any failure to pay such Distribution shall not constitute an Event of Default. The Issuer shall give notice to the Noteholders, the Trustee and the Paying Agent as soon as practicable where a Mandatory Distribution Cancellation Event is expected to occur on the Distribution Payment Date.

For the purposes of these Conditions, "Distributable Reserves" means, subject to the Bank of Thailand's capital conservation requirements as applicable to the Issuer as of the relevant Distribution Payment Date:

- (1) the amount shown as "unappropriated retained earnings" of the Issuer in the standalone annual financial statements in respect of the fiscal year preceding Distribution Payment Date; or
- (2) where the relevant Distribution Payment Date falls on the same day as the end of an accounting period, an estimate of unappropriated retained earnings as certified by a Director of the Issuer for the twelve-month period ending on such accounting period,

provided, however that if the relevant standalone financial statement, in respect of the Issuer's fiscal year referred to in subparagraph (b)(ii)(A) above, shows an accumulated loss, after taking into account the Distribution scheduled to be paid if paid in full on such Distribution Payment Date, together with any distributions or dividends paid or scheduled to be paid on the Additional Tier 1 Subordinated Notes or any Parity Loss Absorbing Instruments during the Issuer's then-current fiscal year, the Distributable Reserves on such Distribution Payment Date shall be zero and any Distribution may not be paid.

(c) **Dividend Stopper**: If, on any Distribution Payment Date, payment of Distribution scheduled to be paid is not made in full by reason of Condition 5(b), the Issuer shall not:

- (i) declare or pay in cash any distribution or dividend or make any other payment in cash on, and will procure that no distribution or dividend in cash or other payment in cash is made on, any classes of equity securities of the Issuer, including holders of preference shares, if any, or other Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations, where such dividend, distribution or other payment is made on a *pro rata* basis with payment on the Additional Tier 1 Subordinated Notes); or
- (ii) purchase, cancel or otherwise acquire any classes of equity securities of the Issuer, including preference shares, if any, or other Junior Obligations or Parity Obligations (except, in relation to the Parity Obligations, where such redemption, reduction, cancellation or buy-back is made on a *pro rata* basis with a *pro rata* purchase of Additional Tier 1 Subordinated Notes) or permit any of its Subsidiaries to do so,

in each case, unless or until the earlier of: (A) the Distribution scheduled to be paid on any subsequent Distribution Payment Date (which, for the avoidance of doubt, shall exclude any Distribution that has been cancelled in accordance with these Conditions prior to such subsequent Distribution Payment

Date) has been paid in full (1) to the Noteholders or (2) irrevocably to a designated third party trust account for the benefit of the Noteholders, or (B) the Additional Tier 1 Subordinated Notes have been redeemed or repurchased and cancelled in full, or the principal amount of the Additional Tier 1 Subordinated Notes has been reduced to zero in accordance with these Conditions, or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Noteholders.

- (d) **No Default:** Notwithstanding any other provision in these Conditions, the cancellation or non-payment of any Distribution in accordance with Condition 5(b) shall not constitute a default for any purpose (including, without limitation, an Event of Default pursuant to Condition 10) on the part of the Issuer.
- (e) **Accrual of Distribution:** Each Additional Tier 1 Subordinated Note will cease to bear Distribution from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, Distribution will continue to accrue on the unpaid outstanding principal amount (subject to adjustments following the occurrence of a Trigger Event or Non-Viability Event, as the case may be, in accordance with Condition 4) at the applicable Rate of Distribution (both before and after judgment) until the date which is the earlier of: (i) the date on which all amounts due in respect of such Additional Tier 1 Subordinated Note have been paid, and (ii) the second day after notice is given to the relevant Noteholder(s) that the full amount of moneys payable (including Distribution as aforesaid) in respect of such Additional Tier 1 Subordinated Note is available for payment to such Noteholder(s), *provided* that, upon further presentation thereof being duly made, such payment is made.
- (f) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Additional Tier 1 Subordinated Notes denominated in a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of Additional Tier 1 Subordinated Notes denominated in euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- (iii) in the case of Additional Tier 1 Subordinated Notes denominated in Renminbi, if cleared through Euroclear and Clearstream, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London; and/or
- (iv) in the case of a currency and/or one or more Financial Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Financial Centre(s) or, if no currency is indicated, generally in each of the Financial Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of Distribution on any Additional Tier 1 Subordinated Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Distribution Period or a Distribution Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of a Distribution Payment Date falling in a leap year, 366
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D₂ will be 30.

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30.

- (vii) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the due date for redemption or (ii) such number would be 31, in which case D₂ will be 30.

(viii) if “Actual/Actual-ICMA” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Distribution Payment Date(s); and

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Distribution Accrual Period” means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Period Date and each successive period beginning on and including a Distribution Period Date and ending on but excluding the next succeeding Distribution Period Date.

“Distribution Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Distribution Period” means the period beginning on and including the Distribution Commencement Date and ending on but excluding the first Distribution Payment Date and each successive period beginning on and including a Distribution Payment Date and ending on but excluding the next succeeding Distribution Payment Date.

“Distribution Period Date” means each Distribution Payment Date unless otherwise specified hereon.

“euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“Junior Obligation” means any class of the Issuer’s share capital (including, without limitation, any preference shares) and any other instrument issued by the Issuer that ranks or is expressed to rank junior to the Additional Tier 1 Subordinated Notes by their terms or by operation of law.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Additional Tier 1 Subordinated Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

6 Redemption, Purchase and Options

(a) **No Fixed Redemption Date:** The Additional Tier 1 Subordinated Notes are perpetual securities in respect of which there is no fixed redemption date. The Additional Tier 1 Subordinated Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Taxation Reasons:**

Subject to Condition 6(i), the Additional Tier 1 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to consent thereto having been obtained from the Bank of Thailand) at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at the Prevailing Principal Amount (together with Distribution accrued to the relevant date fixed for redemption) (other than that not being paid in accordance with Condition 5(b)), if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8; or

- (ii) payments of Distribution on the Additional Tier 1 Subordinated Notes will or would be treated as Distribution” or dividends within the meaning of the Revenue Code of Thailand or any other act in respect of or relating to Thailand taxation or would otherwise be considered as payments of a type that are non-deductible for Thailand income tax purposes; or
- (iii) in the case of Additional Tier 1 Subordinated Notes issued by the Cayman Islands branch of the Issuer, the Issuer will not or would not be entitled to claim a deduction in respect of the payments of Distribution on the Additional Tier 1 Subordinated Notes in computing the Cayman Islands taxation liabilities of the Cayman Islands branch, or the amount of the deductions will or would be materially reduced,

in each case (A) as a result of any change in, or amendment to, the laws or regulations of Thailand or the Cayman Islands, as applicable, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Additional Tier 1 Notes, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (an “Additional Tier 1 Subordinated Notes Tax Event”), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Additional Tier 1 Subordinated Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b) the Issuer shall deliver to the Trustee a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion addressed to the Trustee, of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and opinion and, if it does so, such certificate or opinion shall be conclusive evidence of the satisfaction of the condition precedents set out in sub-paragraphs (A) and (B) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(c) Redemption at the Option of the Issuer:

Subject to Condition 6(i), and unless otherwise specified hereon, if Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all, or if so provided, some of the Additional Tier 1 Subordinated Notes on any Optional Redemption Date (which shall not be less than five years from the Issue Date). Any such redemption of Additional Tier 1 Subordinated Notes shall be at the Prevailing Principal Amount or the Optional Redemption Amount (if specified hereon) together with Distribution accrued to the date fixed for redemption (other than that not being paid in accordance with Condition 5(b), prior to the Optional Redemption Date).

All Additional Tier 1 Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

- (d) Redemption for Regulatory Reasons:** Subject to Condition 6(i), the Additional Tier 1 Subordinated Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to Noteholders (which notice shall be irrevocable) following the occurrence of a Regulatory Redemption Event. The Additional Tier 1 Subordinated Notes redeemed pursuant to this Condition 6(d) will be redeemed at the Prevailing Principal Amount plus Distribution accrued but unpaid to (but excluding) the relevant date fixed for redemption (if any) (other than that not being paid in accordance with Conditions 5(b)).

For the purposes of this Condition 6(d), a “Regulatory Redemption Event” occurs if immediately before the giving of the notice of redemption referred in this Condition 6(d) that the Additional Tier 1 Subordinated Notes, after having qualified as such, will no longer qualify (in whole or in part) as Additional Tier 1 capital (or equivalent) of the Issuer as a result of amendments to the relevant provisions of the Notification of the Bank of Thailand No. Sor.Nor.Sor. 7/2562 Re: Regulations on Components of Capital for Locally-Incorporated Banks dated 7 May 2019 (as amended, supplemented or replaced), or any successor legislation, or any statutory guidelines issued by the Bank of Thailand or any successor thereto in relation thereto, after the Issue Date (excluding for the avoidance of doubt, non-qualification (i) solely by virtue of the Issuer already having on issue securities with an aggregate

nominal amount up to or in excess of the limit of Additional Tier 1 capital (or equivalent) as permitted from time to time by the Bank of Thailand or (ii) solely as a result of any discounting requirements as to the eligibility of the Additional Tier 1 Subordinated Notes for such inclusion pursuant to the relevant legislation and statutory guidelines in force from time to time) provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which it is determined that a Regulatory Redemption Event will occur or crystallise.

Prior to giving any notice of redemption pursuant to this Condition 6(d), the Issuer shall deliver to the Trustee (A) a certificate signed by the authorised director(s) whose name appears on the certification document (affidavit) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and (B) a copy of the written consent of the Bank of Thailand; and the Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on the certificate and, if it does so, such certificate shall be conclusive evidence of the satisfaction of the condition precedents set out above, in which event it shall be conclusive and binding on the Noteholders, Receiptholders and the Couponholders.

- (e) **Variation instead of Redemption:** The Issuer may at any time without any requirement for the consent or approval of the Noteholders or the Trustee and having given not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and to the Trustee in writing, vary the terms of the Additional Tier 1 Subordinated Notes so that they remain or, as appropriate, become Qualifying Securities provided that:
- (i) such variation does not itself give rise to any right of the Issuer to redeem the varied securities that is inconsistent with the redemption provisions of the Additional Tier 1 Subordinated Notes which may adversely affect the Noteholders' interests in respect thereof;
 - (ii) neither an Additional Tier 1 Subordinated Notes Tax Event (as defined in Condition 6(b)) nor a Capital Event arises as a result of such variation; and
 - (iii) the Issuer is in compliance with the rules of any stock exchange on which the Additional Tier 1 Subordinated Notes are for the time being listed or admitted to trading;

and further provided that any variation which would require a special quorum resolution (as defined in the Trust Deed) pursuant to Condition 11(a) may only be effected upon the Issuer obtaining the special quorum resolution in compliance with Condition 11(a).

If a variation has occurred pursuant to, or otherwise in accordance with, this Condition 6(e), such event will not constitute an Event of Default under these Conditions.

Any variation (to the extent that any variation would affect the eligibility of the Additional Tier 1 Subordinated Notes as Additional Tier 1 Capital Securities) of the Additional Tier 1 Subordinated Notes by the Issuer is subject to the Issuer obtaining the prior written consent of the Bank of Thailand, if required.

In this Condition 6(e):

“Capital Event” will be deemed to have occurred if the Additional Tier 1 Subordinated Notes will no longer qualify (in whole or in part) as Additional Tier 1 Capital Securities (or equivalent) under the applicable laws and regulations in Thailand.

“Qualifying Securities” means any security issued by the Issuer that:

- (i) constitutes (in whole or in part) Additional Tier 1 Capital Securities (or equivalent) under the applicable laws and regulations in Thailand;
- (ii) has a ranking at least equal to that of the Additional Tier 1 Subordinated Notes;
- (iii) has at least the same rate of distribution and the same Distribution Payment Dates as those applying to the Additional Tier 1 Subordinated Notes immediately prior to such variation;
- (iv) has the same redemption rights and amounts as the Additional Tier 1 Subordinated Notes (except for any changes which do not adversely affect the Noteholders' interest in respect hereof);
- (v) preserves the existing rights under the Additional Tier 1 Subordinated Notes to any accrued Distribution which has not been paid and cancelled in respect of the period from (and including) the Distribution Payment Date last preceding the date of variation and where the effective date of such variation is prior to the First Call Date as specified hereon, has the same first call date as the Additional Tier 1 Subordinated Notes;

- (vi) if applicable, is assigned (or maintains) the same or higher credit ratings as were assigned to the Additional Tier 1 Subordinated Notes immediately prior to such variation; and
 - (vii) is listed on the same stock exchange (or such other stock exchange selected by the Issuer) if the Additional Tier 1 Subordinated Notes were listed immediately prior to such variation.
- (f) **Purchases:** Subject to Condition 6(i), the Issuer and its Subsidiaries may at any time purchase Additional Tier 1 Subordinated Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (g) **Cancellation:** All Additional Tier 1 Subordinated Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Additional Tier 1 Subordinated Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Additional Tier 1 Subordinated Notes to the Registrar and, in each case, if so surrendered, shall, together with all Additional Tier 1 Subordinated Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Additional Tier 1 Subordinated Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Additional Tier 1 Subordinated Notes shall be discharged. Any Additional Tier 1 Subordinated Note that is Written-off in full in accordance with Condition 4 shall be automatically cancelled.

In these Conditions, “Subsidiary” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

- (h) **No Obligation to Monitor:** The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists pursuant to this Condition 6 and will not be responsible or liable to the Noteholders, Receiptholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has notice in writing of the occurrence of any event or circumstance pursuant to this Condition 6, it shall be entitled to assume that no such event or circumstance has occurred or exists.
- (i) **Conditions for Redemption and Purchase:** Notwithstanding any other provision in these Conditions, the Issuer shall not redeem any of the Additional Tier 1 Subordinated Notes (other than pursuant to 10(a)) and the Issuer or any of its Subsidiaries shall not purchase any of the Additional Tier 1 Subordinated Notes unless the prior written consent of the Bank of Thailand thereto shall have been obtained.

Prior to any redemption pursuant to Condition 6(b), Condition 6(c) or Condition 6(d) or purchase pursuant to Condition 6(f), the Issuer shall satisfy all the conditions and requirements imposed under the applicable regulations of the Bank of Thailand.

These Conditions may be amended, modified or varied in relation to any Series of Additional Tier 1 Subordinated Notes by the terms of the applicable Pricing Supplement in relation to such Series.

7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and Distribution in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Additional Tier 1 Subordinated Notes (in the case of all other payments of principal) or Coupons (in the case of Distributions), as the case may be:
- (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States, at the option of the holder, by transfer to an account denominated in such currency with a Bank; and
 - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

“Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes:**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Distribution on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (in the case of a currency other than Renminbi) or in the case of Renminbi, on the fifth day before the due date for payment thereof (the “Record Date”). Payments of Distribution on each Registered Note shall be made:
 - (A) in the case a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
 - (B) in the case of Renminbi, by transfer to the registered account of the Noteholder.

In this Condition 7(b):

“registered account” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Additional Tier 1 Subordinated Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Laws:** Payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer agrees to be subject, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto, and in such event, the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Registrars and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrars and the Transfer Agents appointed under the Agency Agreement and any Calculation Agent(s) appointed in respect of any Additional Tier 1 Subordinated Notes act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, any Registrar, any Transfer Agent or any Calculation Agent(s) in accordance with the Agency Agreement and to appoint additional or other Paying Agents or Transfer Agents in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) such other agents as may be required by any other stock exchange on which the Additional Tier 1 Subordinated Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes, those Additional Tier 1 Subordinated Notes should be surrendered to the relevant Paying Agent for payment together with all unmatu

Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the amount due for payment in the case of a redemption. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Additional Tier 1 Subordinated Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Additional Tier 1 Subordinated Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer, the Issuing and Paying Agent and/or the Registrar may require.
- (v) If the due date for redemption of any Additional Tier 1 Subordinated Note is not a due date for payment of Distribution, Distribution accrued from the preceding due date for payment of Distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in the location of the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Additional Tier 1 Subordinated Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any Distribution or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Additional Tier 1 Subordinated Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as “Financial Centres” hereon and:
 - (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
 - (ii) (in the case of a payment in euro) which is a TARGET Business Day or
 - (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and Distribution by or on behalf of the Issuer in respect of the Additional Tier 1 Subordinated Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, the Receiptholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Additional Tier 1 Subordinated Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Additional Tier 1 Subordinated Note, Receipt

or Coupon by reason of his having some connection with Thailand other than the mere holding of the Additional Tier 1 Subordinated Note, Receipt or Coupon; or

- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “Relevant Date” in respect of any Additional Tier 1 Subordinated Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Additional Tier 1 Subordinated Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to “principal” and/or “Distribution” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

References in these Conditions to “Relevant Jurisdiction” means (i) where the Issuer is not acting through any of its branches, Thailand or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and Distribution on the Additional Tier 1 Subordinated Notes or (ii) where the Issuer is acting through its Cayman Islands branch, Thailand or any political subdivision or any authority thereof or therein having power to tax, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or (iii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and Distribution on the Additional Tier 1 Subordinated Notes.

For the avoidance of doubt, none of the Trustee or the Agents shall be responsible or liable for (a) determining whether a Noteholder, a Receiptholder, a Couponholder or the Issuer is liable to pay any taxes or the amounts payable (if any) in connection with this Condition; or (b) determining the sufficiency or insufficiency or any amounts so paid and none of the Trustee or the Agents shall be liable for any failure of the Issuer, any Noteholder, Receiptholder or Couponholder to pay such taxes.

9 Prescription

Claims against the Issuer for payment in respect of the Additional Tier 1 Subordinated Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of Distribution) from the appropriate Relevant Date in respect of them.

10 Events of Default

(a) Events of Default

- (i) **Non-payment:** If default is made in the payment of principal or Distribution due in respect of any of the Additional Tier 1 Subordinated Notes and the default continues for a period of 10 days in Thailand (in the case of principal) or 15 days in Thailand (in the case of Distribution) (each, an “Event of Default”) then in order to enforce the obligations of the Issuer, the Trustee at its sole discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Additional Tier 1 Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion) institute Winding-Up Proceedings against the Issuer and/or prove in the Winding-Up Proceedings provided that the Trustee shall have no right to accelerate payment under such Additional Tier 1 Subordinated Note in the case of such default in the payment of Distribution on or other amounts owing under such Additional Tier 1 Subordinated Note or a default in the performance of any other obligation of the Issuer in such Additional Tier 1 Subordinated Note or under the Trust Deed, except as provided for in this Condition 10 and Clause 7 of the Trust Deed; or
- (ii) **Winding-Up:** if an order is made or an effective resolution passed for the Winding-Up, or the Issuer shall apply or petition for a Winding-Up order in respect of itself or ceases or threaten to cease to carry on all or substantially all of its business or operations, in each case except for the

purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Noteholders, then the Trustee at its sole discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Additional Tier 1 Subordinated Notes then outstanding, or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), institute Winding-Up Proceedings against the Issuer and/or prove in the Winding-Up Proceedings for the Prevailing Principal Amount together (if applicable) with accrued Distribution.

(iii) In these Conditions:

- (a) “Winding-Up” shall mean, with respect to the Issuer, final and effective order or resolution for the bankruptcy, winding-up, liquidation, administrative receivership or similar proceeding in respect of the Issuer; and
- (b) “Winding-Up Proceeding” shall mean, with respect to the Issuer, proceedings in Thailand for the bankruptcy, liquidation, winding-up, administrative receivership, or other similar proceeding of the Issuer.

Note: The terms and conditions of the Additional Tier 1 Subordinated Notes will be subject to applicable legal and regulatory provisions governing the status of capital adequacy and subordinated securities of Thai banks. Accordingly, further provisions relating to the terms of any Additional Tier 1 Subordinated Notes issued under this Programme (which may include any further procedures required by the Trustee, the Paying Agent, the relevant Registrar, Euroclear or Clearstream) will, if applicable, be set out in the applicable Pricing Supplement.

- (b) Without prejudice to Condition 10(a), the Trustee may at any time and if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Additional Tier 1 Subordinated Notes binding on it under these Conditions or the Trust Deed (other than any obligation of the Issuer for the payment of any principal or Distribution in respect of the Additional Tier 1 Subordinated Notes), subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or Distribution in respect of the Additional Tier 1 Subordinated Notes sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take action as referred to in Conditions 10(a) and 10(b) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Additional Tier 1 Subordinated Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (i) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction at its sole discretion.
- (d) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 10(a) or submitting a claim in the Winding-Up Proceedings will be available to the Trustee or the Noteholders, Receiptholders or Couponholders.
- (e) No Noteholder, Receiptholder or Couponholder shall be entitled either to institute proceedings for the Winding-Up or prove in the Winding-Up Proceedings, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to prove in the Winding-Up Proceedings, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Noteholder or Couponholder may, on giving an indemnity, security and/or pre-funding satisfactory to the Trustee in its sole discretion, in the name of the Trustee (but not otherwise), himself institute Winding-Up Proceedings and/or prove in the Winding-Up Proceedings of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

11 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders (including by way of teleconference or videoconference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Additional Tier 1 Subordinated Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of

the Additional Tier 1 Subordinated Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Additional Tier 1 Subordinated Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of redemption of the Additional Tier 1 Subordinated Notes or any date for payment of Distribution on the Additional Tier 1 Subordinated Notes, (ii) to reduce the rate or rates of Distribution in respect of the Additional Tier 1 Subordinated Notes or to vary the method or basis of calculating any Distribution in respect of the Additional Tier 1 Subordinated Notes, (iii) to vary the currency or currencies of payment or denomination of the Additional Tier 1 Subordinated Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. in nominal amount of the Additional Tier 1 Subordinated Notes for the time being outstanding or at any adjourned meeting not less than 25 per cent. in nominal amount of the Additional Tier 1 Subordinated Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in nominal amount of the Additional Tier 1 Subordinated Notes outstanding; and (ii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Additional Tier 1 Subordinated Notes outstanding, shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Additional Tier 1 Subordinated Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of the Trust Deed and waiver:** The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or error which is, in the opinion of the Trustee, proven, or to comply with any mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Notwithstanding any other provision of these Conditions or the Trust Deed, other than such modifications as the Trustee may agree in accordance with this Condition 11(b)(i) or (ii) to the extent that such modifications do not change or otherwise impact the eligibility of any Additional Tier 1 Subordinated Notes as Additional Tier 1 Capital Securities, no modification to any Condition or any provision of the Trust Deed may be made without the approval of the Bank of Thailand. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such waiver or authorisation shall be notified by the Issuer to the Noteholders as soon as practicable.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders, Receiptholders or Couponholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders and the Trustee, acting, for and on behalf of Noteholders shall not be entitled to require, nor shall any Noteholder, Receiptholders or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders.
- (d) **Indemnification of the Trustee:** The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. For the avoidance of doubt, in the event of a write-down or write-off of any Additional Tier 1 Subordinated Notes, the indemnification of the Trustee shall survive any such write-down or write-off. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may accept and rely without liability to Noteholders, Receiptholders or Couponholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial

institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall be binding on the Issuer, the Trustee, the Noteholders, Receiptholders and the Couponholders.

- (e) **Indemnification of the Agents:** The Agency Agreement contains provisions for the indemnification of the Agents and their relief from responsibility. For the avoidance of doubt, in the event of a write-down or write-off of any Additional Tier 1 Subordinated Notes, the indemnification of the Agents shall survive any such write-down or write-off.

12 Replacement of Additional Tier 1 Subordinated Notes, Certificates, Receipts, Coupons and Talons

If an Additional Tier 1 Subordinated Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Additional Tier 1 Subordinated Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Additional Tier 1 Subordinated Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Additional Tier 1 Subordinated Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Couponholders or Receiptholders create and issue further securities either having the same terms and conditions as the Additional Tier 1 Subordinated Notes in all respects (or in all respects except for the first payment of Distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Additional Tier 1 Subordinated Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Additional Tier 1 Subordinated Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 13 and forming a single series with the Additional Tier 1 Subordinated Notes. Any further securities forming a single series with the outstanding securities of any series (including the Additional Tier 1 Subordinated Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be the Wall Street Journal Asia). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

So long as the Additional Tier 1 Subordinated Notes are represented by a Global Note and the Global Note is held on behalf of:

- (a) Euroclear or Clearstream or any alternative clearing system, notices to Noteholders of that Series shall be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing

system, for communication by it to entitled accountholders in substitution for notification as required by these Conditions; or

- (b) the CMU, notices to Noteholders of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of dispatch of such notice, for communication by it to entitled accountholders in substitution for notification as required by these Conditions.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Additional Tier 1 Subordinated Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Additional Tier 1 Subordinated Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Additional Tier 1 Subordinated Note, Coupon or Receipt, the Issuer, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 15, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Additional Tier 1 Subordinated Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Additional Tier 1 Subordinated Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Additional Tier 1 Subordinated Notes expressly provide for such Act to apply to any of their terms.

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Additional Tier 1 Subordinated Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that Conditions 3(a), 3(b) and 10(a) (and related provisions of the Trust Deed) are governed by, and shall be construed in accordance with, Thai law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Additional Tier 1 Subordinated Notes, Receipts, Coupons or Talons (including any dispute relating to any non-contractual obligations arising out of or in connection with any Additional Tier 1 Subordinated Notes, Receipts, Coupons or Talons) and accordingly any legal action or proceedings arising out of or in connection with any Additional Tier 1 Subordinated Notes, Receipts, Coupons or Talons (including any dispute relating to any non-contractual obligations arising out of or in connection with any Additional Tier 1 Subordinated Notes, Receipts, Coupons or Talons) ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Additional Tier 1 Subordinated Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

- (c) **Service of Process:** The Issuer has in the Trust Deed irrevocably appointed Law Debenture Corporate Services Limited of 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.
- (d) **Waiver of immunity:** The Issuer hereby irrevocably and unconditionally waives with respect to the Additional Tier 1 Subordinated Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream (the “Common Depository”) or (in the case of Senior Notes only) a sub-custodian for the CMU.

Upon the initial deposit of a Global Note with the Common Depository or a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream or (ii) (in the case of Senior Notes only) the HKMA as operator of the CMU and delivery of the relevant Global Certificate to the Common Depository, Euroclear, Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository or (in the case of Senior Notes only) the CMU may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream and/or the CMU held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, the CMU or other clearing systems.

For the avoidance of doubt, only Senior Notes are intended to be cleared through the CMU.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (“Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Bank to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Bank in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Bank will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or Global Certificate (representing Senior Notes only) is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Senior Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Senior Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by us in respect of such Global Note or Global Certificate.

3 Trustee’s Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee and the Issuing and Paying Agent (or, in the case of Senior Notes cleared through the CMU, the CMU Lodging and Paying Agent) may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4 Exchange

4.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme — Optional Distribution Cancellation Event”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and, in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Global Note will not be entitled to collect any payment of interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable,, principal or other amount due on or after the Exchange Date unless, upon due presentation of the Temporary Global Note for exchange, delivery of a Permanent Global Note or the delivery of Definitive Notes is improperly withheld or refused.

4.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 4.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange; or
- (iii) if the Bank has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the permanent Global Notes in definitive form.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

4.3 Global Certificates

If the relevant Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Notes Condition 2(b) or, as the case may be, AT1 Notes Condition 2(b) may only be made:

- (i) in whole but not in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) in whole or in part with the consent of the Issuer; or
- (iii) in whole but not in part if principal in respect of any Notes is not paid when due; or

(iv) in whole but not in part if the Bank has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form,

provided that, in the case of a transfer pursuant to paragraph 4.3(i) or 4.3(iii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in whole, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Euroclear, the CMU and/or an Alternative Clearing System.

4.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the relevant Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

4.5 Delivery of Notes

On or after any Exchange Date (as defined in paragraph 4.6 below) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or in the case of Senior Notes cleared through the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Bank will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable, or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

4.6 Exchange Date

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent (or in the case of Senior Notes cleared through the CMU, the CMU Lodging and Paying Agent) is located and in the city in which the relevant clearing system is located.

5 Amendment to relevant Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the relevant Conditions set out in this Offering Circular. The following is a summary of certain of those provisions:

5.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the

Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note representing Senior Notes held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Notes Condition 8(h) or, as the case may be, AT1 Notes Condition 7(h).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate representing Senior Notes held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, a record date, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or a Global Certificate held representing Senior Notes through the CMU, any payments of principal, interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable, or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) at the relevant time notified to the CMU Lodging and Paying Agent by the CMU and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

5.2 Prescription

Claims against the Bank in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest or, as the case may be, Distribution) from the appropriate Relevant Date (as defined in Notes Condition 10 or, as the case may be, AT1 Notes Condition 9).

5.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

5.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Senior Notes cleared through the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate nominal amount of the Certificates in the register of the certificate holders, whereupon the nominal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

5.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Bank or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest (in respect of Notes other than the Additional Tier 1 Notes) or Distribution (in respect of the Additional Tier 1 Notes), as applicable, and Instalment Amounts (if any) thereon.

5.6 Issuer's Option

Any option of the Bank provided for in the relevant Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Bank giving notice to the Noteholders within the time limits set out in and containing the information required by the relevant Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

5.7 Noteholders' Options

Any option of the Noteholders provided for in the relevant Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent (or in the case of Senior Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the relevant Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent (or, in the case of Senior Notes lodged with the CMU, the CMU Lodging and Paying Agent), or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

5.8 Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of (i) a clearing system (other than the CMU), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the relevant Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, notices to the holders of Senior Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

6 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes or Global Certificates. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Bank may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The Bank intends to use the net proceeds from each issue of Notes for its funding and general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

As at 31 December 2020, the Bank had an authorised share capital and an issued and paid-up share capital of Baht 72,005,040,437.50, comprising Baht 71,976,715,437.50 from 13,976,061,250 ordinary shares at par value of Baht 5.15 each and Baht 28,325,000.00 from 5,500,000 preferred shares at par value of Baht 5.15 each.

The following table sets out the Bank's consolidated capitalisation and indebtedness as at 31 December 2020. This table is derived from the Bank's audited consolidated financial statements as at and for the year ended 31 December 2020 and should be read in conjunction with these consolidated financial statements (see "*Index to Financial Statements*").

	As at 31 December 2020	
	(Audited)	
	<i>(Baht million)</i>	<i>(U.S.\$ million)⁽¹⁾</i>
Short-term and long-term liabilities		
Deposits	2,463,225	82,006
Interbank and money market items	274,566	9,141
Liabilities payable on demand	4,732	157
Derivatives liabilities	65,471	2,180
Debt issued and borrowings	86,564	2,882
Lease liabilities	4,504	150
Provisions	20,287	675
Other liabilities	53,367	1,777
Total liabilities	2,972,716	98,968
Equity		
Issued and paid-up share capital		
5,500,000 preference shares of Baht 5.15 each	28	1
13,976,061,250 ordinary shares of Baht 5.15 each	71,977	2,396
Premium on ordinary share capital	20,834	694
Deficit from the change in the ownership interests in subsidiary	(165)	(5)
Other components of equity	32,179	1,071
Retained earnings	218,613	7,278
Non-controlling Interest	11,598	386
Total equity	355,064	11,821
Total liabilities and equity	3,327,780	110,789

Note:

(1) Translated into U.S. dollar amounts based on the rate of Baht 30.0371 = U.S.\$1.00, the middle market spot rate of exchange for Bank as of 31 December 2020.

There has been no material change in the Bank's total capitalisation since 31 December 2020. The Bank is not restricted from incurring any new indebtedness.

DESCRIPTION OF THE BANK

OVERVIEW

The Bank primarily provides its customers with corporate and retail loans and Thai Baht processing, clearing and settlement services. The Bank also offers international trade financing, investment banking and corporate advisory, private banking, treasury, fund management, insurance, credit card, cash management and other financial and related services. Most of these other financial services are offered through joint ventures, associate companies and tie-ups between the Bank's subsidiaries and international banks or non-banks that manufacture specialty financial products (such as insurance, credit cards, leasing and fund management).

In 1988, the Bank was the first commercial bank in Thailand to have a nationwide branch and automated teller machine ("ATM") network, with branches operating in all provinces of Thailand. As at 31 December 2020, the Bank had 1,023 branches (excluding head office) in Thailand, eight overseas branches and a representative office in Myanmar.

According to information filed with the SET, the Bank was the second largest commercial bank in terms of deposits and loans and the third largest commercial bank in terms of total assets in Thailand as at 31 December 2020, and it had approximately 16.0 per cent. market share of unconsolidated total deposits among all Thai commercial banks. As at 31 December 2020, the Bank had, on a consolidated basis, Baht 3,327.8 billion in total assets, Baht 2,334.8 billion in loans to customers (less deferred revenue) and Baht 2,463.2 billion in deposits. The Bank's loans to customers (less deferred revenue) increased by Baht 244.9 billion or 11.7 per cent. year-on-year for the financial year ended 31 December 2020.

The Bank derives a significant portion of its business through its close relationship with the Government, SOEs and their employees. As at 31 December 2020, loans to the Government and SOEs represented 15.7 per cent. of the Bank's total loan portfolio (on a consolidated basis), and deposits from Government entities and SOEs represented 34.6 per cent. of total deposits (excluding interbank deposits). In addition, the Bank engages in payroll processing arrangements with various Government departments and SOEs.

The Bank began operations in 1966. In August 1987, the Bank merged with Sayam Bank Limited and accepted the transfer of its assets and liabilities. On 2 August 1989, the Bank became the first SOE to be publicly listed on the SET, following the merger of two Government-owned banks, Monthon Bank Co., Ltd. and Kaseat Bank Co., Ltd. In November 1998, the Bank merged with First Bangkok City Bank Public Company Limited and absorbed all of its assets and liabilities. The Bank was the first Thai commercial bank to pay a dividend after the Asian financial crisis in 2003.

The Bank has been principally owned by the Government since its inception. In October 2003, the Bank made a public offering of 3,000 million shares held by the FIDF pursuant to the FIDF's policy to reduce its shareholding in the Bank. The size of the offering was later increased to 3,450 million shares due to the positive response received from investors. After the public offering, the FIDF retained a 56.4 per cent. shareholding in the Bank.

From November 2020, there has been a change in the interpretation of the Bank's state-owned enterprise status under several laws to which the Bank is subject. As of the date of this Offering Circular, interpretations of the Bank's state-owned enterprise status under the Budget Procedures Act, the Public Debt Management Act and the Public Private Partnership Act are as follows:

- *pursuant to the Budget Procedures Act:* in November 2020, the Office of the Council of State opined that the Bank is not a "State-Owned Enterprise" under the Budget Procedures Act as a result of the revised definitions in sub-sections (2) and (3) of section 4 of the Budget Procedures Act.
- *pursuant to the Public Debt Management Act:* on 21 January 2021, the Public Debt Management Office opined that the Bank is considered as a state-owned enterprise since the definition of a state-owned enterprise under the Public Debt Management Act is different from that under the Budget Procedures Act. Pursuant to sub-section 4(b) of the Public Debt Management Act, "State-Owned Enterprise" means a limited company or public limited company whose more than 50 per cent. of its shares are held by another state agency or state-owned enterprise. Given that the Bank is a public limited company, and the FIDF, a state agency under the Budget Procedures Act, holds 55.07 per cent. of the Bank's share capital, the Bank is a state enterprise under sub-section 4(b) of the Public Debt Management Act.
- *pursuant to the Public Private Partnership Act:* on 10 February 2021, the SEPO made an interpretation of the Bank's state-owned enterprise status under section 4 of the PPP Act. According to the SEPO, the

definition of the “State-Owned Enterprise” under sub-section 2 of the PPP Act includes a company whose more than 50 per cent. of its shares are held by “Other State Agency”. Since FIDF is considered as an “Other State Agency” pursuant to the PPP Act and is holding more than 50 per cent. of the Bank’s share capital, the Bank is therefore considered as a state-owned enterprise under the PPP Act. Thus, any partnership project between the Bank and any government agency should not be subject to the procedures under the PPP Act.

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. *See “Investment Considerations — The Bank’s SOE status under different laws are subject to different and uncertain interpretation of the supervising authorities. Unexpected changes in such interpretation may have an impact on the Bank’s business operations”*

However, since more than 50 per cent. of the Bank’s share capital are held by the FIDF, the Bank is still considered as a state commercial bank whose more than 50 per cent. 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 a commercial bank and continues to be a listed company in the SET.

As at 31 December 2020, FIDF owned 55.05 per cent. of the Bank’s ordinary and preferred shares (or 55.07 per cent on ordinary shares) and the Bank had a market capitalisation of Baht 155.1 billion as at 31 December 2020. The Bank is part of the SET50 index, a stock market index comprising top 50 companies listed in the Stock Exchange of Thailand ranked by average daily market capitalisation.

The head office of the Bank is located at 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok, Thailand. As at 31 December 2020, the Bank had an authorised share capital and an issued and paid-up share capital of Baht 72,005,040,437.50, comprising Baht 71,976,715,437.50 from 13,976,061,250 ordinary shares at par value of Baht 5.15 each and Baht 28,325,000.00 from 5,500,000 preferred shares at par value of Baht 5.15 each.

RECENT DEVELOPMENTS

COVID-19 pandemic

The recent COVID-19 pandemic has had a material adverse effect on the global economy with major disruptions to many sectors including global trade, transport and tourism.

The Bank’s measures and schemes to support affected customers and businesses include:

- *Retail loans, including personal loans and housing loans (not exceeding Baht 3 million):* a four-month moratorium on repayment of principal and interest together with a four-month reduction in interest rate of 0.25 per cent. per annum on existing loan agreements. In addition, customers of personal and housing loans with documentary proof of reduced income will be provided with a six-month moratorium on debt repayment on principal together with a six-month reduction in interest rate of 0.25 per cent. per annum on existing loan agreements.
- *Business loans (not exceeding Baht 100 million):* a six-month moratorium on debt payment on principal and interest.
- *Business loans (with documentary proof of reduced income):* up to a 12-month moratorium on debt payment on principal for term loans and up to a six-month debt payment extension for promissory notes and trade finance.
- *Business loans (not exceeding Baht 500 million):* up to 20 per cent. credit limit on outstanding loans as at 31 December 2019 for tenure of up to five years, with interest rates of 2.0 per cent. per annum for the first two years. In addition, a 12-month moratorium on repayment of principal and a six-month moratorium on repayment of interest will be provided together.
- *Minimum overdraft rate (“MOR”), minimum loan rate (“MLR”) and minimum retail rate (“MRR”):* Continual lending rate cuts on MOR, MLR and MRR between -0.65 and -1.05 per cent. in 2020.

In response to the COVID-19 pandemic, the BoT has implemented various guidelines and measures that are applicable to the Bank, which include the following:

- In February 2020, the BoT issued announcements to commercial banks to mandate the commercial banks to provide financial support to debtors who face direct and indirect adverse impact from the COVID-19

pandemic and meet certain other criteria such as having a potential to continue business operations and having debts that are classified as non-NPL (normal or special mention) as at 1 January 2020. The guidelines, among other things, require that commercial banks formulate a clear policy for relief measures to be provided to affected qualified debtors and submit reports to the BoT detailing target loans and outstanding debts of such debtors.

- The BoT revised regulations for commercial banks instructing commercial banks to support customers under pre-emptive measures. For non-NPL customers as at 1 January 2020, commercial banks can classify loans with such customers as performing loans (Stage 1 loans) with no identification of requiring troubled debt restructuring if the Bank foresees that customers are able to comply with debt restructuring agreements. In addition, commercial banks may classify loans as performing loans if NPL customers are able to make payments under debt restructuring agreements for three consecutive months or instalments. This is applicable for debt restructuring during 1 January 2020 and 31 December 2021. With respect to provisioning, commercial banks are required to recognise expected credit losses only for the portion of the loans that are drawn.
- According to the BoT’s guidelines, commercial banks are also required to provide various relief measures to retail customers which include, amongst others, the reduction in interest rate ceilings, service fees, and penalties for credit cards and personal loans; and credit limit extension on credit card and personal loans. In respect of small and medium enterprises (“SMEs”), the BoT issued guidelines on the continual assistance for SME debtors on 16 October 2020 and issued further guidelines on the soft loans for SME debtors on 22 December 2020. Assistances under the guidelines include allowing commercial banks to maintain debtors’ prior asset classification until 31 December 2020 for restructured debts.
- On 29 October 2020, BoT had announced guidelines on interest calculation on overdue amounts. Effective from 1 April 2021, interest calculation on overdue amounts shall be calculated only on overdue principal amounts and not future instalments that are not yet due and interest rates on overdue amounts are subject to a ceiling of the contractual amount plus an additional amount of no more than 3 per cent. per annum. With effect from 1 July 2021, debt repayment shall be applied to fees, interests and longest overdue principal amounts, respectively.
- On 12 January 2021, in light of the new surge in the spread of COVID-19 in many regions, the BoT requested financial institutions, specialised financial institutions and non-financial institutions operators (non-bank companies) to quickly and continually provide financial assistance to debtors who were affected by the COVID-19 situation. Among other measures, the BoT urged that the following relief measures for retail customers be extended to 30 June 2021:

Types of debts	Minimum Relief Measures
1. Credit cards	To convert the debt into a loan of 48 instalments or extend the payment period according to the debtor’s payment ability with interest rates of no more than 12 per cent. per annum.
2. Personal revolving loans such as cash loan cards	<ul style="list-style-type: none"> • To reduce the minimum instalment payment according to debtor’s payment ability; or • To convert the debt into a loan of 48 instalments or extend the payment period according to the debtor’s payment ability with interest rates of no more than 22 per cent. per annum.
3. Personal loans with instalment payments and automotive hire purchases	<ul style="list-style-type: none"> • To reduce instalment payments by at least 30 per cent. of the previous instalment; or • To limit interest rates at no more than 22 per cent. per annum.
4. Hire purchases	<ul style="list-style-type: none"> • To apply a three-month debt repayment holiday for principal and interest amounts; or • To reduce instalment payments by extending the payment period.
5. Home loans or Home for Cash products	<ul style="list-style-type: none"> • To apply a three-month debt repayment holiday for principal and interest amounts; • To apply a three-month debt repayment holiday for principal amounts and reconsider interest rates as appropriate; or • To reduce instalment payments by extending the payment period.

The Bank has introduced various relief measure programmes, including a debt payment moratorium, pre-emptive restructured loans and extension of soft loans, comprising retail loans and non-retail loans (SMEs and corporate loans). The total outstanding debt benefiting from the relief measure programmes amounted to Baht 201 billion.

Due to the COVID-19 pandemic, and also as a result of the initiatives, measures and schemes put in place by the Bank or as directed by the BoT described above, the Bank's business, prospects, financial condition, especially asset quality indicators, and results of operations for the financial year ended 31 December 2020 have been and are expected to continue to be adversely affected. Given the debt payment moratorium measure introduced as directed by the BoT, the Bank's asset quality indicators (such as NPL) might not reflect the current circumstances. The Bank expects that the impact of the COVID-19 pandemic on its asset quality will be reflected at the end of 2021 after the end of various relief measures.

The full impact of the COVID-19 pandemic on the Bank cannot be ascertained as at the date of this Offering Circular. For more information, please see "*Investment Considerations —Risks Relating to the Bank —The novel coronavirus ("COVID-19") pandemic could adversely affect the Thai economy and the Bank*" and "*Investment Considerations —Risks Relating to the Bank — The Bank's results of operations are significantly affected by the ability of its borrowers to repay their loans and the adequacy of the Bank's loan loss reserves*".

COMPETITIVE STRENGTHS

The Bank believes its franchise leverages a number of core competitive strengths which will further strengthen its position in the Thai banking sector.

Strategic importance as the Thai state commercial bank

The Government, through the FIDF, held 55.05 per cent. of the Bank's outstanding ordinary and preferred shares (or equivalent to 55.07 per cent on ordinary shares) as of 31 December 2020. The Bank has a strong existing relationship with the Government, Government agencies and SOEs in Thailand.

Given the status of the state commercial bank, the Bank serves as an important strategic commercial bank partner of the Government in assisting the Government to implement its financial policies. This has allowed the Bank to play a crucial role in supporting Government initiatives aimed at maintaining stability in the country's financial system and capital markets, and promoting credit extensions to strategic provinces and economic sectors. The Bank also works closely with Government agencies and SOEs to drive sustainable economic growth for the Thais.

The strong relationship with the Government, Government agencies and SOEs, which gives the Bank a unique competitive position, can be demonstrated as follows:

Government and SOEs: The Bank has been the sole government cash management bank for over 30 years. The Bank is also the operator of the Government Financial Management Information Systems ("**GFMIS**"), the Government's core system for budget and payment distribution to Government ministries and a number of SOEs. These roles enable the Bank to anchor itself in the operations of the Government ministries and major SOEs in Thailand. As of 31 December 2020, Government and SOEs deposits represented 34.6 per cent. of the Bank's total consolidated deposits. Government budget disbursement and payment enables to Bank to retain a large portion of current account and savings account deposits ("**CASA deposits**"), which serve as the Bank's source of low-cost funding. This gives the Bank a competitive advantage over its commercial bank peers. As of 31 December 2020, the Bank's CASA deposits amounted to 78.4 per cent. of the total consolidated deposits.

Apart from deposits, the Bank also provides loans to Government agencies and SOEs. Given that the Government and SOEs are among the entities with the strongest credit in Thailand, loans extended to them represent a low level of risk. This unique customer base distinguishes the Bank from its competitors. Government and SOEs lending accounted for 15.7 per cent. of the Bank's total consolidated outstanding loans as of 31 December 2020, representing an increase of 6.9 per cent. from 8.8 per cent. in 2019. The Bank believes that this upward trend resulted from the Government's and SOEs' growing funding needs to implement various measures to alleviate the impact of the COVID-19 outbreak on the livelihood of the Thais.

The Bank continues to attract more customers from the Government sector by leveraging its existing capabilities. To this end, the Bank utilises its strong information technology capability to become one of the key players in supporting the implementation of the Government's various policies. Recent Government policies in which the

Bank played a key role include the implementation of a nationwide electronic payment infrastructure in support of the “Chim Shop Chai” (i.e. Taste, Shop, Spend) campaign, “Rao Tiew Duay Kan” (We Travel Together) campaign and “Khon La Khrueng” (Let’s Go Halves) campaign, some of which were introduced by the Government in light of the COVID-19 pandemic. In addition, the Bank has co-operated with the Government in implementing projects that leverage blockchain technology to enhance the efficiency of Government operations. These projects include Tourist Tax Refunds via a mobile application, e-Government Procurement, and an e-Wallet mobile application for digital bond trading. The Bank is also the sole administrator of the Government Education Fund which offers loans to students from underprivileged families.

The Bank believes that its role in assisting the Government to implement its various campaigns has augmented the Bank’s customer outreach in these past few years. As of 31 December 2020, the Bank served more than 40 million users. The Bank was able to expand its product offering, particularly to the following five business ecosystems that the Bank focuses on: Government, Payment, Health and Wellness, Education, and Mass transit. See “— *Business Strategies — Focus on targeted ecosystems.*”

In addition, the Bank’s strong relationship with the Government and SOEs is one of the key enablers for the Bank to expand its business horizon and deepen its relationship with players in the private sector who are keen build business connections with government agencies. For example, through its Digital Supply Chain Financing Project, where the Bank provides payment platforms to the Government in support of various Government campaigns (such as Blue Flag Shops, “Chim Shop Chai” (i.e. Taste, Shop, Spend) and “Khon La Khrueng” (Let’s Go Halves)), the Bank is able to extend its product offering to retail stores and small businesses who participate in such campaigns, including SME loans. The Bank is also able to leverage sales data received from such retail stores and businesses, and their distributors, to assist it in the credit assessment process.

Government and SOE Employees: The Government and SOEs directly deposit their employees’ salary through employees’ accounts maintained at the Bank, allowing these employees to make withdrawals, pay bills, deposit excess funds and make direct payment on mortgages and loans through the Bank’s payroll deduction programme. The Bank believes that Government and SOE employees are professionals who are middle-class consumers and are among the most attractive customer groups. The Bank’s relationship with these customers on salary accounts presents a significant opportunity for the Bank to cross-sell products such as savings and checking accounts, credit cards, home mortgages and personal loans to these employees.

Well balanced loan portfolio and prudent risk management

The Bank focuses on diversifying its loan portfolio across customer types and sectors. As of 31 December 2020, 42.5 per cent., 27.4 per cent., 15.7 per cent. and 14.4 per cent. of loans under its portfolio were extended to retail customers, corporate customers, Government or SOEs, and SME customers, respectively. Within the retail segment, personal loans, housing loans and credit card loans constituted 21.3 per cent., 18.4 per cent. and 2.6 per cent. of the loans, respectively, as of the same date. By sector, customers in the manufacturing and trading, housing, public utilities and services, real estate and construction and agriculture and mining sector constituted 21.6 per cent., 18.4 per cent., 25.0 per cent., 5.5 per cent. and 1.1 per cent. of the loan portfolio as of 31 December 2020, respectively.

Alongside the focus to diversify its loan portfolio, the Bank implements stringent credit control in its operations. The Bank regularly reviews policies and manuals of credit risk management and has developed the “loan factory” tool to centralise its loan approval process from branch level. The Bank also standardises various operating procedures such as putting in place standard credit terms and conditions for corporate loans, underwriting criteria and product programmes for retail customers and SME loan customers. In addition, the Bank places importance on the systematic management of its qualitative and quantitative database. It has created a large credit risk “data mart”, which collects and stores information with respect to loan approval, debt repayment behaviour and credit quality. The Bank utilises the credit risk “data mart” to develop statistical models for credit risk management and the credit risk rating process. The Bank’s consolidated gross NPL to total loans declined from 4.33 per cent. in 2019 to 3.81 per cent. in 2020, while its coverage ratio (calculated as the ratio of total allowance for expected credit losses to total NPL) increased to 147.3 per cent. in 2020 from 131.8 per cent. in 2019. For the year ended 31 December 2020, profit prior to expected credit loss provision increased to Baht 68.8 billion from Baht 63.2 billion for the prior year.

Strong deposit base and capital position to support growth

The Bank’s consolidated common equity tier 1 ratio, tier 1 capital fund ratio and total capital adequacy ratios were 15.73 per cent., 15.79 per cent. and 19.11 per cent., respectively, as of 31 December 2020, substantially

above the BoT's requirement of 8.0 per cent., 9.5 per cent. and 12.0 per cent., respectively. The Bank's capital strength enhances the Bank's ability to continue to grow and immunise itself against potential risks.

The Bank has one of the strongest deposit bases in the Thai banking sector. This provides the Bank with considerable funding and, in turn, fosters its ability to further augment its asset base. The strength of the Bank's stable deposit base results from its wide distribution network and the significant portion of deposits from the Government and SOEs. The Bank's liquid assets, comprising cash, interbank deposits and government securities, serve to strengthen its liquidity position.

The Bank's deposits grew from Baht 2,155.9 billion as of 31 December 2019 to Baht 2,463.2 billion as of 31 December 2020, representing approximately 16.0 per cent. of total deposits market share among commercial banks in Thailand, according to the Bank of Thailand. The Bank believes that its stable deposit growth will be able to support its loan growth. As of 31 December 2020, the Bank's consolidated loans to deposit ratio stood at 94.79 per cent., compared to 96.94 per cent. as of 31 December 2019. As of 31 December 2020, the Bank's CASA deposits amounted to 78.4 per cent. of the total consolidated deposits, compared to 73.2 per cent. as of 31 December 2019. Given the strong capital base, effective cost management and lower required contribution to FIDF, the Bank was able to reduce its funding cost from 1.46 per cent. in 2019 to 0.93 per cent. in 2020. During the COVID-19 pandemic, the Bank saw an increase in CASA deposits as the public shifted its funds from risky assets to investments in products with low risk such as CASA deposits. This has benefited the Bank, as the incoming fund flows could help serve as a buffer for any possible decline in credit conditions.

Furthermore, the Bank believes that its high CASA deposit level enables it to grow sustainably. Apart from cost savings, the Bank's strong CASA deposit provides the Bank with greater flexibility in times of financial stress and allows the Bank to deploy funds to acquire assets as part of its ordinary course of business or strategic corporate actions.

Strong focus on managing costs

Despite its growing loan portfolio and asset base, the Bank continues to implement stringent cost control in all aspects of its operations. The Bank's operating expenses have remained generally stable mainly due to lower employee expenses and improved NPA provision management.

The Bank also invests in essential information technology ("IT") infrastructure to enhance productivity and efficiencies. It believes that it has strong IT capabilities that it can leverage to manage operating costs. For example, the Bank digitises its internal operations to enhance productivity and will adopt the Robotic Process Automation and artificial intelligence technology in its internal operations to reduce paper use and streamline work processes. The Bank believes that this has enabled its internal functions to process more efficiently. In addition, the Bank's IT system provides it with tools to analyse raw data and develop, implement and evaluate marketing plans. Through its IT analytic function, the Bank has gained insights with respect to evolving customer behaviours and needs, allowing it to offer products that can be tailored for its target customers in a cost-efficient manner.

Continuous improvement and development within the organisation

The current global trend towards the adoption of financial technologies has shifted consumer behaviours and changed the business environment, particularly in the banking sector. The Bank quickly adapts to the fast-changing environment and has built up its IT capabilities in line with its digital banking roadmap to be ready to service customers in the digitalisation era. This includes implementing various measures to ensure a stable and secure IT system, strengthening its data analytics competency and recruiting professionals with digital skills.

The Bank leverages its strong IT capabilities to continuously innovate products and services to better fulfil customer needs. Most notably, the Bank has developed various products and platforms that support the Government's National e-Payment Policy. These products include a State Welfare Card with digital payment function, "Thung Ngern Pracharat", a mobile application which acts as a payment platform for SMEs who participate in Government social welfare schemes, a Digital Student Loan Fund System, and "Pao Tang", an e-wallet mobile application serving as a payment gateway for the Government's cash handouts and cash rebate initiatives. Other innovative digital products include Krungthai e-LG on blockchain, a platform through which customers can request an electronic letter of guarantee securely via an online blockchain system, and the Krungthai Travel Card, the first card of its kind in Thailand that supports currency exchanges in 19 currencies at a competitive rate through the Krungthai NEXT application. These products and services have led to an increase

in customer numbers, deposits and the credit base, and have helped strengthen the Bank's position as one of the leading commercial banks in Thailand.

Leading Brand Recognition and Nationwide Distribution Network

The Bank has established its presence in Thailand over more than 50 years. The Bank was the second largest commercial bank in terms of deposits and loans and the third largest commercial bank in terms of total assets in Thailand as of 31 December 2020.

With its extensive branch network, the Bank ranked second in terms of the number of branches among commercial banks in Thailand as of 31 December 2020. As of the same date, the Bank had 1,023 branches (excluding head office), spread across Thailand's 77 provinces. In addition to the large physical branch network, the Bank also offers various online application platforms in response to the growing need for digital and electronic banking to provide convenience to its customers and maintain its competitiveness against its peers. For example, the Bank's mobile banking application, Krungthai NEXT, aims to provide "invisible banking" experience with personalised wireless transaction services to its customers. Krungthai NEXT allows customers to manage financial and non-financial transactions through a mobile application platform. The Bank's Krungthai Connex, a free artificial intelligence-driven platform that offers notifications for banking transactions to customers through the LINE social media application, also adds a channel for the Bank to connect with customers online. As of 31 December 2020, Krungthai NEXT and Krungthai Connex served over 9 million and 10 million users, respectively.

The Bank believes that its long-standing presence in the Thai banking sector has strengthened its brand equity in Thailand. To demonstrate, in 2020, the Bank received numerous awards and accolades, including "Best Official Account of the Year" and "Best Smart Channel in Finance and Insurance" from LINE Thailand, "Best Social Impact Bank — Thailand 2020" from the British Capital Finance International magazine and "Product of the Year Awards 2020 for Financial Application : Krungthai NEXT" from Business Plus magazine. Furthermore, for two consecutive years, the Bank has received "Best Brand Performance (Finalist)" in the banking category at the Thailand Zocial Awards. The Bank believes its strong brand recognition provides it with a powerful platform from which it can leverage to market its products and services.

Highly experienced management with a consistent track record of delivering execution plans

The Bank has an experienced management team with a proven track record of successfully executing business plans and achieving results. The Bank's senior management team has proved its ability to provide strategic direction, execute business initiatives and compete in a highly competitive market, as witnessed by the Bank's current strong position in the Thai banking sector. The Bank believes the visionary leadership of its management team has helped attract and retain talents to grow its existing operations and to diversify into new areas to generate revenue streams. In 2020, the Bank's management team was given a number of prestigious awards, including "Outstanding State-Owned Enterprise Awards 2020 for Outstanding Corporate Management" by Thailand's State Enterprise Policy Office, "Bank of the Year 2020 in Thailand" by The Banker and "Leadership Achievement Award for Best Managed Bank during COVID-19 in Thailand" and "Best CEO Response to COVID-19 in Thailand" by The Asian Banker.

Employees are committed to the Bank

The Bank values human resources management and development. Employees at all levels have an equal chance to advance on their career path. The Bank adopts the Performance Driven Organisation Policy under which employees receive remuneration based on performance. Moreover, the Bank ensures that employees receive compensation suitable for their duties and responsibilities, and comparable to other leading commercial banks and financial institutions. The Bank also promotes the well-being of employees by providing necessary benefits such as medical care and welfare loans. The Bank continues to improve training courses and human resources development in order to enhance the capability of employees and ensure business competitiveness. As a result, the employee engagement level is consistently high in the organisation, which translates to commitment and drive to achieve high performance.

Comprehensive banking platform and product offering through subsidiaries and strategic partnerships

The Banks' subsidiaries are engaged in a wide range of business activities which complement the Bank's core businesses. These businesses include credit cards, insurance and asset management.

Krungthai Card Public Company Limited (“KTC”) is the Bank’s subsidiary that conducts credit card and credit-card-related business, payment and personal loan business. KTC is listed on the Stock Exchange of Thailand (“SET”). As of 31 December 2020, KTC had over two million credit card accounts and nearly one million personal loan accounts. As of 31 December 2020, the Bank held a 49.29 per cent. stake in KTC.

Krungthai-AXA Life Insurance Public Company Limited, (“Krungthai-AXA”) was established as a joint venture between the Bank and the AXA Group, a multinational insurance firm. Krungthai-AXA underwrites life, accident, health, disability, and medical insurance. Krungthai AXA’s total gross direct premiums amounted to approximately Baht 53.0 billion for the year ended 31 December 2020, compared to Baht 58.1 billion in the previous year. Krungthai-AXA ranked fifth out of 23 players in the industry in Thailand based on total premiums in the 12 months ended 31 December 2020. As of 31 December 2020, the Bank held a 50.00 per cent. interest in Krungthai AXA.

The Bank’s wholly owned subsidiary Krung Thai Asset Management Pcl. (“KTAM”) provides corporate and non-corporate customers with asset management services. These include mutual fund, infrastructure fund, property fund, provident fund and private fund services. As at 31 December 2020, assets under management of KTAM amounted to approximately Baht 791.0 billion, approximately 63.9 per cent. of which was mutual funds.

Products and services of the Bank’s subsidiaries are offered through the Bank’s branches and the Krungthai NEXT mobile application, in addition to other channels directly and independently managed by the subsidiaries. With marketing synergy and the comprehensive suites of product offerings of the Bank and its subsidiaries, the Bank is able to enhance its customer outreach beyond its core target groups.

BUSINESS STRATEGIES

As the Bank seeks to strengthen its position as one of the leading commercial banks in Thailand, increase its profitability, and maximise shareholder value, it works toward the vision “Growing Together for Sustainability”. The objectives of this vision are to (i) enhance the Bank’s employee competencies to support growth and prosperity for its customers, (ii) enrich the quality of society and the environment, and (iii) provide a sustainable return for the Bank’s shareholders. Guided by its vision, the Bank aims to execute the following strategies.

Ensure successful execution of “Two Banking Model” Strategic Plan

The Bank adopts two business models that it aims to implement in parallel: the “Carrier” and “Speed Boat” model. The adoption of these two models was in response to the increasing “disruptive” trend seen in the banking sector in recent years. The Bank believes that these models will allow it to adjust and keep up with rapid changes in the business environment and improve the Bank’s efficiency in allocating resources.

Carrier Model refers to a traditional business model which focuses on increasing operational efficiency while reducing the operational cost of the key businesses of the Bank, namely, credits, deposits, fee-based services and others. For example, the Bank developed Krungthai NEXT which allows customers to manage financial and non-financial transactions through a mobile application platform. This has resulted in less dependency on the physical branch infrastructure, and cost savings. The Carrier model’s aim is to ensure that the Bank’s core businesses continue to grow sustainably in a competitive environment.

Speed Boat Model refers to a new business model that features agile operations under the “Fail Fast Learn Fast” principle. Under this business model, agility and speed are the main drivers for business solutions, while data analysis on digital platforms is also a focus. The Speed Boat model aims to identify and test new innovative business areas that can potentially be successful in an open-banking environment (an environment where different platforms can connect with one another), particularly business areas that relate to business partners of the Bank’s existing customers. Successful execution is witnessed in many of the Bank’s existing electronic platforms such as the “Pao Tang” e-wallet mobile application.

The Bank will continue to implement the Carrier model and pursue new business opportunities under the Speed Boat model. It will do so with the objective of giving the public convenient ways to perform financial transactions.

Focus on targeted ecosystems and projects

The Bank identified five ecosystems as its main target customer groups:

- **The Government:** The Bank will continue to leverage its competitive advantage as the operator of GMFIS to grow its deposits and credit portfolio in the Government sector, including SOEs and Government and SOE employees. It will also look to cross-sell other products to these target customers.
- **Payment:** The Bank will continue to develop a digital payment platform that responds to different lifestyles of customers, including adding new features to its Krungthai NEXT mobile application to improve the digital lending service.
- **Health and Wellness:** The Bank will look to increase Smart Hospital alliance (hospital partners that adopt digitisation in their operations, such as automatic self check-in, AI Chatbot patient screening, telemedicine and automatic self-payment). It will also seek to expand financial services to these partners, including providing payroll services and automatic money transfer payment systems, with the aim of elevating services to Smart Hospitals.
- **Education:** The Bank has developed the University Application as a platform that connects all dimensions of student life in the digital age. It will focus on expanding its co-operation with universities and educational institutions to implement the Smart University project to digitise their operations. The Bank's initiatives include developing university mobile applications that connect with the institutions' IT systems on registrations, transportation, and dormitories, among others.
- **Mass Transit:** The Bank will continue to develop cashless fare payment systems for different types of transportation.

The Bank will seek to gain footholds in the abovementioned ecosystems and connect them to other ecosystems in order to fulfil the daily requirements of these customers. This also presents an opportunity for the Bank to expand its businesses into other groups of customers.

In addition, the Bank will focus on the following projects:

- **Government as a platform:** The Bank endeavours to support policies and measures implemented by the Government. It will do so by continuing to innovative products or platforms and use its technology infrastructure to accommodate services that the Government requires in order to carry out its mission. The Bank believes that this will allow it not only to contribute to the well-being of society, but also to enlarge its customer base.
- **Digital Supply Chain Solution:** The Bank has identified partners of existing customers as its target segment. It seeks to capture those partners within its customers' supply chains, link them with other digital supply chains, and introduce them to the Bank's ecosystem.

The Bank believes that pursuing the aforementioned strategic plan will support the implementation of Government policies, especially the Government's Thailand 4.0 strategy, which sets a target for Thailand to become a cashless society and reduce income inequality in society. Moreover, the execution of the foregoing strategy will help to strengthen the Bank's competitiveness in digital banking, support the Bank's role as a pillar of the nation's economy and elevate public trust in the Bank.

The implementation of the strategic plans set forth above is to be executed under the following pillars in response to the uncertainty and challenges that have arisen in 2021:

- To ensure that the existing core businesses of the Bank continue to grow sustainably and effectively (in line with the Carrier model). In particular, the Bank will focus on NPL management while providing necessary support to its debtors and finding opportunities to cross-sell its products. The Bank aims to minimise the impact caused by the COVID-19 pandemic on its debtors to the extent possible.
- To create new business models under the Carrier and Speed Boat strategic models:
 - *Changing from a service to a sales approach:* The Bank aims to reduce human resources in branches and utilise digital technology to replace manpower. Functions that the Bank will look to digitise include call centre and security valuation. Operation of branches will shift from being places to provide services to points of sale in order to serve more diverse customers. In addition, the Bank intends to leverage its existing operations to venture into new business areas. For instance, the Bank is exploring the opportunity to provide call centre and debt collection services, areas in which the Bank has expertise, to third parties.

- *Establishment of “Infinitas by Krungthai”*: In 2020, the Bank set up a subsidiary unit, Infinitas By Krungthai Co., Ltd. (“Infinitas”), dedicated to developing digital banking technology and to act as a service provider in relation to digital platforms and technologies. Infinitas has innovative products in areas including digital lending, health, tourism and capital markets. The Bank aims to have Infinitas as its flagship digital and technology subsidiary, continuing to innovate products to provide the best customer experience.
- *Decrease Paper Use*: The Bank plans to adopt Robotic Process Automation and AI technology in its internal operations to minimise paper use and reduce work processes. The Bank believes that this will enable the Bank’s internal functions to proceed more efficiently, will enhance its competitiveness, and increase customers’ satisfaction.
- *Expand business from the Bank’s customers*: The Bank seeks to connect with business partners and retail customers of its existing customers through the digital supply chain.
- *Krungthai Sustainability*: The Bank intends to continue to support activities and projects that aim to enhance the well-being of the Thai people, economy, society and environment, and strengthen local communities. These activities and projects include the Krungthai Loves Community project, the State Welfare Card Scheme and the Pracharat Blue Flag Shops Project. The Bank believes that the support it provides will allow the Bank to grow sustainably with society. Furthermore, the Bank aims to continue to build awareness among its personnel of its corporate strategies. The Bank also aims to provide extensive training and education programmes to equip its employees with skills they need in order to execute the Bank’s strategies.

Further prudent growth in loan portfolio and customer base across various segments

In order to increase revenues and profits, the Bank intends to grow its loan portfolio prudently while optimising its capital deployment.

Growing its loan portfolio with a prudent loan portfolio mix: Given the advantages of its unique portfolio mix, the Bank aims to expand its loan portfolio, in particular in the Government and SOE sector, which it believes is the sector carrying the lowest risk in Thailand. The Bank also aims to balance the portfolio mix between the Government and SOE sector and other sectors, taking into account associated risks and returns. The Bank intends to leverage its relationship with the Government and SOEs in order to deepen its penetration into the Government and SOE employee sector. It will seek to expand its mortgage and personal loan business among these employees where it is able to directly deduct interest and principal payments from the employee payroll account. In addition, the Bank intends to focus on — and seeks to participate in — mega projects such as construction projects for Government agencies, so as to be able to offer loans to such agencies.

Apart from the Government and SOE sector, the Bank looks to grow its corporate loan portfolio by strengthening relationships with Thailand’s top corporates, many of which already have credit facilities with the Bank. The Bank also intends to leverage its capital base and its leading position in syndicated lending. In terms of industries, it plans to continue to target borrowers in the industries with strong cash flows and high resilience, particularly those in the industries that benefit from Government policies and budgets. The Bank’s targeted non-Government ecosystems (health and wellness, education and mass transit) will also be targeted in growing its loan portfolio. The Bank believes that its diversified loan portfolio mix will enable it to maintain asset quality at manageable levels while growing its loan portfolio.

Continuing to Refine Risk Management Practices: During 2014 and 2019, the Bank took initiatives to derisk its position by driving low-risk retail asset origination, developing stronger retail loan collection capabilities and downsizing loans extended to SMEs. The Bank continues to take steps to refine its risk management structure and system. The Bank’s Risk Oversight Committee oversees all credit and operational risk management decisions and, together with its Assets and Liabilities Committee, reports to the Board of Executive Directors. The Bank intends to closely monitor compliance with, and the effectiveness of, its risk management structures and systems, upgrade its risk management policies and educate its personnel, taking into account best practices followed by leading international banks. The Bank reviews its risk policies and risk management processes annually for appropriateness and conformity with the requirements of the regulators. The Bank has also put in place a system for early risk detection and warning.

The Bank’s Enterprise Risk Management policies and procedures follow the framework of the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”). These policies and procedures link the risk management process to business strategic planning and venture opportunities, resulting in a well-integrated administration and risk management function. The Bank will continue to place great importance on cyber risk

management and establish IT best practices to safeguard its IT system and services. For borrowers affected by the COVID-19 outbreak, the Bank will continue to closely monitor the status of loans extended to this group and offer assistance, as guided by the Bank of Thailand. Relief measures that the Bank has provided to such borrowers include reductions in interest rate ceilings, service fees, and penalties, as well as repayment holidays. The Bank believes that the foregoing measures in its risk management function will enable the Bank to underpin all critical functions and monitor risks which may hinder the Bank from achieving its strategic goals.

Managing the Capital Base to Enhance Shareholder Value: The Bank intends to actively manage its capital base through balancing the need to maintain sufficient capital to meet regulatory and projected business requirements against the need to realise a competitive return on equity. The Bank also intends to continually evaluate and manage its capital levels as appropriate. As of 31 December 2020, the Bank's consolidated common equity tier 1 ratio was 15.73 per cent., its tier 1 capital fund ratio was 15.79 per cent., and its capital adequacy ratio was 19.11 per cent. The Bank is currently in compliance with the capital adequacy requirements under the Basel III framework and BoT requirements. As of 31 December 2020, the Bank's common equity tier 1 ratio, tier 1 capital fund ratio and total capital ratio are higher than the respective minimum capital requirement ratios prescribed by the Basel Committee on Banking Supervision ("BCBS") and the BoT, signifying sufficient capital funds in accommodating requirements under Basel III.

Continuing to maintain a high CASA deposit to support its growing operations

The Bank aims to sustain its operating income by managing its costs and, in particular, to maintain CASA deposits at high levels to retain a favourable cost of funding. The Bank plans to achieve this through the full service of cash management it offers to both Government agencies and the private sector (large corporates, SMEs). The Bank's largest customers for the cash management service are the Government and SOEs, as the Bank operates the GFMIS through which the Government and SOEs receive and disburse funds. In addition, the Bank will continue to participate in digital payment infrastructure projects, such as the Treasury e-Auction, e-Court Filing, the Digital Student Loan Fund System, and the "Pao Tang" e-wallet mobile application, which allow the Bank to receive money that flows through these electronic platforms. In addition, the Bank will focus on growing CASA deposits from the targeted customer groups in five ecosystems, namely, the Government, payment, health and wellness, education and mass transit, as well as customers' partners and other players that may be involved in customers' or customer partners' supply chains.

Leveraging scale and brand to deepen customer relations and grow cross-sell

Apart from traditional banking products such as loans, cash management, trade financing, global market and capital market products, the Bank seeks to expand its revenues from non-core financial products, including credit cards, insurance and mutual funds. These products are offered through its subsidiaries, associates or partnerships with third parties such as KTC, Krungthai AXA and KTAM. Additionally, the Bank will continue to offer these products at its branches, ATMs and digital network.

The Bank believes that it is well positioned to reach an increasing number of customers in both urban and rural areas with its nationwide branch network and strong IT capabilities for online coverage. The Bank intends to attract new customers, and expand the volume and scope of its services by ramping up its marketing efforts, utilising new marketing channels, standardising branches and conducting extensive training for branch employees in order to enhance their product knowledge and marketing skills.

The Bank believes that customers are more likely to use the Bank as their main bank if they are engaged in more than one product that the Bank offers. To this end, the Bank aims to enhance its revenue-generating capability by promoting cross-selling of non-bank financial services such as bancassurance, mutual funds and credit cards through the Bank's large branch network. In addition, the Bank has developed, and will continue to develop, digital banking platforms to cater to customers' needs for financial services, and allow for the cross-selling of products. For example, Krungthai NEXT, the Bank's mobile banking application, provides international money transfer services in partnership with Western Union, allows customers to invest in mutual funds and bonds that the Bank issues or underwrites for investment, and gives them the opportunity to purchase bancassurance and other investment products that the Bank offers.

Strengthening functional capabilities to create an omni-channel banking experience and enhancing digital banking capabilities

The Bank aims to develop its functional capabilities for strong and sustainable growth through accelerated IT capabilities, distinctive products and service development, and improved operational efficiency.

Accelerating IT Capabilities and Enhancing Digital Services and Products. Faced with increasing competition both internationally and domestically, the Bank is focusing on building capabilities to enhance its IT infrastructure and cybersecurity. The Bank allocated a budget of more than Baht 10 billion for 2021 for technology investment. The Bank intends to utilise this budget to, among other things, invest in technology infrastructure and upgrade Krungthai NEXT features. There will also be investment with respect to the implementation of blockchain, artificial intelligence, biometrics verification, data analytics and cloud computing technology to facilitate the increasing number of mobile application transactions and users, to promote the Bank's e-channels efficiency, and to increase efficiency of branch operations.

Developing and Enhancing the Bank's Products and Services Offering to Compete Effectively. The Bank continues to conduct research to develop new products and services which are distinctive, valuable and beneficial to its customers. The Bank also aims to continue to accelerate its IT capabilities to enhance the Bank's service quality in a competitive landscape in order to become a full-scale digital banking service provider. In October 2020, Infinitas was incorporated as a new subsidiary under Krungthai Advisory Co., Ltd., the Bank's subsidiary. Infinitas will serve as a research and development hub for new digitised financial products, and as service provider for the Bank's various open banking and digital platforms.

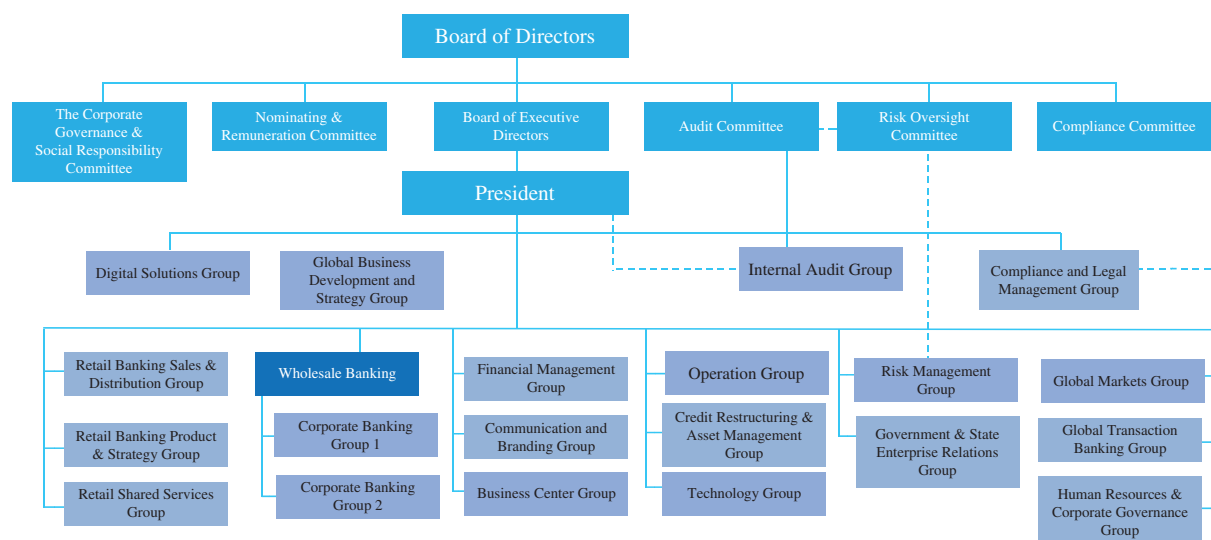
Improving Operational Efficiency. The Bank intends to improve operational efficiency while growing its revenue. In particular, the Bank will strive to improve its cost-to-income ratio, which was 43.73 per cent. as of 31 December 2020. The Bank continues to aim to efficiently manage its operating expenses. For the year ended 31 December 2020, the Bank's consolidated operating expenses amounted to Baht 53.5 billion, a decrease from Baht 62.5 billion for the year ended 31 December 2019. Since 2014, the Bank has rationalised its employee workforce by 12%, driving organisational efficiency. The Bank will continue to conduct extensive training and adopt performance-driven incentive mechanisms to enhance the productivity of its branch staff. It also intends to rationalise branch locations and reallocate functions between branches based on branch and customer profitability information provided by its management information system. The Bank has enhanced the functional capabilities of its ATM machines and Krungthai NEXT application so it can be available to serve customers 24 hours a day using these alternative service points to branches. The Bank will promote robotic and automation processes and AI in its internal work practices in order to reduce paper use and shorten work processing time. The Bank believes that this will enable the Bank's internal functions to progress more efficiently, enhancing its competitiveness, and increasing customer satisfaction.

Further investing in its organisation to become a performance driver and skill-based organisation

The Bank believes that its employees are its core asset in creating its competitive advantage. The Bank continues to nurture talent within the organisation with a specific focus on capability building and enabling a cultural shift to increase the emphasis on performance-based assessment. In order to become a performance- and skill-based financial institution, the Bank intends to further strengthen the overall resource planning and recruitment process to expedite the hiring of talented prospective employees. The Bank's Krungthai Academy Department, which is responsible for employee and leadership development, offers Bank employees periodic training sessions and programmes. In recent years, the Bank has focused on providing training programmes to enhance employee proficiency in technology-related skills, to better equip its employees to deal with technology disruptions. The Bank also continues to utilise scholarship and "High Potential Employee" programmes, which are aimed at attracting and retaining future leaders for the Bank. The Bank also provides online learning programmes in order to promote a self-learning environment for its employees.

ORGANISATION

The following sets forth the organisational structure of the Bank as at 31 December 2020.



BUSINESS OPERATIONS

The Bank conducts its operations through its domestic and overseas branches and subsidiaries.

The Bank divides its business activities into four core business groups as follows:

- the Corporate Banking Group, which serves private corporate customers;
- the Government and State Enterprise Relations Group, which serves Government ministries, departments and agencies and SOEs;
- the Business Centre Group, which serves SME customers; and
- the Retail Business and Network Group, which serves retail customers.

In addition, the Bank also divides its operations into three major categories based on the type of services as follows:

- International Banking, which serves international businesses and is involved in cross-border lending and provides loans to Thai investors and multinational companies;
- Global Markets, which manages the Bank's liquidity and foreign exchange positions as well and engages in trading of domestic debt securities; and
- Investment Banking and Debt Instrument Business, which engages in securities underwriting, fundraising and financial advisory services.

CORPORATE BANKING GROUP

The Bank primarily provides lending, deposit taking and trade finance banking services to its corporate customers across industries and sectors of the Thai economy. Corporate Banking's principal focus is on Thailand's leading corporate entities and state enterprises. The Corporate Banking Group is further divided into two sub-groups. Corporate Banking Group 1 provides credit facilities and financial services to corporate clients with a total sales volume of over Baht 1 billion and credit lines of more than Baht 500 million as at 31 December 2020. Corporate Banking Group 2 is responsible for providing credit facilities to mega-corporate clients engaging in project finance or loan syndication, multinational companies and listed companies that are part of the SET100 index. The Bank's experienced team of relationship managers works closely with product specialists in global transaction banking, global markets, trade finance and capital markets to tailor products for its corporate customers.

Corporate Lending Operations

The Bank's corporate lending operations provide loans to corporate clients that have total sales volume of over Baht 1 billion and credit lines of over Baht 500 million. The predominant portion of the Bank's lending is in Thai

Baht, although it also extends loans in foreign currencies, primarily the U.S. dollar. Most of the Bank's corporate loans are originated from its headquarters in Bangkok.

Lending consists primarily of short- and long-term loans, working capital loans, overdraft and trade-finance facilities and project financing. The Bank evaluates each application for new or additional funds using its internal credit rating models and proposes loan applications to the relevant credit committees for approval. Loan applications are evaluated based primarily on current and projected cash flows and anticipated ability to service the loan.

Interest on loans is based on a minimum overdraft rate, or MOR, for overdraft and short-term facilities, or a minimum lending rate, or MLR, for other types of credit. The Bank may charge an additional spread over, or offer a discount from, MOR or MLR, depending on the customer's credit risk, its overall relationship with the borrower and the current market environment. Generally, the Bank's spread above or below MOR or MLR varies depending on its assessment of the level of risk in a borrower's credit profile.

Customers

The Bank's customer base includes most of the companies comprising the SET100 index. Corporate Banking also serves many multinational corporations and select medium-sized Thai corporations that the Bank believes have strong management, financial strength and fundamentally sound underlying businesses.

The Bank is one of the leading providers of syndicated loans in Thailand. The Bank's industry knowledge and credit expertise, as well as its strong capital base relative to its competitor banks in Thailand, have allowed the Bank to participate in the syndications for many of Thailand's most significant infrastructure projects, including power and public transportation projects.

The Bank continues to focus on expanding its corporate customer base in the target sectors: innovations and government investment projects. The Bank strives to offer solutions that meet the specific needs of each industry. The Bank aims to be a part of an important mechanism in driving the economy, and to create values, offer integrated supply chain services combined with digital platforms and support corporate customers to allow them to expand their businesses into foreign countries, especially in Cambodia, Laos, Myanmar, and Vietnam and other countries in the Asia Pacific region.

The Bank also seeks to increase its revenue from corporate clients through its ability to provide efficient electronic delivery and payment systems, and to utilise its extensive branch and digital network to enable corporate customers to establish electronic links with their distributors, agents and employees. It also endeavours to cross-sell its many fee-based services to corporate customers, such as advisory services, trade-related banking (issuances of letter of credits and confirmations and remittances), payroll services, cash management, provident fund management services, foreign currency-related products (currency swaps and foreign exchange forward transactions) and surety services (bid bonds, issuances of guarantees and performance bonds).

Private corporate loans comprised 27.4 per cent. of the Bank's consolidated total loan portfolio as at 31 December 2020.

GOVERNMENT AND STATE ENTERPRISE RELATIONS GROUP

The Bank is the largest Government majority-owned, publicly listed commercial bank in Thailand. The Bank's strong relationship with the Government has enabled the Bank to establish close relationships with many Government agencies and SOEs, as well as large companies that work primarily with SOEs and hold Government contracts or concessions.

As with the Bank's corporate lending operations, the Bank evaluates each loan application from the Government or SOEs using its internal credit rating models and proposes loan applications to the relevant credit committee for approval. Loan applications are evaluated based primarily on current and projected cash flows and anticipated ability to service the loan. The Bank conducts its lending to Government agencies and SOEs on commercial terms.

The Bank also acts as an intermediary in facilitating the payments of goods and services between the Government and the general public or other counterparties. In fulfilling this role, the Bank enhances the

Government's efficiency by setting up infrastructure to support the Government's electronic payment system and implementing. Some of the key products and services are as follows:

- National e-Payment Policy: the Bank's products supports the National e-Payment Policy. These products include Krungthai QR Code and the Thung Ngern Pracharat e-wallet mobile application.
- Government Welfare Card: the Bank co-operated with the Comptroller General's Department in developing the Government Welfare Card, which is distributed to low-income earners and the elderly population (65 years old and above) in Thailand. In 2020, there remained 13.9 million government welfare cardholders. The Bank has installed more than 35,000 electronic data capture machines at the government-subsidised Blue Flag discount shops and installed the Thung Ngern Pracharat mobile application at more than 50,000 Blue Flag discount shops in order to increase the channels for Government Welfare Card usage.
- The Government Fiscal Management Information System: a service system designed for Government agencies which facilitates online transactions through the Krungthai Corporate Online payment system.
- e-Court Filing: the Bank joined hands with the Office of the Court of Justice to develop and launch the e-Filing service, which supports the trial of civil cases. The e-Filing Court allows lawyers to file a petition and appeal without going to court; defendants to file an affidavit, request a photocopy and view case documents; court officials to examine petitions and appeals as well as giving opinions online; and judges to consider the order of indictment via the system. In addition, users of the e-Filing system can pay court fees 24 hours a day. There is a plan to develop the system to cover criminal cases and cases in specialty courts as well as linking information to the Legal Execution Department of Thailand.
- Treasury e-Auction: the Bank and the Treasury Department of Thailand signed a memorandum of understanding to develop the Treasury e-Auction website, which is an online auctioning platform that allows users to place their bids in real time from any place and any time. The platform also provides transparency to users. The website supports multiple payment methods, including direct debit via the Krungthai bank account, credit and debit cards and quick response code ("QR code") payment. The Treasury e-Auction system allows efficient asset management and generate income back into the Government. The Bank also provides credit services to the bid winners.
- "Chim Shop Chai" ("Taste, Shop, Spend") scheme: the Bank implemented a nationwide electronic payment infrastructure in support of the Chim Shop Chai scheme. The Bank developed the Pao Tang e-wallet mobile application which serves as a channel for the Government to transfer funds to members of the public who are participants in the relevant governmental programmes and as a channel for the participating merchants to receive payment for their goods and services. The Bank also developed the 'Thung Ngern Pracharat', a mobile payment application for small and medium enterprises which served over 1.1 million merchants as of 31 December 2020.

The Bank has also co-operated with the Government to implement projects that leverage on blockchain technology to enhance efficiency of Government schemes such as the following:

- Tourist Tax Refund Scheme: this project aims to apply blockchain technology to value-added tax ("VAT") refunds via mobile applications, in order to streamline the document verification process, reduce congestion at VAT refund physical counters and reduce cash management costs.
- e-Government Procurement: this comprises two sub-projects as follows:
 - e-LG: a service through which customers can request an electronic letter of guarantee securely via an online blockchain system; and
 - e-Credit Confirmation: a system that utilises blockchain to collect profiles of service providers that have previously worked with the Government sector to save time in preparing documents for registration and bidding.
- Wallet SBM (Sasom Bond Mung Kung e-Wallet): the Bank co-operated with the Public Debt Management Office to develop the Sasom Bond Mung Kung e-Wallet on the Pao Tang e-wallet mobile application to support Thailand's first digital bond trading. The pilot subscription was for the Ministry of Finance's Special Savings Bond B.E. 2563 "Wallet SBM" (Scripless Bond), which was conducted in real time manner. In particular, buyers can view purchase information, check purchase history, download documents as well as receiving interests and principal redemption via the e-wallet. The Wallet SBM also allows sales of bonds on the secondary market 24 hours a day.

As a state commercial bank, the Bank has assumed a role as part of the government sector to expedite the process of bringing the Government's assistance to the public through the development of various digital platforms. This

allows the Thai people to access various assistance measures from the Government during the COVID-19 outbreak. Major schemes of the Government that the Bank has been involved in and executed are as follows:

- “Rao Mai Thing Kan” (“No One Will Be Left Behind”) scheme: the Bank developed a digital platform and processing system on the Rao Mai Ting Kan website. This allows those who are suffering from the economic impact of the COVID-19 situation, such as temporary workers and self-employed individuals outside the social security system, to register to receive Baht 5,000 from the Government for three consecutive months. As of January 2021, 15.3 million people were eligible to receive the financial assistance out of more than 28.8 million of those who registered. This amounted to financial assistance of more than Baht 170 billion.
- “Thai Chana” platform development: the Bank in collaboration with the Centre for COVID-19 Situation Administration developed the Thai Chana platform as a tool to accurately and quickly investigate and trace COVID-19 infected cases. From May 2020 to December 2020, the platform had more than 51 million active users and over 323,000 merchants registered on the platform.
- “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 launched the Rao Tiew Duay Kan (We Travel Together) campaign. The campaign began in July 2020 and has been subsequently extended until 30 April 2021. Under this campaign, the Government co-pays for accommodation and air ticket costs. Registered tourists receive the subsidy by way of a refund via the Pao Tang e-wallet application. The refund comes in many forms such as e-vouchers for discounts on food and entrance fees to registered tourist attractions. The Bank has been involved in the scheme by developing a digital registration and payment platform through www.เราเที่ยวด้วยกัน.com and the Pao Tang e-wallet application, which is the central application for receiving government subsidy. From 15 July 2020 to 1 January 2021, 7.3 million tourists, more than 8,500 accommodation providers, more than 67,000 restaurants, more than 2,000 tourist attractions, more than 1,300 OTOP shops and more than 200 spas or massage parlours and travel transportation providers have registered to participate in the campaign.
- “Khon La Khrueng” (Let’ Go Halves) scheme: the Bank in collaboration with the Ministry of Finance, the Fiscal Policy Office and the Comptroller General’s Department has introduced the Khon La Khrueng scheme. For nearly 10 million qualified participants, the Government co-pays for 50 per cent. of the cost of food, beverages and general goods up to Baht 150 per person per day or up to Baht 3,000 per person throughout the duration of the scheme, totalling Baht 30 billion of financial assistance. The scheme aims to stimulate and restore the local economy for small entrepreneurs, especially hawkers and street vendors, and to reduce the cost of living for the public.

The first phase of the Khon La Khrueng scheme during 23 October 2020 and 27 December 2020 saw more than 1.1 million registered shops and more than 9.5 million qualified registered participants. From the success of the scheme, the second phase was launched comprising two groups: (i) up to 10 million of first-phase registrants can receive an additional Baht 500 on 1 January 2021 and such additional Baht 500 is available until 31 March 2021; (ii) up to 5 million new registrants will receive Baht 3,500 to be spent between 1 January 2021 and 31 March 2021.

- COVID-19 Vaccine for Thais campaign: the Bank developed a payment platform and infrastructure for Chulalongkorn University to receive donations from mobile banking applications of all banks from 1 million donors in the “Vaccine for Thais” campaign. The campaign is a collaboration between the CU Enterprise Foundation of Chulalongkorn University and its partner organisations. This campaign was launched to raise funds to support Thai researchers to develop COVID-19 vaccines in Thailand. It targeted to raise Baht 500 from one million donors. The donations started on 18 December 2020.

Government and SOE Lending and Deposit Taking

As at 31 December 2020, lending to Government ministries, departments, agencies and SOEs amounted to Baht 367.3 billion or 15.7 per cent. of the Bank’s consolidated total loan portfolio.

In addition, the Bank received deposits from Government and SOE customers totalling Baht 853.1 billion, or 34.6 per cent. of the total deposits of the Bank, as at 31 December 2020. The Bank’s Government and SOE customers included ministries and departments, independent agencies and local administrative organisations. The Bank seeks to maintain the proportion of Government-related customer deposits as they are largely placed in savings deposits, which have lower funding costs compared to term deposits. The Bank will continue to devote specialised resources to these customers who have sales, monitoring and relationship requirements distinct from those of its other corporate customers.

The Bank established a Government and State Enterprise Relations Group to focus on the specific needs of Government-related agencies. The Government and State Enterprise Relations Group's mission is:

- to act as the contact point between the Bank and its Government- or SOE-related customers in all types of transactions, including deposits, loans and other services;
- to maintain the Bank's database of Government- or SOE-related information for administrative and transaction purposes;
- to co-develop new banking products with other departments in the Bank to meet the needs of Government or SOE customers and to provide these customers with fully integrated banking services in order to maximise interests and fee-based income; and
- to focus on broad and critical industries such as energy, transportation and public utilities.

Processing Operations

The Bank provides payroll services to most of the Government employees and civil servants in Thailand by transferring their monthly salaries directly into the Bank's savings accounts. The Bank has a memorandum of understanding with Government agency payroll customers to allow the Bank to automatically debit personal loan payment instalments from payroll accounts. These loans include the Krungthai Thanawat loan revolving loans, personal loans (including for pensioners) and housing loans.

The Bank leveraged its strong relationship with Government agencies, SOEs and Government concessionaires by implementing a plan to provide them with a full range of processing services. The Bank provides the Government Fiscal Management Information System, a fully integrated nationwide budgeting, accounting, payment and procurement system built and operated by its subsidiary, KTB Computer Services Co., Ltd. ("KTBCS"). The system enables the Bank to offer the Government complete nationwide paying agency services. The Bank receives transaction fees for all payments to and disbursements from the system. The Bank has a memorandum of understanding to develop an e-payment portal for the Government to provide a one-stop service for transactions between Government agencies and the public. For example, businesses can make online value-added tax, withholding tax and income tax payments to the Revenue Department, while both businesses and individuals can use the Bank's online network to pay phone, electricity and water bills. It also allows members of the public to make transactions such as payment for fines, rental fees, bills and licence fees through one of the Bank's channels such as Krungthai Next and Krungthai Corporate Online.

The Bank serves as the settlement and clearing centre for Government procurement and offers additional processing services such as cash management services and "e-Custom", which is a customs payment service through KTB Corporate Online. The Bank also co-operated with the Royal Thai Police to develop a fully-fledged online traffic ticket payment system by linking the traffic ticket database of every police station and the Department of Land Transport. Through this system, members of the public can pay for traffic tickets via the Bank's branches, ATMs and Krungthai NEXT, as well as the Bank's banking agents.

Other processing services for which the Bank receives a management fee include administering the Government's educational fund, under which the Government offers loans to high school students and undergraduates. In 2019, the Bank signed an agreement to procure the Digital Student Loan Fund System to meet the operational requirements of student loan funds, borrowers and guarantors, by providing paperless services and linking the digital identification database between the Government and private agencies.

In addition, the Bank continues to work on projects with both Government and private hospitals to develop and facilitate financial management systems to cover medical welfare rights such as funds, social security, universal healthcare coverage and Government officer welfare. For example, the Bank worked with state and private hospitals participating in the Civil Servant Medical Benefit Scheme to develop the Smart Hospital Project, where the Bank provides one-stop solutions for hospitals and health care services such as financial management services via Krungthai Corporate Online, payment services via electronic data capture machines, self-payment by debit cards, credit cards and QR codes via self-payment machines, an e-Donation system and a payroll system.

BUSINESS CENTRE GROUP

The Bank's Business Centre Group lends to private companies with credit lines of more than Baht 20 million and up to Baht 500 million, including SMEs, which are one of the core customer segments of the Bank. As at

31 December 2020, loans provided to SMEs totalled Baht 335.9 billion. The Bank's Business Centre Group caters to the needs of small- and medium-sized businesses that are involved in a variety of domestic industries, including retail stores, construction and construction materials, commercial businesses, export-import companies, materials vendors, wholesalers and automobile dealerships. SME loans are more profitable than traditional corporate loans. The Bank intends to continue to lend to this sector of the Thai economy and to utilise its nationwide network of branches to serve the needs of SME customers throughout Thailand. SME loans represented 14.4 per cent. of the Bank's consolidated loan portfolio as at 31 December 2020.

The Bank created the Metropolitan and Provincial geographical sectors within the Business Centre Group to focus on SMEs located in these geographical sectors. These geographical sectors are further subdivided by geography into departments to provide even greater attention to SMEs. These departments work closely with the Bank's product specialists to tailor specific products to SMEs.

The Bank has implemented several key projects which include collaboration with the Thai Credit Guarantee Corporation to provide loan guarantees to SME entrepreneurs. In addition, the Bank continues to introduce various projects to provide entrepreneurs in the industrial, service, trade and agricultural sectors with loans for working capital at a specified interest rate. Products tailored specifically for SMEs include the Investment Support Project to aid entrepreneurs in boosting production facility and cost reduction, the Factoring Business Loan which provides loans to SMEs for working capital purposes, Loans for Entrepreneurs in Crisis which provides, among other things, soft loans to help flood-hit SMEs and soft loans to SMEs according to the Government's and BoT's COVID-19 relief measures. The Bank has also developed supply chain solutions such as the KTB-Supply Chain Package which provides revolving credit facilities to suppliers for the purchase of raw materials for manufacturing, KTB Supplier Financing which provides working capital to sellers as well as KTB Distributor Financing which provides revolving loans to distributors. Furthermore, the Bank has collaborated with the Stock Exchange of Thailand to develop, promote and support customers' businesses that have continuous growth to enable them to access capital markets through the SME Live Platform Project. This project aims to increase business operation knowledge and skills, build strengths to support the systematic growth of the business sector and prepare for fund raising in the capital markets. The Bank believes that this product will assist SMEs and start-ups to grow into large enterprises in the capital markets with quality.

The primary products marketed by SME Banking are term loans, import/export bills and overdraft facilities. The Bank also offers various trade-related services that include trust receipts, packing credits, collection, confirmation and remittance for letters of credit and letters of guarantee. Most loans provided by SME Banking charge interest on a floating-rate basis over the MLR. The spread over MLR applied for each customer depends on the risks related to those particular customers and the competition in the market.

As loans to small enterprises are essential for the growth of the Thai economy, Government-sponsored organisations, including the Small and Medium Enterprises Development Bank, the Small Industry Credit Guarantee Corporation, the BoT and the Department of Industrial Promotions work together to assist this sector of the economy. The Bank contacts these institutions to obtain referrals for potential customers that are in need of working capital and advises on financial and marketing matters. In particular, the Small Industry Credit Guarantee Corporation provides commercial banks, including the Bank, with full or partial guarantees for some SME loans.

Most of the loans made by SME Banking are secured by collaterals, which are generally reappraised every three years. It is the Bank's policy to reappraise collaterals when loans are classified as NPL.

RETAIL BUSINESS AND NETWORK GROUP

The Bank offers retail customers a full range of services and products, including retail lending services (mortgages, personal loans and credit card services), retail customer services (demand, savings and fixed deposit-taking, checking accounts, electronic banking and ATM services, Government securities and mutual funds, insurance, bill payment, payroll and check-cashing services and others), and investment advisory services. These products and services are delivered via a variety of channels including branches, ATMs, telephone banking, internet banking, and mobile applications. As at 31 December 2020, the Bank's approximately 26.0 million customer deposit accounts were served by a network of 1,023 branches (excluding head office), 8,493 ATMs and shared access to many more ATMs nationwide. The Bank had approximately 46 foreign exchange booths as at 31 December 2020.

Retail Lending Services

The Bank offers consumers various loan products, including residential mortgage loans, revolving personal loans and other personal loans. In addition, the Bank also offers leasing and hire-purchase services through KTB Leasing Company Limited (“KTBL”). Retail loans accounted for 42.5 per cent. of the Bank’s consolidated loan portfolio as at 31 December 2020.

As at 31 December 2020, 18.4 per cent. of the Bank’s consolidated retail loan portfolio was made in connection with residential housing purchases totalling Baht 430.3 billion and 21.3 per cent. of the Bank’s consolidated retail loan portfolio consisted of personal loan accounts totalling Baht 496.4 billion, including revolving credit loans which are mostly extended to Government employees where monthly payments are deducted from their payroll prior to depositing in their accounts with the Bank, and 2.6 per cent of the Bank’s consolidated retail loan portfolio was made on credit cards totalling Baht 60.0 billion.

The Bank offers a variety of repayment methods in order to provide convenience to its retail loan customers, including the Government employee payroll deduction plan, automatic debit repayment from the borrower’s deposit account each month, repayment by ATM, internet banking and mobile applications and over-the-counter repayment at any branch. The Bank will continue to provide lending products at convenient locations throughout Thailand. The Bank continually develops new and relevant retail loan products in order to remain competitive in the current market as well as developing its electronic service channels. For instance, the Bank has enhanced its Krungthai Next functions by applying various cutting-edge technologies such as artificial intelligence, cloud native, application programme interface and biometric verification to meet customers’ demands. The Bank aims to continue to study demographic information, establish targets for new retail lending and identify specific customer segments and geographies for customer development.

The Bank believes its strong customer and deposit base of approximately 24.6 million deposit accounts positions its retail lending portfolio to grow along with Thai consumers’ disposable income. The Bank’s Government and SOE employee customers also provide a potential lending pool that includes well-educated and creditworthy professionals.

Mortgage Lending

Housing loans, or residential mortgages, are the Bank’s primary retail lending product. The Bank’s consolidated mortgage lending portfolio amounted to Baht 430.3 billion as of 31 December 2020.

The Bank intends to further establish strong relationships with selected reputable housing developers who undertake high quality residential developments. The Bank seeks to have these developers recommend the Bank as a source of mortgage financing when they sell property in their developments.

Residential mortgages are primarily floating rate loans in Thailand. However, adjustable rate mortgages with a “teaser rate” offering low fixed-interest payments for the first, second or third years are increasingly popular. All floating rate mortgage loans are typically made at MRR, plus or minus a predetermined spread. Most residential mortgages have a maturity of up to 30 years. The Bank also offers residential mortgage customers competitive refinancing packages.

The Bank uses its “loan factory”, a tool that centralises its loan approval process from branch level, for credit approval of retail loans, including residential mortgage loans. Before approving a mortgage loan, the Bank first establishes a credit-scoring tool to determine the quality of the loan by assessing the quality of the residential property and the credit quality of the prospective borrower. The Bank believes that by determining a credit score for each individual loan application, it has built a quality mortgage loan portfolio.

The Bank generally extends mortgage loans only for purchases of primary residences. The Bank discourages lending for investment or resale purposes and monitors the use of the loan by examining the credit file of the borrowers. The Bank estimates that most of its mortgage loans have been made to finance purchases of primary residences.

Personal Loans

The Bank extends loans other than mortgage loans, such as personal loans. Customers borrow these loans for many purposes, including financing educational expenses and purchases of household goods and transportation vehicles. The Bank also offers revolving credit lines primarily to Government and SOE officials.

The Bank's consolidated personal loans totalled approximately Baht 496.4 billion as at 31 December 2020. Personal loans comprised revolving personal loans and multi-purpose term loans. Multi-purpose loans for government officials generally have fixed instalments and maturities of more than five years, except for revolving personal credit lines, which are evergreen loans. Most of personal loans are made to government and SOE employees who typically participate in the payroll deduction programme. The Bank believes that the asset quality of its personal loan portfolio is high. These revolving personal loans provided higher yields, as they typically carry interest rates higher than mortgage loans. The interest rate on the Bank's revolving personal loans are the minimum retail rate, or MRR, plus a predetermined spread. The Bank's personal loans may require personal guarantee as necessary depending on the credit profile.

Credit Card Services

The Bank offers credit card and personal loans through KTC, a publicly listed company included in the SET50 index and is one of the largest credit card providers in Thailand with approximately 2.6 million cards outstanding as at 31 December 2020.

As at 31 December 2020, the Bank held a 49.29 per cent. interest in KTC. The remaining shareholding in KTC was held by retail investors.

Through KTC, the Bank is able to offer its customers various types of credit card products and personal loans. Currently, the Bank's customers can choose credit card products among KTC's Visa, MasterCard, JCB, and UnionPay. Credit card customers are billed monthly, and are only required to make a minimum payment equal to 10 per cent. of the outstanding balance (currently reduced to 5 per cent. in light of the BoT's COVID-19 relief measures). The Bank's customers can also make payments via online channels, the website 'KTC.co.th' or the mobile application 'KTC Mobile'. KTC expanded its personal loan products to include pico finance, nano finance and the KTC P Berm loan product, which is a loan extended against vehicle titles. The KTC P Berm loan provides low risk but yields swift return, coinciding with current economic situation.

Retail Customer Services

The Bank's retail activities include demand (checking) accounts, savings accounts and fixed deposit-taking, electronic banking and ATM services, Government securities and mutual funds, insurance, bill payment, payroll and cheque-cashing services and others. As at 31 December 2020, the Bank's consolidated financial statements had Baht 104.4 billion in demand deposits, Baht 1,826.1 billion in savings deposits and Baht 532.8 billion in term deposits.

The Bank's consolidated domestic deposits of Baht 2,431.9 billion as at 31 December 2020 represent one of the strongest deposit bases in Thailand. As at 31 December 2020, the Bank's domestic deposits represented 98.7 per cent. of the Bank's consolidated deposits. The Bank's pricing of deposits are as follows:

- savings accounts : 0.25 per cent.;
- three-month fixed deposit accounts: 0.375 per cent.;
- six-month fixed deposit accounts: 0.50 per cent.; and
- 12-month fixed deposit accounts: 0.50 per cent.

Wealth Management Consultancy Services

The Bank offers wealth management consultancy services to certain high net-worth customers at selected branches. These branches are equipped with computer software developed by the Bank, which investors may use to interactively evaluate various investment products. In addition, the Bank has put in place procedures and computer software to support the sale of unit trusts by its branches. The ability of the branches to offer customers unit trusts increases the Bank's fee income, while providing customers with potentially higher-yielding investments than deposits.

INTERNATIONAL BANKING

Overseas Branch Banking Activity

The Bank provides loans and other financial services through eight overseas branches and one representative office, comprising the Phnom Penh Branch, Siem Reap Province Sub-Branch, Vientiane Branch, Singapore

Branch, Kunming Branch, Mumbai Branch, Los Angeles Branch and Cayman Branch. Overseas branches provide business loans, funds transfer services, trade services and business payment services with a focus on supporting Thai customers who expand their trade and investment to other countries in the region and the Bank's local customer base abroad.

The Yangon representative office coordinates with and facilitates customers who conduct trade and investment between Thailand and Myanmar, especially in the ASEAN Payment Gateway project. In this project, Krungthai Bank collaborated with partner banks to develop payment services for goods and services as well as labour and business funds transfer. This allows the Bank to formalise relationships with overseas customers and provide them with access to other banking services.

Branches generally follow the Bank's centralised loan approval and monitoring processes and are audited by the Bank's internal audit team and external auditors. In addition, each branch is regulated by the local banking regulators in its home country.

International Trade Services

In addition to lending services, the Bank offers other banking services, such as money transfers, remittance services, letters of credit, shipping guarantees and other trade-related financing and processing services. The Bank's international trade services and international business centres offer letters of credit, trust receipts, export bills under letters-of-credit, import and export bills for collection and packing credits to foster Thailand's import and export businesses. The Bank also offers both incoming and outgoing guarantee services. The Bank developed Krungthai Trade Online system, a platform for customers to open and amend letters of credit through the Bank's online services.

GLOBAL MARKET

The Bank provides services relating to investments and financial risk management consulting. The Bank offers various investment products including foreign exchange related investments, government and corporate bonds and financial derivatives for interest rate, foreign currency and commodity hedging such as currency options, interest rate swaps, cross-currency interest rate swaps, interest rate options and structured products. The Bank also provides financial advisory service and offers appropriate financial products to each customer. The Bank believes that it is at the forefront in the market with respect to global market products, due to both quality of service and various innovative products. The four main customer groups are: (i) large corporates and SMEs; (ii) government agencies and state enterprises; (iii) financial institutions; and (iv) ultra-high net worth customers. The Bank conducts suitability assessment for each customer in accordance with the requirements of the BoT and the SEC to ensure that products that the Bank offers are appropriate for the needs of customers and that the customers understand the transactions and the associated risks.

In the global market segment, the Bank particularly focuses on providing knowledge, suggestions and advice for foreign exchange hedging transactions. The Bank enhances customer access to its foreign exchange services through Krungthai Smart FX online and mobile application to provide customers with greater flexibility in foreign exchange risk management.

INVESTMENT BANKING AND SECURITIES UNDERWRITING BUSINESS

Investment banking and securities underwriting businesses cater to the diverse needs of customers: financial advisory, financing, credit rating, and business consulting that introduces customers to a suite of products, such as interest rate and foreign exchanges forecasts, that will assist customers to thrive in a competitive environment.

The main service that the Bank provides under this segment relates to capital raising in local and international debt and equity capital markets. The Bank acts as an intermediary between those who require funding and investors (e.g. private companies, funds, government agencies, and state enterprises) in the role of financial advisor, underwriter or selling agent.

In 2020, the COVID-19 outbreak has affected the economic conditions and capital raising environment, resulting in a significant decrease in the value of debt and equity securities issuance in Thailand compared to the previous year. However, the Bank was still appointed as a financial advisor, underwriter or selling agent in various high-profile transactions, including the Public Debt Management Office of the Ministry of Finance of Thailand's Baht 100 billion bond switching transaction.

MAJOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

As at 31 December 2020, the Bank has the following major subsidiaries, joint ventures and associated companies through which it provides a wide range of financial services:

- Krung Thai Asset Management Pcl. (“KTAM”), which is licensed by the Securities and Exchange Commission and conducts securities business relating to funds management and other businesses.
- KTB Leasing Co., Ltd., which provides hire-purchase and leasing of all movable assets, factoring and hire-purchase for consumer goods. The entity is also considering expanding its services to include lending.
- KTB Advisory Co., Ltd. (“KTBA”), which the Bank conducts holding company business (formerly provided financial advisory services).
- Infinitas by Krungthai Co., Ltd., which provides services relating to digital platforms and technology.
- Krungthai Card Pcl., which operates the credit card and credit card-related business, merchant acquiring business, authorised payment dealer service and personal loan business.
- KTC Nano Co., Ltd., which provides nano finance services.
- KTC Pico (Bangkok) Co., Ltd., and its subsidiaries (i.e. KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathum Thani) Co., Ltd., KTC Pico (Samut Prakan) Co., Ltd. and KTC Pico (Samut Sakhon) Co., Ltd.), which provide pico finance services.
- KTC Prepaid Co., Ltd., which provides e-payment services such as bill payment services and money transfer services via electronic channels as permitted by the relevant authorities.
- Krungthai-AXA Life Insurance Pcl, (“Krungthai-AXA”), which conducts its life insurance business through co-investment with the AXA Group, one of the world’s leading insurance companies.
- Krungthai Panich Insurance Pcl., which provides all types of non-life insurance services.
- Krung Thai IBJ Leasing Co., Ltd. (“KTIBJ”), a joint venture between the Bank and Mizuho Leasing Group, which conducts hire-purchase, leasing and factoring business, particularly for machinery, equipment of all types, and other operating assets;
- Krungthai ZMICO Securities Co., Ltd. (formerly KT ZMICO Securities Co., Ltd.), a joint venture between the Bank and SEAMICO Group, which conducts full brokerage services such as securities trading business, securities underwriting, financial advisory and other services as permitted by the Thai Securities and Exchange Commission.
- KTB Law Co., Ltd., the Bank’s wholly owned subsidiary which provides legal services mainly to the Bank, associated companies and the other entities as permitted by the BoT.
- KTB Computer Services Co., Ltd., the Bank’s wholly owned subsidiary which provides computer system service management, space rental for computer system installation and consulting services in relation to utilisation of information technology.
- KTB General Services and Security Co., Ltd., which provides general business services to the Bank and companies within its financial business group in the areas of, among others, transportation of assets, security service, cleaning service, building and training centre management, printing business management, debt collection service, customer relationship management service, and transportation of cash and documents for other financial institutions and other entities as permitted by the BoT.

The Bank also has a number of other subsidiaries and associates that engage in various businesses, including credit cards, legal services, asset management, computer services and property leasing and insurance. Certain of these subsidiaries and associates were operational units of the Bank that were not directly linked to the Bank’s core business activities.

The following table sets forth information with respect to companies in which the Bank directly holds 10.0 per cent. or more of the paid up capital as at 31 December 2020:

<u>Companies</u>	<u>Type of Business</u>	<u>Per cent. of direct ownership by the Bank</u>	<u>Cost⁽¹⁾</u>	<u>Loan⁽²⁾</u>	<u>Contingent Liabilities</u>
		<i>(in millions of Baht, except percentages)</i>			
Subsidiaries					
KTB General Services and Security Co., Ltd.	General services	100.00	140	7	21
KTB Law Company Limited.	Legal services	100.00	30	—	—
Krung Thai Asset Management Public Company Limited	Fund management	100.00	211	—	—
KTB Computer Services Company Limited	IT services	100.00	1,300	2,096	5
KTB Leasing Company Limited.	Hire purchase	100.00	1,000	1,780	1
KTB Advisory Company Limited	Financial counselling and Advisory service	76.00 ⁽⁵⁾	228	—	—
Krungthai Card Public Company Limited	Credit card business	49.29	2,150	7,660	1
KTC Nano Company Limited.	Nano finance	24.95 ⁽⁴⁾	13	—	—
KTC Pico (Bangkok) Company Limited	Personal loan	24.95 ⁽⁴⁾	15	—	—
KTC Prepaid Company Limited	Electronic money services	24.95 ⁽⁴⁾	25	—	—
Infinitas by Krungthai Company Limited	Digital platform services	— ⁽³⁾	—	—	—
Bank Associate					
Krungthai-AXA Life Insurance Public Company Limited	Life insurance	50.00	4,072	1	1
Krungthai Panich Insurance Public Company Limited	Non life insurance	45.00	1,519	—	5
Krung Thai IBJ Leasing Company Limited.	Hire purchase	49.00	87	5,142	2
Krungthai ZMICO Securities Company Limited. . .	Securities business	50.00	1,069	431	—
National ITMX Company Limited	Services	19.86	36.	—	—
BCI (Thailand) Company Limited	Services	22.17	117	—	—

Notes:

- (1) Represented the historical cost of the Bank's investment in the entity.
- (2) Represented principal amount only.
- (3) The Bank held a 76.00 per cent. interest in KTB Advisory Co., Ltd. KTB Advisory Co., Ltd. in turn held a 100.00 per cent. interest in Infinitas by Krungthai Co., Ltd.
- (4) The Bank directly held a 24.95 per cent. interest in each KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC Prepaid Co., Ltd. and indirectly held interests in each of such entities through its holding of 49.29 per cent. interest in Krungthai Card Pcl. Krungthai Card Pcl. held a 75.05 per cent. interest in each KTC Nano Co., Ltd., KTC Pico (Bangkok) Co., Ltd. and KTC prepaid Co., Ltd.
- (5) The Bank directly held a 76.00 per cent. interest in KTB Advisory Co., Ltd. and indirectly held interests in KTB Advisory Co., Ltd. through its holding of 49.29 per cent. interest in Krungthai Card Pcl. Krungthai Card Pcl. held 24.00 percent in KTB Advisory Co., Ltd.

The Bank entered into an agreement with Krungthai Card Pcl. in February 2021 to sell its 75.05 per cent. interest in Krung Thai Leasing Co, Ltd. to Krungthai Card Pcl. Closing of the acquisition is subjected to customary conditions, including obtaining the relevant regulatory approvals. The Bank believes that this will strengthen the Bank and its subsidiaries' position in the retail financial segment with full range of financial products.

Asset Management

The Bank's wholly owned subsidiary, KTAM provides corporate and non-corporate customers with asset management services. These include mutual fund, infrastructure fund, property fund, provident fund and private fund services offered through the Bank's branches and Krungthai NEXT mobile application. As at 31 December 2020, the assets under management of KTAM were approximately Baht 791.0 billion, approximately 63.9 per cent. of which was mutual funds.

Leasing

Through the Bank's wholly owned subsidiary, KTBL, the Bank offers hire purchasing and leasing of automobiles. The Bank targets existing customers who need financing for automobile purchases. As at 31 December 2020, KTBL's total loans net of deferred revenue amounted to Baht 4.8 billion.

KTIBJ, the Bank's 49.00 per cent. owned joint venture with Mizuho Leasing, is primarily engaged in leasing machinery, passenger and commercial automobiles, computers and office equipment to corporations and businesses. Mizuho Leasing is one of the largest leasing companies in the world and is part of Mizuho, one of the largest banking groups in the world. KTIBJ focuses on Japanese-Thai joint ventures and multinational companies as well as Japanese and Thai companies operating in Thailand.

The total assets of KTBL and KTIBJ amounted to Baht 3.2 billion and Baht 12.7 billion, respectively, as at 31 December 2020.

Insurance

Through three associates, Krungthai-AXA, Krungthai Panich and Dhipaya Insurance, the Bank offers a range of life and non-life insurance, including automobile insurance, marine insurance and fire insurance.

The Bank owns 50.00 per cent. of Krungthai-AXA, with the remainder owned by the AXA Group. The Bank owns 45.00 per cent. of Krungthai Panich, with the remaining 55.00 per cent. mainly owned by Thai investors. The Bank owns 10.00 per cent. of Dhipaya Insurance.

Krungthai-AXA's bancassurance services are currently available at the Bank's branches. Krungthai AXA's total gross direct premiums amounted to approximately Baht 53.0 billion in December 2020 compared to Baht 58.1 billion in December 2019. As of 31 December 2020, Krungthai-AXA ranked fifth out of 23 players in the industry in Thailand, measured by total premiums in the 12 months ended 31 December 2020.

Securities

Krungthai ZMICO Securities Co., Ltd. (formerly KT ZMICO Securities Company Limited) or Krungthai ZMICO, the Bank's 50.00 per cent. owned associate with SEAMICO Group, conducts full brokerage services such as securities trading and provides underwriting, financial advisory and other services as permitted by the Securities and Exchange Commission of Thailand.

BRANCH AND DISTRIBUTION NETWORK

Branch Network

The Bank's Retail Business and Network Group offers a wide range of banking products and services to retail customers through its extensive branch network. As of 31 December 2020, the Bank had 1,023 branches (excluding head office) throughout Thailand's 77 provinces. The following table illustrates the composition of the Bank's branch network as at 31 December 2020:

	Bangkok Metropolitan Area	Provincial Area	Total
ATMs ⁽¹⁾	2,203	6,290	8,493
Domestic Branches ⁽²⁾	300	723	1,023
Business Centres	19	55	74
International Business Centres	15	10	25

Notes:

- (1) Including KTB 79 mobile vehicles, known as KTB on-the-move.
- (2) Excluding head office.

The Bank's branch network development strategy is to optimise its core branch network and ATMs to capture business opportunities in the market, provide convenient services to customers and improve operational efficiency. The Bank offers various branch formats and continuously improves its branch design for best customer services.

The Bank has also devoted substantial resources to providing the best services to its SOE and Government customers. For example, the Bank has located a number of its branches at SOE and Government offices. The Bank believes that its branches at these key Government and SOE locations allow it to serve these key segments of its customer base at consistently high levels of convenience and customer satisfaction.

Electronic Products

The Bank is committed to improving the reliability, availability and speed of its technology platform in order to provide a cost-efficient and scalable method of processing banking. The Bank intends to focus on the development of modern electronic services through mobile applications, internet banking, ATMs and other self-service machines. The number of transactions conducted via the Bank's electronic distribution channels has grown steadily in recent years.

ATMs

The Bank was the first Thai bank to have ATMs in all provinces of Thailand. The Bank's ATM network is now the third largest in Thailand with 8,493 ATMs as at 31 December 2020. The Bank's ATMs and other machines have a wide range of standard functions, including withdrawal, deposit, money transfer, bank account balance enquiries, loan payment, bill payment, payment of goods and services, top-up services, government bonds purchases, registration for many of the Bank's services such as the Krungthai Next mobile application, SMS alerts, automatic debit, credit information verification, and account statement report.

The Bank's ATMs also feature other unique functions. These include identity verification for the Pao Tang e-wallet mobile application, contactless cash withdrawal and balance inquiry service, cash withdrawal mode for blind and visually impaired persons, cardless withdrawal service, currency conversion service for foreign cardholders to confirm exchange rates before withdrawal, pre-purchasing and booking of lottery tickets, PromptPay registration and traffic ticket payment service. The Bank forms partnerships with other electronic payment players to accept cards displaying the logo of, among others, Plus, Cirrus, Union Pay, JCB, American Express at its ATMs. The Bank's ATMs provide services in multiple languages including Thai, English, Chinese, Japanese and Myanmar. The Bank has ATMs located at most of its branches, as well as in shopping malls, office buildings, communities, airports and universities. The Bank believes it has the largest ATM network outside metropolitan Bangkok. In addition, the Bank has ATMs located at many Government facilities throughout Thailand, allowing it to capitalise on relationship with many of the Government institutions. The Bank had over 14 million ATM cards as at 31 December 2020.

DIGITAL BANKING, PRODUCTS AND SERVICES

The Bank launched its internet banking service in 2000. The Bank continues to develop its online services capabilities in order to offer a number of services to customers. While the Bank intends to intensively market its online services to Government agencies and SOEs, commercial and retail customers are also finding the Bank's online services convenient, particularly the Bank's payment gateways. Capitalising on its strong relationship with Government agencies, the Bank signed a memorandum of understanding with the Government in 2019 to develop an e-Payment Portal of Government to provide one-stop service for transactions between Government agencies and the public. For example, businesses can make online value-added tax, withholding tax and income tax payments to the Revenue Department, while both businesses and individuals can use the Bank's online network to pay phone, electricity and water bills. It also allows members of the public to make transactions such as payment of fines, rental fees, bills and licence fees through one of the Bank's channels such as Krungthai Next or Krungthai Corporate Online.

In 2018, the Bank developed and launched Krungthai NEXT, a mobile banking application to pursue its aim to provide "invisible banking", personalised wireless transaction services, to its customers. This user-friendly mobile application replaces KTB Netbank, which launched in 2011, by consolidating a wide range of banking services such as: (i) foreign exchange services; (ii) bill payments; (iii) bank transfers across different banks without fees; (iv) electronic donation capabilities and (v) payments covering Government and SOEs. Features introduced in the new version of Krungthai NEXT include transfers, top-ups, bill payment, money withdrawal and submission of loan applications. The new version of Krungthai NEXT also features a smart banner for alerts, reminders and transaction suggestions. Through Krungthai Next, customers can also open savings accounts, purchase and review insurance policies and track KTC credit card spending, all of which contribute to Krungthai NEXT's move towards full-scale digital banking.

In 2019, the Bank offered the Krungthai e-LG on Blockchain service, through which customers can request for an electronic Letter of Guarantee securely via an online blockchain system. The Bank also introduced the Krungthai Travel Card in 2019, which is the first card in Thailand that allows cardholders to exchange 19 foreign currencies (including Thai Baht) via the Krungthai NEXT application at all hours at a competitive rate.

In 2020, the Bank offered the “Sasom Bond Mung Kun” e-wallet on Krungthai NEXT. This e-wallet allows customers, for the first time in Thailand, to subscribe for and trade scripless bonds on the secondary market 24 hours a day.

Furthermore, the Bank introduced several online services to government agencies such as e-Court Filing, Treasury e-Auction and e-Government Procurement. See “— *Business Operations — Government and State Enterprise Relations Group*” for further information on these services. The Bank also offers the Krungthai Digital Health Platform, an information system for the National Health Security Office to facilitate making payments and to provide other services in relation to health care to those who are eligible to receive healthcare support from the Government, such as participants under the Government’s subsidised health care programme known as “gold card” holders. The Krungthai Digital Health Platform connects to the Health Wallet on the Pao-Tang e-wallet application. See “— *Business Operations — Government and State Enterprise Relations Group*” for other services the Bank provided to the Government and how the Bank became part of one of the core players in easing the impact of COVID-19 outbreak in Thailand.

INFORMATION TECHNOLOGY

IT is a cornerstone of the Bank’s business plan to become a world-class commercial bank. The Bank believes that its IT systems provides it with the tools required to analyse raw data and develop, implement and evaluate marketing plans and the ability to provide its customers with access to its products and services in a cost effective and cost efficient manner. The Bank believes that its IT system establishes a strong foundation of digital platforms for the Thais.

The Bank’s ability to respond successfully and effectively to changing customer needs is heavily dependent on an integrated operating platform using state-of-the-art IT solutions. The Bank’s subsidiary, KTBCS, provides supporting IT Services to the Bank.

The Bank continued to invest in IT with an investment budget of over Baht 10 billion to drive financial technology and support the Bank’s digital banking business for 2021. The Bank intends to utilise this technology investment to upgrade Krungthai NEXT and to invest in new technologies such as blockchain, artificial intelligence, biometrics verification, data analytics, cybersecurity and cloud computing to facilitate the increasing number of mobile application users and to increase the efficiency of the Bank’s e-channels. The Bank believes that enhanced IT infrastructure and innovations are essential in pursuing its aim to provide personalised wireless transaction services to customers.

Data Analytics

In recognition of the importance of speed and agility, the Bank continues to invest in new technology such as blockchain, artificial intelligence (“AI”), biometrics verification, data analytics, cybersecurity and cloud computing. The Bank has initiated processes, namely data acquisition, data foundation and data monetisation through advanced data analytics to help the Bank to understand the needs, behaviours and goals of its customers. The Bank’s database offers breadth and depth of functional content and establishes a solid basis for future information-application needs. The Bank believes that being a data-driven bank will equip it with the ability to offer products that are effective and meet its customers’ needs, to main its competitiveness in the era of digitalisation and to seek new business opportunities.

IT Initiatives

The Bank continues to enhance its electronic capabilities in order to support the Government’s stimulus package to boost economic growth. In 2019, the Bank executed its digital banking strategy via the Chim Shop Chai campaign and rolled out the ‘Pao Tang’ e-wallet application as a payment gateway service for the Government’s cash handout and cash rebate initiatives. The Bank also added new features to the application, such as Krungthai Connex, a free, AI-driven service that offers a notification service for transactions and cashback received, chatbot and search tools for nearby shops.

The COVID-19 pandemic has accelerated the move to digital channels in all aspects of the Bank’s operations, as well as the adoption of applications and services that customers use in their daily lives. The Bank continuously develops its electronic service channels. For instance, the Bank enhanced functions on its online application, Krungthai Next, to offer a full-scale digital banking experience using cutting-edge technologies such as artificial intelligence, application programme interface and biometric verification. The Bank is the first bank in Thailand to use cloud native in all of its operations. This is driven by the following key advantages of the cloud native technology: scalability, stability and security. Cloud native is able to support a large amount of simultaneous financial transactions, ensure stability and smoothness and provide the maximum security.

In 2020, the Bank set up a subsidiary unit, Infinitas, dedicated to developing digital banking technology and to acting as a service provider in relation to digital platforms and technologies. The Bank’s IT investments support its strategy to strengthen its functional capabilities to create an omni-channel banking experience and enhance digital banking capabilities, provide the Bank with new business opportunities and strengthen the Bank’s IT infrastructure and digital platforms, including the mega-platform for the Pao Tang e-wallet application which serves as the country’s digital infrastructure.

In addition, the Bank has provided various support to the Government in response to the COVID-19 pandemic by developing a number of digital platforms that allow the Government to execute its hardship relief measures. See “— *Business Operations — Government and State Enterprise Relations Group*” for details on services the Bank provided to the Government in light of the COVID-19 outbreak in Thailand. By participating in many financial infrastructure projects, the Bank gained an opportunity to expand its business, particularly in the number of customers, deposits and loans. Through the digital platforms specifically dedicated to the COVID-19 pandemic, the Bank has acquired more than 40 million customers since the COVID-19 pandemic took place in Thailand, reinforcing the Bank’s position and enabling it to become a leader in establishing the country’s infrastructure. Those projects and schemes have helped the Bank to assess the needs of customers and support the business expansion of the target customers of the Bank more accurately and effectively and the Bank believes that these benefits will reduce its operating costs and generate income for the Bank sustainably.

PROPERTIES

The Bank’s head office is located at 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok, Thailand (Nana Nua Office) and 10 Sukhumvit Road, Klong Toey, Bangkok 10110 (Sukhumvit Office). As at 31 December 2020, the Bank’s consolidated net premises and equipment was Baht 24.8 billion.

HUMAN RESOURCES

The Bank believes its nationwide staff of dedicated employees is one of its strengths. The Bank pays performance bonuses based on staff evaluation. Headcount stood at 20,262 as at 31 December 2020. The following table sets forth the number of the Bank’s employees on an unconsolidated basis as at the dates indicated:

	As at 31 December	
	2019	2020
Head office	10,376	11,022
Branches	10,595	9,088
Staff members	162	152
Total	<u>21,133</u>	<u>20,262</u>

The Bank believes that it needs to continuously train its people in order to maintain a competitive position. The Bank devotes substantial resources to year-round training of its professional staff. It has also implemented a training programme to develop selected employees. In order to nurture a culture of working with effectiveness, efficiency and sustainability, the Bank focused on training its personnel in four aspects: (i) strengthening foundations; (ii) fostering leadership; (iii) upskill and reskill; and (iv) future banking. For executive management and high potential employees, the Bank has special training courses such as leadership development programmes and coaching skills programmes. The Bank has also developed e-learning programmes to make modern technology-based training possible for employees.

The Bank’s employees select employee representatives who hold meetings with the Bank’s management team to discuss and resolve labour-related issues. In addition, the Bank regularly runs meetings with its employees to

revisit employees' welfare and ensure that employees receive the agreed benefits as set forth in the resolutions of the meetings between the employee representatives and the Bank. Moreover, the Bank conducts surveys on employees' satisfaction in relation to work and welfare to receive feedback for further improvement. The Bank has not experienced a work stoppage or strike on the part of employees, and it believes that its relationship with employees is good.

AWARDS AND ACCOLADES

As a testimony of the its banking excellence, the Bank has received numerous awards and accolades, including the following:

<u>Awarded By</u>	<u>Description of Award/Accolade</u>	<u>Year</u>
The Asian Banker	Leadership Achievement Award for Best Managed Bank during COVID-19 in Thailand	2020
The Asian Banker	Best CEO Response to COVID-19 in Thailand	2020
The Banker	Bank of the Year 2020 in Thailand	2020
Capital Finance International	Best Social Impact Bank — Thailand 2020	2020
Thailand Management Association	Thailand Corporate Excellence Awards 2020 : Human Resource Management Excellence	2020
Thailand Management Association	Thailand Digital Excellence Awards 2020 : Thai Digital Champion for Tech Innovation & AI	2020
LINE THAILAND	Best Official Account of the Year for Krungthai Connex	2020
LINE THAILAND	Best Smart Channel in Finance & Insurance for Krungthai Care	2020
Thai ESCO Association	ESCO Excellent Financial Supporting Awards	2020
State Enterprise Policy Office	Outstanding State-Owned Enterprise Awards 2020 for Outstanding Board of Director	2020
State Enterprise Policy Office	Outstanding State-Owned Enterprise Awards 2020 for Outstanding Corporate Management	2020
State Enterprise Policy Office	Outstanding State-Owned Enterprise Awards 2020 for Outstanding COVID-19 Crisis Management	2020
State Enterprise Policy Office	SET Awards 2020 Thailand Sustainability Investment	2020
Business Plus magazine	Thailand Top Company Awards 2020 in Finance Industry	2020
Business Plus magazine	Product of the Year Awards 2020 for Financial Application : Krungthai NEXT	2020
Siamrath newspaper	Popular State Bank of Technology and Innovation Award	2020
Money and Banking Thailand magazine	Financier of the year 2020	2020
Thaipat Institute	Sustainability Disclosure Award 2020	2020
Bangkokbiz newspaper	Business person of the year 2020	2020
State Enterprise Policy Office	Outstanding State-Owned Enterprise Awards 2019 for Outstanding Disclosure and Transparency	2019
Thailand Association of the Blind	The Tab Digital Inclusive Awards 2019	2019
Capital Finance International Journal, England	Best Social Impact Bank (Thailand) 2019	2019
Thai Institute of Directors Association	Achieving Excellent CG score in the Corporate Governance Report of Thai Listed Companies 2019	2019
Capital Finance International Magazine	Best Social Impact Bank Thailand Award 2019	2019
Stock Exchange of Thailand	Thailand Sustainability Investment Award 2019	2019
Stock Exchange of Thailand	Best Deal of the Year Award for the Bank's role as financial advisor for the initial public offering of the Thailand Future Fund	2019
Stock Exchange of Thailand	Outstanding Deal of the Year Awards for the Bank's role as financial advisor for the initial public offering of the Thailand Future Fund	2019
Thaipat Institute	Sustainability Disclosure Award 2019	2019
Finance Asia Magazine	Best Thailand Deal and Best Laos Deal Award for the Bank's role as the underwriter of the Thailand Future Fund and the debentures of EDL-Generation Public Company	2019

<u>Awarded By</u>	<u>Description of Award/Accolade</u>	<u>Year</u>
Asset Magazine	The Asset Triple A Country Awards 2019 for Infrastructure Fund IPO of the Year for the Bank's role as the underwriter of the Thailand Future Fund	2019
Alpha Southeast Asia	Best Local Currency Bond Deal in Thailand Award 2019 for the Bank's role as the underwriter for the deal of issuing and offering the senior unsecured bonds of Minor International Public Company Limited	2019
Alpha Southeast Asia	Best Refinancing Deal in Southeast Asia Award 2019 for the Bank's role as the underwriter for the deal of issuing and offering the senior unsecured bonds of Thai Beverage Public Company Limited	2019

LEGAL PROCEEDINGS AND DISPUTES

As at 31 December 2020, the Bank has no litigation or legal proceedings where the amount of the claim is more than 5.0 per cent. of total shareholders' equity.

DESCRIPTION OF THE BANK'S CAYMAN ISLANDS BRANCH

Krung Thai Bank Public Company Limited, Cayman Islands branch was registered on 28 February 2012 as a foreign company under the Registrar Part IX of the Companies Act (as amended) of the Cayman Islands. The Cayman Islands branch's registered office is Cainvest Bank and Trust Limited, P.O. Box 1353, 5th Floor, 103 South Church Street, George Town, Grand Cayman, KY1-1108, Cayman Islands. On 9 March 2012, the Cayman Islands branch was granted a Category "B" banking licence by the Cayman Islands Monetary Authority to operate in the Cayman Islands under the Banks and Trust Companies Act (as amended) of the Cayman Islands, which allows the branch to conduct all types of banking business in any part of the world, but does not allow the branch to take deposits from residents of the Cayman Islands or to invest in any asset representing a claim on any person resident in the Cayman Islands, subject to certain exceptions in respect of, *inter alia*, exempted or ordinary resident companies and other licensees.

RISK MANAGEMENT

OVERVIEW

Managing risk is an integral part of the Bank's business strategy. The Bank believes that risks must be properly understood, measured, monitored and actively managed. This allows the Bank's management to understand and manage the Bank's risk profile within predefined limits with the ultimate goal of enabling the Bank to maximise its risk-adjusted return on capital. The Bank's Risk Management Group manages enterprise risk, credit risk, certain aspects of market risk (including interest rate risk with respect to the Bank's trading and banking book), operational risk and other relevant risks. The Bank's Assets and Liabilities Management Department, which is part of the Bank's Financial Management Group, is responsible for managing interest rate risk with respect to its banking book and liquidity risk. The Bank's banking book primarily refers to its deposits and loans and other assets and liabilities that are not trading securities.

These efforts are in compliance with the requirements of the Basel III framework. The Bank has adopted, and has been in compliance with, the BoT's guidelines on Basel III since 1 January 2013. As at 31 December 2020, the Bank's Common Equity Tier 1 capital adequacy ratio, Tier 1 capital adequacy ratio and total capital adequacy ratio were higher than the minimum requirements of the BoT. See "*Supervision and Regulation — Capital Adequacy Requirements*".

The Bank enhances integrated risk management by carrying out stress tests for the Bank's overall performance and for each of its customers. The Bank's Enterprise Risk Management follows the framework of COSO, linking risk management processes and business strategic planning and venture opportunities, thereby integrating the Bank's administration and risk management.

RISK MANAGEMENT STRUCTURE

The Bank sets up the organisation structure to effectively support the risk management function with a risk management process that is in line with principles of good corporate governance. Duties and responsibilities are clearly segregated for each business unit and reporting line. The Bank's risk management structure is overseen by risk management committees at policy-level, comprising the Board of Directors, Board of Executive Directors, Audit Committee and the Risk Oversight Committee. The Bank also has several other committees comprising senior executives to manage risks in various aspects, namely the Management Committee, Assets and Liabilities Management Committee ("ALCO"), Group Credit Committee ("GCC"), Credit Scrutiny Committee and IT Steering Committee.

Risk Management Group

The Bank's Risk Management Group works to monitor and identify risks, prepare analyses and provide recommendations to the Bank's Risk Oversight Committee. The Risk Management Group includes the Risk Management Sector, the Credit Risk Management Sector and the Credit Risk Transaction Management Sector.

The departments that report to the Risk Management Sector include the Market Risk Management Department, Operational Risk Management Department, Enterprise Risk Management Department, Information Technology Risk Management Department and Financial Crime and Fraud Risk Management Department. Further details of these departments are set out below:

- The Market Risk Management Department monitors the composition of assets and liabilities and currencies using analytical and statistical tools such as Value at Risk ("VaR") and sensitivity analysis;
- The Operational Risk Management Department develops and implements the Bank's operational risk management policy, structures and systems and oversees the monitoring, management and reporting of operational risks by each operating department;
- The Enterprise Risk Management Department develops policies, frameworks and management processes of the Bank's and its subsidiaries' enterprise risk management;
- The Information Technology Risk Management Department proposes policy frameworks, strategies and processes for IT risk management and cyber threats. This department also oversees IT risks and reports to the Risk Oversight Committee on a monthly basis; and
- The Financial Crime and Fraud Risk Management Department analyses issues and relevant factors that give rise to fraud risks from both financial and non-financial transactions. Furthermore, this department investigates unusual transactions and high-risk transactions.

The departments that report to the Credit Risk Management Sector include the Credit Policy Department, Credit Committee Administration Department, Credit and Process Review Department, Model Analysis and Portfolio Management Department and Retail Credit Risk Department. Further details of these departments are set out below:

- The Credit Policy Department proposes core credit policies and procedures, including delegation of authority for the relevant committees at each level;
- The Credit Committee Administration Department provides support to the GCC and Credit Scrutiny Committee;
- The Credit and Process Review Department reviews and ensures that the Bank's credit process meets the set standards as well as improves efficiency of the credit process;
- The Model Analysis and Portfolio Management Department develops and monitors credit risk models for corporate and SME customers such as credit rating models. This department also prepares a detailed monthly analysis of the Bank's credit portfolio; and
- The Retail Credit Risk Department develops and monitors credit risk models for retail customers as well as proposing underwriting criteria for retail customer groups.

The Credit Risk Transaction Management Sector for business centre and corporate loans operates independently from the credit approval units for the purpose of checks and balances on credit work, namely credit scrutiny, risk assessment and advisory service relating to loan approvals. The daily operation of the Bank regarding investment and credit is supervised by the ALCO, GCC and Credit Scrutiny Committee.

Risk Oversight Committee

The Risk Oversight Committee comprises four directors and the President. The Risk Oversight Committee is responsible for proposing overall risk management policies and strategies to the Board of Directors; setting out specific strategies in consonance with the risk management policy; controlling, monitoring, assessing results of risk management; and ensuring that the Bank's operations including its business continuity plans are in line with the risk management policy and guidelines set by the Bank and regulators. The Risk Oversight Committee also submits operational reports to the Audit Committee and the Board of Directors for acknowledgement on a quarterly basis.

Assets and Liabilities Management Committee (ALCO)

The primary goal of the Bank's asset and liability management is to preserve and maximise the Bank's net worth by optimally managing the Bank's balance sheet to conform to the applicable regulatory guidelines as well as the Bank's market and credit risk frameworks. The internal market and credit risk limits are established and reviewed by the Bank's Board of Directors annually or as required. The Board of Directors delegates daily responsibilities for asset and liability management to the ALCO, which is responsible for establishing strategic directives as well as approving all the major risks and liquidity and capital management programmes other than credit risk and operational risk.

The ALCO comprises the Bank's President and top executives from the Financial Management Group, Risk Management Group, Government and State Enterprise Relations Group, Corporate Banking Group, Retail Banking Product and Strategy Group, Business Center Group, Global Transaction Banking Group and Global Markets Group. The ALCO meets at least once a month, or as needed, to review the sensitivity of the Bank's assets and liabilities to market movements as well as the Bank's funding capacity under current and projected accessible liquidity. The Head of the Asset and Liabilities Management Department assists the ALCO in data compilation and presentation, and provides definitive recommendations to facilitate conclusive decisions. The ALCO monitors various external factors affecting the Bank's liquidity and specifies strategies to manage liquidity and interest rate risks.

CREDIT RISK MANAGEMENT

Prudent credit risk management is fundamental to the Bank's business. As most of the Bank's assets comprises loans, credit risk management is one of the most important aspects of the Bank's risk management. All risks involved in the credit approval process must properly be identified, measured, controlled, monitored and managed. Central to the Bank's overall credit risk management are its lending policies, credit approval

procedures, credit analysis process, loan monitoring, credit examination procedures and collateral policies as well as the Bank's loan classification and provisioning policies. See *"Description of Assets and Liabilities — Loan Classification and Provisioning for Loan Losses"*.

To minimise credit risk, the Bank regularly reviews policies and manuals of credit risk management. The Bank has developed the "loan factory" tool to centralise its loan approval process from branch level. The Bank also standardises various operation procedures such as putting in place standard credit terms and conditions for corporate loans, underwriting criteria and product programmes for retail customers and medium sized SMEs ("SME-M") loan customers. In order to enhance competitiveness, encourage business growth and ensure that all risks are within the acceptable limits, credit risk management is classified as follows:

- Retail Loans and Small Business Loans: the Bank has improved its criteria for extending housing loans to expand its customer base in the leading real estate developer segment in Thailand. Personal loans are still provided to government agencies, state enterprises and the agencies that have agreements with the Bank. For small business loans, the Bank has developed new products and modified its underwriting criteria and product programmes to respond to the Bank's strategies to grow small business loans.
- Medium Enterprises Loans and Corporate Loans: the Bank has developed its capabilities to access, control, monitor and report portfolio status at individual exposure level by designing and developing a work process for early risk detection and warning measures through the Early Warning System ("EWS") for SME-M customers, large sized SMEs ("SME-L") customers and Corporate Banking customers.

With the EWS, the Bank is able to, among other things, monitor customers' risks on a daily basis, indicate the last 12-month risk history, develop reports on days of delayed payments in each debt period classified by loan department, specifically track risks for customers in certain sectors such as rice milling and crops production, and track compliance with terms and conditions in transactions. The EWS also improves the notification function with respect to loan renewals, credit reviews and credit rating reviews to allow the Bank to monitor customers' credit risks in every aspect, including customers' financial conditions, liquidity, business operations, ability to repay, use of credit limits and conditions.

For SME-L and Corporate Banking Center customers, the Bank uses credit risk rating and pricing policy as tools for credit approval and credit portfolio management. Furthermore, the Bank also has a process to control and monitor the concentration risk of major customers according to the single lending limit prescribed by the BoT. Such process is conducted through the Bank's credit exposure monitoring system that monitors the single lending limit based on a single customer, group customers and industry of customers. The Bank evaluates the concentration risk in four types of transactions: loans, investments, contingent liabilities and credit-like transactions. This extends to transactions made with the Bank and other financial companies within its conglomerate.

The Bank also places importance on the systematic management of its qualitative and quantitative database by creating a large credit risk "data mart" which collects and stores information from databases. Such information includes loan approval data, debt repayment behaviour data and credit quality data. The Bank utilises the credit risk "data mart" to develop statistical models for credit risk management and credit risk rating process to monitor and review credits. The Bank also uses this database for monitoring credit quality to allow the Bank to identify and evaluate changes in its customers' credit risk profiles. The Bank is notified automatically of the changes through the end-to-end EWS. Moreover, such database also supports the development of credit risk models to measure impairment loss from credit risks, which is relevant for the purpose of compliance with the TFRS 9 in relation to impairment of financial instruments. Under TFRS 9, the Bank is required to recognise impairment of financial instruments based on expected credit losses. Therefore, the Bank is required to evaluate changes in credit quality — the credit risk "data mart" plays a crucial part in this process.

In addition, the Bank has developed an industry direction report, which categorises industrial groups into risk levels, as a guideline in managing the credit portfolio of industrial groups. The Bank performs stress test to evaluate the quality of its credit portfolio and its capital adequacy. The Bank also monitors and reports risk management results to ensure that credit risk is at the level that follows its credit risk management plan as well as the risk management supervision policies of the BoT and other regulators.

MARKET RISK MANAGEMENT

Market risk is the risk of potential loss to future earnings, fair values or future cash flows that may result from changes in interest rates, foreign exchange rates, equity securities prices and commodities, which can have an

adverse effect on income and capital. The Market Risk Management Department oversees market risk for efficiency and transparency in line with the market risk regulatory guideline of BoT's and the Bank's policy. In this regard, the Bank has monitored and controlled interest rate risk within an acceptable risk appetite by formulating risk limits and indicators, conducting stress testing on a regular basis, and reporting on the interest rate environment as well as the domestic and international economic condition, money and capital market to the ALCO. The Market Risk Management Department is also required to present a risk management report to the Risk Oversight Committee on a monthly basis. The payment and settlement functions of the Global Markets Group's transactions are performed by the Transactional Banking Operation Sector. The Bank seeks to ensure that communication with its management and officers about potential market risk is efficient in order that they are aware of the risks and of the Bank's risk management guidelines. The Bank also provides training for relevant officers in relation to market risk management.

The Bank oversees risks of companies within its financial conglomerate by monitoring risk indicators and requiring such companies to submit their operating performance reports and risk management results to the Risk Oversight Committee regularly.

INTEREST RATE RISK MANAGEMENT

A key component of the Bank's risk management policy is the management of structural interest rate sensitivity of the banking book. Exposure to interest rate movements arises when there is a tenure mismatch among rate-sensitive assets and liabilities items. The resultant gap may cause net interest income to be affected by changes in the prevailing level of interest rates. The primary sources of structural interest rate risk for the Bank are short-term repricing risk and basis risk.

One of the key tools the Bank uses to measure its exposure to fluctuations in interest rates is the repricing gap analysis of the Bank's banking book, which provides a static view of the maturity and repricing characteristics of the Bank's balance sheet positions.

The Bank also uses VaR analysis to simulate incremental changes in market factors in an effort to quantify the risks associated with the Bank's trading portfolio exposure. The results of daily VaR are reported to the Head of Global Markets Group, the Head of Risk Management Group and to the Risk Oversight Committee on a monthly basis to facilitate any necessary adjustments to the Bank's trading portfolio.

FOREIGN EXCHANGE RISK MANAGEMENT

The Market Risk Management Department controls and monitors day-to-day foreign exchange trading activities to ascertain that its trading activities are within the specified limits. The Global Markets Group and the Market Risk Management Department cooperate to monitor foreign exchange positions, and report daily foreign exchange rate risk exposure and sensitivity to the Head of Global Markets Group and the Head of Risk Management Group, and to the Risk Oversight Committee on a monthly basis. The Market Risk Management Department regularly conducts VaR analysis to assess the Bank's foreign exchange rate exposure.

DERIVATIVE INSTRUMENTS RISK MANAGEMENT

The Bank does enter into interest rate, foreign currency, equity and commodity derivative transactions, principally interest rate and cross-currency swaps, to hedge the Bank's interest rate and foreign exchange positions, including risks that arise as a result of significant transactions with customers. The Bank also engages in proprietary trading of derivative instruments for its own account but in limited amounts and with restricted controls in place.

EQUITY PRICE RISK MANAGEMENT

Equity price risk refers to the risk arising from changes of equity securities prices that adversely affect income or capital funds. The Market Risk Management Department controls and monitors day-to-day equity trading activities to ascertain that trading activities are within the specified limits. The Market Risk Management Department also regularly conducts VaR analysis to assess the Bank's equity price exposure. The Global Markets Group and the Market Risk Management Department cooperate to monitor equity positions, and report daily equity price risk exposure and sensitivity to the Head of Global Markets Group and the Head of the Risk Management Group, and to the Risk Oversight Committee on a monthly basis.

COMMODITY PRICE RISK MANAGEMENT

Commodity price risk refers to the risk that arises from changes of commodity prices that adversely affect income or capital funds. As the Bank does not have a policy regarding position-taking with respect to commodity price risk, the Bank manages this risk using a back-to-back approach.

LIQUIDITY RISK MANAGEMENT

Liquidity risk arises in the funding of lending activities, the repayment of deposits and the management of working capital needs. The Bank seeks to manage its liquidity risk across all classes of assets and liabilities with the goal that even under adverse conditions it has access to necessary funds at reasonable cost. The key processes of liquidity risk management are: (1) Risk Identification; (2) Risk Measurement; (3) Risk Trigger and Risk Control; and (4) Risk Monitoring and Reporting. The Market Risk Management Department monitors liquidity risk and reports daily liquidity risk exposure to the Head of Global Markets Group, the Head of Risk Management Group and to the Risk Oversight Committee on a monthly basis.

The Global Markets Group and the Asset and Liabilities Management Department cooperate to monitor the Bank's liquidity position and report the Bank's liquidity position and forecasts to the ALCO. In addition, the Bank quarterly conducts liquidity risk stress testing in accordance with its stress testing policy framework by using three types of situation, namely: (1) institution-specific crisis; (2) market-wide crisis; and (3) crisis stemming from a combination of both.

The Bank maintains a minimum level of liquid assets that may be used in the event of a liquidity crisis. These assets comprise statutory reserve assets as well as marketable debt securities. The Bank also has diverse funding sources including customer deposits as well as borrowings from the domestic and foreign interbank markets and through the repurchase markets. Additional foreign currency liquidity is available through foreign currency deposits from overseas branches.

The Bank maintains money market lines with a number of domestic and foreign banks and has historically been a net provider of funds in domestic money markets, principally in Baht, thereby limiting potential liquidity disruptions.

Thai commercial banks must comply with the LCR requirement set out under the BoT Notification No. Sor.Nor.Sor. 9/2558 Re: Rules on the Maintenance of Liquidity Coverage Ratio dated 27 May 2015, as amended (the "BoT Notification No. 9/2558") which became effective on 1 January 2016. The BoT Notification No. 9/2558 requires a commercial bank have an adequate stock of high quality liquid assets ("HQLA") that can be converted into cash easily and immediately at little or no loss of value to meet its total net cash outflows over a 30-day period under the prescribed liquidity stress scenario. See "*Supervision and Regulation — Liquidity Coverage Ratio*". BoT Notification No. 9/2558 also sets out characteristics of HQLA and methods for calculating the LCR. Moreover, the BoT has announced the notification regarding LCR disclosure standards, which requires commercial banks to disclose their LCR, total liquid assets and the amount of net cash outflow within 30 days on a half-yearly basis, starting from June 2018, in order to meet international standards and to increase the awareness and understanding of the stakeholders. As at 31 December 2020, the Bank's liquidity coverage ratio (LCR) was higher than the minimum requirement specified by the BoT.

Apart from the LCR, Thai commercial banks must comply with the NSFR requirement set out in BoT Notification No. 1/2561 effective from 1 July 2018. This BoT notification requires commercial banks to measure their liquidity adequacy over a period of one year and to maintain a stable source of funds that matches the assets that require stable funding. The available stable funding (ASF) factors and the required stable funding (RSF) factors are calibrated to reflect the relevant features of each item, such as funding type, funding tenor, asset tenor, counterparty and liquidity value. Commercial banks must submit reports on their NSFRs to the BoT on a quarterly basis. As at 31 December 2020, the Bank's Net Stable Funding Ratio (NSFR) was higher than the minimum requirement specified by the BoT.

OPERATIONAL RISK MANAGEMENT

In addition to credit risk and market risk, the Bank faces operational risk due to potential loss from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events.

The responsibility for managing operational risk rests with each operating department through the adoption of proper checks and balances in its operating environment. In addition, the Operational Risk Management Department develops and implements the Bank's operational risk management policy, structures and systems and oversees the monitoring, management and reporting of operational risks by each operating department. The Bank oversees operational risk management by adhering to a three-tier risk management approach as follows:

- Tier 1: Business units and business supporting units are expected to have a good understanding as regards risk arising from their work processes and risk within 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 report to their respective managers. Each department has an operational risk officer who coordinates with the Operational Risk Management Department that oversees operational risks both in relation to tools usage and risk management in accordance with the guidelines established by the Bank.
- Tier 2: Oversight business units provide tools, guidelines and procedures to business units in Tier 1.
- Tier 3: Audit departments audit and test business process and risk management process to assure the relevant committees that the Bank's risk management and internal control system are effective.

The Bank has formulated risk indicators for managing overall operational risks. The Bank sets its risk appetite and risk tolerance, standardises operating procedures and implements other various risk control measures on both a prevention and detection basis. The ultimate goal of operational risk management is to ensure that the Bank has the appropriate policies, framework and practices to avoid operational failures, minimise losses and enable the Bank to pursue new business opportunities in a risk-controlled manner.

The Bank has standardised risk management guidelines which focus on improving the risk management process to prevent and manage potential risks in a timely manner before they materialise. Departments in the Bank are involved in operational risk management, which consists of assessing, controlling, monitoring and systematically reporting by using various tools such as operational loss data collection, risk self-control assessment and operational key risk indicators.

In addition, 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 or updates in order to ensure that the significant risks are managed.

In order to mitigate risks stemming from uncontrollable external factors that may affect the main banking operations, the Bank has put in place a business continuity management policy and a business continuity plan in order to ensure the ability to provide services to customers without interruption in the event of emergency or crisis. The business continuity plan is tested regularly by the Bank and external service providers. The Bank summarises its operational risks status, analyses the causes of such risks and reports the risks to top executives and the Risk Oversight Committee on a monthly basis.

REGULATORY RISK MANAGEMENT

Basel III

The Bank's capital management is in line with international practices as well as Basel III requirements. The Bank has been in compliance with the BoT's regulations which adopted Basel III guidelines since 1 January 2013.

As at 31 December 2020, the Bank's consolidated capital adequacy ratio was 19.11 per cent. After stress testing, the capital adequacy ratio was higher than the minimum requirement set by BoT. This reflected the Bank's strong capital fund and the Bank's ability to accommodate business expansion and to respond to possible risks stemming from changes in economy, society and regulations.

As for the BoT's consolidated supervision requirements, the Bank submits a report on the capital adequacy of the conglomerate to the BoT quarterly and discloses information on the capital fund and risks of the conglomerate as scheduled on the Bank's website. The Bank and its conglomerate's capital adequacy is higher than the minimum requirement of the BoT.

In the future, there may be revision to the BoT's approach for calculation of risky assets in order to comply with the Framework of Basel Committee on Banking Supervision. This covers risky assets as regards credit risks, market risks and operational risks. In this respect, the Bank has performed a comprehensive impact assessment in quantitative and qualitative aspects to prepare to accommodate this change.

CYBER RISK MANAGEMENT

As information technology (“IT”) system plays a significant role in driving today’s business, the Bank focuses on strict control of IT security and responsive actions toward cyber threats. The Bank has put in place IT control frameworks and IT risk management human resources, procedures and tools. The Bank sets forth IT risk management principles and cyber risk management guidelines and security measures and performs cyber inherent risk assessments by taking into account five cyber factors as follows:

- Technology and connectivity: to prevent undetected cyber risks arising from new technologies, obsolete technologies, unsecured connectivity, frauds from external parties and enhance security management for hardware, software, data and systems;
- Service channels: to allow connection to external networks such as internet banking and mobile banking;
- Products and services: to allow real-time online transactions, particularly for services provided to government agencies;
- Outsource to external service providers: to efficiently manage and support IT operations and to control cyber risks; and
- Historical cyber attacks or threats: to prevent cyber attacks or threats such as phishing, using of malware and social engineering from recurring.

As the Bank aims to provide one-stop services through electronic banking, it has implemented various sophisticated technologies to manage its information technology infrastructure. The Bank’s cyber risk management guidelines and security measures at each maturity level (baseline, intermediate and advanced) are based on the following six principles:

- Governance on cyber resilience control;
- Identification of scope and method for cyber risk assessments and management of IT assets;
- Protection of IT infrastructure;
- Detection of IT vulnerability for improvement and timely alerts;
- Responses and recovery from cyber incidents; and
- Third party risk management to ensure service compatibility.

The Bank’s IT risk management covers all aspects of its operations: applications, information, infrastructure, operations, people and process. The Bank adheres to the established IT best practices under three major principles: confidentiality, integrity and availability.

The Bank benchmarks its IT security management functions against international standards and ensures that it remains compliant with the application regulations of the BoT. The IT Steering Committee oversees and manages the Bank’s IT risks, makes suggestions to improve the IT processes and boost confidence in the Bank’s IT security and assists the Bank to prepare for the implementation of the Personal Data Protection Act.

REPUTATION RISK MANAGEMENT

As the Bank’s main business involves providing services to the public, which includes customers, partners, investors and regulators, reputation risk stems from the public’s perception of the Bank’s negative image or lack of confidence in the Bank. While network communication at present allows for the rapid spread of news and exchanges of information, it is also a channel to spread rumours and comments that the public may have about the Bank. This could adversely affect the Bank’s image and the stakeholders’ confidence in the Bank, which may in turn have a negative impact on the Bank’s revenue and/or capital funds. Moreover, reputation risk may result from operational risks due to not being able to comply with applicable regulations, not acting in accordance with ethical practices, social expectations or business standards, violating terms and agreements or providing unfriendly service to customers. The Bank manages reputation risk in addition to other important risks. A guideline for risk management has been established and reviewed as scheduled or whenever changes are required. As for risk management procedures, the Bank has defined risk factors, a reputation risk index as well as a risk appetite and a risk tolerance level. 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 reasoning and action plans to eradicate or mitigate the risk.

Strategic Risk

Strategic risk is the risk generated from inappropriate strategic planning, operation or implementation which are not in line with internal factors and the external environment producing an undesirable impact on income, capital funds or business survival. The Bank continues to operate its business with caution. The Bank's strategic risks and risk management function can be summarised as follows:

- 1) The Bank's measures for strategic risk management are in line with the BoT's and other applicable guidelines. The Bank reviews policies and guidelines on strategic risk management annually.
- 2) In 2020, the strategic planning process is comprehensive and in line with the guidelines for state enterprise performance appraisal. The procedures and persons involved as well as the timeframe are clearly specified. Committees and top executives turn the strategic plans into practices and communicate the plan to executives of all business units.
- 3) The Bank's strategic plan is appropriate for both the internal and external environment. It focuses on using real data and analysing such data in comparison with the Bank's and peers' targets. The Bank conducts SWOT analysis to determine further strategies to enhance strengths, rectify weaknesses, capture business opportunities and prevent threats from external pressures. These have been combined into the Bank's overall strategies, both short term and long term, which respond to the Bank's statement of direction, vision, mission and core values.
- 4) The Bank monitors and compares its operating performance with targets regularly and reports to executives to set strategies to achieve targets. The Bank reviews and adjusts action plans to respond to changing conditions.

PROPERTIES FOR SALE RISK MANAGEMENT

Properties for sale risk arises from the impairment of assets caused by changes to properties' conditions or environment. Factors that give rise to such changes include physical deterioration of the property, flooding, other natural disasters, the economic and market situation, laws, city planning and utilisation of the property. These factors affect the Bank's ability to sell properties. The risk level depends on property type, quality of property, changes in market price and duration of ownership. The Bank has developed guidelines on minimising, monitoring and controlling risks to be within acceptable limits. For example, the Bank considers property type, quality and valuation in a timeframe to reflect the market price when accepting transfers of properties in lieu of debt repayment. The Bank closely manages properties to be promptly available for sale and sets marketing strategies and reasonable selling prices. The objective of the properties for sale risk management is to accelerate sales of the Bank's foreclosed properties. In addition, the Bank is required to set provisions for an additional holding period when holding properties for sale in accordance with the BoT's regulations on asset classification and provisioning.

DESCRIPTION OF ASSETS AND LIABILITIES

The following information should be read together with the Bank's financial statements included elsewhere in this Offering Circular. The following analysis of the Bank's loan portfolio is reported on a consolidated basis. All loan data, unless otherwise specified, represent principal amount only and exclude accrued interest.

LOAN PORTFOLIO

As at 31 December 2020, the Bank's consolidated total loans were Baht 2,335 billion, an increase of 11.7 per cent. from Baht 2,090 billion as at 31 December 2019; 97.6 per cent. of total loans as at 31 December 2020 consisted of domestic loans.

The following table provides information on the consolidated loan portfolio contribution by the Bank's core business groups as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Private corporate	650,266	31.1	639,930	27.4
Government and state enterprise	182,986	8.8	367,293	15.7
SME ⁽¹⁾	332,447	15.9	335,857	14.4
Retail	924,269	44.2	991,804	42.5
— Housing	396,036	18.9	430,281	18.4
— Personal	464,140	22.2	496,443	21.3
— Credit card	56,652	2.7	59,990	2.6
— KTB Leasing	7,441	0.4	5,090	0.2
Others	375	0.0	357	0.0
Total loans	<u>2,090,343</u>	<u>100.0</u>	<u>2,335,241</u>	<u>100.0</u>
Less: Deferred revenue	(469)		(399)	
Total	<u>2,089,874</u>		<u>2,334,842</u>	

Note:

(1) SMEs were private companies that have 200 employees or fewer and fixed assets (excluding land) less than/equal to Baht 200 million.

The following table sets forth the composition of the Bank's consolidated loan portfolio by type as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Overdrafts	168,673	8.1	155,037	6.6
Loans	1,407,819	67.3	1,592,453	68.2
Bills	505,162	24.2	581,389	24.9
Hire purchase receivables	3,599	0.2	1,618	0.1
Financial lease receivables	1,165	0.0	957	0.0
Others	3,925	0.2	3,787	0.2
Total loans to customers	2,090,343	100.0	2,335,241	100.0
Less deferred revenue	(469)		(399)	
Total loans to customers net of deferred revenue	2,089,874		2,334,842	
Add accrued interest receivables	5,159		16,199	
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,095,033		2,351,041	
Less allowance for doubtful accounts				
1. Minimum reserve of BoT's regulations				
Individual approach	(66,723)		—	
Collective approach	(4,046)		—	
2. Excess allowance	(64,459)		—	
Less revaluation allowance for debt restructuring	(40)		—	
Less allowance for expected credit losses	—		(150,528)	
Total loans to customers and accrued interest receivables, net	1,959,765		2,200,513	

Loan Maturity Profile

The following table sets out the breakdown of the Bank's unconsolidated loan portfolio as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Loans				
Not over 1 year	668,355	33.3	632,927	28.1
Over 1 year	1,337,958	66.7	1,619,095	71.9
Total loans ⁽¹⁾	2,006,313	100.0	2,252,022	100.0

Note:

(1) Total loans net of deferred revenue.

Industry Concentration

The following table sets forth the Bank's consolidated loan portfolio by the industry as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Agriculture and mining	26,521	1.3	24,424	1.1
Manufacturing and trading	533,198	25.5	504,670	21.6
Real estate and construction	111,959	5.3	128,957	5.5
Public utilities and services	362,951	17.4	583,746	25.0
Housing loans	396,036	19.0	430,281	18.4
Others	659,209	31.5	662,764	28.4
Total loans ⁽¹⁾	<u>2,089,874</u>	<u>100.0</u>	<u>2,334,842</u>	<u>100.0</u>

Note:

(1) Total loans net of deferred revenue.

Loans in the manufacturing and trading, public utilities and services, and housing sectors have historically accounted for the most significant portion of the Bank's consolidated loan portfolio, and comprised 65.0 per cent. of the loan portfolio as at 31 December 2020. The following discussion sets forth information with respect to the most significant concentrations of the Bank's loan portfolio by major industry classification.

Agriculture and Mining Sector: The Bank's agriculture and mining loan portfolio accounted for 1.1 per cent. of the Bank's consolidated loan portfolio as at 31 December 2020. Agriculture and mining customers are related to agriculture products such as rice, sugar and rubber.

Manufacturing and Trading Sector: The Bank's manufacturing and trading loan portfolio comprised 21.6 per cent. of its consolidated loan portfolio as at 31 December 2020. The Bank's manufacturing and trading customers represent a broad range of businesses, which typically involve the production and wholesale and retail distribution of a variety of products. The Bank's manufacturing and trading customers range from individuals to large corporations, and include many of the major manufacturing companies in Thailand.

Real Estate and Construction Sector: The Bank's real estate and construction loan portfolio accounted for 5.5 per cent. of the Bank's consolidated loan portfolio as at 31 December 2020. Real estate sector loans consist primarily of loans to real estate developers and purchasers for various types of real estate projects. Construction sector loans consist primarily of loans to construction companies, who specialise in multi-use project development, residential housing, residential condominiums, office buildings, commercial centres and shops, houses and special projects.

Public Utilities and Services Sector: The Bank's public utility and services loans comprised 25.0 per cent. of its consolidated loan portfolio as at 31 December 2020. Many of the Bank's public utility and services customers are participants in electricity, water and transportation projects, while others are major SOEs or holders of Government concessions. The Bank's public utility loans are well secured. In addition, many of the Bank's public utility loans are secured by long-term take-or-pay contracts, which typically reduce risk to both borrowers and their lenders.

Housing Loans Sector: The Bank's consolidated housing loans comprised 18.4 per cent. of its loan portfolio as at 31 December 2020. Housing loans consist of loans to finance housing, land and buildings or to purchase land to build additional buildings, as well as to improve housing.

LOAN CLASSIFICATION AND PROVISIONING FOR LOAN LOSSES

The Bank and its subsidiaries recognise expected credit losses of financial assets: debt instruments which are interbank and money market (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 follows:

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. 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. 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.

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. 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 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.

Credit judgment

Estimation of expected credit loss requires assumptions and considerations with respect to macroeconomic factors. Where the Bank considers recent events and it deems that such events will affect borrowers' ability to service debts, the Bank will increase the expected credit loss based on its judgement and experience.

Financial instruments with modified terms

Where the original contractual terms of financial assets have been modified for credit reasons and the instrument has not been de-categorised, the resulting modification gain or loss is recognised under impairment losses or gains of loans and debt securities in the statement of comprehensive income with a corresponding decrease in the gross carrying value of the asset. The Bank classifies financial assets and estimate expected credit loss based on customers' ability to pay debt under the new contractual terms.

For troubled debt restructurings, a non-performing debt can be re-categorised to an under-performing debt when a debtor repays the indebtedness for three consecutive instalments and to a performing debt after a nine-month monitoring period with no debt overdue.

For pre-emptive debt restructuring, an under-performing debt that has never been recognised as a non-performing debt can be re-categorised to a performing debt when a debtor repays the indebtedness for three consecutive instalments or when the Bank is confident that a debtor can comply with the new contractual terms. If re-categorised to a performing debt, credit rating at origination will be reset to a new credit rating as of the re-categorisation date.

Classification and provisioning requirements for overseas branches

The Bank's overseas branches follow the BoT's classification and provisioning requirements or the classification and provisioning requirements of the banking regulations in the jurisdiction in which the branch office is located, whichever is more conservative.

Valuation of collaterals

The Bank is required to conduct appraisal or valuation for all types of collaterals at least once every three years, except for immovable properties acquired through debt repayment or public auctions, which are required to be appraised or valued annually.

As at 31 December 2020, the Bank had consolidated allowances for expected credit loss of Baht 151 billion. The following table sets forth movements in the Bank's allowance for expected credit loss of loans to customers and accrued interest receivables, on a consolidated basis, for the year ended 31 December 2019 and 2020.

	31 December 2020 <i>(in millions of Baht)</i>
Beginning balance	135,228
Changes due to the adoption of new accounting standards ⁽¹⁾	<u>(1,755)</u>
	133,473
Changes due to remeasurement of loss allowance	39,929
New financial assets purchased or acquired	6,405
Derecognition of financial assets	(3,932)
Bad debt recovery	84
Bad debt written-off	(25,431)
Ending balance	<u>150,528</u>

Note:

- (1) From 1 January 2020, the Group adopted the New Financial Instrument Standards and the New Leases Standard. The Group recognised the cumulative effects of the changes in accounting policies due to adoption of the New Financial Instruments Standards and the New Leases Standard as an adjustment to the opening balance of retained earnings or other components of shareholder's equity as at 1 January 2020. Please refer to note 6 to the Group's audited consolidated financial statements as at and for the year ended 31 December 2020 for further details.

	31 December 2019
	<i>(in millions of Baht)</i>
Beginning balance	133,754
Increase (Decrease) in allowance for doubtful accounts	23,840
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation . . .	(40)
Bad debt recovery	2,320
Bad debt written-off	(25,176)
Others	530
Ending balance	<u>135,228</u>

STATISTICAL INFORMATION ON NPLS

The Bank reports details of its loan portfolio and NPLs to the BoT on a monthly basis. The following table sets forth information with respect to the Bank's consolidated classified loans including accrued interest receivable calculated for provisioning purposes as at the dates indicated:

	As at 31 December 2020	
	<u>Amount</u>	<u>Per cent. of total</u>
Financial assets where there has not been a significant increase in credit risk (Performing)	2,013,375	85.6
Financial assets where there has been a significant increase in credit risk (Under- Performing)	223,501	9.5
Financial assets that are credit-impaired (Non-Performing)	109,407	4.7
Financial assets where applied simplified approach to calculated expected credit losses (Lifetime ECL — simplified approach)	4,758	0.2
Total	<u>2,351,041</u>	<u>100.0</u>
Allowance for expected credit losses	150,528	
Gross NPLs ⁽¹⁾	107,138	3.81
Coverage ratio ⁽²⁾		147.3

Notes:

- (1) NPLs Ratio-Gross was calculated according to BoT definition.
- (2) Coverage Ratio refers to allowance for expected credit losses for (i) interbank and money market items, (ii) loans to customers and (iii) loan commitments and financial guarantee contracts divided by Gross NPLs.

	As at 31 December 2019	
	<u>Amount</u>	<u>Per cent. of total</u>
	<i>(in millions of Baht, except percentages)</i>	
Loans		
Normal	1,923,616	91.8
Special Mention	68,696	3.3
Sub-Standard	12,780	0.6
Doubtful	12,647	0.6
Doubtful of loss	77,294	3.7
Total Loans	<u>2,095,033</u>	<u>100.0</u>
Actual provisioning for loan loss ⁽¹⁾	135,268	
Gross NPLs ⁽²⁾	102,659	4.33
Net NPLs ⁽²⁾	42,333	1.83
Coverage ratio ⁽³⁾		131.8

Notes:

- (1) Allowance for doubtful accounts and revaluation allowance for debt restructuring (according to the financial statements).
- (2) NPLs Ratio-Gross and NPLs Ratio-Net were calculated according to BoT definition.
- (3) Coverage ratio refers to actual provisioning for loan loss / gross NPLs.

SECURITIES PORTFOLIO

The Bank's securities portfolio on a consolidated basis consisted of the following as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Government and state enterprise securities	309,271	78.3	264,266	79.9
Private enterprise debt securities	16,360	4.1	17,284	5.2
Foreign debt securities	55,475	14.0	33,292	10.1
Marketable equity securities	13,117	3.3	14,408	4.4
Non-marketable equity securities	2,245	0.6	1,127	0.3
Unit trust	—	—	382	0.1
Others	1	0.0	—	—
Less: Allowance for impairment	(1,241)	(0.3)	(47)	—
Total Investments, net	<u>395,228</u>	<u>100.0</u>	<u>330,712</u>	<u>100.0</u>

Debt securities comprise a majority of Government and SOE securities, as well as private debt instruments. Government and SOE securities are typically held as part of the Bank's liquidity reserves and can be used as collateral against credit extended to the Bank by the BoT, other commitments with Government agencies and SOEs and securities sold under repurchase agreements. As at 31 December 2020, the Bank's consolidated held Baht 264,266 million of Government and SOE securities on a consolidated basis.

The Bank's investments in listed securities are marked-to-market on a monthly basis while its investments in unlisted securities are valued at the lower of acquisition cost or book value. The Bank does not engage in active proprietary trading of equity or debt securities for its customers, except that it underwrites domestic debt securities in connection with its investment banking activities.

FUNDING SOURCES

Historically, the Bank has satisfied a substantial portion of its domestic funding requirements through deposits. As at 31 December 2020, 74.0 per cent. of the Bank's total sources of funds were met by deposits. Substantially all of the Bank's deposits are from its domestic branch network.

The Bank offers a wide variety of deposit accounts, including non-interest-bearing demand as well as interest-bearing savings and fixed-term accounts in terms ranging from three months to medium terms. The Bank sets the rate of interest it pays on deposits according to market conditions and in accordance with its strategy to promote deposit growth. Rates offered vary according to the maturity and size of the deposit as well as whether the customer is a financial or a non-financial institution. In addition, the Bank offers a number of contractual savings plans that pay varying rates of interest. Interest is paid on term deposits at a fixed rate. When a term deposit is rolled over, the rate for deposits of the relevant maturity at the time of the rollover is applied. With respect to savings deposits, the applicable interest rate is based on market and competitive conditions.

Foreign currency deposits constituted about 1.1 per cent. of total liabilities as at 31 December 2020. Foreign currency deposits are usually matched with foreign currency loan exposures, and such deposits are not material as a whole to the Bank's deposit base. When the Bank does require foreign currency, mainly U.S. dollars, it borrows offshore mainly through public offerings and private placements of debt instruments, and private arrangements with select financial institutions.

The following table sets forth a breakdown of the sources of the Bank's consolidated funding and liability profile as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Deposits	2,155,865	71.6	2,463,225	74.0
Interbank and money market items	215,823	7.2	274,566	8.2
Debt issued and borrowings	96,841	3.2	86,564	2.6
Others ⁽¹⁾	195,361	6.5	148,361	4.5
Total equity	348,326	11.5	355,064	10.7
Total sources of funds	<u>3,012,216</u>	<u>100.0</u>	<u>3,327,780</u>	<u>100.0</u>

Note:

(1) Others comprise liabilities payable on demand, liabilities to delivery securities, derivatives liabilities, liabilities under acceptance, lease liabilities, provisions and other liabilities.

The following table gives a breakdown of the Bank's unconsolidated deposits classified by maturity as at the dates indicated:

	As at 31 December				
	2019		2020		Amount (U.S.\$) ⁽¹⁾
	Amount	Per cent. of total	Amount	Per cent. of total	
	<i>(in millions of Baht and U.S.\$, except percentages)</i>				
Not over one year	2,019,080	93.5	2,447,640	99.2	81,487
Over one year	139,380	6.5	19,140	0.8	637
Total	<u>2,158,460</u>	<u>100.0</u>	<u>2,466,780</u>	<u>100.0</u>	<u>82,124</u>

Note:

(1) Translated into U.S. dollar amounts based on the rate of Baht 30.0371 = U.S.\$1.00, the middle market spot rate of exchange for Bank as of 31 December 2020.

The following table gives a breakdown of (the Baht equivalent of) the Bank's deposits (on a consolidated basis) classified by currency and residence of customer as at the dates indicated:

	As at 31 December					
	2019			2020		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in millions of Baht)</i>					
Baht	2,112,824	17,011	2,129,835	2,409,212	16,413	2,425,625
U.S. Dollar	14,217	6,824	21,041	19,991	12,691	32,682
Other currencies	2,621	2,368	4,989	2,661	2,257	4,918
Total	<u>2,129,662</u>	<u>26,203</u>	<u>2,155,865</u>	<u>2,431,864</u>	<u>31,361</u>	<u>2,463,225</u>

The following table sets forth a breakdown of the sources of the Bank's deposits by product on a consolidated basis as at the dates indicated:

	As at 31 December			
	2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total
	<i>(in millions of Baht, except percentages)</i>			
Demand deposits	84,692	3.9	104,371	4.3
Savings deposits	1,493,162	69.3	1,826,080	74.1
Time deposits	578,011	26.8	532,774	21.6
Total	<u>2,155,865</u>	<u>100.0</u>	<u>2,463,225</u>	<u>100.0</u>

CAPITAL ADEQUACY

The Bank is subject to capital adequacy requirements of the BoT (based on Basel III) for commercial banks in Thailand. The BoT requires that commercial banks maintain adequate capital buffers which can be drawn down as losses are incurred in periods of financial stress, by building up a capital buffer of at least 0.625 per cent. above the minimum requirement per year, starting from 1 January 2016 until the capital buffer is more than 2.50 per cent. above the minimum requirement on 1 January 2019. Furthermore, according to BoT announcements no. FPG 16/2560 and 17/2560, the Bank is considered one of the five D-SIBs. D-SIBs are subject to higher loss absorbency requirements, which are in the form of additional Common Equity Tier 1 of 1 per cent. of total risk-weighted assets. D-SIBs must accumulate additional Common Equity Tier 1 of 1 per cent. by 1 January 2020. As a result, the minimum Common Equity Tier 1 capital adequacy ratio for D-SIBs is 8.0 per cent., while the tier 1 capital fund ratio is 9.5 per cent. and the minimum total capital ratio is 12.0 per cent. from 1 January 2020. In line with the BoT regulations, the Bank's capital adequacy is currently computed on both a non-consolidated and consolidated basis. The Bank has adopted the "Standardised Approach" for measuring its credit risk, market risk and operational risk in order to compute its regulatory capital requirements.

The Bank's tier 1 capital comprises of, among other things, issued and fully paid up share capital and premium on ordinary shares, legal reserves, net income after appropriation, surplus on land revaluation, revaluation surplus (net) on investments and hedge reserve. The Bank's tier 2 capital consists of, among other things, subordinated debt and allowance for asset classify as normal.

The following table sets forth details of the Bank's consolidated regulatory capital adequacy information as at the dates indicated:

	As at 31 December	
	2019	2020
	<i>(in millions of Baht, except percentages)</i>	
Common equity tier 1		
Paid-up share capital	72,005	72,005
Premium on share capital	20,834	20,834
Legal reserves	7,201	7,021
Net income after appropriation	193,994	205,207
Other components of equity	33,011	30,963
Capital deduction items on common equity tier 1	(22,340)	(21,743)
Tier 1 capital fund — financial instruments	1,100	1,288
Total tier 1 capital fund	305,805	315,755
Tier 2 capital fund		
Long-term subordinated debt	53,091	44,000
Allowance for assets classified as normal	22,443	22,349
Total tier 2 capital fund	75,534	66,349
Total capital fund	381,339	382,104
Common equity tier 1 ratio ⁽¹⁾	15.19	15.73
Tier 1 capital fund ratio ⁽¹⁾	15.24	15.79
Capital adequacy ratio ⁽¹⁾	19.01	19.11

Note:

(1) Capital adequacy ratios are determined in accordance with the BoT's requirements.

MANAGEMENT

MANAGEMENT

The Bank is managed by the Board of Directors, which consists of 12 members, and the Board of Executive Directors, which consists of four members. The Board of Directors meets at least once a month. The Board of Executive Directors meets at least twice a month and reviews key matters such as major loan approvals and policy issues. In addition, the Board of Directors has established the following committees under its purview to assist with specific functions or areas, namely (i) the Audit Committee, (ii) the Corporate Governance and Social Responsibility Committee, (iii) the Nomination and Remuneration Committee, (iv) the Risk Oversight Committee, (v) the Compliance Committee and (vi) the Independent Directors Committee.

Board of Directors

The Board of Directors continually formulates the Bank's operational policies and directives and supervises the management team to ensure efficient and effective operations in line with the Bank's objectives. The Board of Directors monitors the Bank's operations through regular meetings and implements policies that are consistent with changing conditions in the market place. It also keeps the public informed of the Bank's operational direction and plays the leading role in the strategic positioning of the Bank's businesses, including supporting community businesses.

The following table sets forth certain information regarding the members of the Board of Directors as of the date of this Offering Circular including such Directors' membership on the Board of Executive Directors or any committee.

<u>Name</u>	<u>Position</u>	<u>Date First Elected or Appointed as Director</u>
Mr. Krisada Chinavicharana	Chairman of the Board of Directors	7 February 2020
Mr. Krairit Euchukanonchai	Vice Chairman of the Board of Directors, Chairman of the Board of Executive Directors and Chairman of the Risk Oversight Committee	15 October 2015
Mr. Vichai Assarasakorn	Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee	24 November 2017
Mr. Thanwa Laohasiriwong	Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Compliance Committee and Member of the Risk Oversight Committee	26 January 2016
Prof. Dr. Kittipong Kittayarak	Independent Director, Chairman of the Corporate Governance and Social Responsibility Committee and Member of the Compliance Committee	24 July 2014
Mr. Teerapong Wongsiwawilas	Independent Director, Chairman of the Compliance Committee, Member of the Nomination and Remuneration Committee	21 December 2020
General Tienchai Rubporn	Chairman of the Independent Directors Committee, Member of the Audit Committee and Member of the Compliance Committee	28 January 2015
Mr. Poonnis Sakuntanaga	Director, Executive Director and Member of the Risk Oversight Committee	28 January 2015
Ms. Patricia Mongkhonvanit	Director, Member of the Nomination and Remuneration Committee and Member of the Corporate Governance and Social Responsibility Committee	27 December 2018
Mrs. Nitima Thepvanangkul	Independent Director, Member of the Audit Committee and Member of the Corporate Governance and Social Responsibility Committee	12 April 2019

<u>Name</u>	<u>Position</u>	<u>Date First Elected or Appointed as Director</u>
Mr. Lavaron Sangsnit	Director, Executive Director and Member of the Risk Oversight Committee	21 December 2020
Mr. Payong Srivanich	President, Executive Director and Member of the Risk Oversight Committee	8 November 2016

Mr. Krisada Chinavicharana is the Chairman of the Board of Directors of the Bank. He was previously the Director General of the Thai Customs, the Excise Department and the Fiscal Policy Office. He was Director of the Bank for Agriculture and Agricultural Cooperatives, Deposit Protection Agency, PTT Pcl., and the Bank of Thailand, among others. He is also presently serving in a number of positions, including as Permanent Secretary of the Ministry of Finance and Director of Bangchak Corporation Pcl., among others. He holds an LL.B. from Chulalongkorn University, as well as an MBA from the University of New Haven, U.S.A.

Mr. Krairit Euchukanonchai is the Vice Chairman of the Board of Directors, Chairman of the Board of Executive Directors and Chairman of the Risk Oversight Committee of the Bank. He was previously the Chairman and an Independent Director of PTT Pcl. and the Chairman of the Mass Rapid Transit Authority of Thailand, among others. He is also presently serving on number of boards as Independent Director, Chairman of the Audit Committee and member of the Nomination and Corporate Governance Committee of Advanced Info Service Pcl.; Chairman of Infinitas by Krunghthai Co., Ltd., Director of Advanced Wireless Network Co., Ltd., and Chairman of V.Group Honda Cars Co., Ltd. and its subsidiaries. He holds a Bachelor's degree of Science from Chulalongkorn University and a Master of Business Administration in Finance and Banking from North Texas State University, U.S.A.

Mr. Vichai Assarasakorn is an Independent Director, Chairman of the Audit Committee and a member of the Corporate Governance and Social Responsibility Committee of the Bank. He was previously an Independent Director and member of the Audit Committee of PTT Pcl., as well as the Secretary of the Anti-Corruption Organisation of Thailand. He is currently the 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, Vice Chairman of the Anti-Corruption Organisation of Thailand, Vice Chairman of the Thai Chamber of Commerce, and Independent Director and member of the Audit Committee of Asian Sea Corporation Pcl, among others. He holds a Bachelor of Engineering in Electrical Engineering from The University of New South Wales, Australia.

Mr. Thanwa Laohasiriwong is an Independent Director, the Chairman of the Nomination and Remuneration Committee, a member of the Compliance Committee and a member of the Risk Oversight Committee of the Bank. He was previously an Independent Director and a member of the Audit Committee at the State Railway of Thailand and an Honorary Director, Thailand Research Fund Policy Committee at The Thailand Research Fund. In addition, he held a number of positions including Chairman of Humanica Co., Ltd.; Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee of ASN Broker Pcl.; Director and Executive Director of TOT Pcl., among others. He is currently an Independent Director and the Chairman of the Audit Committee of TPBI Pcl., a Director of Relationship Republic Co., Ltd., and a member of the Support Research and Innovation Administration Committee of the National Research Council of Thailand. He holds a Bachelor of Computer Engineering from King Mongkut's Institute of Technology Ladkrabang.

Prof. Dr. Kittipong Kittayarak is an Independent Director, the Chairman of the Corporate Governance and Social Responsibility Committee and a member of the Compliance Committee of the Bank. He was previously an advisor to the Prime Minister of Thailand. He is presently holding several positions, such as Independent Director of Dusit Thani Pcl.; Independent Director and the Chairman of the Audit Committee at PTT Pcl.; Chancellor of the King Mongkut's Institute of Technology Ladkrabang; and Executive Director of Thailand Institute of Justice (Public Organisation); among others. He holds a Bachelor of Laws from Chulalongkorn University, a Master of Laws from Cornell University, U.S.A, a Master of Laws from Harvard University, U.S.A, a Doctor of the Science of Laws from Stanford University, U.S.A and Honorary Doctorate Degree from Radboud University, Netherland.

Mr. Teerapong Wongsiwawilas is an Independent Director, the Chairman of the Compliance Committee, and a member of the Nomination and Remuneration Committee of the Bank. He was previously the Deputy Secretary-General to the Cabinet, The Secretariat of the Cabinet. He is currently the Secretary-General to the Cabinet, The

Secretariat of the Cabinet; Honorable Executive Director of the Judicial Administration (Administration and Management), Court of Justice; Committee member of the Political Reform of the Thailand's National Reform, Office of the National Economic and Social Development Council; Council of State No.7 (Natural Resources and Environment Law), Office of the Council of State; and an Independent Director and member of the Audit Committee, Bangchak Corporation Pcl.; among others. He holds a Bachelor of Laws from Thammasat University.

General Tienchai Rubporn is the Chairman of the Independent Directors Committee, a member of the Audit Committee and a member of the Compliance Committee of the Bank. He was previously an advisor to the Public Budget Expenditures Committee, Senior Expert of The Royal Army, Permanent Secretary of the Office of the Army Comptroller, and Secretary of the Public Budget Expenditures Committee. General Rubporn holds a Bachelor of Science from Chulachomklao Royal Military Academy and a Master of Arts from Command and General Staff College.

Mr. Poornis Sakuntanaga is a Director, an Executive Director and a member of the Risk Oversight Committee of the Bank. He was previously the President of IQ Plus and Management Co., Ltd. and a Director and Executive Director of Thaikong Co., Ltd. He is currently a Director and Executive Director of Elixir Foods and Beverages Co., Ltd. He holds a Bachelor of Business and Accountancy (Finance and Banking) from Chulalongkorn University, a Master of Business Administration (Finance) from Middle Tennessee State University, U.S.A and a Master of Business Administration (Marketing) from the University of Wisconsin, U.S.A.

Ms. Patricia Mongkhonvanit is a Director, a member of the Nomination and Remuneration Committee and a member of the Corporate Governance and Social Responsibility Committee of the Bank. She was previously the Inspector-General of the Office of the Permanent Secretary at the Ministry of Finance. She also held several positions in the Revenue Department, including the Principal Advisor on Strategic Tax Administration (Energy Industry), the Deputy Director and the Director of Tax Policy and Planning Division. She was also a Director of the Liquor Distillery Organisation, among others. She is presently Director-General at the Public Debt Management Office, an Independent Director and a member of the Audit Committee at BBGI Pcl.; and a Director of PTT International Trading Private Co., Ltd.. She holds a Bachelor of Public Administration from Chulalongkorn University, a Master of Arts (Development Policy and Public Administration) from the University of Wisconsin, U.S.A and a Master of Laws (Tax) from The London School of Economics and Political Science at the University of London, UK.

Mrs. Nitima Thepvanangkul is an Independent Director, a member of the Audit Committee and a member of the Corporate Governance and Social Responsibility Committee of the Bank. She previously served as Councillor and Executive Director of the Vidyasirimedhi Institute of Science and Technology; Director and member of the Risk Management Committee of Thai Oil Pcl.; Chief Financial Officer of PTT Pcl.; Chairman of PTT International Trading Private Co., Ltd.; Chairman of PTT Energy Resources Co., Ltd.; Executive Vice President of Financial Policy and Corporate Accounting at PTT Pcl.; and Executive Vice President of Corporate Accounting and Finance at PTT Pcl. She holds a Bachelor of Accounting from Chulalongkorn University and a Master of Economics Program (Finance) from the National Institute of Development Administration.

Mr. Lavaron Sangsnit is a Director, an Executive Director and a member of the Risk Oversight Committee of the Bank. He was previously the Director-General at the Fiscal Policy Office; the Inspector General at the Office of the Permanent Secretary, Ministry of Finance; Chairman at the Deposit Protection Agency; a Board Member of Capital Market Supervisory Board, The Securities and Exchange Commission; a Director at the Bank of Thailand; a member of the Financial Institutions Policy Committee, Bank of Thailand; and a Director and the Chairman of the Risk Management Committee at Krungthai Asset Management Pcl., among others. He is presently the Director-General at the Excise Department among others. He holds a Bachelor of Economics from Chulalongkorn University and a Master of Science (Economic Policy and Planning) from Northeastern University, U.S.A.

Mr. Payong Srivanich is the President, an Executive Director and a member of the Risk Oversight Committee of the Bank. He was previously a Senior Executive Vice President of the Head of Global Markets Group at the Bank and a Director of Krungthai-AXA Life Insurance Pcl., among others. He is currently the Chairman of Thai Bankers' Association, a Director of Payment Systems Committee of Bank of Thailand, a Board Member of Thailand Board of Investment, a Chairman of National Digital ID Co., Ltd., National ITMX Co., Ltd. and a Director at The ASEAN Bankers Association, among others. He also serves on the Senior Expert Committee of The National Financial Institution Development Board and the MOF Big Data Steering Committee of the Ministry of Finance. He obtained his Bachelor of Science in Industrial Engineering from the University of Arizona, U.S.A and a Master of Business Administration from the University of Pittsburgh, U.S.A.

Board of Executive Directors

The Board of Executive Directors consists of four members. The scope of the powers and duties of the Board of Executive Directors includes the following:

- approve credit, debt restructuring and debt write-off;
- approve investment or sales of securities invested by the Bank, trading or renting out Banks' property;
- consider and approve the hiring of consultant and procurement operation in accordance with the procurement regulations;
- scrutinise business plans, policy tasks and annual budget;
- monitor significant assignments given by the Board of Directors;
- approve or acknowledge other businesses relating to management as appropriate and report issues promptly to the Board of Directors; and
- perform other tasks assigned by the Board of Directors.

The Audit Committee

The powers and duties of the Audit Committee are to ensure that the Bank's financial reporting is correct and adequate, that the Bank has in place appropriate and effective internal control and internal audit systems, that the Bank operates in accordance with securities laws and banking regulations and that any disclosure of information, in the case of related party reports or reports that might contain conflicts of interest, is complete and correct. The Audit Committee is required to contribute a report to be incorporated as an integral part of the Bank's annual report, outlining the major tasks initiated and overseen by the Audit Committee. In addition, the Audit Committee undertakes procedures entrusted to it by the Board of Directors.

The Corporate Governance and Social Responsibility Committee

The powers and duties of the Corporate Governance and Social Responsibility Committee include: (a) presenting the policy on corporate governance and social responsibility of the Bank and its subsidiaries to the Board of Directors; (b) ensuring that the Bank's 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; (c) regularly reviewing the corporate governance and social responsibility policy and aligning these with international practices and recommendations of related institutions; (d) recommending the Code of Best Practices or Board of Directors Charter to the Board of Directors as well as other established committees of the Bank; (e) recommending the Code of Business Conduct and Code of Best Practices for executives and all employees; (f) encouraging good corporate governance culture and participation in social activities for sustainable development; and (g) appointing sub-committees to support corporate governance and social responsibility work as it deems appropriate.

The Nomination and Remuneration Committee

The powers and duties of the Nomination and Remuneration Committee include: (a) setting policies, criteria and strategies with regards to the nomination process and fixing remuneration including other benefits for the Directors, top executives and authorised personnel; (b) recommending the overall policy concerning the fixing of remuneration and other benefits; (c) recruiting and selecting applicants with appropriate qualifications as specified by the Bank's rules and relevant laws to be presented to the Board of Directors for consideration; (d) ensuring that the size of the Board of Directors of the Bank is justifiable and appropriate for the organisation and the changing environment; (e) activating the Board of Directors to select new director to replace the one that has completed term of office according to the Articles of Association; (f) overseeing that Directors, top executives and authorised persons' remunerations are justifiable in accordance with their duties and responsibilities; (g) setting up guidelines for assessing the performance of Directors, top executives and authorised management personnel when revising annual compensations (taking into consideration the duties, responsibilities, related risks and long term value creation for shareholders); and (h) disclosing policy and details of recruiting procedures, fixing of remunerations and benefits and the process of determining remunerations.

The Risk Oversight Committee

The powers and duties of the Risk Oversight Committee include: (a) presenting and setting out the overall risk management policy and strategy to the Board of Directors; (b) setting out strategies in consonance with the risk management policy as well as controlling, monitoring and assessing risk management; and (c) ensuring that Bank's operations including its business continuity plan are in line with risk management policy and guidelines prescribed by the Bank and the regulators.

The Compliance Committee

The powers and duties of the Compliance Committee include: (a) supervising and monitoring risks resulting from the breach against the law and regulations; (b) regularly reviewing the Charter of the Compliance Committee before submitting to the Board of Directors for approval; (c) assessing the annual performance of the Compliance Department to maintain independence and avoid conflict of interests; (d) reviewing policy and regularly assessing the Bank's risk management in terms of regulatory compliance; (e) approving the Annual Compliance Report; (f) reviewing the review report or monitoring the Bank's regulatory compliance; and (g) reporting such results of (f) to the Board of Directors.

The Independent Directors Committee

The powers and duties of the Independent Directors Committee include: (a) recommending the agenda of meeting to the Chairman of the Board of Directors for the issues that it deems as important or issues that should be considered by the Board of Directors and are not yet included on the agenda; (b) providing opinions to the Chairman of the Board of Directors regarding to the role and performance of the Board of Directors; (c) supporting the Board of Directors in boosting efficiency in complying with the principles of good corporate governance; and (d) monitoring the performance of the Independent Directors who have been designated to take position in various Committees, especially in the issues of regulatory compliance, international accounting standards and risk management.

Executive Officers

The following table sets forth certain information regarding the Bank's executive officers as of the date of this Offering Circular:

<u>Name</u>	<u>Position</u>
Mr. Payong Srivanich	President and Chief Executive Officer, Executive Director and Member of the Risk Oversight Committee
Mr. Poonpat Sripleng	Senior Executive Vice President — Head of Risk Management Group
Ms. Praralee Ratanaprasartporn	Senior Executive Vice President — Head of Digital Solutions Group
Mr. Werapong Suppasedsak	Senior Executive Vice President — Head of Business Center Group
Mr. Suratun Kongton	Senior Executive Vice President — Head of Corporate Banking Group 2
Mr. Rawin Boonyanusasna	Senior Executive Vice President — Head of Global Markets Group
Mr. Ekachai Techawiriyakul	Senior Executive Vice President — Head of Corporate Banking Group 1
Ms. Saranya Vejakul	Senior Executive Vice President — Head of Financial Management Group
Mr. Santi Parivisutt	Senior Executive Vice President — Head of Operation Group
Mr. Suppawat Wadhanapatee	Senior Executive Vice President — Head of Human Resources and Corporate Governance Group
Mr. Tawatchai Cheevanont	Senior Executive Vice President — Head of Global Transaction Banking Group

<u>Name</u>	<u>Position</u>
Mr. Pongsit Chaichutpornasuk	Senior Executive Vice President — Head of Compliance and Legal Management Group
Dr. Polawat Witoolkollachit, M.D.	Senior Executive Vice President — Head of Technology Group
Mr. Kittipat Peantham	First Executive Vice President — Head of Government and State Enterprise Relations Group
Mr. Pichit Jongsaliswang	First Executive Vice President — Head of Retail Banking Product and Strategy Group
Mr. Chanchai Sinsuparatn	First Executive Vice President — Head of Retail Shared Services Group
Mr. Panabhand Hankijjakul	First Executive Vice President — Head of Internal Audit Group
Mr. Chalerm Pradidarecheep	First Executive Vice President — Head of Retail Banking Sales and Distribution Group
Ms. Suwanna Anantanond	First Executive Vice President — Head of Credit Restructuring and Asset Management Group
Mr. Krit Chamapisit	First Executive Vice President — Head of Communication and Branding Group
Mr. Pativate Santavanond	First Executive Vice President

Mr. Payong Srivanich is the President and Chief Executive Officer, Executive Director and a member of the Risk Oversight Committee. His biography is set out in the section “Management — Board of Directors” above.

Mr. Poonpat Sripleng is the Senior Executive Vice President — Head of Risk Management Group. He had previously served as Chairman of Krungthai Card Pcl., Executive Director of KTB Leasing Co., Ltd., and First Executive Vice President of Risk Management Group of the Bank. He is presently Chairman of KTB General Services and Security Co., Ltd. and Executive Director of Krungthai ZMICO Securities Co., Ltd. He holds a Bachelor of Science and Master of Science in Economics from Thammasat University.

Ms. Praralee Ratanaprasartporn is the Senior Executive Vice President — Head of Digital Solutions Group. Her previous experience includes serving as Director of National Digital ID Co., Ltd., Director of KTB Leasing Co., Ltd. as well as Senior Executive Vice President and First Executive Vice President of Head of Retail Shared Services Group for the Bank. She is currently Director and Acting Managing Direct of Infinitas by Krungthai Co., Ltd., as well as Director of Krungthai-AXA Life Insurance Pcl. She holds a Bachelor of Accountancy (Auditing) from Thammasat University and a Master of Business Administration (Finance) from the University of Alabama, U.S.A.

Mr. Werapong Suppasedsak is the Senior Executive Vice President — Head of Business Center Group. He was previously Director of Bangkok Expressway and Metro Pcl, Director of Krungthi Panich Insurance Co, Ltd. and Director and Chairman of the Audit Committee of Suvarnabhumi Airport Hotel Co., Ltd. He is currently Executive Director of Krungthai ZMICO Securities Co., Ltd. He holds a Bachelor of International Economics from Ramkhamhaeng University and a Master of Economics (Financial Economics) from the National Institute of Development Administration.

Mr. Suratun Kongton is the Senior Executive Vice President — Head of Corporate Banking Group 2. His previous experience includes serving in various roles such as Head of Corporate Banking Group of Bank of Ayudhya Pcl.; Director at Krungsri Securities Pcl; Director of General Card Services Co., Ltd; Director of Tumtumpai Co., Ltd.; Head of Corporate and Investment Banking Group of Bank of Ayudhya Pcl.; and Executive Vice President and Head of Corporate Banking Division of Bank of Ayudhya Pcl. He is presently serving as a Director of Dhipaya Insurance Pcl. He holds a Bachelor of Political Science Public Administration (Public Finance) from Chulalongkorn University and a Master of Public Administration from the University of Southern California, U.S.A.

Mr. Rawin Boonyanusasna is the Senior Executive Vice President — Head of Global Markets Group. His previous experience includes serving as First Executive Vice President — Head of Global Markets Group and Executive Vice President — Team Leader in the Trading Team of Global Markets Group at the Bank. He is

presently serving as Director of the Investment Subcommittee at The Thai Bond Market Association; Executive Director and Director of the Nomination and Remuneration Committee of Krungthai ZMICO Securities Co., Ltd.; and Director and Chairman of the Board Investment Committee of Krungthai-AXA Life Insurance Plc. He holds a Bachelor of Arts in Economics from Thammasat University, a Master of Arts in International Economics and Finance from Chulalongkorn University and a Master of Science in Financial Engineering and Quantitative from the University of Reading, UK.

Mr. Ekachai Techawiriyakul is the Senior Executive Vice President — Head of Corporate Banking Group 1. His previous experience includes serving in various roles at the Bank, including First Executive Vice President — Head of Corporate Banking Group 1 and Executive Vice President — Sector Head Corporate Banking Sector 8. He is presently serving as the Chairman and Chairman of the Audit Committee of Krungthai IBJ Leasing Co., Ltd. and Director of Suvarnabhumi Airport Hotel Co., Ltd. He holds a Bachelor of Engineering from Chulalongkorn University and a Master of Business Administration from Thammasart University.

Ms. Saranya Vejakul is the Senior Executive Vice President — Head of Financial Management Group. She previously served as Financial Management Advisor to the President of the Bank and Executive Vice President — Head of Financial Planning and Analysis at Siam Commercial Bank Plc. She is currently Executive Director of Krungthai Panich Insurance Co, Ltd. She holds a Bachelor of Economics (Accounting) from Kasetsart University and a MBA Executive Program from Chulalongkorn University.

Mr. Santi Parivisutt is the Senior Executive Vice President — Head of Operation Group. He previously held various roles in the Bank including as First Executive Vice President — Head of Internal Audit Group and Executive Vice President — Sector Head, Credit Transaction, Audit Sector. He is currently Director of KTB General Services and Security Co., Ltd. He holds a Bachelor of Economics from Ramkhamhaeng University and a Master of Science (Economic) from National Institute of Development Administration.

Mr. Suppawat Wadhanapatee is the Senior Executive Vice President — Head of Human Resources and Corporate Governance Group. He has previously held various roles within the Human Resources sector at the Bank, including First Executive Vice President — Group Head and Executive Vice President - Sector Head. He holds a Bachelor of Laws from Chulalongkorn University. He holds two Master's degrees; one in International Law from Chulalongkorn University, and another in Business Administration/ Finance from the Rensselaer Polytechnic Institute, U.S.A. He also obtained a Doctor of Business Administration from Dhurakij Pundit University.

Mr. Tawatchai Cheevanon is the Senior Executive Vice President — Head of Global Transaction Banking Group. He previously held the position as Director of Krungthai IBJ Leasing Co., Ltd. as well as Director and Managing Director of Daingern Dotcom Co., Ltd., ASN Broker Plc. And ASN Life Broker Co., Ltd. He is presently serving as a Chairman of Cycling Cloud Co., Ltd., Director of Krungthai Computer Services Co., Ltd., Director of BCI (Thailand) Co., Ltd., and Director of InnoSpace Co., Ltd. He holds a Bachelor of Business Administration from Assumption University and a Master of Business Administration from Seattle University, U.S.A.

Mr. Pongsit Chaichutpornasuk is the Senior Executive Vice President — Head of Compliance and Legal Management Group. His previous experience includes serving as a Director of TOT Plc. and First Executive Vice President of Siam Commercial Bank Plc. He holds a Bachelor of Laws from Ramkhamhaeng University.

Dr. Polawat Witoolkollachit, M.D. is the Senior Executive Vice President — Head of Technology Group. His previous experience within Ministry of Digital Economy and Society includes serving as Inspector General (Higher Level), Deputy Secretary General of the Office of the National Committee of Digital Economy and Society (Deputy Director General, Primary Level) and Division Director (Higher Level) of Foreign Affairs Division of the Office of the Permanent Secretary. He also served as Division Director (Higher Level) of Information and Communication Technology Center of the Office of the Permanent Secretary of the Ministry of Public Health. He is presently Chairman of Krungthai Computer Services Co., Ltd. and Director of Infinitas by Krungthai Co, Ltd. He holds a Medical Degree in Doctor of Medicine from Chiang Mai University, a Master of Science in Information Technology and Management from Chiang Mai University and Diploma of the Thai Board of Surgery in Orthopaedics from the Medical Council of Thailand.

Mr. Kittipat Peantham is the First Executive Vice President — Head of Government and State Enterprise Relations Group. He has held various Executive Vice President roles within the Bank, including Sector Head of Asset Management Group Credit Restructuring and Asset Management Group, Corporate Banking Sector 3 and

Corporate Banking Sector 2. He holds a Bachelor of Accountancy (Auditing) from University of the Thai Chamber of Commerce and a Master of Business Administration (Financing) from National Institute of Development Administration.

Mr. Pichit Jongsaliswang is the First Executive Vice President — Head of Retail Banking Product and Strategy Group. He was previously an Advisor to the President of the Bank, Director of Nestifly Co., Ltd. and Executive Vice President — Head of SME Segment of TMB Bank Pcl. He is presently serving as Director of Krungthai-AXA Life Insurance Pcl. and member of Investment Committee of Private Equity Trust for SME Growing Together 1 and Private Equity Trust for SME Growing Together 2. He holds a Bachelor of Science in Commerce from McIntire School of Commerce from University of Virginia, U.S.A and MBA from Kellogg School of Management from Northwestern University, U.S.A.

Mr. Chanchai Sinsuparatn is the First Executive Vice President — Head of Retail Shared Services Group. He was previously Executive Vice President - Sector Head in Retail Loan Factory Sector of the Bank's Retail Shared Services Group. He is presently Director of KTB Leasing Co., Ltd. and Director of KTB General Services and Security Co., Ltd. He holds a Bachelor of Arts and MBA from Ramkhamhaeng University.

Mr. Panabhand Hankijjakul is the First Executive Vice President — Head of Internal Audit Group. He was previously Executive Vice President — Director of the Credit Risk Management Sector of the Bank's Risk Management Group. He holds a Bachelor of Economics from University of the Thai Chamber of Commerce and a Master of Economics from University of Kansas, U.S.A.

Mr. Chalerm Pradidarecheep is the First Executive Vice President — Head of Retail Banking Sales and Distribution Group. He has held various roles within the Bank, including serving as First Executive Vice President — Sector Head and Senior Director Group Management of Metropolitan Network 2 and Regional Office Manager of Suanmali Regional. He holds a Bachelor of Science in Agricultural Education from Kasetsart University and a Master of Public and Private Management Program from National Institute of Development Administration.

Ms. Suwanna Anantanond is the First Executive Vice President — Head of Credit Restructuring and Asset Management Group. She was previously the Executive Vice President — Sector Head and Senior Vice President — Sector Head of Corporate Banking Sector 6 of Corporate Banking Group 2 of the Bank. She holds a Bachelor of Business Administration from Chulalongkorn University and a Master of Business Administration from Thammasat University.

Mr. Krit Chamapisit is the First Executive Vice President — Head of Communication and Branding Group. His previous experience includes serving as the Bank's Executive Vice President — Sector Head of Communication and Branding Group and Advisor to the President of the Bank. He also served as First Senior Vice President of Corporate Marketing and Channel Management of Siam Commercial Bank Pcl. He holds a Bachelor in Accounting and Finance from Chulalongkorn University, a Master Degree Program in Marketing from Thammasart University, and General Management from Duke University, U.S.A.

Mr. Pativate Santavanond is a First Executive Vice President. He was previously a Director of Krungthai IBJ Leasing Co., Ltd. and he has held various roles within the Bank, including serving as First Executive Vice President — Head of Business Center Group and Executive Vice President — Director of Metropolitan Business Center Sector 1. He is currently the President of Krungthai IBJ Leasing Co., Ltd. He holds a Bachelor of Arts in Economics from Thammasat University and MBA in Finance from Webster University, U.S.A.

REMUNERATION

The total remuneration for Directors was Baht 68.2 million for the financial year ended 31 December 2020, comprising remuneration, meeting honorarium and gratuities. The Bank paid its executive officers a total of Baht 331.3 million for the financial year ended 31 December 2020, in the form of salaries, bonuses and allowances. All of the Bank's named executive officers have formal employment contracts.

PRINCIPAL SHAREHOLDERS

The following table details certain information about the Bank's top 10 shareholders, as shown on its shareholders register book closing date as at 31 December 2020.

<u>Shareholders</u>	<u>Total number of shares held⁽¹⁾</u>	<u>Percentage (per cent.)</u>
The Financial Institutions Development Fund	7,696,248,833	55.05
THAI NVDR Co., Ltd	590,674,119	4.22
EGAT Saving and Credit Cooperative Limited	390,453,400	2.79
State Street Europe Limited	366,852,651	2.62
Vayupaksa Mutual Fund 1 Managed by MFC	307,501,753	2.20
Vayupaksa Mutual Fund 1 Managed by KTAM	307,501,752	2.20
South East Asia UK (Type C) Nominees Limited	209,502,240	1.50
The Federation of Savings and Credit Operatives of Thailand Limited	197,862,800	1.42
Government Savings Bank	114,529,722	0.82
The Bank of New York Mellon	105,063,016	0.75
Subtotal of principal shareholders	<u>10,286,190,286</u>	<u>73.57</u>
Other shareholders	3,695,370,964	26.43
Total issued and outstanding shares	<u>13,981,561,250</u>	<u>100.00</u>

Note:

(1) Includes ordinary shares and preferred shares.

**FORM OF PRICING SUPPLEMENT OF THE NOTES OTHER THAN OTHER THAN THE
ADDITIONAL TIER 1 SUBORDINATED NOTES**

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MIFID II/UK MIFIR product governance / target market — *[appropriate target market legend to be included]*]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) - *[To insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].*

Pricing Supplement dated [●]

Krung Thai Bank Public Company Limited

[(acting through its Cayman Islands branch)]

Legal Entity Identifier: 54930007ZQMYCRFQGE36

Issue of *[Aggregate Nominal Amount of Tranche]* *[Title of Notes]*

under the U.S.\$2,500,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes other than the Additional Tier 1 Subordinated Notes (the “Notes Conditions”) set forth in the Offering Circular dated 16 March 2021 [and the Supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular [, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes other than the Additional Tier 1 Subordinated Notes (the “Notes Conditions”) set forth in the Offering Circular dated 16 March 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the Supplemental Offering Circular dated [●]], save in respect of the Notes Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.]

[The Tier 2 Subordinated Notes are complex and high risk. There are risks inherent in the holding of the Tier 2 Subordinated Notes, including the risks in relation to their subordination in right of payment to the prior payment in full of all claims of all creditors of the Issuer whose claims rank senior to the Tier 2 Subordinated Notes upon the occurrence of the Winding-Up of the Issuer, the circumstances in which the Tier 2 Subordinated Notes may be written down or written off (whether in whole or in part, before a reduction of the Issuer’s share capital in full or upon or after such capital reduction) and the implications on Tier 2 Subordinated Noteholders (such as a substantial loss), the circumstances in which such Tier 2 Subordinated Noteholders may suffer loss as a result of holding the Tier 2 Subordinated Notes are difficult to predict and the quantum of any loss incurred by Tier 2 Subordinated Noteholders in such circumstances is also highly uncertain. By purchasing or acquiring the Tier 2 Subordinated Notes, each holder (including each beneficial holder) of the Tier 2 Subordinated Notes will be deemed to have acknowledged, understood, been able to assess and accepted all the risks associated with their investment in the Tier 2 Subordinated Notes, particularly on those relating to the subordination and loss absorbing features of the Tier 2 Subordinated Notes.

The Tier 2 Subordinated Notes may be written down in whole or in part upon the occurrence of a Non-Viability Event as defined in Note Condition 4(k). Each holder (including each beneficial holder) of the Tier 2 Subordinated Notes should read the section entitled “Investment Considerations” of the Offering Circular for a discussion of risks relevant to an investment in the Tier 2 Subordinated Notes, including but not limited to the investment considerations entitled “The terms of Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes may contain loss absorption provisions” and “Limited rights of enforcement and subordination of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes could impair an investor’s ability to enforce its rights or realise any claims on the Tier 2 Subordinated Notes or, as the case may be, the Additional Tier 1 Subordinated Notes.”]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/ may need to] be [●] or its equivalent in any other currency.]

- | | |
|--------------------------------------|---|
| 1. Issuer: | Krung Thai Bank Public Company Limited [, acting through its Cayman Islands branch] |
| 2. (a) Series Number: | [●] |
| (b) [Tranche Number: | [●]
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]</i> |
| 3. Specified Currency or Currencies: | [●] |
| 4. Aggregate Nominal Amount: | |
| (a) Series: | [●] |
| (b) [Tranche: | [●]] |
| 5. (a) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| (b) [Net proceeds: | [●] (Required only for listed issues)] |

6. (a) Specified Denominations: [●]
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made) Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).
 If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following:
 “€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]”.
- (b) Calculation Amount: [●]
7. Trade Date: [●] [To be included for issuances clearing through the Euroclear/Clearstream]
8. (a) Issue Date: [●]
 (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
 (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
9. Maturity Date: [specify date or [for Floating Rate Notes] Interest Payment Date falling in or nearest to the relevant month and year/None]
 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to specify the Interest Payment Date falling in or nearest to the relevant month and year.
10. Interest Basis: [[●] per cent. Fixed Rate [from [●] to [●]]
 [[specify reference rate] +/- [●] per cent. Floating Rate [from [●] to [●]]
 [Zero Coupon]
 [Index Linked Interest]
 [Other (specify)]
 (further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
 [Other (specify)]
12. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
14. (a) Status of the Notes: [Senior/Subordinated]
 (b) Date of [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]/[None required]
 (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)
 (c) Date of regulatory approval for issuance of Notes obtained: [[●]/None required]
15. Non-Viability Event: [As set out in Notes Condition 4(k) / specify others if different from those set out in the Notes Conditions]

16. Listing: [SGX-ST/specify other/None]

17. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18. Fixed Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear] / [From and including the Issue Date to but excluding [●] (the “Call Date”), [●] per cent. per annum [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]

From and including the Call Date to but excluding the Maturity Date, a fixed rate per annum (expressed as a percentage) equal to the sum of the then prevailing U.S. Treasury Rate plus the Margin, payable semi-annually in arrear

“Margin” means [●] per cent. per annum.

“U.S. Treasury Rate” means the rate in percentage per annum equal to the yield on U.S. Treasury securities having a maturity of [five years] as set forth in the most recently published statistical release designated “H.15(519)” under the caption “Treasury constant maturities” (or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System (<https://www.federalreserve.gov/releases/h15/current/default.htm>) and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of [five years]) at 5:00 p.m. (New York time) on the Calculation Date. If such release (or any successor release) does not display the relevant yield at 5:00 p.m. (New York time) on the Calculation Date, “U.S. Treasury Rate” shall mean the rate in percentage per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date. If there is no Comparable Treasury Price on the Calculation Date for whatever reason, “U.S. Treasury Rate” means the rate in percentage per equal to the yield on U.S. Treasury securities having a maturity of [five years] as set forth in the most recently published statistical release designated “H.15(519)” under the caption “Treasury constant maturities” (or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System (<https://www.federalreserve.gov/releases/h15/current/default.htm>) and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities” for the maturity of [five years]) at 5:00 p.m. (New York time) on the last available date preceding the Calculation Date on which such rate was set forth in such release (or any successor release).

“Calculation Business Day” means any day, excluding a Saturday and a Sunday, on which banks are open for general business (including dealings in foreign currencies) in New York City, Thailand and London.

“Calculation Date” means the second Calculation Business Day preceding the Call Date.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an independent bank of international repute (selected by the Issuer) and notified to the Calculation Agent as having a maturity of [five] years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of [five] years.

“Comparable Treasury Price” means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

“Reference Treasury Dealer” means each of the three nationally recognised investment banking firms selected by Issuer in good faith and notified to the Calculation Agent that are primary U.S. Government securities dealers.

“Reference Treasury Dealer Quotations” means with respect to each Reference Treasury Dealer and any Calculation Date, the average of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer (and notified by the Issuer to the Calculation Agent) by such Reference Treasury Dealer at 5:00 p.m. (New York time), on such Calculation Date.]

- (b) Interest Payment Date(s): [[●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (c) Fixed Coupon Amount(s): [●] per Calculation Amount
For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HK\$0.01, HK\$0.005 being rounded upwards.”
- (d) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA) or/other]
- (f) [Determination Date(s): [●] in each year
(Insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/Give details]
19. Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Interest Period(s): [●]

- (b) Specified Interest Payment Dates: [●]
- (c) Interest Period Date: [●]
(*Not applicable unless different from Interest Payment Date*)
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/
Modified Following Business Day Convention/Preceding
Business Day Convention/[specify other]]
- (e) Business Centre(s): [●]
- (f) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (g) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the [Calculation Agent]): [●]
- (h) Screen Rate Determination:
- (i) Reference Rate: [●]
(*Either LIBOR, EURIBOR or other, although additional information is required if other*)
- (ii) Interest Determination Date(s): [●]
- (iii) Relevant Screen Page: [●]
- (i) ISDA Determination:
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (iv) ISDA Definitions: [2000/2006] (If different to those set out in the Notes Conditions, please specify)
- (j) Margin(s): [+/-][●] per cent. per annum
- (k) Minimum Rate of Interest: [●] per cent. per annum
- (l) Maximum Rate of Interest: [●] per cent. per annum
- (m) Day Count Fraction: [●]
- (n) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Notes Conditions:
—Lookback/Suspension Period: [Not Applicable / specify]
(*Only applicable if “Benchmark Replacement (ARRC)” is specified as the relevant fall back provisions above and parties would like to agree the lookback/suspension period upfront. To be no less than 5 business days unless otherwise agreed with the Calculation Agent*)
20. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Amortisation Yield: [●] per cent. per annum
- (b) Any other formula/basis of determining amount payable: [●]

21. Index Linked Interest Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [Give or annex details]
- (b) Manner in which the Rate(s) of Interest is/are to be determined: [Give or annex details]
- (c) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [●]
- (e) Interest Period(s): [●]
- (f) Specified Interest Payment Dates: [●]
- (g) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (h) Business Centre(s): [●]
- (i) Minimum Rate of Interest: [●] per cent. per annum
- (j) Maximum Rate of Interest: [●] per cent. per annum
- (k) Day Count Fraction: [●]
22. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (b) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●] [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

23. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Non-Viability Event]ⁱ

ⁱ Only applicable to Tier 2 Subordinated Notes.

- (c) Redeemable in part: [Applicable/Not Applicable]
- (i) Minimum Redemption Amount: [●] per Calculation Amount
- (ii) Maximum Redemption Amount: [●] per Calculation Amount
- (d) Notice Period: [●]
24. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Non-Viability Event]ⁱⁱ
- (c) Notice period: [●]
25. Final Redemption Amount of each Note: [●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Non-Viability Event]ⁱⁱⁱ
26. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Notes Conditions): [●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Non-Viability Event]^{iv}

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes: Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] *(For this option to be available, such Notes shall only be issued in denominations that are equal to, or greater than, €100,000 (or its equivalent in other currencies) and integral multiples thereof.)*
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note/ Global Certificate]
[Registered Notes]
28. Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs 18(b) and 19(b) relate)
29. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

ⁱⁱ Only applicable to Tier 2 Subordinated Notes.

ⁱⁱⁱ Only applicable to Tier 2 Subordinated Notes.

^{iv} Only applicable to Tier 2 Subordinated Notes.

30. Details relating to Partly Paid Notes: [Not Applicable/*give details*]
amount of each payment comprising
the Issue Price and date on which each
payment is to be made and
consequences (if any) of failure to pay,
including any right of the Issuer to
forfeit the Notes and interest due on
late payment:
31. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/*give details*]
(b) Instalment Date(s): [Not Applicable/*give details*]
32. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

33. (a) If syndicated, names of Managers: [Not Applicable/*give names*]
(b) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of Relevant Dealer: [Not Applicable/*give name*]
35. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]
37. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
38. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)

OPERATIONAL INFORMATION

39. Any clearing system(s) other than Euroclear and Clearstream or the CMU and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
40. Delivery: Delivery [against/free of] payment
41. Additional Paying Agent(s) (if any): [●]
42. ISIN: [●]
43. Common Code: [●]
44. CMU Instrument Number: [●]
(Only Senior Notes are intended to be cleared through the CMU.)

45. Rating: [●]
(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated that issue than rating.)
46. Governing Law: [English Law^v/English Law save for Notes Conditions 3(b), 3(c) and 11(a), which are governed by Thai Law^{vi}]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the *[specify relevant stock exchange/market]* of the Notes described herein pursuant to the U.S.\$2,500,000,000 Euro Medium Term Note Programme of Krung Thai Bank Public Company Limited.]

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

[The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Bank and its subsidiaries and associated companies, the Programme or the Notes.]

Signed on behalf of Krung Thai Bank Public Company Limited:

By: _____

Duly authorised

^v Only Applicable to Senior Notes.

^{vi} Only applicable to Tier 2 Subordinated Notes.

FORM OF PRICING SUPPLEMENT OF THE ADDITIONAL TIER 1 SUBORDINATED NOTES

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”) where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Additional Tier 1 Subordinated Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Additional Tier 1 Subordinated Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MIFID II/UK MIFIR product governance / target market — *[appropriate target market legend to be included]*]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) — *[To insert notice if classification of the Additional Tier 1 Subordinated Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].*]

Pricing Supplement dated [●]

Krung Thai Bank Public Company Limited

[(acting through its Cayman Islands branch)]

Legal Entity Identifier: 54930007ZQMYCRFQGE36

Issue of *[Aggregate Nominal Amount of Tranche]* *[Title of Additional Tier 1 Subordinated Notes]*

under the U.S.\$2,500,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Additional Tier 1 Subordinated Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Additional Tier 1 Subordinated Notes (the “AT1 Notes Conditions”) set forth in the Offering Circular dated 16 March 2021 [and the Supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Additional Tier 1 Subordinated Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Additional Tier 1 Subordinated Notes is only available on the basis of the combination of the Offering Circular [, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Additional Tier 1 Subordinated Notes (the “AT1 Notes Conditions”) set forth in the Offering Circular dated 16 March 2021. This Pricing Supplement contains the final terms of the Additional Tier 1 Subordinated Notes and must be read in conjunction with the Offering Circular dated [current date] [and the Supplemental Offering Circular dated [●]], save in respect of the AT1 Notes Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Additional Tier 1 Subordinated Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.]

[The Additional Tier 1 Subordinated Notes are complex and high risk. There are risks inherent in the holding of the Additional Tier 1 Subordinated Notes, including the risks in relation to their subordination in right of payment to the prior payment in full of all claims of all creditors of the Issuer , whose claims rank senior to the Additional Tier 1 Subordinated Notes upon the occurrence of the Winding-Up of the Issuer, the circumstances in which the Additional Tier 1 Subordinated Notes may be written down or written off (whether in whole or in part, before a reduction of the Issuer’s share capital in full or upon or after such capital reduction) and the implications on Additional Tier 1 Subordinated Noteholders (such as a substantial loss), the circumstances in which such Additional Tier 1 Subordinated Noteholders may suffer loss as a result of holding the Additional Tier 1 Subordinated Notes are difficult to predict and the quantum of any loss incurred by Additional Tier 1 Subordinated Noteholders in such circumstances is also highly uncertain. By purchasing or acquiring the Additional Tier 1 Subordinated Notes, each holder (including each beneficial holder) of the Additional Tier 1 Subordinated Notes will be deemed to have acknowledged, understood, been able to assess and accepted all the risks associated with their investment in the Additional Tier 1 Subordinated Notes, particularly on those relating to the subordination and loss absorbing features of the Additional Tier 1 Subordinated Notes.

The Additional Tier 1 Subordinated Notes may be written down in whole or in part upon the occurrence of a Trigger Event or Non-Viability Event (each as defined in AT1 Notes Condition 4(n)). Each holder (including each beneficial holder) of the Additional Tier 1 Subordinated Notes should read the section entitled “Investment Considerations” of the Offering Circular for a discussion of risks relevant to an investment in the Additional Tier 1 Subordinated Notes, including but not limited to the investment considerations entitled “The terms of Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes may contain loss absorption provisions” and “Limited rights of enforcement and subordination of the Tier 2 Subordinated Notes and the Additional Tier 1 Subordinated Notes could impair an investor’s ability to enforce its rights or realise any claims on the Tier 2 Subordinated Notes or, as the case may be, the Additional Tier 1 Subordinated Notes.”]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

1. Issuer: Krung Thai Bank Public Company Limited [, acting through its Cayman Islands branch]
2. (a) Series Number: [●]
(b) [Tranche Number: [●]
(If fungible with an existing Series, details of that Series, including the date on which the Additional Tier 1 Subordinated Notes become fungible)]
3. Specified Currency or Currencies: [●]

4. Aggregate Nominal Amount:
- (a) Series: [●]
- (b) [Tranche: [●]]
5. (a) Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued Distribution from [insert date] (in the case of fungible issues only, if applicable)]
- (b) [Net proceeds: [●] (Required only for listed issues)]
6. (a) Specified Denominations: [●]
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made) *Additional Tier 1 Subordinated Notes [(including Additional Tier 1 Subordinated Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA*
- If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following:*
- “€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Additional Tier 1 Subordinated Notes in definitive form will be issued with a denomination above [€199,000]”.*
- (b) Calculation Amount: [●]
7. Trade Date: [●] [To be included for issuances clearing through the Euroclear/Clearstream]
8. (a) Issue Date: [●]
- (b) Distribution Commencement Date: [specify/Issue Date/Not Applicable]
9. Distribution Basis: [[●] per cent. Fixed Rate [from [●] to [●]] (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par] [Other (specify)]
11. Change of Distribution Basis or Redemption/Payment Basis: [Specify details of any provision for convertibility of Additional Tier 1 Subordinated Notes into another Distribution or redemption/payment basis]
12. Call Options: [Issuer Call] [(further particulars specified below)]
13. (a) Date of [Board] approval for issuance of Additional Tier 1 Subordinated Notes obtained: [●] [and [●], respectively]/[None required] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Additional Tier 1 Subordinated Notes)
- (b) Date of regulatory approval for issuance of Additional Tier 1 Subordinated Notes obtained: [[●]/None required]
14. Non-Viability Event: [As set out in AT1 Notes Condition 4(n) / specify others if different from those set out in the AT1 Notes Conditions]
15. Trigger Event: [As set out in AT1 Notes Condition 4(n) / specify others if different from those set out in the AT1 Notes Conditions]
16. Listing: [SGX-ST/specify other/None]
17. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO DISTRIBUTION PAYABLE

18. Rate of Distribution:

- (a) Initial Rate of Distribution: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (b) Reset:
- (i) First Reset Date: [●]
- (ii) Distribution Reset Date: The First Reset Date and each date falling every [●] after the First Reset Date
- (iii) Reference Rate: [●]
- (iv) Initial Spread: [●]
- (c) Reset Distribution Period: [Each period from and including the [Issue Date]/[Distribution Payment Date falling on [●]] to (but excluding) the [subsequent Distribution Payment Date falling on [●]], except that the first Distribution Period will commence on (and include) the [Issue Date]/[Distribution Payment Date falling on [●]] and the final Distribution Period shall end (but exclude) the [Distribution Payment Date falling on [●]]]
- (d) Distribution Payment Date: [●] in each year [commencing on the [Issue Date/Distribution Payment Date falling on [●]] and ending on the [Distribution Payment Date falling on [●]]] [adjusted in accordance with [specify Business Day Convention and any applicable Financial Center(s) for the definition of “Business Day”]/not adjusted]
- (e) Distribution Period Date: [●]
(Not applicable unless different from Distribution Payment Date)
- (f) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (g) Distribution Amounts: [From (and including) the Distribution Commencement Date to (but excluding) the First Reset Date, [●] per Calculation Amount, subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event From (and including) the First Reset Date, the respective amounts to be determined pursuant to paragraph 18(b) above, subject to adjustment following the occurrence of a Trigger Event or Non-Viability Event

For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Distribution Payment Dates are subject to modification, the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HK\$0.01, HK\$0.005 being rounded upwards.”
- (h) Day Count Fraction: [●]
- (i) Other terms relating to the method of calculating Distribution for Fixed Rate Additional Tier 1 Subordinated Notes: [Not applicable/*Give details*]

- (j) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating Distribution on Additional Tier 1 Subordinated Notes, if different from those set out in the AT1 Notes Conditions:

[Benchmark Replacement (General) (AT1 Notes Condition 5(a)(viii)) / Benchmark Replacement (ARRC) (AT1 Notes Condition 5(a)(ix)) / specify others if different from those set out in the AT1 Notes Conditions]

—Lookback/Suspension Period:

[Not Applicable / specify]

(Only applicable if “Benchmark Replacement (ARRC)” is specified as the relevant fall back provisions above and parties would like to agree the lookback/suspension period upfront. To be no less than 5 business days unless otherwise agreed with the Calculation Agent)

PROVISIONS RELATING TO REDEMPTION

19. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) of each Additional Tier 1 Subordinated Note and specified denomination method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Trigger Event or a Non-Viability Event
- (c) Redeemable in part: [Applicable/Not Applicable]
- (i) Minimum Redemption Amount: [●] per Calculation Amount
- (ii) Maximum Redemption Amount: [●] per Calculation Amount
- (d) Notice Period: [●]
20. Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in AT1 Notes Conditions): [●] per Calculation Amount/specify other/see Appendix], subject to adjustment following the occurrence of a Trigger Event or a Non-Viability Event

GENERAL PROVISIONS APPLICABLE TO THE ADDITIONAL TIER 1 SUBORDINATED NOTES

21. Form of Additional Tier 1 Subordinated Notes: Bearer Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on [●] days’ notice] *(For this option to be available, such Notes shall only be issued in denominations that are equal to, or greater than, €100,000 (or its equivalent in other currencies) and integral multiples thereof.)*
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note/ Global Certificate]
- [Registered Notes]

22. Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Distribution Period end dates to which subparagraph 18(d) relate)
23. Talons for future Coupons or Receipts to be attached to Definitive Notes: [Yes/No. If yes, give details]
24. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and Distribution due on late payment: [Not Applicable/give details]
25. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
26. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

27. (a) If syndicated, names of Managers: [Not Applicable/give names]
(b) Stabilising Manager(s) (if any): [Not Applicable/give name]
28. If non-syndicated, name of Relevant Dealer: [Not Applicable/give name]
29. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
30. Additional selling restrictions: [Not Applicable/give details]
31. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If Additional Tier 1 Subordinated Notes clearly do not constitute “packaged” products or the Additional Tier 1 Subordinated Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Additional Tier 1 Subordinated Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
32. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If Additional Tier 1 Subordinated Notes clearly do not constitute “packaged” products or the Additional Tier 1 Subordinated Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Additional Tier 1 Subordinated Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)

OPERATIONAL INFORMATION

33. Any clearing system(s) other than Euroclear and Clearstream or the CMU and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
34. Delivery: Delivery [against/free of] payment
35. Additional Paying Agent(s) (if any): [●]

36. ISIN: [●]

37. Common Code: [●]

38. Rating: [●]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated that issue than rating.)

39. Governing Law: English Law save for AT1 Conditions 3(a), 3(b) and 10(a), which are governed by Thai Law]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the *[specify relevant stock exchange/market]* of the Notes described herein pursuant to the U.S.\$2,500,000,000 Euro Medium Term Note Programme of Krung Thai Bank Public Company Limited.]

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

[The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Bank and its subsidiaries and associated companies, the Programme or the Notes.]

Signed on behalf of Krung Thai Bank Public Company Limited:

By: _____

Duly authorised

RELATED PARTY TRANSACTIONS

The Bank is party to a number of transactions with certain related parties, including certain of its employees and the Government, other SOEs and Government-related entities, which are related to the Bank due to the Bank's status. The Bank believes these transactions have generally been entered into on arm's length terms or on terms that it believes have generally similar transactions with non-affiliates would have been.

LOANS

The Bank extends loans and credit to the Bank's executives officers (First Vice President and above) including their related persons and certain subsidiaries and other companies in which the Bank is a material investor, and debtors of the Bank whose loans have been restructured and on whose boards the Bank is represented. In addition, the Bank makes loans to the Government, other SOEs and Government-related entities.

All of these loans have been extended in the Bank's ordinary course of business in accordance with its general business practices and the Bank applies the same cost-of-lending and credit approval policies that it generally applies to other customers. For a description of the Bank's Government and SOE lending, see "Description of the Bank — Government and State Enterprise Group".

RELATED PARTY LOANS

The following table sets forth loans to the Bank's related parties as of 31 December 2020, excluding the Bank's loans to other SOEs and Government entities in the ordinary course of business.

	<u>As of 31 December 2020</u>	
	<u>Amount</u>	<u>Per cent. of Total Loans</u>
	<i>(in millions of Baht, except percentages)</i>	
Loans		
Executive officers ⁽¹⁾	163	0.0 ⁽²⁾
Subsidiaries and associates ⁽³⁾	17,117	0.7
Subtotal	<u>17,280</u>	<u>0.7</u>

Notes:

- (1) Executive officers refers to First Vice President or equivalent and higher. Loans included loans to their related persons.
- (2) Less than 0.05 per cent.
- (3) Including interbank and money market items (assets).

Government Fiscal Management Information System ("GFMS")

In 2003, the Government authorised the development of the GFMS project to fully integrate nationwide budgeting, accounting, payment and procurement system. They awarded the project to the Bank on a "build, transfer and operate scheme" whereby the Bank would fund the development of the GFMS system and transfer the system to the Government upon payment by the Government of the cost, but would continue to operate the system. The GFMS project was to be completed in phases and the Bank completed the last phase in 2005. Since 2003, Phase II of the GFMS project has been developed and implemented by the Bank's subsidiary, KTBCS. The Bank and the Office of GFMS (which belongs to the Secretariat of the Prime Minister) entered into a 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 entered into a hire-of-work contract to provide GFMS implementation and maintenance services to the Office of GFMS. The Bank incurred service charges of Baht 131 million for the years ended 31 December 2020.

KTBCS

KTBCS provides IT services to various work units in the Bank. Services offered by KTBCS consist of introducing IT to the Bank's business operation and modernising the existing systems in line with the Bank's requirements, rendering system control and maintenance, offering preliminary consultancy service and organising training in various IT applications and techniques. The Bank incurred service charges on a cost plus method basis amounting to Baht 3,487 million for the year ended 31 December 2020.

Since 2003, Phase II of the GFMIS project has been developed and implemented by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister signed the Memorandum of Agreement on the submission of deliverables and disbursement associated to the investments on the GFMIS project on 22 September 2005. The Bank also signed the hiring contract for the implementation and maintenance with the Office of GFMIS on the same day. KTBCS charged the Bank a fee for the year ended 31 December 2020 amounting to Baht 131 million.

Student Loans Fund

In 1996, the Government established the Student Loans Fund (“SLF”), which offers loan to students with financial difficulties to be used for tuition fee, expenses relating to education and cost of living while studying. Students in high school (both studying for academic and vocational qualifications) and undergraduate students are eligible for the loan. The Bank undertakes the operational aspects of the SLF, including managing the loan fund, screening of applicants and undertaking the relevant documentation and loan disbursement process, as well as collection of outstanding loans. KTB Law Co., Ltd., the Bank’s subsidiary, has been designated to prosecute debtors of the Student Loans Fund. The Bank incurred service charges for the year ended 31 December 2020 of Baht 165 million.

KTB General Services and Security Co., Ltd. (“KTBGS”)

KTBGS is assigned by the Bank to operate all cash delivery, 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 expense from those services for the year ended 31 December 2020 was Baht 2,317 million.

SUPERVISION AND REGULATION

Regulation by the BoT and the Ministry of Finance

The Bank is regulated by the BoT, which was established in 1942 as the central bank of Thailand and is responsible for the implementation of domestic monetary policy. The BoT has historically been closely involved in the regulation of the domestic banking and finance industry in Thailand. Its principal functions are to (i) print and issue bank notes and other security documents, (ii) promote monetary stability and formulate monetary policies, (iii) provide banking facilities for the Government and financial institutions, (iv) establish and support the establishment of payment system, (v) supervise and examine commercial banks and other financial institutions, (vi) manage the country's foreign exchange rate and the currency reserve, (vii) administer the exchange controls and (viii) interact with international monetary organisations. The BoT is under the supervision of the Ministry of Finance and is governed by the Bank of Thailand Act B.E. 2485 (1942) as amended ("Bank of Thailand Act"). Currently, the following boards and committees have been established to implement the BoT's authority given under the Bank of Thailand Act: (i) the Board of the BoT, (ii) the Monetary Policy Committee, (iii) the Financial Institutions Policy Committee, and (iv) the Payment Systems Committee. The Bank of Thailand Act also provides for the establishment of the Audit Committee and the Financial Institutions Development Fund Committee to supervise the business of the BoT and the FIDF, respectively. Other committees were also established to assist the Board of the BoT in meeting its duties and responsibilities.

The BoT and the Ministry of Finance are granted broad powers under the Financial Institutions Business Act B.E. 2551 (2008), as amended (the "FIBA") to regulate financial institutions (including commercial banking) activities. The following discussion sets forth information with respect to significant commercial bank regulations in Thailand.

Licensing and Limitation of Business Activities of Banks

Under the FIBA, commercial banking businesses, which are defined to include entities that take deposits and use such deposits by means of any methods (for example, the lending, sale and purchase of bills of exchange or any negotiable instruments, or the sale and purchase of foreign currency) can only be conducted by domestic public limited companies or domestic branches of foreign banks that have obtained a licence from the Ministry of Finance. In addition, commercial banks are restricted from engaging in any business which is not incidental to their commercial banking business and, for example, are currently not able to engage directly or fully in equity underwriting and equity brokerage businesses (although commercial banks may engage in the business of underwriting and brokerage for debt instruments, sukuk, investment units and trust certificates). However, due to the implementation of the Financial Sector Master Plan, commercial banks are being allowed to conduct a broader range of activities including the holding of shares in securities companies or engaging in mutual fund management business or the promotion of banks operating universal banking businesses.

Commercial banks are also subject to a number of other restrictions on the operations of their business. In particular, commercial banks may not (i) reduce their capital without approval from the BoT, (ii) grant any credits to, or guarantee debts of, directors and certain related persons (except for transactions that meet the requirements of the FIBA and the BoT regulations), (iii) accept their own shares as security or accept shares of a commercial bank from any other commercial bank as security, (iv) purchase or permanently hold fixed properties (except for use as premises for their commercial banking business or facilities for their officers as approved by the BoT, or acquired as a result of a debt settlement or a guarantee in respect of credit granted or as a result of the purchase of a fixed property mortgaged to the commercial bank at an auction according to an order of a court or an official receiver), (v) hold more than 10.0 per cent. of equity securities of any company or hold shares at an aggregate value exceeding the ratio to the total capital funds as prescribed in the BoT regulations without the approval of the BoT, (vi) hold shares in any other commercial banks (except shares acquired as a result of a debt settlement or as a guarantee in respect of credit granted, which must be sold within six months from the date of acquisition, or those permitted by the BoT), (vii) pay money or give property to their directors, employees or staff in return for any actions or operations as commercial banks except those which are paid or given as salary or other usual remuneration, or (viii) sell or give property to any director and certain related persons in total amount in excess of the amount stipulated by the BoT, or purchase property from the aforementioned persons unless approved by the BoT.

The BoT is given broad power to regulate a number of other aspects of the operations of commercial banks, such as opening hours, deposit interest rates, loan interest rates and fees chargeable, rules and procedures for accepting deposits or lending money, and other matters. Pursuant to this authority, the BoT had previously set maximum commercial deposit and lending interest rates. Currently, the BoT gives banks flexibility to set their own interest

lending and deposit rates, provided that such interest rates must be announced in accordance with the BoT regulations.

Following the implementation of the Financial Sector Master Plans – Phase I (2004-2008), and Phase II (2010-2014), the Cabinet of Thai Government has approved the Financial Sector Master Plan Phase III (2016-2020), which sets forth a vision and framework for the further development of the Thai financial sector.

Consolidated Supervision of Financial Institutions in Thailand

In accordance with the FIBA, a financial business group may be established under any of the following structures: (i) a financial business group having a financial institution as its parent company and (ii) a financial business group having a parent company that is not a financial institution, but having at least one financial institution as its subsidiary.

The BoT systematically supervises commercial banks in Thailand through a consolidated supervision regime. Under such regime, the BoT regulates and supervises the financial business group of a commercial bank, consisting of the commercial bank itself and other affiliated companies undertaking any financial businesses or any business supporting financial businesses, in accordance with the FIBA and the relevant rules and regulations issued thereunder. A commercial bank that is the parent company also has certain duties and obligations towards each member of its financial business group.

Under the consolidated supervision of the BoT, a commercial bank is required to obtain an approval from the BoT to establish its financial business group or to set up a subsidiary. In addition, any subsequent change to the structure of a financial business group must also be approved by or reported to the BoT in accordance with the BoT's regulations. Each company within a financial business group can only conduct its financial business or other supporting businesses as prescribed and approved by the BoT.

The consolidated supervision regime categorises financial business groups into two levels according to business operations and relationship with financial institutions, with varying degrees of regulations. These categories are: (i) "Solo-Consolidation" group which includes a financial institution and any of its subsidiaries that at least 75% of its total shares issued are held directly by the financial institution and that its business consists of granting credit and credit-like transactions, or those with characteristics as prescribed under the regulations of the BoT (if any); and (ii) "Full Consolidation" group which includes a financial institution and its parent company, subsidiaries and affiliated companies within the financial business group.

The Full Consolidation group and the Solo-Consolidation group of a commercial bank are required to maintain a capital adequacy ratio in an amount proportionate to the total risk-weighted assets of all members of the financial business group in order to address credit risks, market risks and operational risks, in accordance with the BoT Notification No. Sor.Nor.Sor. 9/2561 Re: Regulations on Capital Funds Requirements for Financial Business Groups dated 11 April 2018, which is replaced by the BoT Notification No. Sor.Nor.Sor.11/2562 Re: Regulations on Capital Funds Requirements for Financial Business Groups dated 7 May 2019 and effective on 1 January 2020. A financial business group is required to maintain at the end of each day a total minimum capital ratio that must not be less than 8.5 per cent. of the total risk-weighted assets, provided that the Common Equity Tier 1 ratio must not be less than 4.5 per cent. and Tier 1 capital fund ratio (which consists of Common Equity Tier 1 and Additional Tier 1) must not be less than 6.0 per cent. of the total risk-weighted assets, similar to the requirement applicable to commercial banks registered in Thailand on a solo basis. In addition, all D-SIBs financial business groups will also be required to comply with the BoT's requirements concerning capital conservation buffer, countercyclical buffer and D-SIBs buffer as discussed above.

A commercial bank (as the parent company in its financial business group) has the following duties and responsibilities in respect of the group: (i) setting-up business policy and strategy for its financial business group and filing a report thereof to the BoT annually or upon any substantial change to such policy or strategy, within the period of time prescribed by the BoT; (ii) setting-up policies on risk management, including business continuity management, monitoring and a supervisory system as prescribed by the BoT; (iii) controlling and supervising the members of its financial business group to comply with the applicable rules and regulations of the BoT and the policies established by the parent company; (iv) providing financial support to the members of its financial business group as necessary to implement the group's business strategy or to ensure that members of its financial business group comply with the capital requirements as required by the BoT; (v) notifying the BoT within the period of time prescribed by the BoT of any event that may incur a material adverse risk on the financial business group, in particular, its status and reputation, such as where the credit rating of the parent

company is downgraded; and (vi) maintaining and preparing the information on each member of the financial business group individually and collectively as a group as appropriate to enable the BoT to inspect its operations.

Under the FIBA, the BoT is authorised to appoint bank inspectors for the purpose of inspecting the affairs, assets and liabilities of any commercial bank, its parent company, subsidiaries or affiliates, and members of the financial business group as well as debtors and related persons of such commercial bank. These inspectors are authorised to order directors, auditors and employees to testify and issue books, records or other evidence on the affairs, assets and liabilities of the commercial bank; and are permitted to enter premises of a commercial bank during working hours.

Liquidity Coverage Ratio (“LCR”)

On 27 May 2015, the BoT issued the BoT Notification No. 9/2558 to implement requirements on Liquidity Coverage Ratio and liquidity risk monitoring tools under Basel III. Under the BoT Notification No. 9/2558, which took effect on 1 January 2016, a Thai commercial bank must have an adequate stock of high quality liquid assets that can be converted into cash easily and immediately at little or no loss of value to meet its total net cash outflows over a 30-day period under the prescribed liquidity stress scenario.

High Quality Liquid Assets (“HQLA”)

The numerator of the LCR is the high quality liquid assets (“HQLA”). In order to qualify as HQLA, assets should be converted into cash at little or no loss of value in secondary markets during a time of stress, especially in a situation of severe stress by way of sale or repurchase transaction (repo). Two main characteristics are considered in determining whether an asset is qualified as HQLA: (1) fundamental characteristics (i.e. low risk, ease and certainty of valuation, low correlation with risky assets and listed on a developed and recognised exchange); and (2) market-related characteristics (i.e. active and sizable market, low volatility and flight to quality).

Certain types of assets within HQLA are subject to a range of haircuts as set out by the BoT. HQLA are comprised of Level 1 and Level 2 assets, while Level 2 assets are, in turn, comprised of Level 2A and Level 2B assets.

Level 1 assets comprise the following items:

- cash in any currency;
- central bank deposits and reserves in any currency;
- debt instruments representing claims on or guaranteed by sovereigns, central banks, public sector entities, state-owned enterprises, the Bank for International Settlements, the International Monetary Fund, the European Central Bank and European Community, or multilateral development banks which are assigned a risk-weight of zero per cent. under the standardised approach for credit risk, excluding debt instruments issued by financial businesses, such as commercial banks and their affiliated entities; and
- debt instruments representing claims on or guaranteed by the Government or the BoT and debt instruments representing claims on sovereigns or central banks that have a non-zero per cent. risk-weight and satisfy other conditions set out under the BoT Notification No. 9/2558, excluding debt instruments issued by financial businesses.

Level 2A assets comprise the following items:

- debt securities representing claims on or guaranteed by sovereigns, central banks, public sector entities, state-owned enterprises, or multilateral development banks which are assigned a risk-weight of 20.0 per cent. under the standardised approach for credit risk and that satisfy other conditions set out under the BoT Notification No. 9/2558, excluding debt instruments issued by financial businesses;
- corporate debt instruments which are assigned a credit rating of AA- or higher and satisfy other conditions set out under the BoT Notification No. 9/2558, excluding debt instruments issued by financial businesses;
- promissory notes issued by the Ministry of Finance;
- unsecured debt instruments that are issued by Thai state-owned enterprises or specialised financial institutions of which the issuer or the debt instrument is assigned a credit rating of A or higher or the issuer has the business operation that is assigned “normal” pursuant to rules prescribed by State Enterprise Policy Office and that satisfy other conditions set out under the BoT Notification No. 9/2558; and

- covered bonds not issued by the relevant commercial bank or its affiliated entities which are assigned a credit rating of AA- or higher and that satisfy other conditions set out under the BoT Notification No. 9/2558.

Level 2B assets comprise the following items:

- debt securities representing claims on or guaranteed by sovereigns, central banks, public sector entities, state-owned enterprises, or multilateral development banks which are assigned a risk-weight of 50.0 per cent. under the standardised approach for credit risk and that satisfy other conditions set out under the BoT Notification No. 9/2558, excluding debt instruments issued by financial businesses;
- corporate debt instruments which are assigned a credit rating of A to A+ and that satisfy other conditions set out under the BoT Notification No. 9/2558, excluding debt instruments issued by financial businesses;
- bills of exchange or promissory notes issued by Thai specialised financial institutions; and
- Level 2 assets may not in aggregate account for more than 40.0 per cent. of the commercial bank's stock of HQLA, and Level 2B assets may not account for more than 15.0 per cent. of the commercial bank's total stock of HQLA, after the application of required haircuts, and after taking into account unwinding prescribed transactions. In addition, the BoT Notification No. 9/2558 restricts that the debt instruments that may qualify as liquid assets must be "plain-vanilla" instruments and must not be subordinated debt.

Total Net Cash Outflows

The denominator of the LCR is the total net cash outflows. "Total net cash outflows" is defined as total expected cash outflows, minus total expected cash inflows, in the specified stress scenario for the subsequent 30 calendar days with a condition that the total cash inflows are subject to an aggregate cap of 75.0 per cent. of the total expected cash outflows.

Total expected cash outflows are calculated by multiplying the outstanding balances of the following categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or be drawn down as set out under the BoT Notification No. 9/2558:

- retail deposits and borrowings;
- unsecured wholesale funding;
- secured funding;
- contractual obligations; and
- non-contractual obligations.

Total expected cash inflows are calculated by multiplying the outstanding balances of the following categories of contractual receivables by the rates at which they are expected to flow in as set out under the BoT Notification No. 9/2558:

- secured lending;
- fully performing loans; and
- other contractual cash inflows.

Net Stable Funding Ratio

On 9 February 2018, the BoT announced the BoT Notification No. Sor.Nor.Sor. 1/2561 Re: The Net Stable Funding Ratio ("NSFR") Requirements dated 12 January 2018 (the "BoT Notification No. 1/2561") which implemented requirements on Net Stable Funding Ratio under Basel III. The BoT Notification No. 1/2561 came into effect on 1 July 2018. This BoT notification requires commercial banks to measure their liquidity adequacy over a period of one year and to maintain a stable available source of funds that matches the assets and other contingents that require stable funding. Commercial banks must maintain an NSFR of at least 100.0 per cent. The commercial banks must submit reports on their NSFRs to the BoT on a quarterly basis.

Available Stable Funding ("ASF")

The numerator of the NSFR is the ASF, which is the amount of liabilities and capital expected to be stable at the commercial bank over a one-year period. Total ASF is the sum of the weighted amount of liabilities and capital,

multiplied by the ASF factors set out in the BoT Notification No. 1/2561. These ASF factors depend on relevant factors that reflect the stability of such funding, such as the type of funding source, the maturity of the funding source, and the type of counterparty.

Required Stable Funding (“RSF”)

The denominator of the NSFR is the required stable funding (“RSF”) which is the amount of available stable funding a commercial bank is required to have in order to match assets that would have to be funded because they will be rolled over or could not be converted into cash rapidly without a significant change in the value and the off-balance sheet exposures that will have to be paid to the counterparty over a one-year period. Total RSF is the sum of the weighted amount of assets and off-balance sheet exposures multiplied by the RSF factors set out in the BoT Notification No. 1/2561. These RSF factors depend on relevant factors that reflect the liquidity risk profile of the bank’s assets and off-balance sheet exposures, such as the type of asset, asset tenor, the type of counterparty and the liquidity value of the associated assets.

Reserve Requirement

In conjunction with the implementation of the BoT Notification No. 9/2558 Re: The Liquidity Coverage Ratio (LCR) Requirement, the BoT also requires that commercial banks must comply with the reserve requirement set out under the BoT Notification No. SorKorNgor. 56/2558 Re: The requirements for commercial banks on the maintenance of reserve balances at the Bank of Thailand (Reserve Requirement) dated 21 September 2015. With effect from 6 January 2016, a commercial bank must maintain deposit in a current account* opened with the BoT of at least 1.0 per cent. of the aggregate amount of deposits and borrowings which comprise: (i) all types of deposits, (ii) borrowings through the issuances of bills of exchange and promissory notes (with certain exceptions of types of the bills and promissory notes as prescribed by the BoT), (iii) foreign borrowings that will become due within one year from the date of borrowing and foreign borrowings that are puttable or callable within one year from the date of borrowing (with certain exceptions of borrowings as prescribed by the BoT) and (iv) borrowings with embedded derivatives ((i) — (iv) collectively the “Borrowings”) based on the fortnightly average of the total daily Borrowings during the previous fortnight (holidays shall be included), as the case may be. If the commercial bank has cash at cash center*, it may combine the cash at cash center with deposits in a current account opened with the BoT at the portion of cash at cash center no more than, on average, 0.2 per cent. of an average sum of the borrowings.

During a period of financial stress as prescribed in the BoT Notification No. 9/2558, the BoT may, on a case-by-case basis, permit a commercial bank to maintain its deposits with the BoT and cash at the central cash centre below the thresholds. In doing so, the BoT may require that the commercial bank submit a plan for the situation as well as impose additional conditions on the commercial bank. A commercial bank’s failure to comply with the reserve requirement may also result in the BoT’s rejection to transact with the commercial bank.

Capital Adequacy Requirements

The FIBA provides that a bank must maintain its capital funds in proportion to its assets, liabilities, contingent liabilities or any risks in accordance with regulations published by the BoT. Under Basel III, the BoT, with effect from 1 January 2013, required commercial banks registered in Thailand to maintain a minimum ratio of total capital to risk weighted assets of not less than 8.5 per cent., provided that its Common Equity Tier 1 and Tier 1 (which consists of Common Equity Tier 1 and Additional Tier 1) ratios are at least 4.5 per cent. and 6.0 per cent., respectively.

Common Equity Tier 1 capital includes (i) paid-up capital (including share premium and money commercial banks receive from the issuance of warrants for the purchase of the bank’s common shares) (other than preferred shares) with characteristics as prescribed by the regulation of the BoT, (ii) legal reserves, (iii) reserve funds obtained from the allocation of net profit in accordance with the resolution of the shareholders’ meeting or the bank’s articles of association at the end of the accounting period (other than reserve funds for depreciation of assets and for debt repayment, (iv) remaining net profit after appropriation in accordance with the resolution of the shareholders’ meeting or the bank’s articles of association and (v) other equity, which consists of accumulated other comprehensive income and other owner changes (including capital surplus (deficit) from merging business).

* Excluding money received in advance under Payment System Act. (clarified in the BoT Notification No.SorKorNgor 49/2563 Re: Regulations on reserve requirement)

Additional Tier 1 includes (i) proceeds derived from the issuance of non-cumulative preferred shares and warrants of such preferred shares, (ii) proceeds derived from the issuance of subordinated debt instruments (which are subordinated to depositors, general creditors and subordinated debt of the bank including holders of debt instruments which are considered as Tier 2 capital), and (iii) premium (shortfall) resulting from the issue of instruments described in (i) and (ii) above.

Tier 2 capital includes (i) proceeds received from the issuance of cumulative preferred shares and warrants of such preferred shares, (ii) proceeds derived from the issuance of subordinated debt instruments (which are subordinated to depositors and general creditors), (iii) premium (shortfall) resulting from the issue of instruments described in (i) and (ii) above and (iv) general provision and surplus of provisions.

Besides the minimum capital requirement, in line with the Basel III framework, additional capital buffers were introduced with a view to strengthening the stability of the financial institution system. The BoT Notification Sor.Nor.Sor. 12/2555 also requires that from 1 January 2020, commercial banks registered in Thailand must increase, in the form of capital conservation buffer, their Common Equity Tier 1 ratio originally from 4.5 per cent. to more than 7.0 per cent., Tier 1 capital fund ratio originally from 6.0 per cent. to more than 8.5 per cent. and total capital ratio originally from 8.5 per cent. to more than 11.0 per cent. of the total risk-weighted assets. Furthermore, according to the BoT Notification Sor.Nor.Sor. 17/2560 Re: Names of Domestic Systemically Important Banks dated 31 August 2017, the BoT designated the Bank as a D-SIB. Pursuant to the BoT Notification Sor.Nor.Sor. 16/2560 Re: Guidelines on Designation and Supervision on Domestic Systemically Important Banks dated 31 August 2017 (the “BoT Notification No. 16/2560”), from 1 January 2020, D-SIBs are subject to higher loss absorbency requirements, which are in the form of additional Common Equity Tier 1 of 1 per cent. of total risk-weighted assets. D-SIBs must accumulate additional Common Equity Tier 1 of 1 per cent. by 1 January 2020. As a result, the minimum Common Equity Tier 1 capital adequacy ratio for D-SIBs is 8.0 per cent., while the Tier 1 capital fund ratio is 9.5 per cent. and the minimum total capital ratio is 12.0 per cent. from 1 January 2020. Additionally, D-SIBs are also subject to other supervisory measures set out under the BoT Notification No. 16/2560. For example, a D-SIB must regularly submit its internal management reports and risk reports to the BoT. The D-SIB must also arrange for its board of directors to consider audit reports prepared by the BoT.

This higher loss absorbency for D-SIBs applies to financial business groups of commercial banks established under the FIBA as well. Banks that cannot meet the aforementioned capital buffers will be constrained by earning distribution restrictions, i.e., on dividend payouts, discretionary bonus payments, share buybacks, etc. in proportion of a shortfall of capital ratios.

Loan Classifications

The FIBA gives the BoT broad power to require banks to classify and provide for or write-off non-performing assets. These classifications are used to determine minimum levels of provisions for loan losses that banks are required to maintain. However, banks are permitted to use more stringent methods for determining loan loss reserves.

Prior to 1 January 2020, the BoT’s regulations required banks to categorise their loan portfolios into six categories: pass, special mention, substandard, doubtful, doubtful of loss and loss. Each loan category is subject to different levels of provisioning based on percentages established by the BoT. The regulations established the maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts. The minimum allowance consists of the provisions based on the regulatory loan classifications and other additional provisions required by the BoT.

Starting from 1 January 2020, commercial banks are subject to new requirements on loan classification in accordance with the Notification of the BoT No. Sor.Nor.Sor. 23/2561 Re: Regulations on Asset Classification and Provisioning of Financial Institutions dated 13 December 2018. This notification requires that loan classification comply with the Thai Financial Reporting Standards which is applicable to commercial banks starting from 1 January 2020. Under the new regulations, commercial banks are required to classify their loans into three categories: Performing (Stage 1), Under-performing (Stage 2) and Non-performing (Stage 3). The classification of loans shall be conducted on an account-by-account basis, provided that those accounts whose cash inflows are related are classified in the same category. Commercial banks are also required to write off their loan portfolios which cannot be expected to be repaid by debtors in accordance with the applicable accounting standards. Non-performing and underperforming loans require reserves of lifetime expected credit losses, while performing loans require reserves of the 12-month expected credit losses. Lifetime expected credit losses are calculated in accordance with details as prescribed in the BoT’s regulations.

Internal Independent Credit Review

The BoT's regulations also require each bank to perform credit reviews at least once in every calendar year on credit exposures, including credit-like transactions and contingent liabilities. The volume and method of the credit reviews vary depending on the overall credit risk of the bank as contained in the latest audit report of the BoT; and the classification of the bank's debtors. The classification scheme distinguishes between (i) business debtors whose indebtedness status is classified as performing or under-performing, (ii) retail debtors and (iii) business debtors whose indebtedness status is classified as non-performing.

For instance, a bank with a high overall credit risk has to perform a credit review of not less than 80.0 per cent. of the outstanding debt of those business debtors categorised as performing or under-performing with credit lines or outstanding indebtedness of Baht 20 million or more. In reviewing credit of the retail debtors, a bank may set out the volume and method of the credit review based on acceptable statistical methods.

A bank is required to prepare and present its annual credit review plan to the bank's board of directors for approval and make available the approved plan at the office of the bank for the BoT's inspection.

The bank must also make quarterly progress reports to the board of directors including details of any problems or difficulties recognised in the credit review process.

Tax Effects of Provisions for Corporate Income Tax Purposes

The Thai Revenue Code allows a commercial bank to consider any provision for loan loss (bad debts or doubtful debts) that the bank sets aside in accordance with the legal requirement of the BoT, in excess of that set aside by the bank during the previous accounting period as presented in its statement of financial position, as its expenses deductible from the bank's profit in calculation of net profit of the bank for tax purposes.

Single Lending Limits

The BoT currently imposes a limit, measured daily and equal to 25.0 per cent. of any type of such financial institution's capital fund on an amount that a financial institution can grant credit to, invest in, create contingent liabilities for or enter into any other transaction having an effect similar in nature to the granting of credit to any single person, a group of persons in any one project or where proceeds are used for the same purpose. In addition, under the FIBA, the amount of credit extended to, or investment in or contingent liabilities or other credit-like transaction granted for, a parent company, a subsidiary and an affiliate or a related person of a financial institution's customer will be included in the amount of credit extended to, investment in or contingent liabilities or other credit-like transaction granted for, such customer for purposes of compliance with the single lending limit. Certain transactions (such as interbank loans and low-risk transactions as prescribed by the BoT) are exempt from these limitations.

Guidelines on Supervision of Venture Capital Business

BoT requires that the companies within a financial business group must not, in excess of 5.0 per cent. of full consolidation capital, grant credit, invest in, enter into contingent liabilities or credit-like transactions with:

- (1) other entities in which the venture capital subsidiaries invests for more than 10.0 per cent. of the paid up shares of that company; and
- (2) all subsidiaries of the entities as specified in (1).

The exemption can be granted by the BoT on a case-by-case basis. In requesting the exemption, the parent company shall submit an exemption request to the Financial Institution Applications Department, Financial Institutions Policy Group, BoT.

Related Party Lending Limit

A financial institution is prohibited from granting credit to, investing in, creating contingent liabilities for, or entering into other transactions having a similar effect to the granting of credit to, a shareholder holding more than 5.0 per cent. of total issued shares in the financial institution inclusive of shares held by related person (the "Major Shareholder") or a company in which it or its director, its management or any of the related person of such person holds in aggregate of more than 10.0 per cent. of the total shares capital of such company (the

“Business With Beneficial Interest”) in an amount exceeding (i) 5.0 per cent. of the total capital fund of such financial institution or (ii) 25.0 per cent. of the aggregate amount of the indebtedness of the Major Shareholder or the Business With Beneficial Interest (whichever is lower).

However, those restrictions shall not apply to (a) granting credits, undertaking contingent liabilities or credit-like transactions in any governmental authority or the FIDF; (b) granting credits, investment, undertaking contingent liabilities or credit-like transactions in any company that a governmental authority, or the FIDF hold shares in excess of 10.0 per cent. of total shares sold, or in any juristic person over which a governmental authority has the power of control directly or indirectly. (c) granting credits, investment, undertaking contingent liabilities or credit-like transactions in mutual fund established by the governmental authority, (d) granting credits, undertaking contingent liabilities or credit-like transactions with full collateral in form of cash, deposits at that financial institution, bills of exchange issued by that financial institution, Thai Government Securities that are free from any encumbrance and negotiable, or securities issued by the FIDF, (e) granting credits, investment, undertaking contingent liabilities or credit-like transactions in the Business With Beneficial Interest that result from debt restructuring, where financial institutions, major shareholders, or any Business With Beneficial Interest did not have any beneficial interest prior to the debt restructuring and (f) undertaking contingent liabilities under derivatives contracts with parent company, other branches with same parent company, or affiliated company located overseas of that financial institution for the purpose of risk management on derivatives transactions undertaking with other persons.

Foreign Exchange Positions

The BoT requires a commercial bank to maintain at the end of each day (i) a net open position in each currency in proportion to its capital fund at a rate not more than 15.0 per cent., or U.S.\$5 million, whichever is higher, and (ii) an aggregate position in proportion to its capital fund at the rate not more than 20.0 per cent., of such bank’s capital or U.S.\$10 million, whichever is higher.

Financial Institutions Development Fund (“FIDF”)

The FIDF is a part of the BoT with a separate legal entity, which was established in 1985 as a channel to provide financial assistance to troubled financial institutions, containing financial damages and mitigating threats to stability of the financial institution system. The FIDF played vital roles in bailing out cash-strapped financial institutions during the 1997 financial crisis in addition to its usual responsibilities in guaranteeing full repayment to depositors and creditors of financial institutions to maintain public confidence and financial institution system stability.

Pursuant to Article 19 of the Bank of Thailand Act (No. 4) B.E. 2551 (2008), the FIDF is required to financially assist insolvent financial institutions. The financial assistance must be approved by the government and the government will absorb the cost of assistance, if any. As a result of the COVID-19 pandemic situation, the current mandatory contributions from financial institutions to the FIDF are temporary cuts from 0.46 to 0.23 per cent. per annum for the period of 2020 to 2021 on the following amounts:

- (1) average deposit balance of protected accounts; and
- (2) funds received from the general public, which do not include the following:
 - (a) average deposit balance of protected accounts;
 - (b) funds received from financial institutions and specialised financial institutions per the financial institution law;
 - (c) funds received from the Bank of Thailand; and
 - (d) funds received from issuance of debt instruments for the portion that financial institutions recognised as capital, whereby such amount is excluded over the life of such debt instrument, irrespectively of whether the amount recognised as capital will be subsequently reduced or not.

Deposit Protection Agency

Deposit Protection Agency is a government organisation established in B.E. 2551 under the Deposit Protection Agency Act B.E. 2551 (2008) in order to provide protection for depositors of financial institutions, especially small depositors, the majority of depositors, who may not have access to sufficient financial information. In case a particular insured financial institution fails, reimbursement shall be made to insured depositors under the

stipulated amount of coverage within a certain period of time. Deposits exceeding the coverage amount shall be claimed from the liquidation process. The mandatory contributions to the Deposit Protection Fund are paid twice a year at 0.01 per cent. of per annum of average deposits of insured accounts.

In accordance with the Deposit Protection Agency Act, the Deposit Protection Agency covers the repayment of principal of and interest on qualifying deposits, subject to the conditions stipulated therein. Pursuant to the Royal Decree on Coverage of Insured Deposits B.E. 2559 (2016) and the Royal Decree Prescribing Amount of Deposits to be Protected in General, B.E. 2563 (2020), the coverage amount will be gradually cut as follows:

- from 11 August 2016 to 10 August 2018, the coverage amount will be reduced to Baht 15 million per bank per depositor;
- from 11 August 2018 to 10 August 2019, the coverage amount will be reduced to Baht 10 million per bank per depositor;
- from 11 August 2019 to 10 August 2021, the coverage amount will be reduced to Baht 5 million per bank per depositor; and
- from 11 August 2021 onwards, the coverage amount will be Baht 1 million per bank per depositor.

Financial Institutions as Escrow Agents

The Escrow Act B.E. 2551 (2008) (the “Escrow Act”) came into effect on 20 May 2008 to regulate the escrow business in Thailand. Pursuant to the Escrow Act, any financial institutions wishing to operate an escrow business must obtain a license from the Ministry of Finance. Financial institutions have to inform BoT of their escrow business with the evidence of Escrow Agent license within 30 days after obtaining such licence. Financial institutions are required to have a policy which covers the details as prescribed by BoT regulation. In addition, financial institutions have to comply with related laws and regulations including additional regulations that BoT may announce in the future.

Inspections by the BoT

The BoT may appoint bank inspectors for the purpose of examining and reporting on the affairs and assets of commercial banks. These inspectors have broad powers to supervise commercial banks in Thailand, for example, the power to order employees of commercial banks to collect and process commercial banks’ books and records or to enter the premises of commercial banks during working hours. Currently, the BoT conducts annual audits of commercial banks, both at the head office and at certain branches on a random basis, using a risk-based approach.

Remedies

The BoT has broad powers to enforce the FIBA and related regulations, including, in certain circumstances, the power to appoint inspectors, suspend operations of a bank, remove directors, adjust its registered capital, levy fines and withdraw banking licences. In addition, upon receipt of a report from a banking inspector that indicates that the condition of a commercial bank is such that serious damage may be caused to the public interest, the BoT may order such commercial bank to fix its operation or increase and/or decrease its share capital or cease to operate, for instance. In the event that the BoT exercises its power to order the cessation of a commercial bank’s operation, it will recommend the Ministry of Finance to revoke the operating licence.

In the event that the BoT exercises the power to place a commercial bank under control, for example when the commercial bank’s reserve capital falls below 60.0 per cent., of the required threshold, the BoT will appoint a control committee that will then be responsible for all the operations of such bank. If the control committee determines that the particular bank is unable to continue operations, the BoT may order the cessation of business and recommend the Ministry of Finance to revoke the operating licence.

Disposal and Foreclosure

Under Thai law, Thai commercial banks must dispose of foreclosed or surrendered real estate within five years of acquisition, although the BoT has granted extensions up to ten years for assets acquired during the period 1 January 1996 to 31 December 2004 and the real estate acquired by commercial banks from 1 January 2005 to 31 December 2006 as a result of the debt restructuring of the debtors classified as substandard, doubtful, doubtful of loss and loss asset prior to 1 January 2005.

An additional five years extension may be available only if:

- the book value or the appraisal price (whichever is lower) of the foreclosed or surrendered real estate held by the Bank, when aggregated with that held by all asset management companies which are subsidiaries of the Bank, does not exceed 10.0 per cent., of the capital fund of the Bank; or
- the book value or the appraisal price (whichever is lower) of the foreclosed or surrendered real estate held by the Bank, when aggregated with that held by all asset management companies which are subsidiaries of the Bank, does exceed 10.0 per cent., of the capital fund of the Bank, provided that the Bank must meet the reserve requirements for such foreclosed real estate as specified by the BoT.

Requirements on Recovery Plan

The BoT Notification No. Sor.Nor.Sor. 16/2561 Re: Requirement on Preparation of Recovery Plan dated 8 June 2018 requires commercial banks in Thailand to draft recovery plans to prepare for possible financial difficulties and restore their viability in a timely manner during periods of financial distress. Recovery plans should be fully aligned with the commercial banks' risk management framework, and structures and characteristics. The commercial banks are expected to set up a governance framework that promptly detects a stress situation and operates swiftly and smoothly in a crisis. The core of the recovery plan outlines a wide range of credible and feasible recovery options to restore viability. To identify and react to critical situations, the commercial banks should monitor a range of indicators or recovery triggers reflecting at least their capital, liquidity, and asset situation. The plans also include an escalation process, consisting of data management and report procedure, for implementation if one or more of these indicators is breached. Finally, the plan should be tested under theoretical scenarios and the institution should include in the plan its communications strategy for addressing the crisis. The commercial banks' management bodies are responsible for preparing and maintaining recovery plans and ensuring that they are kept up-to-date annually or when there is substantial change so that the plans are fit for use in crisis situations. As being designated as one of the D-SIBs, the Bank must submit its first recovery plans by June 2019. After that the Bank must review the recovery plans at least one time per year and submit recovery plan approved by the Board of directors to the BoT within June of every year, with which the Bank has duly complied.

SUMMARY OF DIFFERENCES BETWEEN THAI GAAP AND IFRS

The following is a general summary of certain principal differences between Thai GAAP and IFRS as issued by the International Accounting Standards Board (“IASB”) as applicable to the Group.

The Group’s audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 have been prepared in accordance with Thai GAAP. Thai GAAP refers to an accounting framework that includes TFRS and accounting principles and practises generally accepted in Thailand, which include the regulations of the SET, the Thai SEC and, for commercial banks, the BoT. The audited consolidated financial statements as at and for the year ended 31 December 2019 are presented as prescribed by the BOT Notification No. Sor.Nor.Sor 21/2558, whereas the audited consolidated financial statements as at and for the year ended 31 December 2020 are presented as prescribed by the BOT Notification No. Sor.Nor.Sor 21/2561.

In the absence of a TFRS addressing a particular accounting issue, the guideline on the related issue from IFRS is adopted and disclosed in the notes to the financial statements. According to ongoing initiative by the Thailand Federation of Accounting Professions (“TFAC”) since 2011 to align Thai accounting standards with IFRS, Thai GAAP currently reflects the new of TFRSs which are adapted according to IFRS with a one-year delay from the equivalent IFRS standard’s effective date, except for the New Financial Instruments Standards that are adopted with a two-year delay. Effective from 1 January 2020, TFRS has been aligned with IFRS (Bound Volume 2019). Presently, there is no newly issued or amended IFRS that is applicable to the Group that will change its accounting principles.

During 2020, the TFAC announced the following guidelines:

(i) Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. The objective of this guideline is to provide alternatives for entities providing assistance to debtors who are impacted by the situations that affect the Thai economy. This accounting guidance is applicable to entities providing assistance to debtors impacted by situations that affect the Thai economy and is in effect from 1 January 2020 to 31 December 2021 or until otherwise required by the Bank of Thailand. Entities who provide assistance to affected debtors in accordance with the Bank of Thailand’s measures and elect to apply this accounting guidance are required to apply all temporary relief measures specified in this accounting guidance. Such temporary relief measures differ from the IFRS in terms of the classification and measurement and the impairment related to loans to customers. Refer to note 3.2 to the Group’s audited consolidated financial statements as at and for the year ended 31 December 2020 for further details, and

(ii) Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 pandemic. The objectives of this guideline are to alleviate the impact of the COVID-19 pandemic by applying certain financial reporting standards and to provide clarifications on accounting treatments during the period of uncertainty stemming from the pandemic. This accounting guidance is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020. The Group has not adopted such accounting guidance in the preparation of the financial statements for the year ended 31 December 2020.

For the purposes of this Offering Circular, the Bank provides below a summary of the significant differences between Thai GAAP and IFRS as issued by the IASB relevant to the Group’s audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020.

The differences identified below are limited to those significant differences that are applicable to the Group’s audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020. However, they should not be construed as being exhaustive. Accordingly, no assurance is provided that the following summary of differences between Thai GAAP and IFRS as issued by the IASB is complete. Furthermore, no attempt has been made to identify future differences between Thai GAAP and IFRS as issued by the IASB as a result of prescribed changes in accounting standards nor to identify all future differences that may affect the Group’s financial statements as a result of transactions or events that may occur in the future. Potential investors should consult their own professional advisors for an understanding of the differences.

Financial Instruments

The Group has adopted a set of TFRSs related to the financial instruments for the financial statements of the periods beginning on or after 1 January 2020. Comparative financial statements have not been restated. The New

Financial Instruments Standards make stipulations relating to the classification and measurement of financial instruments, the calculation of impairment using the expected credit loss method and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

Classification and Measurement of Financial Assets and Financial Liabilities

Applied from 1 January 2020

Under IFRS 9, classification and measurement is made based on the determination of both the business model used for managing and the contractual cash flow characteristics of the financial instrument. When a financial asset or liability is recognised initially, an entity should measure it at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). After initial recognition, the financial instrument is subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) depending on their business model and cash flow characteristics as follows:

- Financial assets — debt instruments
 - A business model which is held to collect the contractual cash flow is measured at amortised cost less impairment losses using the effective interest rate method.
 - A business model which is held to collect the contractual cash flow and sell is measured at FVOCI. Gains and losses arising from changes in the fair value are recognised in other comprehensive income. When the financial assets are derecognised, the cumulative gains or losses, previously recognised in other comprehensive income (OCI), are recycled to profit or loss.
 - Any other business model is measured at FVTPL. Gains and losses from both subsequent measurement and derecognition are recognised in profit or loss.

Despite the foregoing, this financial asset - 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.

- Financial assets — equity instruments
 - A business model which is held for trading is measured at FVTPL. Gains and losses from both subsequent measurement and derecognition are recognised in profit or loss.
 - A business model which is not held for trading can be measured at either FVTPL or FVOCI. For measurement at FVTPL, gains and losses from both subsequent measurement and derecognition are recognised in profit or loss which is same accounting treatment as that held for trading, while for measurement at FVOCI, gains and losses from both subsequent measurement and derecognition are recognised in OCI without recycling to profit or loss. Dividends are recognised in profit or loss.

The effective interest rate is calculated by taking into account any discount or premium on acquisition and the fees and costs that are an integral part of the effective interest rate. The recognition of interest income is regardless of whether or not the financial assets are credit-impaired. When a financial asset becomes credit-impaired, the interest income is calculated by applying the effective interest rate to the net carrying amount (gross carrying amount net of allowance for expected credit losses) of the financial assets.

Applied before 1 January 2020

Under Thai Accounting Standards (“TAS”) 105, investments are classified into the following four categories: (1) held-for-trade investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Investment in a marketable equity security is classified as an available-for-sale investment if it is not held for trading purposes. An available-for-sale investment is carried at fair value through other comprehensive income while held-to maturity investments are carried at amortised cost. An investment in non-marketable equity security is classified as general investment and is carried at cost less impairment loss.

Interest income is recognised on an accrual basis using the contractual rate, except for interest on loans classified as delinquent over three months and interest on loans under troubled debt restructuring contract which would be stopped accruing and be reversed in accordance with the BoT’s regulations. After that the interest is recognised only when it is received.

The fees received and costs associated with the originating financial assets are recorded at inception.

Derivatives and Hedge Accounting

Applied from 1 January 2020

Derivatives are initially recorded at fair value and classified as trading, except for where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. 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.

For derivatives designated and qualifying as fair value hedge, changes in their fair value are recognised in profit or loss and the hedged item is adjusted for changes in fair value associated with the hedged risk. For derivatives designated and qualifying as a cash flow hedge, the effective portion of the hedge is recorded in other comprehensive income and released from other comprehensive income into profit or loss as the hedged item affects profit or loss. All ineffectiveness in the hedging relationship, as well as derivative instruments not qualifying for hedge accounting, is reflected in profit or loss immediately.

Applied before 1 January 2020

There is no TFRS currently effective that addresses the recognition and measurement of derivative instruments. The main derivative instruments used by the Bank include forward exchange contracts, cross currency and interest rate swaps.

In the financial statements, the Bank has treated derivative instruments as follows:

- The Bank measures forward exchange contracts held for trading at fair value. Unrealised gains and losses arising from the measurement of forward exchange contracts are recognised as assets or liabilities in the balance sheet, with the corresponding amount recognised in the statement of income. Forward exchange contracts used for hedging are measured at amortised cost (with the fair value of the derivative recorded off balance sheet with the corresponding income and expense recognised on an accrual basis).
- Cross currency and interest rate swaps held for trading are measured at fair value. Where the hedged item is measured at amortised cost, the hedging instrument is measured at fair value. Unrealised gains and losses arising from the measurement of cross currency and interest rate swaps are recognised as assets or liabilities in the balance sheet with the corresponding amount recognised in the statement of income. Contracts used for hedging are measured on an accrual basis.

Impairment

Applied from 1 January 2020

IFRS 9 introduces an expected credit loss model on impairment to replace the incurred loss model. Financial instruments that are within the scope of the impairment requirement are debt instruments not measured at FVTPL, loan commitments and financial guarantee contracts. Expected credit losses are recognised as an amount equal to either 12-month or lifetime expected credit losses, incorporating forward-looking factors, depending on the stage reached by the financial assets, as follows:

- Stage 1: Financial assets where there has not been a significant increase in credit risk (performing): the allowance for expected credit losses is recognised as an amount equal to the 12-month expected credit losses.
- Stage 2: Financial assets where there has been a significant increase in credit risk (under-performing): the allowance for expected credit losses is recognised as an amount equal to the lifetime expected credit losses.
- Stage 3: Financial assets that are credit-impaired (non-performing): the allowance for expected credit losses is recognised as an amount equal to the lifetime expected credit losses.

Under IFRS 9, expected credit losses should be estimated on the basis of the probability-weighted amount of expected credit losses over the expected life of the financial instrument, reflecting the time value of money and unbiased, reasonable and supportable information.

Applied before 1 January 2020

TFRS provides limited guidance in relation to the impairment of loans and receivables originated by an entity. Commercial banks in Thailand are required to comply with the BoT's guidelines for calculating a minimum

allowance for doubtful accounts. The regulations establish six different categories corresponding to perceived levels of risk and set out a procedure for the classification of loans: pass, special mention, sub-standard, doubtful, doubtful of loss and loss. Fixed percentages, prescribed by BoT, are applied to balances under these classifications, net of qualified collateral, to determine the minimum levels of allowance for doubtful accounts that banks are required to maintain. Additionally, the Bank provides specific provision for some corporate loans and also makes a general provision on a portfolio basis to reflect the possible losses in the portfolio.

Trouble Debt Restructuring

Applied from 1 January 2021

IFRS 9 introduces the new guidance on the modification of financial assets as follows:

1. **Modification without derecognition:** When the contractual cash flow of financial assets is not substantially renegotiated or modified, the gross carrying amount of the financial assets is recalculated by discounting the modified contractual cash flow using the loan's original effective interest rate (EIR before modification). Any difference between the new and existing gross carrying amount is recognised as a modification gains or losses in profit or loss.
2. **Modification with derecognition:** When the contractual cash flow of financial assets is not substantially renegotiated or modified, the existing financial assets are derecognised, and new modified financial assets are recognised at fair value. Any difference between the new and existing gross carrying amount is recognised as derecognised gains or losses in profit or loss.

Applied before 1 January 2021

In accordance with TAS, a combination of the transferring of assets, the transferring of equity or a modification of terms resulting from debtors' financial difficulties are treated as debt restructuring. In the Bank's financial statements, debts subject to a modification of terms are stated at the present value of expected future cash flows using discount rates equivalent to the higher of the specified interest rate in the debt restructuring agreement. When the present value of expected cash flows is lower than the book value (Principal, including accrued interest recorded in the debtor's account), the difference is amortised to profit or loss over the new loan term.

Disclosures in Financial Statements

Commercial banks in Thailand are required to comply with the financial statements format announced by the BoT. This format differs from the requirements of IFRS 7. For example, the BoT's format requires all amounts due from/to banks and other financial institutions to be shown under a single caption called "Interbank and Money Market items". IFRS 7, on the other hand, requires placements and loans and advances to/from other banks and other money market items to be disclosed separately.

For prior financial statements, TAS 107, which is similar to IAS 32 (revised 1998), addresses the disclosure requirement for financial instruments. In general, the disclosure requirements under TAS 107 are not as extensive as those required by IFRS in terms of the qualitative and quantitative information about exposure to risks arising from financial instruments. The qualitative disclosures describe management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Together, these disclosures provide an overview of the entity's use of financial instruments and exposures to the risks they create.

Leases

Effective for any financial year begins on or after 1 January 2019, IFRS 16 replaced IAS 17 by introducing a single lessee accounting model which requires the lessee to recognise all long-term leases in the statement of financial position as a right-of-use asset and lease liability. However, there is no impact on lessor accounting as a lessor continues to account for leases as finance leases or operating leases. In the financial year begin on 1 January 2019, Thai GAAP does follow IAS 17 lease accounting where there are both operating lease and finance leases accounting for both lessor and lessee, and subsequently the new TFRS 16 (equivalent to IFRS 16) became effective in financial year commencing on 1 January 2020.

No Quantification of Effects of Differences

We have not quantified the effects of the aforementioned differences between Thai GAAP and IFRS. Accordingly, there can be no assurance that the results of operations and shareholder's equity reported in the financial statements in conformity with Thai GAAP would not be different if determined in conformity with IFRS.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this document and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers or certain professional investors) may be subject to special rules. Investors should consult their own tax advisers regarding the tax consequences of an investment in the Notes.

Thai Taxation

This summary contains a description of the principal Thai income tax consequences of the purchase, ownership and disposition of the Notes by an individual or corporate investor who is not resident in Thailand for tax purposes (referred to as “non-resident individual holders” and “non-resident corporate holders”, respectively, and together as “non-resident holders”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Notes. The summary is based upon the tax laws of Thailand in effect on the date of this Offering Circular.

Income Tax

Non-resident Individual Holders

In considering whether the individual holder is a tax resident of Thailand, Thai law does not look at the nationality of such individual holder, but will determine whether the holder has resided in Thailand at one or more times for a period equal in the whole to 180 days in any tax year.

Interest or Distribution

Interest or Distribution in respect of the Notes paid or deemed to be paid to a non-resident individual holder is generally subject to a 15.0 per cent. withholding tax, unless (a) the terms and conditions of an applicable double taxation agreement between Thailand and the resident country of such non-resident individual holder provide otherwise or (b) the non-resident individual holder is otherwise exempt from or not subject to Thai income tax.

Capital Gains

Capital gains, which is the amount in excess of the cost of acquisition of the Notes, received by a non-resident individual holder from the transfer of the Notes outside Thailand in connection with which payment is made or deemed to be made neither from nor within Thailand are not subject to Thai withholding tax.

Unless the terms and conditions of an applicable double taxation agreement entered into between Thailand and the resident country of the non-resident individual holders provide otherwise, a capital gain received by a non-resident individual holder from the transfer of the Notes in which payment is made or deemed to be made from or within Thailand is subject to a 5.0 per cent. withholding tax. The transferee or the payer of the gains has a duty to withhold tax at such rate and remit the withholding tax to the Thai Revenue Department.

Non-resident Corporate Holders

A non-resident corporate holder is a company, a registered partnership, a mutual fund or any entity established pursuant to a foreign law that is not doing business in Thailand or deemed to be doing business in Thailand and does not have a permanent establishment, employees, agents or representatives in Thailand but receiving from or in Thailand interest or capital gains from the transfer of the Notes.

Interest or Distribution

Interest in respect of the Notes paid or deemed to be paid to a non-resident corporate holder is generally subject to a 15.0 per cent. withholding tax, unless (a) the terms and conditions of an applicable double taxation agreement between Thailand and the resident country of such non-resident corporate holder provide otherwise or (b) the non-resident corporate holder is otherwise exempt from or not subject to Thai income tax.

Capital Gains

Capital gains, which is the amount in excess of the cost of acquisition of the Notes, received by a non-resident corporate holder from the transfer of the Notes outside Thailand in connection with which payment is made or deemed to be made neither from nor within Thailand are not subject to Thai withholding tax.

Unless the terms and conditions of an applicable double taxation agreement entered into between Thailand and the resident country of the non-resident corporate holder provide otherwise, a capital gain received by a non-resident corporate holder from the transfer of the Notes in which payment is made or deemed to be made from or within Thailand is subject to a 15.0 per cent. withholding tax. The transferee or the payer of the gains has a duty to withhold tax at such rate and remit the withholding tax to the Thai Revenue Department.

Stamp Duty

Each of the Notes certificate will generally be subject to Baht 5 stamp duty in Thailand, but stamp duty will not be triggered if the Notes certificate is issued outside Thailand and not brought into Thailand.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law. Under existing Cayman Islands laws:

Under the laws of the Cayman Islands, payments of interest, Distribution, principal or premium on the Notes will not be subject to taxation and no withholding will be required on the payment of interest, Distribution principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. The holder of any Notes (or a legal personal representative of such holder) whose Notes are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes. Certificates evidencing registered Notes, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument transferring title to a registered Note, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Bank if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands courts.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act (“FATCA”)

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes — Further Issues” and “Terms and Conditions of the Additional Tier 1 Subordinated Notes — Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream and the CMU (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Bank believes to be reliable, but none of the Bank, any Dealer, any Arranger, the Trustee or any of the Agents takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Bank, any other party to the Agency Agreement, the Arrangers, the Trustee nor any Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

THE CLEARING SYSTEMS

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of amounts to be paid with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

The CMU

The CMU is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the “HKMA”) for the safe custody and electronic trading between the members of this service (“CMU Members”) of capital markets instruments (“CMU Instruments”) which are specified in the CMU Service Reference Manual as capable of being held within the CMU. The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and “authorised institutions” under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear and Clearstream), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest, distribution or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent will make the necessary payments of interest, distribution or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-

U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU. Only Senior Notes are intended to be cleared through the CMU.

The Trustee and the Agents shall have no responsibility for the performance by the CMU under the rules and procedures governing its regulations.

BOOK-ENTRY OWNERSHIP

Bearer Notes

The Bank has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Bank will also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream and/or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the Euroclear and Clearstream or the CMU. Each Global Note will have an International Securities Identification Number (“ISIN”) and Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

Registered Notes

The Bank may make applications to Euroclear and Clearstream and the CMU for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. Each Global Certificate will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Investors in Notes of such Series may hold their interests in a Global Certificate through Euroclear and Clearstream.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

Transfers of Registered Notes

In the case of Registered Notes to be cleared through the CMU, Euroclear or Clearstream, transfers may be made at any time by a holder of an interest in a Global Certificate in accordance with the relevant rules, regulations and operating procedures of the applicable Clearing Systems.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in an amended and restated dealer agreement (such dealer agreement as modified and/or supplemented and/or restated from time to time, the “Dealer Agreement”) dated 16 March 2021, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Summary of Provisions Relating to the Notes while in Global Form”, “Terms and Conditions of the Notes other than the Additional Tier 1 Subordinated Notes” and “Terms and Conditions of the Additional Tier 1 Subordinated Notes”. The Issuer may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by such Dealer. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks). In the Dealer agreement, the Issuer have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment, update and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings and advisory services in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies and may be paid fees and expenses in connection with such services from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution/whether or not with a view to later distribution. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Selling Restrictions

1 Thailand

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes and it has not distributed and will not distribute any other documents or material in connection with the Notes, either directly or indirectly, in Thailand or to any resident of Thailand. No invitation will be made to any person in Thailand to subscribe for any Notes. Notes cannot be offered, sold or transferred in Thailand.

2 Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any

person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Securities and Securities-based Derivatives Contracts) of Singapore.

3 Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- 3.1 it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO")) other than: (i) to "professional investors" as defined in the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- 3.2 it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in of the SFO and any rules made under the SFO.

4 United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

5 Prohibition of sales to EEA Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (A) if the applicable Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the applicable Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression “an offer of Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

6 United Kingdom

Prohibition of sales to UK Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) if the applicable Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a “Public Offer”), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the applicable Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (B) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

7 Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

8 Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation whether directly or indirectly has been or will be made to the public in the Cayman Islands to subscribe for the Notes and no such invitation is made hereby.

9 PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes will be offered or sold in the PRC as part of the initial distribution of the Notes. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful or make the offer or solicitation in the PRC.

10 General

These selling restrictions may be supplemented or modified by the agreement of the Issuer and any Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer and each further Dealer appointed under the Programme will be required to agree that, it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

GENERAL INFORMATION

- (1) Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for permission to deal in, and for the listing and quotation of, any Notes which are agreed at or prior the time of issue to be listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There can be no assurance that any application to the SGX-ST will be approved. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Approval in-principle from, admission to the Official List of, and listing and of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Bank and its subsidiaries and associated companies, the Programme or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes listed on the SGX-ST will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in any other currency). For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Bank shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that the Global Note(s) representing such Notes is exchanged for Definitive Notes. In addition, in the event that the Global Note(s) is exchanged for Definitive Notes, an announcement of such exchange will be made by or on behalf of the Bank through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Notes, including details of the paying agent in Singapore.
- (2) The Bank has obtained all necessary consents, approvals and authorisations as may be required in connection with the establishment and update of the Programme. The establishment and update of the Programme was authorised by resolutions of the Board of Directors of the Bank on 22 April 2011, 9 February 2012, 11 April 2012 and 28 October 2020. The Bank has obtained and has agreed to obtain from time to time all necessary internal consents, approvals and authorisations for the issue of Notes under the Programme.
- (3) Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Bank or of the Group since 31 December 2020 and no material adverse change in the financial position or prospects of the Bank or of the Group since 31 December 2020.
- (4) Neither the Bank nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Bank or the Group.
- (5) Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). The Common Code, the ISIN and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU Instrument Number will be set out in the applicable Pricing Supplement. If the Notes are to clear through an Alternative Clearing System, the appropriate information will be set out in the relevant Pricing Supplement.
- (6) There are no material contracts entered into other than in the ordinary course of the Bank's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Bank's ability to meet its obligations to noteholders in respect of the Notes being issued.
- (7) Where information in this Offering Circular has been sourced from third parties this information has been accurately reproduced and as far as the Bank is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (8) The issue price and the amount of the relevant Notes will be determined, before the issue of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Bank does not intend to provide any post-issuance information in relation to any issues of Notes.
- (9) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection free of charge upon written request and satisfactory proof of holding between 9:00 a.m. and 3:00 p.m. local time at the specified offices of the Paying Agents and at the registered office of Bank in Thailand or available electronically via e-mail from the Issuing and Paying Agent:
 - (i) the trust deed dated 7 February 2014 as supplemented by the supplemental trust deed dated 16 March 2021 (which includes the form of the Global Notes, the definitive Bearer Notes, the Global Certificates, the Coupons, the Receipts and the Talons);

- (ii) the Agency Agreement;
 - (iii) copies of the most recent annual and interim reports (including financial statements, whether audited or not) of the Bank and the Group;
 - (iv) each Pricing Supplement (save that Pricing Supplement relating to unlisted series of Notes will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity); and
 - (v) a copy of this Offering Circular together with any supplement or further Offering Circular and any documents incorporated by reference in the Offering Circular or such supplement or further Offering Circular.
- (10) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection free of charge upon written request and satisfactory proof of holding between 9:00 a.m. and 3:00 p.m. local time at the registered office of the Bank in Thailand:
- (i) The Data Privacy Notice; and
 - (ii) the Memorandum and Articles of Association of the Bank.
- (11) The State Audit Office of the Kingdom of Thailand has audited, and rendered unqualified audit reports on, the Group's audited consolidated financial statements as at and for the year ended 31 December 2019. The State Audit Office of the Kingdom of Thailand has given and has not withdrawn its written consents to the issue of this Offering Circular for the (i) inclusion herein of its name and references thereto; (ii) inclusion of its audit reports on the Group's audited consolidated financial statements as at and for the year ended 31 December 2019.
- (12) EY Office Limited has audited, and rendered unqualified audit reports on, the Group's audited consolidated financial statements as at and for the year ended 31 December 2020. EY Office Limited has given and has not withdrawn its written consents to the issue of this Offering Circular for the (i) inclusion herein of its name and references thereto; (ii) inclusion of its audit reports on the Group's audited consolidated financial statements as at and for the year ended 31 December 2020.

INDEX TO FINANCIAL STATEMENTS

	Page
Audited Consolidated Financial Statements of the Group as at and for the year ended	
31 December 2020	F-2
Audited Consolidated Financial Statements of the Group as at and for the year ended	
31 December 2019	F-166

Krung Thai Bank Public Company Limited
and its subsidiaries
Report and financial statements
31 December 2020

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.



Building a better
working world

- 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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
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

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)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
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
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)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
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										Total		
	Issued and fully paid-up share capital	Premium on share capital	Surplus (deficit) on revaluation of assets	Surplus (deficit) on revaluation of investments	Gains (losses) from reclassification of investments	Other components of equity		Share of other comprehensive income of associates	Deficit from the change in the ownership interest in subsidiary	Retained earnings		Total equity attributable to equity holders of the Bank	Non-controlling interests
						Hedge reserve (Note 9.5)	Gain (losses) from translating the financial statements						
Balance as at 1 January 2019	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(95,869)	3,914,071	-	183,962,287	305,675,449	8,295,654	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)	1,265,602	-	-	-	-	28,519,704	42,451,453	2,826,404	15,762	
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	10,098,090	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	(29,766)	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	-	(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	-	-	-	-	-	-	417,695	-	417,695	
Transfer to retained earnings	-	-	(44,206)	-	-	-	-	-	(582,505)	(606,712)	-	(606,712)	
Total comprehensive income (loss)	-	-	(823,042)	(823,042)	-	-	(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	-	(72,052)	14,107,084	(165,255)	218,613,197	343,489,732	11,597,842	385,093,594	

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavichitranas)

Chairman



(Payong Sivanich)

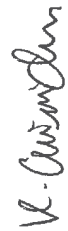
President

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								
	Other components of equity								
	Issued and fully paid-up share capital	Premium on share capital	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	Total
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 restated	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	8,268,586	9,394,669	-	178,064	(72,032)	198,347,194	308,975,255

The accompanying notes are an integral part of the financial statements.



(Krisada 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)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
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	423,853	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)
	69,092,400	75,212,341	56,049,886	61,208,192
Net interest income	(88,342,723)	(88,316,308)	(74,898,333)	(75,158,628)
Dividend income	(375,896)	(495,561)	(2,348,887)	(2,474,526)
Proceeds from interest income	96,554,129	123,037,526	87,803,944	108,429,940
Cash paid on interest expenses	(27,674,972)	(34,042,988)	(26,166,611)	(32,515,693)
Proceeds from dividend income	658,286	748,574	2,348,436	2,474,153
Cash refunded for income tax	160,204	-	-	-
Cash paid on income tax expenses	(6,125,782)	(9,264,684)	(4,805,033)	(7,481,420)
Income from operating activities before changes in operating assets and liabilities	43,945,646	66,878,900	37,983,402	54,482,018

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)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities (continued)				
(Increase) decrease in operating assets				
Interbank and money market items	(179,596,485)	33,612,438	(179,621,960)	33,359,128
Financial assets measured at fair value through profit or loss	39,244,132	-	38,842,255	-
Claims on securities	-	(33,754,900)	-	(33,754,900)
Derivatives assets	(12,358,244)	(19,581,852)	(12,358,201)	(19,580,429)
Investments in trading securities	-	(25,709,953)	-	(25,709,953)
Loans to customers	(268,493,752)	(91,757,936)	(270,687,453)	(77,472,456)
Properties for sale	6,292,961	1,447,826	6,250,115	1,340,227
Other assets	(8,934,734)	(9,057,339)	(8,873,887)	(9,352,780)
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	4,230,859	154,192,644	(1,732,602)	153,065,237
Cash flows from investing activities				
Purchase of debt and equity securities measured at fair value through other comprehensive income				
	(185,120,810)	-	(184,969,210)	-
Proceeds from disposal of debt and equity securities measured at fair value through other comprehensive income				
	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				
	1,467,444	-	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				
	(2,863,389)	(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	19,966,340	(147,233,090)	21,244,900	(146,195,767)

The accompanying notes are an integral part of the financial statements.



(Krisada Chinavicharana)

Chairman


(Payong Srivanich)

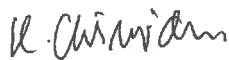
President

Krung Thai Bank Public Company Limited and its subsidiaries
 Statements of cash flows (continued)
 For the year ended 31 December 2020

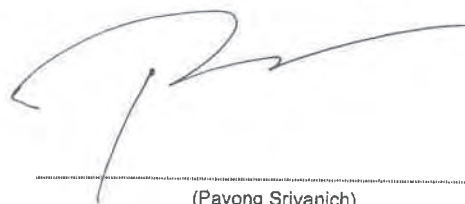
(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Proceeds from debt issued and long-term borrowings	3,970,745	30,115,000	470,745	24,000,000
Repayments of debt issued and long-term borrowings	(14,540,345)	(26,394,750)	(7,793,645)	(21,113,750)
Repayments of lease liabilities	(2,264,173)	-	(1,950,339)	-
Dividend paid for ordinary share	(10,523,974)	(10,034,812)	(10,523,974)	(10,034,812)
Dividend paid for preferred share	(4,991)	(4,799)	(4,991)	(4,799)
Dividend paid to non-controlling interest	(1,150,528)	(1,068,730)	-	-
Net cash provided by (used in) financing activities	(24,513,266)	(7,388,091)	(19,802,204)	(7,153,361)
(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
Table of contents for notes to consolidated financial statements
For the year ended 31 December 2020

Note	Contents	Page
1.	General information	1
2.	Basis of preparation of the financial statements	1
3.	New financial reporting standards	2
4.	Significant accounting policies	9
5.	Significant accounting judgements and estimates	31
6.	Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards	34
7.	Risk Management	42
8.	Capital funds	62
9.	Supplementary information	64
9.1	Supplementary information of cash flows	64
9.2	Classification of financial assets and financial liabilities	66
9.3	Interbank and money market items (assets)	68
9.4	Financial assets measured at fair value through profit and loss	70
9.5	Derivatives	70
9.6	Investments - net	77
9.7	Investments in subsidiaries and associated companies - net	81
9.8	Loans to customers and accrued interest receivables - net	85
9.9	Allowance for expected credit losses/Allowance for doubtful accounts	91
9.10	Properties for sale	96
9.11	Land, premises and equipment	97
9.12	Leases	101
9.13	Intangible assets	103
9.14	Deferred tax assets/liabilities and income tax	105
9.15	Other assets	110
9.16	Deposits	110
9.17	Interbank and money market items (liabilities)	111
9.18	Debt issued and borrowings	112
9.19	Provisions	114
9.20	Other liabilities	118
9.21	Share capital	118
9.22	Other components of equity	119

Krung Thai Bank Public Company Limited and its subsidiaries

Table of contents for notes to consolidated financial statements (continued)

For the year ended 31 December 2020

Note	Contents	Page
9.23	Legal reserve	119
9.24	Dividends.....	119
9.25	Commitment and contingent liabilities	120
9.26	Assets with obligations and restrictions.....	121
9.27	Related party transactions	121
9.28	Significant financial position and operations classified by domestic and foreign business segment.....	129
9.29	Operations classified by operating segment.....	131
9.30	Interest Income	133
9.31	Interest expenses	134
9.32	Fees and service income	134
9.33	Gains on financial instruments measured at fair value through profit and loss	135
9.34	Gains on trading and foreign exchange transactions	135
9.35	Gains on investments	136
9.36	Expected credit losses	136
9.37	Impairment losses of loans and debt securities.....	137
9.38	Earnings per share	137
9.39	Provident fund	137
9.40	Fair value of financial instruments.....	138
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.	142
9.42	Others.....	143
9.43	COVID-19.....	145
9.44	Events after the reporting period	145
9.45	Approval of the financial statements	145

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
--------	-------------------------------------

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 weight 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 recognised 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 arisen 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 arisen 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 arisen 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 propose 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 embeded 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 form 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 used 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			1 January 2020
	31 December 2019	The impacts of		
		to financial instruments	Financial reporting standards related	
			TFRS 16	
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			1 January 2020
	31 December 2019	The impacts of		
		to financial instruments	Financial reporting standards related	
			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	Separate
	<u>financial statements</u>	<u>financial statements</u>
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	<u>1,020</u>	<u>860</u>

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					Total
	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		
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

Separate financial statements						
Value according to former accounting policy	The classification and measurement in accordance with TFRS 9					Total
	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		
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	<u>3,895</u>	<u>3,434</u>

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	<u>3,895</u>	<u>3,434</u>

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	<u>3,173,900</u>	<u>3,089,976</u>
Loan commitments	1,320,320	1,320,320
Financial guarantee contracts	<u>48,928</u>	<u>48,928</u>
Total	<u>1,369,248</u>	<u>1,369,248</u>
Total maximum exposure to credit risk	<u><u>4,543,148</u></u>	<u><u>4,459,224</u></u>

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.

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)

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	-	39,553
Non-investment grade	-	4,794	-	4,794
Not yet due	473,633	1,078	-	474,711
Total	513,133	5,925	-	519,058
<u>Less</u> Allowance for expected credit losses	(2,568)	(169)	-	(2,737)
Net book value	510,565	5,756	-	516,321
Investments in debt securities measured at amortised cost				
Investment grade	556	-	-	556
Non-investment grade	-	350	36	386
Total	556	350	36	942
<u>Less</u> Allowance for expected credit losses	(1)	(10)	(36)	(47)
Net book value	555	340	-	895
Investments in debt securities measured at fair value through other comprehensive income				
Investment grade	301,259	-	-	301,259
Total	301,259	-	-	301,259
Allowance for expected credit losses	(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)	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		Type of major collateral
	Exposure to credit risk with collateral		
	31 December 2020	31 December 2019	
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	<u>1,890,414</u>	<u>386,209</u>	<u>472,921</u>	<u>235,995</u>	<u>146,523</u>	<u>107,404</u>	<u>3,239,466</u>
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	<u>2,069,073</u>	<u>167,729</u>	<u>323,181</u>	<u>153,901</u>	<u>115,203</u>	<u>-</u>	<u>2,829,087</u>

(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	<u>1,640,208</u>	<u>426,677</u>	<u>295,774</u>	<u>287,376</u>	<u>141,878</u>	<u>102,695</u>	<u>2,894,608</u>
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	<u>1,722,018</u>	<u>140,813</u>	<u>264,464</u>	<u>242,632</u>	<u>103,346</u>	<u>-</u>	<u>2,473,273</u>

(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	<u>1,900,939</u>	<u>318,647</u>	<u>470,571</u>	<u>234,225</u>	<u>128,364</u>	<u>103,290</u>	<u>3,156,036</u>
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	<u>2,065,785</u>	<u>165,461</u>	<u>317,448</u>	<u>120,328</u>	<u>115,208</u>	<u>-</u>	<u>2,784,230</u>

(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	<u>1,645,852</u>	<u>360,753</u>	<u>293,315</u>	<u>287,434</u>	<u>123,811</u>	<u>99,260</u>	<u>2,810,425</u>
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	<u>1,715,957</u>	<u>140,814</u>	<u>255,448</u>	<u>206,061</u>	<u>104,487</u>	<u>-</u>	<u>2,422,767</u>

- 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		Separate	
	financial statements		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

	Australian				
	US Dollar	Euro	Yen	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)

<u>Foreign currency in the statement of financial position</u>	Separate financial statements				
	31 December 2019				
	US Dollar	Euro	Yen	Australian 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.

	<u>31 December 2020</u>	<u>31 December 2019</u>
	(%)	(%)
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					Total
	31 December 2020					
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	
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	<u>253,920</u>	<u>1,035,432</u>	<u>826,921</u>	<u>1,127,346</u>	<u>84,078</u>	<u>3,327,697</u>
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	<u>1,985,999</u>	<u>728,513</u>	<u>90,533</u>	<u>84,781</u>	<u>-</u>	<u>2,889,826</u>

(Unit: Million Baht)

Consolidated financial statements

	31 December 2019					Total
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	
	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					Total
	At call	Up to 1 years	1 - 5 years	Over 5 years	No maturity	
	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 2019	from financing activities	Non-cash item	31 December 2020
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 2019	from financing activities	Non-cash item	31 December 2020
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
<u>Financial assets</u>					
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
<u>Financial liabilities</u>					
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)

Investments	Consolidated		Separate	
	financial statements		financial statements	
	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)

Type of risk	Consolidated financial statements					
	31 December 2020			31 December 2019		
	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)

Type of risk	Separate financial statements					
	31 December 2020			31 December 2019		
	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)

Type of risk	Consolidated and separate financial statements		
	31 December 2020		
	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)

Type of risk		Consolidated and separate financial statements			
		31 December 2020			
		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)

Type of risk	Consolidated and separate financial statements		
	31 December 2020		
	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)

Type of risk		Consolidated and separate financial statements		
		For the year period 31 December 2020		
		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring ineffectiveness
Hedged items	Hedging instruments	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)

Type of risk		Consolidated and separate financial statements		
		For the year ended 31 December 2020		
Hedged items		Gains (losses) attributable to the hedged risk		Change in fair value used for measuring ineffectiveness
		Hedging instruments	Hedging instruments	
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)

Type of risk		Consolidated and separate financial statements		
		31 December 2020		
		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							
Type of risk	Notional amounts	Carrying amount of hedging instruments		Total	Changes in fair value used for measuring ineffectiveness		Amount reclassified from the cash flow hedge reserve to profit or loss
		Assets	Liabilities		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 to 3	Over 3	Over	Over	Total
	1 month	months	months to	1 to 5	5 years	
	1 year		years			
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	Gains (losses)	Total
	hedge reserve	from deferred cost of hedging	
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	<u>145</u>	<u>33</u>	<u>178</u>

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
	<u>316,988</u>	<u>395,228</u>	<u>316,894</u>	<u>395,174</u>

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	Separate
	financial statements	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	Separate
	financial statements	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	Separate
	financial statements	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	Separate
	financial statements	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							
	Number		Cost		Fair value		Allowance for expected credit losses/ allowance for impairment provided in the accounts	
	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December
2020	2019	2020	2019	2020	2019	2020	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)						
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
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
					(10)	-	-	-
					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 Infinitas 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	31 December	31 December	31 December	31 December		31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	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:

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	<u>283</u>	<u>2,060</u>	<u>(607)</u>	<u>(2,760)</u>	<u>253</u>	<u>1,425</u>	<u>12,823</u>

⁽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
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
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	(399)	(469)	(66)	(36)
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	16,199	5,160	15,657	4,569
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	31 December	31 December	31 December
	2020	2019	2020	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*	<u>2,195,587</u>	<u>56,435</u>	<u>2,252,022</u>	<u>1,953,560</u>	<u>52,753</u>	<u>2,006,313</u>

* 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 *	<u>2,334,842</u>	<u>2,089,873</u>	<u>2,252,022</u>	<u>2,006,313</u>

* 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	<u>2,351,041</u>	<u>150,528</u>

(Unit: Million Baht)

Consolidated financial statements				
31 December 2019				
		Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
	Loans and accrued interest receivables			
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				
		Net amount used in setting the allowance for doubtful accounts ⁽¹⁾	% Rate used in setting allowance for doubtful accounts ⁽²⁾	Allowance for doubtful accounts
	Loans and accrued interest receivables			
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				<u>1,741</u>				<u>3,816</u>

(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				<u>-</u>				<u>-</u>

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 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 simplified approach to calculated 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

						Allowance in excess of	Total
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	BOT's requirement	
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 (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	<u>39,588</u>	<u>40,136</u>

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	<u>5,778</u>	<u>10,399</u>	<u>12,616</u>	<u>23,780</u>	<u>976</u>	<u>53,549</u>
<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	<u>-</u>	<u>-</u>	<u>8,850</u>	<u>19,106</u>	<u>766</u>	<u>28,722</u>
<u>Allowance for impairment</u>						
1 January 2020	49	-	16	-	-	65
31 December 2020	<u>49</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>65</u>
<u>Net book value</u>						
31 December 2020	<u>5,729</u>	<u>10,399</u>	<u>3,750</u>	<u>4,674</u>	<u>210</u>	<u>24,762</u>
Depreciation for the years ended 31 December						
2019						<u>1,872</u>
2020						<u>1,799</u>

* The Bank has revaluation in 2016.

(Unit: Million Baht)

Consolidated financial statements

31 December 2019

	Land		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<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		Premises	Equipment	Others	Total
	Cost	Revaluation*				
<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 IFRS16 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	Separate
	financial statements	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	Separate
	financial statements	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 the years ended 31 December	
	2020	2019	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		Separate	
	financial statements		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)
	<u>(180)</u>	<u>83</u>	<u>(244)</u>	<u>112</u>

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	<u>4,441</u>	<u>7,233</u>	<u>2,784</u>	<u>5,578</u>

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									
	Currency	Interest rate (%)	Maturity date	31 December 2020			31 December 2019		
				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						
Currency	Interest rate (%)	Maturity date	31 December 2020			31 December 2019			
			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		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	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				Total
	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	
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		Separate	
	financial statements		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		Separate	
	financial statements		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 2020	31 December 2019	31 December 2020	31 December 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 2020	31 December 2019	31 December 2020	31 December 2019
	Balance at the beginning of the years	698	685	687
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		Separate	
	financial statements		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		Separate	
	financial statements		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		Separate	
	financial statements		financial statements	
	Within	Over	Within	Over
	1 year	1 - 5 years	1 year	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		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2020	2019	2020	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	<u>48,682</u>	<u>37,230</u>

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		Separate	
	financial statements		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		Separate	
	financial statements		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		Separate	
	financial statements		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

126

(Unit: Million Baht)

For the years ended 31 December

	Consolidated		Separate	
	financial statements		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 expensesSubsidiaries

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

Associated companies

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		Separate	
	financial statements		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

130

(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					Total
	Retail banking	Wholesale banking	Treasury and investment	Support and others	Eliminations	
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	Separate
	financial statements	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	Separate
	financial statements	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	
	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	Separate
	financial statements	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		Separate	
	financial statements		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

	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

- 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

- 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	<ul style="list-style-type: none"> - 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 | - 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.



(TRANSLATION)

AUDITOR'S REPORT

To: THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), and the Bank's financial statements of Krung Thai Bank Public Company Limited (the Bank), which comprise the consolidated and the Bank's statements of financial position as at December 31, 2019, the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of the Group and the Bank as at December 31, 2019, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Bank in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the audit of the consolidated and the Bank, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these standards and requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

State Audit Office of the Kingdom of Thailand



(TRANSLATION)

2

Key Audit Matters

Key audit matter is this matter that, in the State Audit Office of the Kingdom of Thailand professional judgment, was of most significance in the audit of the consolidated and the Bank's financial statements of the current period. This matter was addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Bank's financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on this matter.

The State Audit Office of the Kingdom of Thailand identifies the following as key audit matter to communicate:

Allowance for Doubtful Accounts

The allowance for doubtful accounts for loans to customers requires the application of judgment and use of subjective assumptions and related factors applied by management in the estimates. Bank and its subsidiaries which engaged in the business of lending business recorded allowance for doubtful accounts in compliance with the Bank of Thailand's notifications and policy regulations on assets classification, determining provisions and the application of value of collateral in determining provisions. In addition, management considered determining additional allowances to cover any loss that may occur in the future by using more strict criteria than the requirements of the Bank of Thailand. Additional allowances consist of specific allowance for an individual that is likely to be non-performing loans or is likely to have loss more than allowance determined under normal regulations, and general allowance, including an individual that is not non-performing loans but there are any indicators of impairment.

Loans to customers as at December 31, 2019 represented 69.40 % of the Group's total assets and 68.99 % of the Bank's total assets, which an allowance for doubtful accounts in the consolidated and the Bank's financial statements amount of Baht 135,227.78 million and Baht 126,731.65 million was provided, respectively.

The State Audit Office of the Kingdom of Thailand focuses on allowance for doubtful accounts. Due to the adoption of regulations on allowance for doubtful accounts, management shall determine the quantitative and qualitative factors used for assets classification, assumptions and methods of calculating the allowances, such as present value of future cash flows expected to be received from the sale of collateral, previous loss experience, the ability of the borrower to repay loans, the declining of economic and industries conditions. This is a process related to uncertainty. The accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts are disclosed in Notes 3.8 and 6.7 to the financial statements, respectively.

State Audit Office of the Kingdom of Thailand



(TRANSLATION)

3

The State Audit Office of the Kingdom of Thailand's key audit procedures include understanding and assessing the effectiveness of the key controls, and test of controls as follows:

- The identification of circumstances which indicate that the borrower is likely to be non-performing loans, and may affect ability to repay;
- The governance over the determining allowances processes, including the continuous re-assessment by management that models, assumptions used in the calculation are still calibrated in a way which is appropriate for the impairment risks in the Bank's loan portfolios;
- The review and approval process that management have in place for the models, assumptions used in the calculation, outputs from such models, and the adjustments that are applied to modelled outputs;
 - The accuracy, completeness and quality of data input to the system;
 - The data interface between systems from the approval to recording and monitoring of loans; and
 - The transfer of data between underlying source systems and models used in the calculation.

For the selected borrowers, the State Audit Office of the Kingdom of Thailand reviewed credit process, tested the accuracy, completeness and quality of data input to the system, assessed reasonableness of assumptions applied to identify circumstances which indicate that the borrower is likely to be non-performing loans and re-computed the calculation of allowances, assessed reasonableness of assumptions applied to forecast of future cash flows, valuation of collaterals and loss given default, and tested the accuracy of data transfer from credit systems to data captured in the accounting records.

Other Information

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

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Bank's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

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

State Audit Office of the Kingdom of Thailand



(TRANSLATION)

4

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

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

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

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

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

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

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

As part of an audit in accordance with Thai Standards on Auditing, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

State Audit Office of the Kingdom of Thailand



(TRANSLATION)

5

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

State Audit Office of the Kingdom of Thailand



(TRANSLATION)

6

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

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

(Signed)

Pornchai Jumroonpanichkul

(Pornchai Jumroonpanichkul)

Deputy Auditor General

(Signed)

Kanitha Tassanapitak

(Kanitha Tassanapitak)

Director of Financial and Procurement Audit Office No.4

State Audit Office of the Kingdom of Thailand

February 26, 2020

F-171

(TRANSLATION)

7

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER, 2019

	NOTE	(Thousand Baht)			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
ASSETS					
CASH		68,433,721	68,878,125	68,361,786	68,661,544
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	338,770,589	372,513,779	338,273,821	371,763,700
CLAIMS ON SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES ASSETS	6.3	55,811,418	36,229,566	55,811,462	36,231,033
INVESTMENTS, NET	6.4	395,227,970	223,332,594	395,174,162	223,228,712
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	30,945,612	16,834,298	10,830,013	10,697,855
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.6				
LOANS TO CUSTOMERS		2,090,343,082	2,025,130,041	2,006,349,261	1,948,747,872
ACCRUED INTEREST RECEIVABLES		5,159,595	5,424,063	4,568,822	4,877,860
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		<u>2,095,502,677</u>	<u>2,030,554,104</u>	<u>2,010,918,083</u>	<u>1,953,625,732</u>
LESS DEFERRED REVENUE		(469,554)	(925,374)	(36,401)	(45,990)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.7	(135,227,782)	(133,754,394)	(126,731,649)	(125,339,870)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.8	(39,859)	-	(39,859)	-
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		<u>1,959,765,482</u>	<u>1,895,874,336</u>	<u>1,884,110,174</u>	<u>1,828,239,872</u>
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROPERTIES FOR SALE, NET	6.9	32,182,562	35,983,101	32,175,895	35,912,796
PREMISES AND EQUIPMENT, NET	6.10	24,200,896	26,501,196	22,293,897	24,592,840
OTHER INTANGIBLE ASSETS, NET	6.11	3,900,228	3,943,802	1,398,367	994,705
DEFERRED TAX ASSETS	6.12	8,164,563	5,127,961	5,697,176	2,666,690
ACCRUED INCOME		3,487,317	3,837,229	3,193,301	3,627,623
OTHER ASSETS, NET	6.13	23,842,421	16,343,974	23,554,727	15,760,774
TOTAL ASSETS		<u>3,012,216,120</u>	<u>2,739,203,191</u>	<u>2,908,358,122</u>	<u>2,656,181,374</u>

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(TRANSLATION)

8

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER, 2019

	NOTE	(Thousand Baht)			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
LIABILITIES AND EQUITY					
DEPOSITS	6.14	2,155,864,986	2,039,601,901	2,158,459,942	2,042,947,825
INTERBANK AND MONEY MARKET ITEMS, NET	6.15	215,822,527	157,395,930	208,239,974	151,999,937
LIABILITIES PAYABLE ON DEMAND		4,744,254	5,579,659	4,744,254	5,579,659
LIABILITIES TO DELIVER SECURITIES		67,350,100	33,595,200	67,350,100	33,595,200
DERIVATIVES LIABILITIES	6.3	51,868,539	32,345,613	51,868,539	32,345,613
DEBT ISSUED AND BORROWINGS	6.16	96,841,300	95,205,510	51,322,900	50,521,110
BANK'S LIABILITIES UNDER ACCEPTANCES		133,241	208,030	133,241	208,030
PROVISIONS	6.17	15,239,758	11,837,740	13,776,104	10,734,911
OTHER LIABILITIES	6.18	56,025,029	49,292,505	48,239,602	40,743,911
TOTAL LIABILITIES		<u>2,663,889,734</u>	<u>2,425,062,088</u>	<u>2,604,134,656</u>	<u>2,368,676,196</u>
EQUITY					
SHARE CAPITAL	6.19				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		<u>71,976,715</u>	<u>71,976,715</u>	<u>71,976,715</u>	<u>71,976,715</u>
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		<u>71,976,715</u>	<u>71,976,715</u>	<u>71,976,715</u>	<u>71,976,715</u>
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		33,006,142	19,074,388	16,094,673	14,970,218
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.20	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		205,241,876	186,761,783	188,089,515	172,495,682
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		<u>338,287,296</u>	<u>305,875,449</u>	<u>304,223,466</u>	<u>287,505,178</u>
NON-CONTROLLING INTEREST		10,039,090	8,265,654		
TOTAL EQUITY		<u>348,326,386</u>	<u>314,141,103</u>	<u>304,223,466</u>	<u>287,505,178</u>
TOTAL LIABILITIES AND EQUITY		<u>3,012,216,120</u>	<u>2,739,203,191</u>	<u>2,908,358,122</u>	<u>2,656,181,374</u>

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
 CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

(TRANSLATION)

9

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

		(Thousand Baht)			
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	6.27	122,971,682	119,770,299	108,319,525	105,936,898
INTEREST EXPENSES	6.28	34,655,374	36,081,433	33,160,897	34,560,623
INTEREST INCOME, NET		<u>88,316,308</u>	<u>83,688,866</u>	<u>75,158,628</u>	<u>71,376,275</u>
FEES AND SERVICE INCOME		29,596,109	29,492,754	23,274,977	23,587,445
FEES AND SERVICE EXPENSES		6,358,577	5,830,770	4,706,151	4,197,264
FEES AND SERVICE INCOME, NET	6.29	<u>23,237,532</u>	<u>23,661,984</u>	<u>18,568,826</u>	<u>19,390,181</u>
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	6.30	3,196,695	3,500,468	3,196,195	3,493,051
GAINS ON INVESTMENTS, NET	6.31	4,371,598	434,487	4,375,388	434,392
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,424,575	1,129,638	-	-
DIVIDEND INCOME		495,561	453,358	2,474,526	1,860,076
OTHER OPERATING INCOME		<u>4,615,370</u>	<u>4,352,345</u>	<u>1,111,411</u>	<u>654,698</u>
TOTAL OPERATING INCOME		<u>125,657,639</u>	<u>117,221,146</u>	<u>104,884,974</u>	<u>97,208,673</u>
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		31,389,836	29,226,146	25,484,299	23,634,815
DIRECTORS' REMUNERATION		108,558	92,592	64,785	58,530
PREMISES AND EQUIPMENT EXPENSES		8,941,746	8,792,226	5,326,923	5,066,785
TAXES AND DUTIES		4,363,018	4,303,293	3,801,607	3,789,024
IMPAIRMENT LOSS OF PROPERTIES FOR SALE		7,219,052	269,319	7,260,850	255,106
OTHERS		10,451,485	10,404,407	13,538,254	13,500,465
TOTAL OTHER OPERATING EXPENSES		<u>62,473,695</u>	<u>53,087,983</u>	<u>55,476,718</u>	<u>46,304,725</u>
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.32	<u>23,813,535</u>	<u>26,191,865</u>	<u>17,504,328</u>	<u>20,500,076</u>
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		39,370,409	37,941,298	31,903,928	30,403,872
INCOME TAX EXPENSES	6.33	<u>7,232,606</u>	<u>6,851,974</u>	<u>5,578,231</u>	<u>5,303,252</u>
NET PROFIT		<u><u>32,137,803</u></u>	<u><u>31,089,324</u></u>	<u><u>26,325,697</u></u>	<u><u>25,100,620</u></u>

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(TRANSLATION)

10

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

	NOTE	CONSOLIDATED		(Thousand Baht)	
		FINANCIAL STATEMENTS		THE BANK'S	
		2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,585,753	218,971	1,605,929	210,190
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS					
OF FOREIGN OPERATIONS		(15,867)	(207,348)	(15,867)	(207,348)
SHARE OF OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES (EQUITY METHOD)					
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		12,823,440	(2,805,627)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME (LOSS)					
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(317,151)	(43,794)	(321,186)	(42,038)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(180,526)	(8,194)	(180,526)	(8,194)
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		(989,619)	1,121,945	(865,316)	1,063,450
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME (LOSS)					
WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		234,029	(222,750)	209,168	(211,051)
OTHER COMPREHENSIVE INCOME (LOSS), NET	6.34	13,140,059	(1,946,797)	432,202	805,009
TOTAL COMPREHENSIVE INCOME		45,277,862	29,142,527	26,757,899	25,905,629
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		29,284,042	28,491,290	26,325,697	25,100,620
NON-CONTROLLING INTEREST		2,853,761	2,598,034		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		42,451,458	26,543,796	26,757,899	25,905,629
NON-CONTROLLING INTEREST		2,826,404	2,598,731		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		2.09	2.04	1.88	1.80

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

(Thousand Baht)

NOTE	CONSOLIDATED FINANCIAL STATEMENTS ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK											NON- CONTROLLING INTEREST	TOTAL
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON- CONTROLLING INTEREST	TOTAL		
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES						
	72,005,040	20,833,734	8,336,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943		
BEGINNING BALANCE AS AT JANUARY 1, 2018													
DIVIDEND PAID	6.21	-	-	-	-	-	-	(8,529,602)	(8,529,602)	(690,765)	(9,220,367)		
TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	175,178	-	(207,348)	(2,805,027)	29,388,148	26,543,796	2,598,731	29,142,527		
ENDING BALANCE AS AT DECEMBER 31, 2018	72,005,040	20,833,734	8,330,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103		
	72,005,040	20,833,734	8,330,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103		
DIVIDEND PAID	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)		
TOTAL COMPREHENSIVE INCOME	-	-	(144,421)	1,268,602	-	(15,867)	12,823,440	28,519,704	42,451,458	2,826,404	45,277,862		
ADJUSTMENT GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	646,230	(646,230)	-	-	-	-	-	-		
NON-CONTROLLING INTEREST INCREASES	-	-	-	-	-	-	-	-	-	-	-		
FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY COMPANY	-	-	-	-	-	-	-	-	-	-	-		
ENDING BALANCE AS AT DECEMBER 31, 2019	72,005,040	20,833,734	8,206,016	8,180,228	(1,877)	(115,736)	16,737,511	212,442,380	338,287,296	10,039,090	348,326,386		

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	THE BANK'S FINANCIAL STATEMENTS							RETAINED EARNINGS	TOTAL
			APPRAISAL SURPLUS (DEFICIT)	ON ASSETS	ON INVESTMENTS	ON INVESTMENTS	REVALUATION SURPLUS (DEFICIT)	GAINS (LOSSES) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS		
	72,005,040	20,833,734	8,356,992	8,356,992	5,907,145	644,353	107,479	162,274,408	270,129,151		
6.21	-	-	-	-	-	-	-	(8,529,602)	(8,529,602)		
	72,005,040	20,833,734	(6,555)	8,350,437	6,075,297	644,353	(207,348)	25,951,380	25,905,629		
	72,005,040	20,833,734	8,350,437	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178		
	72,005,040	20,833,734	8,350,437	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178		
6.21	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)		
	-	-	(144,421)	1,284,743	1,284,743	-	(15,867)	25,633,444	26,757,899		
	-	-	-	646,230	646,230	(646,230)	-	-	-		
	72,005,040	20,833,734	8,206,016	8,006,270	8,006,270	(1,877)	(115,736)	195,290,019	304,223,466		

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
 CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	39,370,409	37,941,298	31,903,928	30,403,872
ADJUSTMENTS TO RECONCILE PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,763,549	2,745,040	1,326,159	1,265,182
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	23,813,535	26,191,865	17,504,328	20,500,076
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,424,575)	(1,129,638)	-	-
(GAIN) LOSS ON DISPOSAL OF ASSETS	20,378	(44,080)	(2,702)	(35,572)
GAIN ON DISPOSAL OF INVESTMENTS	(4,414,888)	(425,630)	(4,414,888)	(425,630)
GAIN ON REVALUATION OF INVESTMENTS	(362,586)	(74,932)	(362,586)	(74,932)
LOSS ON IMPAIRMENT OF PROPERTIES FOR SALE	7,219,052	269,319	7,260,850	255,106
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	43,290	(8,856)	39,500	(8,761)
LOSS ON IMPAIRMENT OF OTHER ASSETS	156,039	544,980	156,039	544,980
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(141,772)	(93,267)	(133,895)	(88,861)
(GAIN) LOSS ON FOREIGN CURRENCY TRANSLATION	5,381,188	(695,569)	5,381,193	(695,553)
INCREASE IN PROVISIONS	2,353,957	111,143	2,175,878	273,792
(INCREASE) DECREASE IN OTHER ACCRUED INCOME	679,662	(477,558)	764,071	(556,000)
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES	(244,897)	2,074,755	(389,683)	2,029,973
	75,212,341	66,928,870	61,208,192	53,387,672
INTEREST INCOME, NET	(88,316,308)	(83,688,866)	(75,158,628)	(71,376,275)
DIVIDEND INCOME	(495,561)	(453,358)	(2,474,526)	(1,860,076)
PROCEEDS FROM INTEREST INCOME	123,037,526	119,842,818	108,429,940	106,034,961
CASH PAID ON INTEREST EXPENSES	(34,042,988)	(35,454,554)	(32,515,693)	(34,016,197)
PROCEEDS FROM DIVIDEND INCOME	495,188	452,828	495,188	452,828
CASH PAID ON INCOME TAX EXPENSES	(9,264,684)	(6,281,035)	(7,481,420)	(4,716,969)
PROFIT FROM OPERATION BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	66,625,514	61,346,703	52,503,053	47,905,944
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	33,612,438	176,987,974	33,359,128	177,248,549
CLAIMS ON SECURITIES	(33,754,900)	24,926,600	(33,754,900)	24,926,600
DERIVATIVES ASSETS	(19,581,852)	(2,396,168)	(19,580,429)	(2,388,518)
INVESTMENTS IN TRADING SECURITIES	(25,709,953)	(14,929,216)	(25,709,953)	(14,926,206)
LOANS TO CUSTOMERS	(91,757,936)	(106,479,458)	(77,472,456)	(97,747,211)
PROPERTIES FOR SALE	1,447,826	854,890	1,340,227	860,928
OTHER ASSETS	(9,057,339)	2,819,877	(9,352,780)	1,683,494
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	116,263,085	(31,272,780)	115,512,117	(30,646,187)
INTERBANK AND MONEY MARKET ITEMS	58,426,597	(71,295,465)	56,240,037	(67,066,811)
LIABILITIES PAYABLE ON DEMAND	(835,405)	287,967	(835,405)	287,967
LIABILITIES TO DELIVER SECURITIES	33,754,900	(24,926,604)	33,754,900	(24,926,604)
DERIVATIVES LIABILITIES	19,522,926	2,061,191	19,522,926	2,061,191
OTHER LIABILITIES	4,983,357	1,308,110	5,559,807	597,733
NET CASH PROVIDED BY OPERATING ACTIVITIES	153,939,258	19,293,621	151,086,272	17,870,869

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(291,294,598)	(150,051,299)	(291,941,198)	(150,701,899)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	147,235,586	112,267,675	147,879,162	112,267,675
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(2,197,552)	(2,503,804)	(1,181,324)	(973,828)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	2,816,898	42,507,927	1,758,895	41,513,591
PURCHASES OF GENERAL INVESTMENTS	(523,940)	(363,133)	(523,940)	(363,133)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	265,376	294,567	265,376	294,567
PURCHASES OF INVESTMENTS IN SUBSIDIARY / ASSOCIATED COMPANIES	(117,500)	-	(144,945)	-
PROCEEDS FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY / ASSOCIATED COMPANIES	427,052	-	427,052	-
PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES AND ASSOCIATES	253,386	214,938	1,978,965	1,406,718
PURCHASES OF INTANGIBLE ASSETS	(949,398)	(678,611)	(585,824)	(264,394)
PURCHASES OF PREMISES AND EQUIPMENT	(2,925,920)	(1,268,953)	(2,152,332)	(612,329)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	30,906	100,644	3,311	35,917
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(146,979,704)</u>	<u>519,951</u>	<u>(144,216,802)</u>	<u>2,602,885</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	30,115,000	9,065,000	24,000,000	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(26,394,750)	(24,145,600)	(21,113,750)	(16,410,000)
DIVIDEND PAID-ORDINARY SHARE	(10,034,812)	(8,525,397)	(10,034,812)	(8,525,397)
DIVIDEND PAID-PREFERRED SHARE	(4,799)	(4,205)	(4,799)	(4,205)
DIVIDEND PAID TO NON-CONTROLLING INTEREST	(1,068,730)	(690,765)	-	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(7,388,091)</u>	<u>(24,300,967)</u>	<u>(7,153,361)</u>	<u>(24,939,602)</u>
LOSS ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(15,867)	(207,348)	(15,867)	(207,348)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(444,404)	(4,694,743)	(299,758)	(4,673,196)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	68,878,125	73,572,868	68,661,544	73,334,740
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u>68,433,721</u>	<u>68,878,125</u>	<u>68,361,786</u>	<u>68,661,544</u>

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Prasong Poontaneat
PRASONG POONTANEAT
CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2019**

1. GENERAL INFORMATION

Krung Thai Bank Public Company Limited (the Bank) is a public company limited registered in the Kingdom of Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok. The Bank engages in commercial banking business and conducts its business through a nationwide branch network and in certain major centers of the world.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT**2.1 Basis of Preparation of the Consolidated and the Bank's Financial Statements**

The consolidated and the Bank's financial statements are presented in accordance with the Notification of the Bank of Thailand (BOT) No. SOR NOR SOR.21/2558 dated December 4, 2015, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BOT's notifications; and with the regulations of the Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the Preparation and Submission of Financial Statements, and Financial reports and Operating results of Listed Companies, B.E. 2560 (2017). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest after eliminating material intercompany transactions and balances. The 13 consolidated subsidiaries are KTB Law Company Limited, KTB General Services and Security Company Limited, Krungthai Asset Management Public Company Limited, KTB Computer Services Company Limited, KTB Leasing Company Limited, KTB Advisory Company Limited, Krungthai Card Public Company Limited, KTC Nano Company Limited, KTC Pico (Bangkok) Company Limited, KTC Pico (Chonburi) Company Limited, KTC Pico (Pathum Thani) Company Limited, KTC Pico (Samut Prakan) Company Limited and KTC Pico (Samut Sakhon) Company Limited.

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.5.

Investments in associates are accounted in the consolidated financial statements using the equity method.

The Bank's Financial Statements

Investments in subsidiaries and associates are accounted in the Bank's financial statements using the cost method.

The Bank's financial statements for the year ended December 31, 2019 and 2018 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statements

This English translation of financial statements have been prepared from the statutory financial statements that were issued in Thai language. In case of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.2 Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) Effective in Current Period

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the period beginning on or after January 1, 2019. The Bank administrators have considered to constitute no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

2.3 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) Announced but not yet Effective.

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations, TFRIC Interpretations and Thai Accounting Guidances that are relevant to the Bank, those are effective for the financial statements of the period beginning on or after January 1, 2020 as follows:

* TAS 32 (revised 2019)	Financial Instruments: Presentation
* TFRS 7 (revised 2019)	Financial Instruments: Disclosures
* TFRS 9 (revised 2019)	Financial Instruments
TFRS 16 (revised 2019)	Leases
* TFRIC 16 (revised 2019)	Hedges of a Net Investment in a Foreign Operation
* TFRIC 19 (revised 2019)	Extinguishing Financial Liabilities with Equity Instruments

* Financial reporting standards related to financial instruments

(A) Financial reporting standards related to financial instruments

Financial reporting standards related to financial instruments which establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these financial reporting standards are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of Financial reporting standards related to financial instruments are as follows:

1. Classification - Financial assets

Thai Financial Reporting Standards No. 9 (TFRS 9) classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, trading securities, available-for-sale securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

2. Measurement at Amortized Cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Bank and its subsidiaries on recognition of both interest income and interest expenses at the rate specified in the contract.

3. Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries estimate allowance for doubtful account based on relevant BOT's criteria and regulations by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL :

- Financial assets that are debt instruments
- Lease receivables
- Loan commitments and financial guarantee contracts issued (previously, impairment was measured under

TAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under TFRS 9, no impairment loss is recognized on equity investments.

Three stage approach

Financial assets are classified in any of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1: 12-month ECL

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no Stage 2 or 3 triggers apply). Financial assets are classified as stage 1 upon initial recognition (with the exception of purchased or originated credit impaired (POCI) assets) and have a provision for ECL associated with the probability of default (PD) events occurring with the next 12 months (12 months ECL). For those financial assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity. Interest income is calculated from gross carrying amount without deduction for ECL.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

Stage 2: Lifetime ECL with Non-Credit Impairment

Financial assets showing a significant increase in credit risk since initial recognition. The Bank must recognize for the lifetime ECL over the whole life of financial assets in profit or loss. Interest income is calculated as same as Stage 1 (Gross Carrying Amount)

Stage 3: Lifetime ECL with Credit Impairment

When the credit risk of a financial asset increases to the point that it is considered credit impaired, interest income is calculated based on the amortized cost by using the gross carrying amount less the loss allowance. The financial assets in this Stage will generally be assessed individually. Lifetime ECL are recognized on these financial asset.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of the estimated future cash flow
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is drawn down
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Modification

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. The gross carrying amount of the financial asset will be recalculated using the original effective interest rate of the existing financial asset.
- If the modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

Credit impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

Purchase or Originated Credit Impaired (POCI) assets

POCI assets are financial assets that are credit-impaired on initial recognition. Impairment on a POCI asset is determined based on lifetime ECL from initial recognition. POCI assets are recognized initially at an amount net of impairments and are measured at amortized cost using a credit-adjusted effective interest rate. In subsequent periods any changes to the estimated lifetime ECL are recognized in profit or loss. Favourable changes are recognized as an impairment gain even if the lifetime ECL at the reporting date is lower than the estimated lifetime ECL at origination.

4. Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- The amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of fair value changed is presented in profit or loss.

5. Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRS are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation.

Under TFRS 9, the Bank and its subsidiaries are required to ensure that hedge accounting relationships are aligned with the Bank and its subsidiaries' risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank and its subsidiaries had derivative, entering for the banking book purpose, with interest components which are recognized on an accrual basis and foreign exchange components which are recognized based on exchange rate ruling on the reporting date. However, TFRS 9 had an option to apply the hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

6. Disclosures

TFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

7. Impact assessment

The Bank and its subsidiaries expect to initially adopt these TFRS by adjusting the impact to retained earnings or other reserves on 1 January 2020. Therefore, the Bank and its subsidiaries will not apply the requirements of these TFRS to comparative information.

The Bank and its subsidiaries present items in the financial statements in alignment with Thai Accounting Standards No.32: Financial Instruments Presentation and with Thai Financial Reporting Standards No.7: Financial Instruments Disclosures as well as in accordance with the BOT's notification.

(B) Thai Financial Reporting Standards No.16 (Revised 2562 B.E.): Leases will lead to recording adjustment on the Bank's long-term leases by recognizing as the right of use and liabilities from leases obligations in the financial statement. The Bank is fully prepared for compliance on this standard as follows:

TAS 1 (revised 2019)	Presentation of Financial Statements
TAS 7 (revised 2019)	Statement of Cash Flows
TAS 8 (revised 2019)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2019)	Events after the Reporting Period
TAS 12 (revised 2019)	Income Taxes
TAS 16 (revised 2019)	Property, Plant and Equipment
TAS 19 (revised 2019)	Employee Benefits
TAS 20 (revised 2019)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2019)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2019)	Borrowing Costs
TAS 24 (revised 2019)	Related Party Disclosures
TAS 26 (revised 2019)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2019)	Separate Financial Statements
TAS 28 (revised 2019)	Investments in Associates and Joint Ventures
TAS 29 (revised 2019)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2019)	Earnings per Share
TAS 34 (revised 2019)	Interim Financial Reporting
TAS 36 (revised 2019)	Impairment of Assets
TAS 37 (revised 2019)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2019)	Intangible Assets
TAS 40 (revised 2019)	Investment Property

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

2.3 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

TFRS 1 (revised 2019)	First Time Adoption of International Financial Reporting Standards
TFRS 2 (revised 2019)	Share-based Payment
TFRS 3 (revised 2019)	Business Combinations
TFRS 4 (revised 2019)	Insurance Contracts
TFRS 5 (revised 2019)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2019)	Operating Segments
TFRS 10 (revised 2019)	Consolidated Financial Statements
TFRS 11 (revised 2019)	Joint Arrangements
TFRS 12 (revised 2019)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2019)	Fair Value Measurement
TFRS 15 (revised 2019)	Revenue from Contracts with Customers
TSIC 10 (revised 2019)	Government Assistance-No Specific Relation to Operating Activities
TSIC 25 (revised 2019)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 32 (revised 2019)	Intangible Assets-Web Site Costs
TFRIC 1 (revised 2019)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5 (revised 2019)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2019)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2019)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2019)	TAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (revised 2019)	Distributions of Non-cash Assets to Owners
TFRIC 21 (revised 2019)	Levies
TFRIC 22 (revised 2019)	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

The Bank administrators have considered not to constitute no significant impacts on the Bank's accounting policies and its subsidiaries' financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Income

3.1.1 Interest Income

Interest income is recognized on an accrual basis, except for interest on loans classified as delinquent over 3 months and interest on loans under troubled debt restructuring contract which would be reversed. In accordance with the BOT's regulations, interest income on delinquent loans over 3 months from the due date that had been recognized as an income since January 1, 2000 would be reversed and recognized as income upon receipt.

3.1.2 Fees and Service Income

Fees and Service Income is recognized when the related services are performed.

3.1.3 Dividend Income

Dividend income from investments is recognized when declared.

3.1.4 Lease Income

The lease income of the Bank and its subsidiaries is recognized as follows:

- Interest income from hire-purchase and financial lease is recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 3 months is ceased to recognize and reversed from the due date, and interest income will be recognized on an accrual basis when received all overdue payments.
- Income from operating lease contract is recognized on a straight-line basis over the term of lease.

3.2 Recognition of Expenses

Interest expenses, fees and service expenses, and other operating expenses, are recognized on an accrual basis.

3.3 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection.

3.4 Derivatives

Accounting treatments for derivatives transactions depend on the purpose of the transactions as follows:

1) Trading Derivatives

The Bank measure derivatives at fair value and recognizes gains or losses arising from changes in fair value included in gains (losses) on trading and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income along with assets or liabilities in the statements of financial position.

2) Hedging Derivatives

The Bank manage its banking exposure to market rate movements through the use of derivatives and recognizes gains or losses arising from changes in fair value of derivatives in accordance with the standard accounting treatment for income or expenses on hedged items.

3.5 Embedded Derivatives

The Bank records embedded derivatives in consistent with the IAS 39 Financial Instruments: Recognition and Measurement as follows:

1) In the case that embedded derivatives are not closely related with their host contract and could be separated from their host contracts, the Bank will separately account the embedded derivatives from their host contract and measure the embedded derivatives at fair value including recognizes gains (losses) arising from changes in fair value in gains (losses) on trading and foreign exchange transaction, net in the statements of profit or loss and other comprehensive income. For the host contract, the Bank will comply with the related accounting standards. If embedded derivatives could not be separated from their host contracts, the Bank will measure the entire combined contract at fair value and classify as trading book at fair value through profit or loss and recognized gains or losses arising from changes in fair value in the statements of profit or loss and other comprehensive income.

2) In the case that embedded derivatives are closely related with the host contract, the Bank will not separately account the embedded derivatives from their host contract and classify the entire combined with their host contract in accordance with the related accounting standards.

3.6 Investments

3.6.1 Basis of Classification of Investments

The Bank and its subsidiaries classify their investments in debt securities and equity securities as trading securities, available-for-sale securities, held-to-maturity debt securities, or investments in subsidiaries and associates. Non-marketable equity securities are classified as general investments.

3.6.2 Basis of Valuation of Investments

Investments in marketable debt or equity securities classified as trading securities are stated at fair value. Unrealized gains or losses arising from the revaluation are recorded through gains (losses) on tradings and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value, net of allowance for impairment (if any). Unrealized gains or losses arising from the revaluation are separately shown in other components of equity and realized gains or losses after the disposal.

Investments in debt securities classified as held-to-maturity are stated at the amortized cost, net of allowance for impairment (if any). Premiums or discounts on held-to-maturity debt securities are adjusted to interest income at the end of each month by using the straight-line method which is immaterially different from using the effective interest rate method.

General investments are stated at cost, net of allowance for impairment (if any). Losses on impairment are realized through gains (losses) on investments, net in the statements of profit or loss and other comprehensive income.

Investments in marketable unit trust classified as trading and available-for-sale securities are stated at fair value whereas investments in non-marketable unit trust are stated at net asset value.

3.6 Investments (Continued)

3.6.2 Basis of Valuation of Investments (Continued)

Investments in foreign asset-backed debt securities classified as trading securities-current investments are stated at fair value.

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment (if any). Moreover, investments in associates, shown in the consolidated financial statements, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented in gains (losses) on investments, net in the statements of profit or loss and other comprehensive income, except for trading securities are presented in gains on tradings and foreign exchange transactions, net.

3.7 Loans

Loans represent the outstanding principal amounts, except for overdrafts including accrued interest receivables. Deferred revenue is presented as deduction from the loans.

Hire-purchase and financial lease receivables represent the outstanding amounts, less deferred interest receivables, and deferred commission, plus amortized direct expenses.

3.8 Allowance for Doubtful Accounts

The Bank and its subsidiaries which operate the loan provider business recognize allowance for doubtful accounts compliance with the BOT's Notification No. SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions based on the BOT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institution dated June 10, 2016 summarized as follows:

1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent, respectively, in accordance with the BOT's regulations. The Bank also applies collective approach to set aside provision for each debtor group, grouping by similar credit risk.

2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BOT.

3) Collateral using for calculating the present value of expected cash flows from disposals are such as immovable properties and leasehold rights (e.g. the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the litigation process equal to 62.03 percent of the appraisal value and the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the public auction process equal to 66.38 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BOT.

4) Collateral valuation has been conducted according to the BOT's regulations relating to types of collateral, valuation methodology, valuation frequency, and values of collateral that could be deductible from loans balances before provisioning as follows:

3.8 Allowance for Doubtful Accounts (Continued)

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-years basis excluding collateral of credit lines of housing loans and other loans in the charge of retail business and network support team, will be reappraised or revalued when changed to sub-standard, doubtful and doubtful of loss, as well as the collateral which have been reappraised or revalued over the past 3 years.

- As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BOT. Immovable properties collaterals are required to reappraise or revalue on a 3-years basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

Bad debts written-off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be. The Bank defines debt write off guidelines which any debtors classified as doubtful of loss are written off at the underlying value of irrecoverable provision in line with the BOT's debt write off regulations. Bad debts recovered from subsidiary that operates credit cards business will recognize in other operating income.

3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR)

The Bank has policies in managing non-performing loans and potential non-performing loans by focusing on methodology of restoring customers' businesses back to normal as the first priority. If that is not possible, then the Bank's debt restructuring methodology also includes the reduction of principal and/or accrued interest receivables which already recorded as revenue, interest rate reduction, debt-equity conversion or debt-convertible securities conversion, repayment period extension, debt conversion from short-term to long-term, grace period on principal and/or interest, collateral assets transfers, non-collateral assets transfers, assets transfers with buy back contracts within the due date or with first right of refusal, or the transfer of assets to the Bank in order to reduce its damage given the practicality to the customers.

Losses arising from debt restructuring are determined as follows:

1) In case of relaxation of the debt repayment conditions without reducing of principal and accrued interest receivables prior to troubled debt, the present value of expected cash flow received is discounted by using the interest rate under the conditions specified in the TDR contract. Where such interest rate is lower than financial cost rate, the financial cost rate will be used instead. If the present value computed is lower than the book value (the principal amount plus accrued interest receivables included in the outstanding balance of restructured debt), an allowance for losses on troubled debt restructuring will be fully recognized in the statements of profit or loss and other comprehensive income for the relevant period.

The component of financial costs features the weighted average cost of deposits and borrowings, contributions to the BOT and the Deposit Protection Agency (DPA), and expenses incurred to maintain liquidity.

3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR) (Continued)

2) In case of the acceptance on reduction of principal and accrued interest prior to restructuring or debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion and relaxation of the residual debt repayment to customers, the Bank will write off such receivables and record losses on debt restructuring in the statements of profit or loss and other comprehensive income instantly upon the transfer of assets while considering the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded no higher than the book value of the debt plus accrued interest legally entitled by the Bank.

In case of partial debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank's will follow no. 2) in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow no. 1).

3.10 Properties for Sale

Properties for sale are immovable and movable properties which are stated at lower of cost or market value less allowance for impairment (if any). Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of profit or loss and other comprehensive income. Gains or losses on disposals of those properties after deducting selling expenses are recognized as other operating income or expenses in the statements of profit or loss and other comprehensive income.

The Bank has followed the BOT's Notification No. SOR NOR SOR.20/2558 dated December 4, 2015, regarding Regulations on Accounting of Financial Institutions Section 1, Accounting for the Sales of Foreclosed Assets, SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions, SOR NOR SOR.22/2552 dated December 11, 2009, regarding Immovable Properties for Sale, and SOR NOR SOR.23/2552 dated December 11, 2009, regarding the Rules of the Purchase and Holding of Immovable Properties Used as Premises for the Business or as Facilities for its Officers and Employees of Financial Institutions.

According to the BOT's Policy No. THOR POR THOR. PHOR NOR SOR. (23) WOR.575/2562 dated May 8, 2019, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, all properties for sale are appraised by the external appraisers. Except for property for sale in risk areas in the southern region (Pattani, Yala, Narathiwat And Sadao District of Songkhla) with a book value of less than 50 million baht, appraised by an internal appraiser or an external appraiser on a case-by-case basis.

3.11 Land, Premises, Equipment, and Depreciation

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3-5 years basis by independent appraisers in accordance with the BOT's regulations. In case that revaluation result decreased or decreased more than surplus on land revaluation which had been recognized in other components of equity, the Bank will recognize deficit in the statements of profit or loss and other comprehensive income. In case that revaluation result increased, the Bank will recognize surplus through appraisal surplus on assets in other components of equity. Except for the case that the Bank revalued decreased on land and already recognized loss in the statements of profit or loss and other comprehensive income, the Bank will recognize only surplus amounts that excess of the deficit amounts used to recognized of such land.

3.11 Land, Premises, Equipment, and Depreciation (Continued)

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since April 1, 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent expert appraisers. Before April 1, 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant effect to the Bank's financial statements.

Depreciation method, useful lives, and residual value are annually reviewed.

3.12 Intangible Assets

Intangible assets, comprising software, licenses, and computer system development costs, are presented at cost net accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line basis over their useful lives and recognized as expense in the statements of profit or loss and other comprehensive income.

3.13 Deferred Tax Assets or Liabilities

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxes basis used in the computation of taxable profit (tax base). The Bank recognized deferred tax assets arising from such temporary differences to the extent that it is probable that taxable profit will be available against those temporary differences could be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and shall be reduced to the extent that the tax benefit will be realized.

The Bank and its subsidiaries recognize deferred tax in the statements of profit or loss and other comprehensive income, except for the extent that relates to items recognized in equity, shall be recognized directly in equity.

The Bank and its subsidiaries calculate amounts of deferred tax assets and liabilities by using tax rates enacted or substantively enacted at the reporting date.

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

3.14 Leaseholds

Leaseholds, which are included in other assets, are stated at cost less accumulated amortization. Amortization charge is calculated by the straight-line basis over the lease period between 3-30 years and recognized as expense in the statements of profit or loss and other comprehensive income.

3.15 Impairment of Assets

For outstanding balances of assets as at the end of period, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realized as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of profit or loss and other comprehensive income. Except for the case that reversal of the revalued increased of the same assets that used to be recognized in equity, when impairment occurred latterly it will be recognized in equity.

3.16 Foreign Currency Translation

3.16.1 Presentation Currency

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

3.16.2 Foreign Currency Translation

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Balances of monetary assets and liabilities are translated by using the reference exchange rates of BOT as at the reporting date. Balances of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured.

Gains or losses on foreign currency exchange and foreign currency translation are presented in the statements of profit or loss and other comprehensive income as gains (losses) on trading and foreign exchange transactions, net.

3.16.3 Foreign Currency Translation of Foreign Branches' Financial Statements

Items on the foreign branches' statements of financial position are translated into Baht by using the reference exchange rates of BOT as at the reporting date. The statements of profit or loss and other comprehensive income are translated into Baht by using the exchange rate prevailing at the transaction dates or average exchange rates of that accounting period.

Gains or losses on translation of foreign branches' financial statements are presented in equity through other comprehensive income.

3.17 Employees Benefit

3.17.1 Employees Provident Fund

The Bank established a Provident Fund under the Provident Fund Act B.E. 2530 (1987) and entered to the registered fund approved by the Ministry of Finance in June 25, 1992. The Provident Fund is managed by an external fund manager.

Permanent employees and employees under employment contracts of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6, 10, 12 or 15 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

3.17.2 Defined Benefit Plan

The Bank and its subsidiaries have defined benefit plan to pay their employees under the employment agreements. The estimate of employee benefits obligations are calculated by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of expected future payments and discounts by using market yields on high quality corporate bonds with the approximate maturity of those obligations. The estimate amount is shown in a part of the provisions. The actuarial gains (losses) are recognized in other comprehensive income and transferred immediately to the retained earnings.

3.18 Income Taxes

Income taxes comprise of current tax and deferred tax.

Current tax is the amount expected to be paid to the tax authorities by calculating from taxable profit for the period under Revenue Code.

3.19 Earnings per Share

Basic earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding.

3.20 Provisions

Provisions are recognized when the Bank and subsidiaries have present legal or constructive obligations as a result of a past event, they are probable that an outflow of economic benefits will be required to settle the obligation, and the reliable estimate of the amounts can be made.

The BOT's Notification No. SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for off-the statements of financial position obligations in conformity with TAS 37: Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set aside provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

- 1) Off-the statements of financial position obligations classified as substandard, doubtful, doubtful of loss, and loss.
- 2) Off-the statements of financial position obligations which the Bank should recognize provisions according to TAS 37 when satisfied all of the following criteria:
 - 2.1 A present obligation (a legal or a constructive obligation) resulting from past events.
 - 2.2 It is possibly certain that there will be a future outflow of resources embodying economic benefit to settle such obligation and
 - 2.3 An estimate of obligation can be reliably made.
- 3) Off-the statements of financial position obligations engage in high credit risk such as guarantees on borrowings, aval to bills or irrevocable obligations whereby the Credit Conversion Factor stipulated by the BOT in calculating Capital Fund to be maintained is equal to 1.0.

3.21 Customer Loyalty Programme

The Bank's subsidiaries have customer loyalty programme by offering reward points to customer together with services entitling customers to redeem those reward points to gifts or discount in the future. The Bank's subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognized to deferred revenue under "other liabilities" in the statements of financial position and shall be recognized to fees and service income when customers redeem.

3.22 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments is quoted price (unadjusted) for similar assets or liabilities in active markets that the Bank and its subsidiaries are able to access. In case of there is no quoted price in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximizing observable inputs and minimizing unobservable inputs in commonly used models or the Bank's models. Those models are approved by the management and also regularly reviewed and updated.

4. Risk Management

4.1 The Bank's Risk Information

Credit Risk

Credit risk is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement or the deterioration of assets' quality resulting in non-performing debt and adverse effect over the Bank's income and capital. The assets on the statements of financial position, net of allowance for doubtful accounts, represent the Bank's credit risk exposure.

The Bank concerns about the contingent credit risk at all time. The Bank also inputs economic and business from the research in loan portfolio management, including set the Industry Direction, stress testing and Industry Indicators in order to monitor and manage over all loan portfolio efficiently. The Bank continually evaluates and follows up both inside and outside country situation in order to assess the risk that may impact on solvency of the debtors and the Bank's loan portfolio.

The Bank focuses on a credit expansion to both existing and new customers with high potentiality and high yield. The Bank highly concentrates on customer evaluation, business potential, ability to repay debt, and obvious objective of loan purpose. The Bank develops not only risk management tool to rank credit rating in order to be an element to estimate risk of large and middle size of loans, but also develops Credit Scoring tool in order to consider retail loan debtors including the Early Warning System that notices credit departments and set the loan policy guideline to prevent debtors becoming NPLs. Moreover, the Bank had developed the credit risk model to comply with Thai Financial Reporting Standard 9 - Financial Instrument. The Bank also has regularly improved credit risk management by reviewing/revising credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BOT and The credit risk management policies and guidelines are reviewed/improved at least once a year in order to match with current situation.

The Bank manages credit risk management of the companies in financial business group under the BOT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved annually and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BOT's supervision policy and other regulators' rules. The risk management results reports are normally submitted to the Risk Oversight Committee at least once a month and the Audit Committee and the Board of Directors at least quarterly.

To follow up and manage the quality of credit, the Bank closely monitors the customers whose credits are approved in order to ensure that they are in comply with the terms and conditions of loan agreements by carrying out NPLs reduction project. The watch list debtors with weak performance will be monitored and controlled to prevent such loans becomes NPLs. However, in case those debtors become NPLs, the measure for debt restructuring shall be set up together with legal process. With this regards, the NPLs reduction project shall help stipulating the implementation plan to become clearer and more effective for the NPLs problem solving. Thus, the regular progress shall be reported regularly in order to expedite debt repayment with minimum loss.

4.1 The Bank's Risk Information (Continued)

In assessing the adequacy of provision as prescribed by the BOT, the Bank is required to examine the accuracy and completeness of loan classification, debt-restructuring and collateral data as type and value of collateral. Such associated data potentially has significant impacts on the allowance for doubtful accounts of the Bank.

According to assets written-off, the Bank has policy to write off any assets classified as doubtful of loss with 100 percent provision; however, the Bank still closely follow up uncollectible amounts or taken legal proceedings to the final action .

The credit review is established to ensure the compliance with standard operation procedures in relation to credit approval and debt restructuring. In addition, the qualitative assessment for loan and other related assets are conducted for loan classification as prescribed by the BOT.

Market Risk

Market risk is the risk that the Bank may be affected by changes in value of position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank monitors and controls the market risk in the trading book and banking book portfolios by comparing the existing risks with the approved risk limits/indicators, conducting the approval processes for the breach of the limits/indicators and reporting to the executives and the Risk Oversight Committee regularly.

Market Risk in the Trading Book

Market risk in the Trading Book is the risk that the Bank may be affected by changes in value of the trading book position on the statements of financial position and off- the statements of financial position which is caused by fluctuation of foreign exchange rate, interest rate, equity securities price and commodity price .

Interest Rate Risk

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rates which affect the value of all assets, liabilities and off-statement of financial position items which are rate sensitive items in the trading accounts.

4.1 The Bank's Risk Information (Continued)

The Bank's significant financial assets and liabilities classified by periods of interest rate repricing are as follows:

(Million Baht)

	<u>December 31, 2019</u>						
	Call to				Non-interest		
	<u>1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>Over 1 year</u>	<u>Bearing</u>	<u>NPLs</u>	<u>Total</u>
Financial assets							
Interbank and money market items	288,901.69	8,179.64	3,224.35	1.11	39,048.52	4.00	339,359.31
Investments*	8,320.63	63,764.60	64,324.83	193,297.05	20,079.30	-	349,786.41
Loans to customers	1,345,204.53	224,671.91	227,562.48	108,649.97	1,040.60	99,219.77	2,006,349.26
Total financial assets	<u>1,642,426.85</u>	<u>296,616.15</u>	<u>295,111.66</u>	<u>301,948.13</u>	<u>60,168.42</u>	<u>99,223.77</u>	<u>2,695,494.98</u>
Financial liabilities							
Deposits	1,571,306.88	121,186.58	247,084.34	134,112.83	84,769.31	-	2,158,459.94
Interbank and money market items, net	144,648.66	19,627.19	1,042.47	27,947.87	14,973.78	-	208,239.97
Debt issued and borrowings	0.70	-	7,322.20	44,000.00	-	-	51,322.90
Total financial liabilities	<u>1,715,956.24</u>	<u>140,813.77</u>	<u>255,449.01</u>	<u>206,060.70</u>	<u>99,743.09</u>	<u>-</u>	<u>2,418,022.81</u>

(Million Baht)

	<u>December 31, 2018</u>						
	Call to				Non-interest		
	<u>1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>Over 1 year</u>	<u>Bearing</u>	<u>NPLs</u>	<u>Total</u>
Financial assets							
Interbank and money market items	346,566.65	4,298.12	976.22	1.51	21,429.77	31.00	373,303.27
Investments*	2,511.60	5,545.29	5,819.40	169,639.31	20,647.94	-	204,163.54
Loans to customers	1,336,352.05	206,749.42	232,056.08	69,932.78	1,054.55	102,602.99	1,948,747.87
Total financial assets	<u>1,685,430.30</u>	<u>216,592.83</u>	<u>238,851.70</u>	<u>239,573.60</u>	<u>43,132.26</u>	<u>102,633.99</u>	<u>2,526,214.68</u>
Financial liabilities							
Deposits	1,480,298.73	158,496.43	295,432.07	20,538.01	88,182.59	-	2,042,947.83
Interbank and money market items, net	90,117.44	5,513.47	17,275.48	30,464.34	8,629.21	-	151,999.94
Debt issued and borrowings	0.70	-	22,714.86	27,805.55	-	-	50,521.11
Total financial liabilities	<u>1,570,416.87</u>	<u>164,009.90</u>	<u>335,422.41</u>	<u>78,807.90</u>	<u>96,811.80</u>	<u>-</u>	<u>2,245,468.88</u>

* Included investments in subsidiaries and associates. (excluded trading securities, allowance for revaluation and impairment)

4.1 The Bank's Risk Information (Continued)

Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility gives the adverse impact on income or capital due to foreign currency transactions or having assets or liabilities in foreign currency, when converting all items on the Bank's financial statements to local currency, the book values decrease including decline of income or loss incurred from foreign exchange trading.

Equity Security Price Risk

Equity security price risk is the risk that income or capital is negatively affected by changes in equity security prices. However, the Bank focuses on investing in potential securities which have growth performance and have opportunities to generate bank's return.

Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank conducts commodity derivative transactions to accommodate customer hedging of risk. The Bank eliminates those risk exposures by doing back-to-back transactions.

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book is the risk that income or capital is adversely affected by changes in interest rate of the assets, liabilities and off- the statements of financial position items which are Rate Sensitive Items. These may have negative impact on Net Interest Income, Economic Value, and other income and expenses related to interest rate .

The Bank's Market Risk Management Structure and Supervision

The Bank has designated the Board of Directors and Risk Oversight Committee to formulate policy and market risk limit as follows:

Board of Directors

Board of Directors are responsible for the approval of market risk management policy and the limitation acceptance or threshold of Bank in order to control risk exposure that affects to the market risk and decentralized to relevant committees or responsible departments to supervise as appropriate.

Risk Oversight Committee - ROC

ROC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented and observed.

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms to the BOT's market risk supervision regulations and the Bank's market risk management policy. Besides, the Market Risk Management Department is responsible to follow up and supervise market risk not exceeding the limit specified by the Bank. Then, it reports to top-level executives and ROC.

4.1 The Bank's Risk Information (Continued)

The Bank has set the risk management policy to be in line with the Bank's strategy and the BOT's market risk supervision regulations.

For transactions in trading accounts, the Bank set the maximum acceptable risk limit such as investment value/position, maximum loss, including statistic risk measurement namely Value at Risk (VaR) and Sensitivity for the trading book portfolio. The Bank also regularly assesses market value and conducts stress testing for both trading book portfolio and banking book portfolio. Besides, the Bank prepares Product Program while enhancing applications and tools used in risk assessment and control for higher efficiency capable of accommodate more complex transactions.

The Bank regularly monitors the interest rate risk in the Banking book portfolio by simulating the net interest income change and economic value change. The Bank also regularly conduct stress testing and closely monitor whenever there are some changes in the interest rate market movement that affects to the Bank significantly.

Market Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business groups and prescribes policy of risk management of the financial business groups. The policy was approved by the Board of Directors determining the subsidiaries within the financial business groups to complete all aspects of risk management in accordance with the Company's significant risks and risk management policies which defines the organization chart that support the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business groups. Moreover, the subsidiaries are required to prepare their market risk management report and relating information for submission to the Bank in order that the Bank can monitor market risk and risk level of companies in the financial business groups and assess effect to the Bank's capital.

The Bank's financial business group has decentralized risk management that means companies within the financial business groups manage their own risk and the Bank will consider and comment the companies' key market risk indicators as appropriate.

Liquidity Risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting income and capital funds at present and in the future.

The Bank's Liquidity Risk Management Structure and Supervision

The Bank has designated the Board of Directors, Risk Oversight Committee, Assets and Liabilities Management Committee to prescribe policy and strategy of liquidity risk management as follows:

Board of Directors

Board of Directors is responsible for the approval of liquidity risk management policy and liquidity emergency plan and to approve the Bank's acceptable limit or trigger of liquidity risk.

4.1 The Bank's Risk Information (Continued)

Risk Oversight Committee - ROC

ROC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators. ROC also submits the operational report to the Audit Committee and the Board of Directors for acknowledgement and/or for considering on quarterly basis.

Assets and Liabilities Management Committee - ALCO

ALCO is responsible for the determination of strategy to manage the Bank's assets, liabilities, and capital to be appropriate. ALCO monitors various external factors affecting the Bank's liquidity, specifies strategy to manage liquidity and interest rate risk and submits ALCO report to the Board of Executive Directors for acknowledgement and/or for considering.

Liquidity Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that supports the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the group is required to prepare liquidity position report and relating information for submission to the Bank in order that the Bank can monitor liquidity position and risk level of companies in the financial business group and assess effect to the Bank's liquidity.

The Bank's financial business group has decentralized risk management that means companies within the financial business groups manage their own risk and the Bank will consider supporting their liquidity as appropriate.

Structure of Sources and Uses of Funds

Liquidity risk is the significant risk of commercial banks. The Bank's liquidity risk factors are the structure of sources and uses of funds. The Bank's sources of funds are from short-term deposits mostly less than one year including saving deposits, while uses of funds for lending mostly have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from asset to cash turning period not matching with liability's maturity date. Besides, cost of fund that higher than acceptable limit could affect to the Bank's income and capital at present and in the future.

Thus, the Bank has liquidity risk management process though variety of tools. The Bank also assigns the indicator to control liquidity risk such as high-quality liquid assets to net cash outflow ratio etc. In addition, the Bank also monitors structure of sources and uses of funds and funding concentration to monitor important sources of funds then consistently report the risk to the Asset and Liability Management Committee (ALCO), the Risk Oversight Committee (ROC) and other related parties.

4.1 The Bank's Risk Information (Continued)

Liquidity Risk Management Tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity to top-level executives and relating departments in order to efficiently apply to use of liquidity risk management. The Bank prepares liquidity risk report to determine liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators to manage and control the risk level to the prescribed limit. There are liquidity risk reports as follows;

- Net liquidity position report is prepared on a daily basis in the first 14 calendar days to present daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, preceding cash flow model together with future trend considerations adhere to realistic and conservative principles.

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior assumptions in normal situation.

- Daily financial position report presents the Bank's liquid assets in terms of balance amount of daily average deposits with the BOT. The BOT's regulation requires maintaining sum of the average daily deposit balance and the average daily cash balance at the cash inventory management center not less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates high quality liquid assets in each asset category reserved as an operating liquidity for the Bank's normal operations.

- Liquidity Coverage Ratio (LCR) Report is reported to the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis in accordance with BOT's regulations. LCR is the liquidity risk measurement standard that aims to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or no loss of value in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

- Net Stable Funding Ratio (NSFR) Report is reported to BOT on a quarterly basis and the Risk Oversight Committee and the Assets and Liabilities Management Committee on a monthly basis. NSFR is the liquidity risk measurement standard that aims to promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis.

- Simulation liquidity risk stress testing report is submitted to the Risk Oversight Committee on a quarterly basis.

Liquidity Risk Stress Testing

The Bank sets quarterly liquidity risk stress testing in conformity with the Bank's stress testing policy by using the 3 situations which are (1) Institution-specific crisis (2) Market-wide crisis and (3) Combination of both. Each situation is based on assumptions such as withdrawing customers' deposit in different proportion, declining in the market liquidity of assets, decreasing in ability to reach large-sized sources of funds. The Bank also prepares contingency plan to support crisis by considering to stress test result of each model situation. The contingency plan is set warning triggers of liquidity crisis in order that the Bank can reduce negative impact from liquidity problems that may occur with reasonable expenses/costs.

4.1 The Bank's Risk Information (Continued)

The Bank also discloses information about Liquidity Coverage Ratio (LCR) in order to ensure that the Bank has sufficient manage liquidity to support liquidity stress situation under the BOT's notifications regarding the Disclosure of Liquidity Coverage Ratio Disclosure Standards.

Channel of disclosure www.krungthai.com>Investor Relations>Financial Information>LCR Disclosures

Date of disclosure Within 4 months after the end of period.

Information as at December 31, 2019

Liquidity Assets Ratio

The Bank has average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BOT. As at December 31, 2019 and 2018, the Bank has deposits at the BOT and cash at the Cash Center of Baht 36,767.14 million and Baht 20,754.02 million, respectively.

Sources and Uses of Funds

Sources and uses of funds as at December 31, 2019, the Bank and its subsidiaries' major sources of funds were deposits accounting for 71.57 percent of total funds. Other significant sources of funds included net interbank and money market items (liabilities) of 7.16 percent, debt issued and borrowings of 3.21 percent, and equity of 11.56 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 69.38 percent of total uses of funds. Other significant uses of funds included net interbank and money market items (assets) of 11.25 percent and net investments of 14.15 percent.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Sources of Funds		
Deposits	71.57%	74.46%
Interbank and money market items, net	7.16%	5.75%
Debt issued and borrowings	3.21%	3.48%
Equity	11.56%	11.47%
Uses of Funds		
Loans to customers	69.38%	73.90%
Interbank and money market items, net	11.25%	13.60%
Investments, net	14.15%	8.77%

Loans to Deposits Ratio

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loans to deposits ratio (Consolidated financial statements)	96.94%	99.25%
Loans to deposits ratio (The Bank's financial statements)	92.95%	95.39%

On the consolidated financial statements as at December 31, 2019, the Bank has loans to deposits ratio of 96.94 percent which has decreased from 99.25 percent as at December 31, 2018.

4.1 The Bank's Risk Information (Continued)**Sources and Uses of Funds (Continued)**

Loan to deposits ratio on the Bank's financial statements as at December 31, 2019 is 92.95 percent which has decreased from 95.39 percent as at December 31, 2018. As a result of loan increased 2.96 percent and the reduction of deposits increased 5.65 percent from the end of the year 2018.

These above ratios have no significant impact to the liquidities of the Bank and its subsidiaries.

As at December 31, 2019 and 2018, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

	<u>December 31, 2019</u>					<u>Total</u>
	Less than	Over 3 Months			No Maturity	
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>		
Financial Assets						
Interbank and money market items, net	303,453.78	7,272.26	27,546.67	1.11	-	338,273.82
Investments, net*	19,569.51	71,102.30	65,635.27	238,867.08	10,830.01	406,004.17
Loans to customers	96,099.95	98,475.76	473,815.49	1,337,958.06	-	2,006,349.26
Total financial assets	<u>419,123.24</u>	<u>176,850.32</u>	<u>566,997.43</u>	<u>1,576,826.25</u>	<u>10,830.01</u>	<u>2,750,627.25</u>
Financial Liabilities						
Deposits	1,654,575.49	121,569.05	242,935.92	139,379.48	-	2,158,459.94
Interbank and money market items, net	154,707.95	18,618.84	6,439.33	28,473.85	-	208,239.97
Debt issued and borrowings	0.70	-	-	51,322.20	-	51,322.90
Total financial liabilities	<u>1,809,284.14</u>	<u>140,187.89</u>	<u>249,375.25</u>	<u>219,175.53</u>	<u>-</u>	<u>2,418,022.81</u>

* Included investments in subsidiaries and associates.

(Million Baht)

	<u>December 31, 2018</u>					<u>Total</u>
	Less than	Over 3 Months			No Maturity	
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>		
Financial Assets						
Interbank and money market items, net	318,849.59	12,927.72	34,734.35	5,252.04	-	371,763.70
Investments, net*	25,868.76	5,533.16	5,863.18	185,963.61	10,697.86	233,926.57
Loans to customers	86,115.46	69,022.50	511,843.17	1,281,766.74	-	1,948,747.87
Total financial assets	<u>430,833.81</u>	<u>87,483.38</u>	<u>552,440.70</u>	<u>1,472,982.39</u>	<u>10,697.86</u>	<u>2,554,438.14</u>
Financial Liabilities						
Deposits	1,565,018.62	160,721.35	293,575.31	23,632.55	-	2,042,947.83
Interbank and money market items, net	98,625.63	5,500.55	15,948.38	31,925.38	-	151,999.94
Debt issued and borrowings	0.70	-	-	50,520.41	-	50,521.11
Total financial liabilities	<u>1,663,644.95</u>	<u>166,221.90</u>	<u>309,523.69</u>	<u>106,078.34</u>	<u>-</u>	<u>2,245,468.88</u>

* Included investments in subsidiaries and associates.

4.2 Fair Value of Financial Instruments

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets				
Cash	68,433.72	68,433.72	68,878.13	68,878.13
Interbank and money market items, net	338,770.59	338,770.59	372,513.78	372,513.78
Derivatives assets	55,811.42	55,811.42	36,229.57	36,229.57
Investments, net*	426,173.58	427,499.90	240,166.89	241,460.11
Loans to customers and accrued interest receivables, net	1,959,765.48	1,959,765.48	1,895,874.34	1,895,874.34
Total financial assets	<u>2,848,954.79</u>	<u>2,850,281.11</u>	<u>2,613,662.71</u>	<u>2,614,955.93</u>
Financial Liabilities				
Deposits	2,155,864.99	2,155,864.99	2,039,601.90	2,039,601.90
Interbank and money market items, net	215,822.53	218,148.07	157,395.93	157,878.58
Liabilities payable on demand	4,744.25	4,744.25	5,579.66	5,579.66
Derivatives liabilities	51,868.54	51,868.54	32,345.61	32,345.61
Debt issued and borrowings	96,841.30	98,454.03	95,205.51	95,376.82
Total financial liabilities	<u>2,525,141.61</u>	<u>2,529,079.88</u>	<u>2,330,128.61</u>	<u>2,330,782.57</u>

* Included investments in subsidiaries and associates.

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets				
Cash	68,361.79	68,361.79	68,661.54	68,661.54
Interbank and money market items, net	338,273.82	338,273.82	371,763.70	371,763.70
Derivatives assets	55,811.46	55,811.46	36,231.03	36,231.03
Investments, net*	406,004.17	480,017.57	233,926.57	282,932.37
Loans to customers and accrued interest receivables, net	1,884,110.17	1,884,110.17	1,828,239.87	1,828,239.87
Total financial assets	<u>2,752,561.41</u>	<u>2,826,574.81</u>	<u>2,538,822.71</u>	<u>2,587,828.51</u>
Financial Liabilities				
Deposits	2,158,459.94	2,158,459.94	2,042,947.83	2,042,947.83
Interbank and money market items, net	208,239.97	210,565.52	151,999.94	152,482.59
Liabilities payable on demand	4,744.25	4,744.25	5,579.66	5,579.66
Derivatives liabilities	51,868.54	51,868.54	32,345.61	32,345.61
Debt issued and borrowings	51,322.90	52,935.63	50,521.11	50,692.42
Total financial liabilities	<u>2,474,635.60</u>	<u>2,478,573.88</u>	<u>2,283,394.15</u>	<u>2,284,048.11</u>

* Included investments in subsidiaries and associates.

4.3 Capital Requirements

As at December 31, 2019 and 2018, the Bank has calculated the capital fund in accordance with the BOT's Basel III Framework. Since 2016, which is required the commercial banks that registered in Thailand to maintain the additional common equity Tier 1 ratio more than minimum capital fund 2.5 percent of total risk-weighted assets by gradually maintained the additional more than 0.625 percent of each year, beginning from January 1, 2016 until fully amount on January 1, 2019.

The BOT had added the regulation for commercial banks that were classified as the Domestic Systemically Important Banks (D-SIBs), maintain additional higher loss of 0.5 percent of total risk-weighted assets from January 1, 2019 and increase to 1 percent of total risk-weighted assets from January 1, 2020 onward.

Capital Adequacy Ratios

	<u>2019</u>	<u>2018</u>
	<u>More than %</u>	<u>More than %</u>
Common Equity Tier 1 Ratio	7.50	6.375
Tier 1 capital fund ratio	9.00	7.875
Capital Adequacy Ratio	11.50	10.375

Capital fund and Capital adequacy ratio information as at December 31, 2019 is preliminary information prepared by criteria and methodologies, that prescribed by the BOT, which is required the Bank to prepare and submit the information to the BOT within 3 months from the end of the quarter including disclose the information as at June 30 and December 31 of each year via the Bank's Web Site. For the comparable information as at December 31, 2018 already submitted to the BOT as follow:

	(Million Baht)	
	<u>Financial Business Groups</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Common Equity Tier 1		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	193,994.14	174,631.23
Other components of equity	33,011.94	19,063.98
Capital deduction items on common equity Tier 1	(22,340.14)	(9,721.13)
Tier 1 capital fund - financial instruments	1,100.01	968.79
Total tier 1 capital fund	<u>305,805.23</u>	<u>284,982.15</u>
Tier 2 capital fund		
Long-term subordinated debt	53,091.45	51,810.16
Allowance for assets classified as normal	22,442.66	21,908.25
Total tier 2 capital fund	<u>75,534.11</u>	<u>73,718.41</u>
Total capital fund	<u><u>381,339.34</u></u>	<u><u>358,700.56</u></u>

4.3 Capital Requirements (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Common equity Tier 1		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.73	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	179,309.87	162,860.95
Other components of equity	16,090.27	14,965.81
Capital deduction items on common equity Tier 1	(9,977.16)	(5,850.76)
Total tier 1 capital fund	285,462.25	272,015.28
Tier 2 capital fund		
Long-term subordinated debt	53,091.45	51,810.16
Allowance for assets classified as normal	21,524.11	21,045.98
Total tier 2 capital fund	74,615.56	72,856.14
Total capital fund	360,077.81	344,871.42

Capital Adequacy Ratio

	<u>Financial Business Groups</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Common equity Tier 1 ratio	15.19	14.42	14.80	14.35
Tier 1 capital fund ratio	15.24	14.47	14.80	14.35
Capital adequacy ratio	19.01	18.22	18.66	18.19

The Bank discloses information about capital requirements of the Bank and financial business groups under the BOT's Notifications regarding the Disclosure of Capital Requirements of Commercial Banks and regarding the Disclosure of Capital Requirement of the Financial Business Group.

Channel of disclosure	www.krungthai.com >Investor-Relations>Financial Information>Pillar III Disclosures
Date of disclosure	Within 4 months after the end of period
Information as at	December 31, 2019

5. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Thai financial reporting standards requires managements to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected. Information about significant areas at estimation uncertainty and assumptions in applying accounting policies that have a significant effect on the amounts recognized in the financial statements.

6. SUPPLEMENTARY INFORMATION

6.1. Supplementary Information of Cash Flows

6.1.1 Significant non-cash items for the year ended December 31, 2019 and 2018 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Increase in revaluation surplus on available-for-sale investments net income tax expenses	1,268.60	175.18	1,284.74
Increase in properties for sale from loans payment	1,704.23	2,202.22	1,704.23	2,202.22

6.1.2 Disclosures of Related change in Liabilities from Financing Activities

(Million Baht)

<u>Item</u>	<u>Consolidated Financial Statements</u>			
	<u>January 1, 2019</u>	<u>Cash Flows From</u>	<u>None-Cash Item</u>	<u>December 31, 2019</u>
		<u>Financing Activities,</u>	<u>Exchange Rate</u>	
		<u>Net</u>	<u>Conversion</u>	
Debt Issued and Borrowings	95,205.51	3,720.25	(2,084.46)	96,841.30
Total	95,205.51	3,720.25	(2,084.46)	96,841.30

(Million Baht)

<u>Item</u>	<u>The Bank's Financial Statements</u>			
	<u>January 1, 2019</u>	<u>Cash Flows From</u>	<u>None-Cash Item</u>	<u>December 31, 2019</u>
		<u>Financing Activities,</u>	<u>Exchange Rate</u>	
		<u>Net</u>	<u>Conversion</u>	
Debt Issued and Borrowings	50,521.11	2,886.25	(2,084.46)	51,322.90
Total	50,521.11	2,886.25	(2,084.46)	51,322.90

6.2 Interbank and Money Market Items, Net (Assets)

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	32,134.96	221,061.37	253,196.33	16,311.10	252,001.37	268,312.47
Commercial banks	474.94	22,531.60	23,006.54	734.15	17,799.78	18,533.93
Special purpose financial institutions	22.85	6,126.57	6,149.42	16.75	818.09	834.84
Other financial institutions	39.54	28,992.69	29,032.23	41.00	45,819.66	45,860.66
Total	32,672.29	278,712.23	311,384.52	17,103.00	316,438.90	333,541.90
<u>Add</u> Accrued interest receivables	-	117.40	117.40	-	174.72	174.72
<u>Less</u> Deferred Revenue	-	(22.41)	(22.41)	-	(15.11)	(15.11)
Allowance for doubtful accounts	(0.78)	(1,149.01)	(1,149.79)	(0.73)	(1,744.93)	(1,745.66)
Total domestic items	32,671.51	277,658.21	310,329.72	17,102.27	314,853.58	331,955.85
6.2.2 Foreign Items						
US Dollar	15,327.27	5,775.25	21,102.52	25,227.34	8,877.93	34,105.27
Japanese Yen	2,562.38	-	2,562.38	544.54	-	544.54
Euro	1,406.37	-	1,406.37	1,462.91	-	1,462.91
Other currencies	2,224.26	1,176.02	3,400.28	1,642.29	2,756.44	4,398.73
Total	21,520.28	6,951.27	28,471.55	28,877.08	11,634.37	40,511.45
<u>Add</u> Accrued interest receivables	-	56.62	56.62	-	130.04	130.04
<u>Less</u> Deferred revenue	-	(2.20)	(2.20)	-	(2.61)	(2.61)
Allowance for doubtful accounts	(1.53)	(83.57)	(85.10)	-	(80.95)	(80.95)
Total foreign items	21,518.75	6,922.12	28,440.87	28,877.08	11,680.85	40,557.93
Total domestic and foreign items	54,190.26	284,580.33	338,770.59	45,979.35	326,534.43	372,513.78

6.2 Interbank and Money Market Items, Net (Assets) (Continued)

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	32,134.96	221,061.37	253,196.33	16,311.10	252,001.37	268,312.47
Commercial banks	1.02	22,531.60	22,532.62	0.82	17,799.78	17,800.60
Special purpose financial institutions	-	6,126.57	6,126.57	-	818.09	818.09
Other financial institutions	39.54	28,992.69	29,032.23	41.00	45,819.66	45,860.66
Total	32,175.52	278,712.23	310,887.75	16,352.92	316,438.90	332,791.82
<u>Add</u> Accrued interest receivables	-	117.40	117.40	-	174.72	174.72
<u>Less</u> Deferred Revenue	-	(22.41)	(22.41)	-	(15.11)	(15.11)
Allowance for doubtful accounts	(0.78)	(1,149.01)	(1,149.79)	(0.73)	(1,744.93)	(1,745.66)
Total domestic items	32,174.74	277,658.21	309,832.95	16,352.19	314,853.58	331,205.77
6.2.2 Foreign Items						
US Dollar	15,327.27	5,775.25	21,102.52	25,227.34	8,877.93	34,105.27
Japanese Yen	2,562.38	-	2,562.38	544.54	-	544.54
Euro	1,406.37	-	1,406.37	1,462.91	-	1,462.91
Other currencies	2,224.26	1,176.02	3,400.28	1,642.29	2,756.44	4,398.73
Total	21,520.28	6,951.27	28,471.55	28,877.08	11,634.37	40,511.45
<u>Add</u> Accrued interest receivables	-	56.62	56.62	-	130.04	130.04
<u>Less</u> Deferred revenue	-	(2.20)	(2.20)	-	(2.61)	(2.61)
Allowance for doubtful accounts	(1.53)	(83.57)	(85.10)	-	(80.95)	(80.95)
Total foreign items	21,518.75	6,922.12	28,440.87	28,877.08	11,680.85	40,557.93
Total domestic and foreign items	53,693.49	284,580.33	338,273.82	45,229.27	326,534.43	371,763.70

6.3 Derivatives Held for Trading**The Fair Values and the Notional Amounts Classified by Type of Risk**

(Million Baht)

Type of Risk	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	31,046.49	27,322.84	2,083,532.71	23,368.23	18,779.56	2,214,299.83
Interest rate	18,789.48	17,215.25	2,177,441.35	6,739.14	7,037.15	1,784,644.83
Others	5,975.45	7,330.45	163,261.84	6,122.20	6,528.90	111,623.79
Total	55,811.42	51,868.54	4,424,235.90	36,229.57	32,345.61	4,110,568.45

(Million Baht)

Type of Risk	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	31,046.49	27,322.84	2,083,532.71	23,368.23	18,779.56	2,214,299.83
Interest rate	18,789.52	17,215.25	2,177,469.75	6,740.60	7,037.15	1,784,982.84
Others	5,975.45	7,330.45	163,261.84	6,122.20	6,528.90	111,623.78
Total	55,811.46	51,868.54	4,424,264.30	36,231.03	32,345.61	4,110,906.45

The Proportion of Derivative Transactions Classified by Type of Counterparty based on the Notional Amounts

Counterparty	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	76.68%	75.18%	76.68%	75.18%
Group companies	0.24%	0.26%	0.24%	0.27%
Third parties	23.08%	24.56%	23.08%	24.55%
Total	100.00%	100.00%	100.00%	100.00%

6.4 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
6.4.1 Trading Securities				
Government and state enterprises securities	29,736.91	15,670.50	29,736.91	15,670.50
Private enterprises debt securities	25.79	239.95	25.79	239.95
Foreign debt securities	18,488.86	7,452.93	18,488.86	7,452.93
Total	48,251.56	23,363.38	48,251.56	23,363.38
6.4.2 Available-for-Sale Securities				
Government and state enterprises securities	278,824.60	132,192.80	278,824.60	132,192.80
Private enterprises debt securities	15,729.72	14,045.36	16,387.72	14,687.18
Foreign debt securities	36,527.06	35,046.70	36,527.06	35,046.70
Domestic marketable equity securities	12,849.27	15,133.22	12,849.27	15,133.22
Foreign marketable equity securities	267.48	382.34	267.48	382.34
Total	344,198.13	196,800.42	344,856.13	197,442.24
	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>
	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>
6.4.3 Held-to-Maturity Debt Securities				
Government and state enterprises securities	709.28	1,745.65	-	1,000.00
Private enterprises debt securities	604.46	35.71	604.46	35.71
Foreign debt securities	459.39	646.30	459.39	646.30
Total	1,773.13	2,427.66	1,063.85	1,682.01
<u>Less</u> Allowance for impairment	(35.71)	(35.82)	(35.71)	(35.82)
Total	1,737.42	2,391.84	1,028.14	1,646.19
6.4.4 General Investments				
Domestic non-marketable equity securities	2,241.34	1,933.74	2,238.81	1,933.69
Foreign non-marketable equity securities	3.43	3.77	3.43	3.77
Others	0.75	0.81	0.75	0.81
Total	2,245.52	1,938.32	2,242.99	1,938.27
<u>Less</u> Allowance for impairment	(1,204.66)	(1,161.37)	(1,204.66)	(1,161.37)
Total	1,040.86	776.95	1,038.33	776.90
Total investments, net	395,227.97	223,332.59	395,174.16	223,228.71

6.4 Investments, Net (Continued)

As at December 31, 2019 and 2018, general investments which are domestic non-marketable equity securities of Baht 2,238.81 million and Baht 1,933.69 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million, which the Bank reserved the full amount of allowances for impairment and included investments in Private Equity Trust for SME Growing Together of Baht 409.49 million which support the government policies.

6.4.5 As at December 31, 2019 and 2018 unrealized gains (losses) on revaluation of available-for-sale securities are as follows:

									(Million Baht)
<u>Consolidated Financial Statements</u>									
<u>December 31, 2019</u>				<u>December 31, 2018</u>					
	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	
Available-for-Sale Securities	334,204.04	10,803.94	(809.85)	344,198.13	188,392.08	10,532.73	(2,124.39)	196,800.42	

(Million Baht)

									(Million Baht)
<u>The Bank's Financial Statements</u>									
<u>December 31, 2019</u>				<u>December 31, 2018</u>					
	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	
Available-for-Sale Securities	334,850.64	10,815.34	(809.85)	344,856.13	189,042.68	10,532.73	(2,133.17)	197,442.24	

¹ net of allowance for impairment

² Included Gains (Losses) from reclassification of investments

6.4.6 As at December 31, 2019 and 2018, the Bank has investments in foreign securities that are affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 1,317.05 million and Baht 608.53 million, respectively.

6.4.7 The Bank has the other investments with holding of 10 percent and upwards of the paid-up capital, classified by industrial sector and represented at their fair value as follows:

			(Million Baht)
<u>Consolidated and The Bank's Financial Statements</u>			
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Public utilities and services	1,537.58	1,434.11	

6.4.8 As at December 31, 2019, the Bank has investments in 3 listed companies that are subject to delisting from SET, their cost of Baht 0.10 million which are fully reserved allowance for impairment.

6.5 Investments in Subsidiaries and Associates, Net

6.5.1 The Bank's Financial Statements

(Million Baht)

<u>December 31, 2019</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
Direct subsidiaries					
KTB Law Company Limited	Legal Services	Ordinary	100.00	30.00	27.00
KTB General Services and Security Company Limited	General Services	Ordinary	100.00	140.00	118.65
Krungthai Asset Management Public Company Limited	Securities Business	Ordinary	100.00	210.90	455.00
KTB Computer Services Company Limited	IT Services	Ordinary	100.00	1,300.00	79.43
KTB Leasing Company Limited *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Company Limited **	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Public Company Limited	Credit Card Business	Ordinary	49.10	1,980.36	1,045.50
KTC Nano Company Limited ****	Personal Loan to Natural Person in order to use for Career	Ordinary	24.95	12.48	-
KTC Pico (Bangkok) Company Limited ****	Personal Loan	Ordinary	24.95	14.97	-
Indirect subsidiaries					
KTC Pico (Chonburi) Company Limited *****	Personal Loan				
KTC Pico (Pathum Thani) Company Limited *****	Personal Loan				
KTC Pico (Samut Prakan) Company Limited *****	Personal Loan				
KTC Pico (Samut Sakhon) Company Limited *****	Personal Loan				
Total				4,728.71	1,725.58
<u>Less</u> Allowance for impairment ***				(798.76)	-
Total				3,929.95	1,725.58
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	1,518.82	193.05
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	43.12
Krungthai Zmico Securities Company Limited *****	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Company Limited	Service	Ordinary	19.82	35.70	17.22
BCI (Thailand) Company Limited	Service	Ordinary	22.17	117.50	-
Total				6,900.06	253.39
Investments in subsidiaries and associates, net				10,830.01	1,978.97

6.5 Investments in Subsidiaries and Associates, Net (Continued)**6.5.1 The Bank's Financial Statements (Continued)**

(Million Baht)

<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>December 31, 2018</u>		
			<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Company Limited	Legal Services	Ordinary	100.00	30.00	22.50
KTB General Services and Security Company Limited	General Services	Ordinary	100.00	140.00	157.15
Krungthai Asset Management Public Company Limited	Securities Business	Ordinary	100.00	210.90	320.00
KTB Computer Services Company Limited	IT Services	Ordinary	100.00	1,300.00	16.38
KTB Leasing Company Limited *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Company Limited **	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Public Company Limited	Credit Card Business	Ordinary	49.45	1,994.60	675.75
Total				4,715.50	1,191.78
Less Allowance for impairment ***				(802.56)	-
Total				3,912.94	1,191.78
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	1,518.82	168.30
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	41.36
Krungthai Zmico Securities Company Limited *****	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Company Limited	Service	Ordinary	21.13	38.05	5.28
Total				6,784.91	214.94
Investments in subsidiaries and associates, net				10,697.85	1,406.72

* Under consideration of business restructuring plan.

** Under operation of business plan preparation.

*** Allowance for impairment in subsidiaries occurs from cost higher than book value.

**** The Bank invested in 24.95% shareholding of KTC Nano Company Limited and KTC Pico (Bangkok) Company Limited and by indirectly shareholding through Krungthai Card Public Company Limited. The Bank invested in 49.10% shareholding of Krungthai Card Public Company Limited and Krungthai Card Public Company Limited invested in 75.05% shareholding of KTC Nano Company Limited and KTC Pico (Bangkok) Company Limited.

***** The Bank invested through KTC Pico (Bangkok) Company Limited by KTC Pico (Bangkok) Company Limited invested in 100% shareholding of KTC Pico (Chonburi) Company Limited, KTC Pico (Pathum Thani) Company Limited, KTC Pico (Samut Prakan) Company Limited and KTC Pico (Samut Sakhon) Company Limited.

***** Formerly named as KT ZMICO Securities Company Limited.

6.5 Investments in Subsidiaries and Associates, Net (Continued)**6.5.2 The Consolidated Financial Statements**

(Million Baht)

Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	December 31, 2019	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	593.57	25,662.80
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	971.30	2,952.24
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	694.96
Krungthai Zmico Securities Company Limited *	Securities Business	Ordinary	50.00	1,068.89	1,147.92
National ITMX Company Limited	Service	Ordinary	19.82	35.70	379.16
BCI (Thailand) Company Limited	Service	Ordinary	22.17	117.50	108.53
Total investments in associates, net				2,874.34	30,945.61

(Million Baht)

Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	December 31, 2018	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Public Company Limited	Life Insurance	Ordinary	50.00	593.57	11,900.65
Krungthai Panich Insurance Public Company Limited	Non-Life Insurance	Ordinary	45.00	971.30	2,761.78
Krung Thai IBJ Leasing Company Limited	Hire Purchase	Ordinary	49.00	87.38	659.77
Krungthai Zmico Securities Company Limited *	Securities Business	Ordinary	50.00	1,068.89	1,167.81
National ITMX Company Limited	Service	Ordinary	21.13	38.05	344.29
Total investments in associates, net				2,759.19	16,834.30

* Formerly named as KT ZMICO Securities Company Limited.

Investments in associates are accounted in the consolidated financial statements by using the equity method based on financial information from unaudited/unreviewed financial statements of the associates.

6.5.3 Financial Positions and Operations of Associates

(Million Baht)

Name of Company	Consolidated Financial Statements					
	December 31, 2019			December 31, 2018		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krungthai-AXA Life Insurance Public Company Limited	334,283.68	282,958.08	51,325.60	275,484.29	251,627.05	23,857.24
Krungthai Panich Insurance Public Company Limited	10,506.36	3,945.84	6,560.52	9,792.84	3,652.00	6,140.84
Krung Thai IBJ Leasing Company Limited	12,908.03	11,489.74	1,418.29	11,203.31	9,851.20	1,352.11
Krungthai Zmico Securities Public Company Limited *	6,181.96	3,886.12	2,295.84	6,661.43	4,368.05	2,293.38
National ITMX Company Limited	2,266.87	348.48	1,918.39	1,847.03	219.48	1,627.55
BCI (Thailand) Company Limited	525.99	36.43	489.56	-	-	-
	366,672.89	302,664.69	64,008.20	304,988.90	269,717.78	35,271.12

6.5 Investments in Subsidiaries and Associates, Net (Continued)**6.5.3 Financial Positions and Operations of Associates (Continued)**

(Million Baht)

Name of Company	Consolidated Financial Statements			
	December 31, 2019		December 31, 2018	
	"Unaudited"		"Audited"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krungthai-AXA Life Insurance Public Company Limited	68,962.87	1,881.13	67,381.16	1,455.27
Krungthai Panich Insurance Public Company Limited	2,856.98	730.89	3,015.72	690.43
Krung Thai IBJ Leasing Company Limited	958.31	154.18	871.51	170.37
Krungthai Zmico Securities Company Limited *	1,097.54	13.24	1,335.81	(0.81)
National ITMX Company Limited	1,048.50	372.32	748.52	205.77
BCI (Thailand) Company Limited	66.56	(40.44)	-	-
	<u>74,990.76</u>	<u>3,111.32</u>	<u>73,352.72</u>	<u>2,521.03</u>

* Formerly named as KT ZMICO Securities Company Limited.

6.6 Loans to Customers and Accrued Interest Receivables, Net**6.6.1 Classified by Type of Loans**

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Overdrafts	168,673.00	171,033.53	168,673.00	171,033.53
Loans	1,407,818.38	1,347,062.18	1,324,105.64	1,273,401.07
Bills	505,162.36	492,393.92	512,322.36	503,233.92
Hire purchase receivables	3,599.32	9,173.43	1.02	1.04
Financial lease receivables	1,165.03	2,338.81	-	-
Others	3,924.99	3,128.17	1,247.24	1,078.31
<u>Less</u> Deferred revenue	<u>(469.55)</u>	<u>(925.37)</u>	<u>(36.40)</u>	<u>(45.99)</u>
Total loans to customers net of deferred revenue	2,089,873.53	2,024,204.67	2,006,312.86	1,948,701.88
<u>Add</u> Accrued interest receivables	<u>5,159.59</u>	<u>5,424.06</u>	<u>4,568.82</u>	<u>4,877.86</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	2,095,033.12	2,029,628.73	2,010,881.68	1,953,579.74
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's regulations				
Individual approach	(66,722.58)	(71,305.17)	(64,393.52)	(69,052.44)
Collective approach	(4,045.90)	(3,781.72)	-	-
2. Excess allowance	(64,459.30)	(58,667.50)	(62,338.13)	(56,287.43)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(39.86)</u>	<u>-</u>	<u>(39.86)</u>	<u>-</u>
Total loans to customers, net	<u>1,959,765.48</u>	<u>1,895,874.34</u>	<u>1,884,110.17</u>	<u>1,828,239.87</u>

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.1 Classified by Type of Loans (Continued)

As at December 31, 2019, the Bank has loans to interbank and money market items which subject to government policy program, the loans are as follows : KTB-Soft Loan which is a working capital for Medium-Sized Enterprises and Retails (SMEs), KTB-Soft Loan which is a principal of machinery improvement and increase productivity for Medium-Sized Enterprises and Retails (SMEs), financial support for the three Southern provinces' entrepreneur, revolving fund project for energy conservation by financial institution phase 6, and Loan project for environment totaling amount Baht 26,427.38 million.

As at December 31, 2019 and 2018 , the Bank's other loans of Baht 1,247.24 million and Baht 1,078.31 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,198.00 million and Baht 1,031.55 million, respectively.

6.6.2 Classified by Currency and Customer's Residency

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	2,032,882.30	-	2,032,882.30	1,951,161.43	0.69	1,951,162.12
US Dollar	46,025.07	9,867.12	55,892.19	51,886.21	18,246.89	70,133.10
Other currencies	1,069.29	29.75	1,099.04	2,832.30	77.15	2,909.45
Total	<u>2,079,976.66</u>	<u>9,896.87</u>	<u>2,089,873.53</u>	<u>2,005,879.94</u>	<u>18,324.73</u>	<u>2,024,204.67</u>

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,949,321.63	-	1,949,321.63	1,875,658.64	0.69	1,875,659.33
US Dollar	46,025.07	9,867.12	55,892.19	51,886.21	18,246.89	70,133.10
Other currencies	1,069.29	29.75	1,099.04	2,832.30	77.15	2,909.45
Total	<u>1,996,415.99</u>	<u>9,896.87</u>	<u>2,006,312.86</u>	<u>1,930,377.15</u>	<u>18,324.73</u>	<u>1,948,701.88</u>

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.3 Classified by Business Types and Loan Classification**

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>December 31, 2019</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	20,841.16	2,020.63	592.66	275.30	2,791.64	26,521.39
Manufacturing and commercial	451,428.74	26,390.56	7,635.26	6,292.16	41,450.80	533,197.52
Real estate and construction	92,733.51	7,587.68	395.32	1,811.52	9,430.65	111,958.68
Public utilities and services	335,074.78	21,615.19	146.70	983.58	5,130.94	362,951.19
Housing loans	371,806.19	6,063.24	2,427.85	2,748.19	12,990.56	396,036.03
Others	646,909.93	4,746.48	1,579.83	535.87	5,436.61	659,208.72
Total	1,918,794.31	68,423.78	12,777.62	12,646.62	77,231.20	2,089,873.53

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>December 31, 2018</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	23,526.18	2,007.05	631.43	891.49	1,071.43	28,127.58
Manufacturing and commercial	465,452.34	29,348.22	8,628.32	9,378.12	37,615.46	550,422.46
Real estate and construction	97,000.24	6,793.99	501.00	2,261.81	8,538.57	115,095.61
Public utilities and services	329,581.33	14,772.72	484.01	2,525.40	7,376.07	354,739.53
Housing loans	353,537.67	6,394.85	2,396.85	2,388.22	12,016.19	376,733.78
Others	584,555.30	4,896.05	1,761.14	478.13	7,395.09	599,085.71
Total	1,853,653.06	64,212.88	14,402.75	17,923.17	74,012.81	2,024,204.67

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.3 Classified by Business Types and Loan Classification (Continued)**

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>December 31, 2019</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	20,717.59	2,012.52	591.91	275.30	2,791.64	26,388.96
Manufacturing and commercial	450,655.26	26,351.18	7,628.84	6,290.48	41,395.82	532,321.58
Real estate and construction	93,897.15	7,510.22	394.83	1,808.63	9,410.25	113,021.08
Public utilities and services	333,940.56	21,580.57	145.73	982.91	5,124.05	361,773.82
Housing loans	371,806.19	6,063.24	2,427.85	2,748.19	12,990.56	396,036.03
Others	569,311.48	3,247.28	1,338.50	388.42	2,485.71	576,771.39
Total	1,840,328.23	66,765.01	12,527.66	12,493.93	74,198.03	2,006,312.86

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>December 31, 2018</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	23,358.96	1,996.60	622.81	887.03	1,038.19	27,903.59
Manufacturing and commercial	463,829.89	29,295.21	8,589.74	9,303.26	37,356.60	548,374.70
Real estate and construction	97,273.62	6,762.16	489.39	2,233.69	8,417.40	115,176.26
Public utilities and services	327,490.70	14,753.20	454.79	2,492.46	7,151.87	352,343.02
Housing loans	353,537.67	6,394.85	2,396.85	2,388.22	12,016.19	376,733.78
Others	518,169.77	3,236.55	1,543.86	317.45	4,902.90	528,170.53
Total	1,783,660.61	62,438.57	14,097.44	17,622.11	70,883.15	1,948,701.88

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.4 Classified by Loans Classification**

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2019</u>			
		Net Amount	%	
	Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's regulations				
Normal	1,923,615.73	883,840.78	1	13,907.87
Special mention	68,696.56	30,545.00	2	8,477.50
Substandard	12,779.63	6,428.87	100	6,433.38
Doubtful	12,646.62	4,526.67	100	4,546.77
Doubtful of loss	77,294.58	37,398.49	100	37,402.96
2. Excess allowance				64,459.30
Total	2,095,033.12	962,739.81		135,227.78

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2018</u>			
		Net Amount	%	
	Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's regulations				
Normal	1,858,756.46	872,883.93	1	13,399.00
Special mention	64,464.87	25,554.66	2	11,584.89
Substandard	14,404.28	7,898.81	100	7,898.81
Doubtful	17,923.17	9,196.18	100	9,196.18
Doubtful of loss	74,079.95	31,511.21	100	33,008.01
2. Excess allowance				58,667.50
Total	2,029,628.73	947,044.79		133,754.39

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.4 Classified by Loans Classification (Continued)**

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2019</u>			
	Net Amount		%	
	Loans and Accrued Interest <u>Receivables</u>	Used for Setting the Allowance for <u>Doubtful Accounts</u> ¹	Used for Setting the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BOT's regulations				
Normal	1,844,572.60	808,034.02	1	11,390.92
Special mention	67,026.16	29,098.14	2	7,941.76
Substandard	12,527.68	6,199.65	100	6,204.16
Doubtful	12,493.92	4,388.48	100	4,408.58
Doubtful of loss	74,261.32	34,443.63	100	34,448.10
2. Excess allowance				62,338.13
Total	2,010,881.68	882,163.92		126,731.65

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2018</u>			
	Net Amount		%	
	Loans and Accrued Interest <u>Receivables</u>	Used for Setting the Allowance for <u>Doubtful Accounts</u> ¹	Used for Setting the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BOT's regulations				
Normal	1,788,230.40	810,450.16	1	11,142.66
Special mention	62,679.70	24,206.50	2	11,091.42
Substandard	14,097.45	7,689.49	100	7,689.49
Doubtful	17,622.11	9,019.90	100	9,019.90
Doubtful of loss	70,950.08	28,612.17	100	30,108.97
2. Excess allowance				56,287.43
Total	1,953,579.74	879,978.22		125,339.87

¹ Net amount used for setting the allowance for doubtful accounts represents outstanding amount of principal excluding accrued interest receivables after deducted collateral, or debts after deducted the present value of expected cash flows from debtors, or present value of expected cash flows from sale of collateral.

² Included loss rate net of recovery.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.6.5 Non-Performing Loans (NPLs)

As at December 31, 2019 and 2018, the Bank and its subsidiaries had NPLs defined according to the BOT's notification as loans classified substandard, doubtful, doubtful of loss, and loss. Including interbank and money market items but excluding accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
NPLs before allowance for doubtful accounts	102,659.44	106,369.71	99,223.62	102,633.69
NPLs as percentage of total loans	4.33	4.53	4.33	4.52
NPLs after allowance for doubtful accounts	42,333.25	44,396.08	42,217.61	43,942.97
NPLs as percentage of net total loans	1.83	1.94	1.89	1.98

For the year ended December 31, 2019 and 2018, the Bank write off bad debts from non-performing debtors which included principal and accrued interest receivables of Baht 18,833.52 million and Baht 18,330.35 million, respectively.

6.6.6 Non-Accrual Loans based on the Accrual Basis

As at December 31, 2019 and 2018, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BOT's requirement which included loans are in interbank and money market items as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Non-accrual loans	102,659.44	106,369.71	99,223.62	102,633.69
Percentage of total loans before allowance for doubtful accounts	4.33	4.53	4.33	4.52

6.6.7 Loans to Potential Delisted Companies

As at December 31, 2019 and 2018, the Bank and its subsidiaries have loans and accrued interest receivables to 2 potential delisted companies of Baht 8,501.34 million which have allowance for doubtful accounts of Baht 3,141.46 million. Moreover, there are 3 potential delisted companies of Baht 9,052.68 million, which have allowance for doubtful accounts of Baht 7,616.11 million, respectively.

6.6.8 Troubled Debt Restructuring (TDR)

For the year ended December 31, 2019, the Bank conducts the troubled debt restructuring contracts in 7,660 cases, which the debt balance before restructuring of Baht 60,638.10 million, principal repayment is in amount of Baht 16,760.81 million, whereas its loans increase in amount of Baht 34,678.27 million, and bad debt after restructuring of Baht 40.03 million.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.8 Troubled Debt Restructuring (TDR) (Continued)**

TDR for the year ended December 31, 2019 is set out as follows:

(Million Baht)				
	No. of	<u>The Bank's Financial Statements</u>		<u>Fair Value</u>
		Outstanding	Type of	
<u>Troubled Debt Restructuring Methods</u>	<u>Cases</u>	Debt before	Transferred	
		<u>Restructuring</u>	<u>Assets</u>	
Transfers of assets	23	302.41	Land & Premises	302.41
Change of repayment conditions	457	28,667.72		
Debt restructuring in various forms	7,180	31,667.97		
		7,660		60,638.10
		7,660		60,638.10

As at December 31, 2019, the Bank has outstanding balance of loans restructured debts 37,540 cases of Baht 159,686.98 million, of which 18,581 cases of Baht 10,641.55 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2019, the Bank and its subsidiaries restructured debts of 7,731 cases, which the debts before restructuring were Baht 62,292.22 million.

For the year ended December 31, 2018, the Bank conducts the troubled debt restructuring contracts in 9,410 cases, which the debt balance before restructuring of Baht 67,302.08 million, principal repayment is in amount of Baht 10,857.72 million, whereas its loans increase in amount of Baht 44,680.60 million, and bad debts from troubled debt restructuring of Baht 3.80 million.

TDR for the year ended December 31, 2018 was set out as follows:

(Million Baht)				
	No. of	<u>The Bank's Financial Statements</u>		<u>Fair Value</u>
		Outstanding	Type of	
<u>Troubled Debt Restructuring Methods</u>	<u>Cases</u>	Debt before	Transferred	
		<u>Restructuring</u>	<u>Assets</u>	
Transfers of assets	6	52.56	Land & Premises	52.56
Change of repayment conditions	381	29,283.27		
Debt restructuring in various forms	9,023	37,966.25		
		9,410		67,302.08
		9,410		67,302.08

As at December 31, 2018, the Bank has outstanding balance of loans restructured debts 36,782 cases of Baht 165,455.48 million, of which 16,175 cases of Baht 8,830.08 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2018, the Bank and its subsidiaries restructured debts of 9,467 cases, which the debts before restructuring were Baht 69,562.05 million.

6.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.6.9 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)**

(Million Baht)

Consolidated Financial Statements

	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	2,532.23	2,168.64	63.48	4,764.35	6,778.78	4,712.38	21.08	11,512.24
<u>Less</u> Unearned financial income				(433.30)				(879.53)
Present value of minimum leases payment				4,331.05				10,632.71
<u>Less</u> Allowance for doubtful accounts				(515.03)				(1,238.29)
Financial lease receivables, net				<u>3,816.02</u>				<u>9,394.42</u>

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	1.02	-	-	1.02	1.04	-	-	1.04
<u>Less</u> Unearned financial income				(0.15)				(0.15)
Present value of minimum leases payment				0.87				0.89
<u>Less</u> Allowance for doubtful accounts				(0.87)				(0.89)
Financial lease receivables, net				<u>-</u>				<u>-</u>

6.7 Allowance for Doubtful Accounts

(Million Baht)

<u>Consolidated Financial Statements</u>							
<u>December 31, 2019</u>							
	Special		Doubtful		Allowance in Excess of BOT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Requirement</u>	<u>Total</u>
Beginning balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39
Doubtful accounts	647.75	(1,942.05)	3,285.70	(4,571.38)	21,181.03	5,238.84	23,839.89
Allowance for doubtful accounts							
transferred to allowance for							
debt restructuring revaluation	-	(39.86)	-	-	-	-	(39.86)
Bad debt recovered	-	-	-	-	2,319.45	-	2,319.45
Bad debt written-off	(144.21)	(1,125.75)	(4,751.13)	(101.46)	(19,053.19)	-	(25,175.74)
Others	5.33	0.27	-	23.43	(52.34)	552.96	529.65
Ending balances	13,907.87	8,477.50	6,433.38	4,546.77	37,402.96	64,459.30	135,227.78

(Million Baht)

<u>Consolidated Financial Statements</u>							
<u>December 31, 2018</u>							
	Special		Doubtful		Allowance in Excess of BOT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Requirement</u>	<u>Total</u>
Beginning balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73
Doubtful accounts	(1,300.47)	(4,752.43)	4,952.00	(15,682.55)	19,260.70	23,735.97	26,213.22
Allowance for doubtful accounts							
transferred from allowance for							
debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	4,343.30	-	4,343.30
Bad debt written-off	(216.14)	(1,083.64)	(4,342.78)	(119.51)	(18,607.45)	-	(24,369.52)
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40
Ending balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39

6.7 Allowance for Doubtful Accounts (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>						Allowance in Excess of BOT's Requirement	<u>Total</u>
	<u>December 31, 2019</u>							
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Requirement</u>		
Beginning balances	11,142.66	11,091.42	7,689.49	9,019.90	30,108.97	56,287.43	125,339.87	
Doubtful accounts	242.93	(3,110.07)	(1,485.33)	(4,634.75)	20,989.48	5,497.74	17,500.00	
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	(39.86)	-	-	-	-	(39.86)	
Bad debt recovered	-	-	-	-	2,235.51	-	2,235.51	
Bad debt written-off	-	-	-	-	(18,833.52)	-	(18,833.52)	
Others	5.33	0.27	-	23.43	(52.34)	552.96	529.65	
Ending balances	<u>11,390.92</u>	<u>7,941.76</u>	<u>6,204.16</u>	<u>4,408.58</u>	<u>34,448.10</u>	<u>62,338.13</u>	<u>126,731.65</u>	

(Million Baht)

	<u>The Bank's Financial Statements</u>						Allowance in Excess of BOT's Requirement	<u>Total</u>
	<u>December 31, 2018</u>							
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Requirement</u>		
Beginning balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35	
Doubtful accounts	(1,654.12)	(5,828.09)	685.94	(15,600.36)	18,934.50	23,962.13	20,500.00	
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	17.26	-	-	-	-	17.26	
Bad debt recovered	-	-	-	-	4,240.21	-	4,240.21	
Bad debt written-off	-	-	-	-	(18,330.35)	-	(18,330.35)	
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40	
Ending balances	<u>11,142.66</u>	<u>11,091.42</u>	<u>7,689.49</u>	<u>9,019.90</u>	<u>30,108.97</u>	<u>56,287.43</u>	<u>125,339.87</u>	

For the year ended December 31, 2019, the Bank has the allowance for doubtful accounts of Baht 17,500 million.

For the year ended December 31, 2018, the Bank has the allowance for doubtful accounts of Baht 20,500 million.

6.8 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	-	17.26
Transfer from (to) allowance for doubtful accounts	39.86	(17.26)
Ending balance	39.86	-

The revaluation allowance for debt restructuring was transferred from allowance for doubtful accounts for restructured debtors, and transferred to allowance for doubtful accounts when the debtors defaulted to comply with the new troubled debt restructuring agreement.

The revaluation allowance for debt restructuring has not been amortized and recognized as income upon receipt of debt repayment but transferred to allowance for doubtful accounts instead as the restructured debts may become non-performing.

6.9 Properties for Sale, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	Beginning	Additions/	Disposals/	Ending	Beginning	Additions/	Disposals/	Ending
<u>Type of Properties for Sale</u>	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	5,386.10	4,428.75	31,675.41	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,632.49	251.60	8,461.54	4,190.69	2,172.98	283.02	6,080.65
Movable properties	297.35	40.87	146.30	191.92	236.44	168.47	107.56	297.35
Total	37,096.06	8,059.46	4,826.65	40,328.87	36,429.53	4,577.56	3,911.03	37,096.06
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	985.55	901.95	985.55	826.01	901.95	826.01	901.95
Total	38,066.63	9,045.01	5,728.60	41,383.04	37,324.16	5,479.51	4,737.04	38,066.63
<u>Less</u> Allowance for impairment	(2,083.53)	(7,116.95)	-	(9,200.48)	(1,814.22)	(269.31)	-	(2,083.53)
Properties for sale, net	35,983.10	1,928.06	5,728.60	32,182.56	35,509.94	5,210.20	4,737.04	35,983.10

6.9 Properties for Sale, Net (Continued)

(Million Baht)

<u>Type of Properties for Sale</u>	<u>The Bank's Financial Statements</u>							
	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Beginning</u>	<u>Additions/</u>	<u>Disposals/</u>	<u>Ending</u>	<u>Beginning</u>	<u>Additions/</u>	<u>Disposals/</u>	<u>Ending</u>
<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Transfer in</u>	<u>Transfer out</u>	<u>Balance</u>	
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	5,386.10	4,428.75	31,675.41	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,632.49	251.60	8,461.54	4,190.69	2,172.98	283.02	6,080.65
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,909.31	8,018.59	4,680.35	40,247.55	36,303.69	4,409.09	3,803.47	36,909.31
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	985.55	901.95	985.55	826.01	901.95	826.01	901.95
Total	37,879.88	9,004.14	5,582.30	41,301.72	37,198.32	5,311.04	4,629.48	37,879.88
<u>Less</u> Allowance for impairment	(1,967.08)	(7,158.74)	-	(9,125.82)	(1,711.98)	(255.10)	-	(1,967.08)
Properties for sale, net	35,912.80	1,845.40	5,582.30	32,175.90	35,486.34	5,055.94	4,629.48	35,912.80

As at December 31, 2019 and 2018, the Bank has allowance for impairment of properties for sale, net which are increased in the amount of Baht 7,158.74 million and Baht 255.10 million, respectively, from additional of loss on impairment.

For the year ended December 31, 2019 and 2018, the Bank generated gains on sale of properties for sale in the amount of Baht 878.26 million and Baht 498.30 million, respectively (before including revenue from ownership transferring fees which were paid by customer in the amount of Baht 74.28 million and Baht 82.10 million and selling expenses in the amount of Baht 231.16 million and Baht 187.44 million, respectively).

6.10 Premises and Equipment, Net

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

(Million Baht)

<u>Consolidated Financial Statements</u>										
<u>December 31, 2019</u>										
	<u>Cost</u>			Ending	<u>Accumulated Depreciation</u>			Ending	Allowance for Impairment	Premises and Equipment, Net
	Beginning Balance	Additions / Transfer in	Disposals / Transfer out		Beginning Balance	Depreciation	Disposals			
Land										
Historical cost	9,521.70	3.49	3,676.85	5,848.34	-	-	-	-	49.00	5,799.34
Appraisal increase *	10,438.05	-	180.53	10,257.52	-	-	-	-	-	10,257.52
Premises	12,272.51	299.77	196.82	12,375.46	8,641.63	254.73	172.76	8,723.60	16.05	3,635.81
Equipment	20,675.74	2,783.27	469.22	22,989.79	17,530.86	1,542.47	420.60	18,652.73	-	4,337.06
Others	1,353.73	629.84	1,088.09	895.48	652.60	74.40	2.69	724.31	-	171.17
Total	54,261.73	3,716.37	5,611.51	52,366.59	26,825.09	1,871.60	596.05	28,100.64	65.05	24,200.90

(Million Baht)

<u>Consolidated Financial Statements</u>										
<u>December 31, 2018</u>										
	<u>Cost</u>			Ending	<u>Accumulated Depreciation</u>			Ending	Allowance for Impairment	Premises and Equipment, Net
	Beginning Balance	Additions / Transfer in	Disposals / Transfer out		Beginning Balance	Depreciation	Disposals			
Land										
Historical cost	9,213.10	311.28	2.68	9,521.70	-	-	-	-	919.40	8,602.30
Appraisal increase *	10,446.24	-	8.19	10,438.05	-	-	-	-	-	10,438.05
Premises	11,909.89	445.31	82.69	12,272.51	8,420.97	284.60	63.94	8,641.63	16.05	3,614.83
Equipment	21,897.66	1,505.59	2,727.51	20,675.74	18,430.89	1,604.87	2,504.90	17,530.86	-	3,144.88
Others	888.82	965.29	500.38	1,353.73	565.04	92.44	4.88	652.60	-	701.13
Total	54,355.71	3,227.47	3,321.45	54,261.73	27,416.90	1,981.91	2,573.72	26,825.09	935.45	26,501.19

6.10 Premises and Equipment, Net (Continued)

(Million Baht)

The Bank's Financial StatementsDecember 31, 2019

	<u>Cost</u>				<u>Accumulated Depreciation</u>			Allowance for Impairment	Premises and Equipment, Net	
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending			
	Balance	Transfer in	Transfer out	Balance	Balance	Depreciation	Disposals			Balance
Land										
Historical cost	9,738.63	3.49	3,676.85	6,065.27	-	-	-	-	49.00	6,016.27
Appraisal increase *	10,438.05	-	180.53	10,257.52	-	-	-	-	-	10,257.52
Premises	11,367.08	241.37	152.94	11,455.51	7,940.74	216.45	129.55	8,027.64	16.05	3,411.82
Equipment	11,279.38	1,772.89	215.29	12,836.98	9,762.91	819.16	204.76	10,377.31	-	2,459.67
Others	1,061.40	178.51	366.98	872.93	652.60	74.40	2.69	724.31	-	148.62
Total	43,884.54	2,196.26	4,592.59	41,488.21	18,356.25	1,110.01	337.00	19,129.26	65.05	22,293.90

(Million Baht)

The Bank's Financial StatementsDecember 31, 2018

	<u>Cost</u>				<u>Accumulated Depreciation</u>			Allowance for Impairment	Premises and Equipment, Net	
	Beginning	Additions /	Disposals /	Ending	Beginning		Ending			
	Balance	Transfer in	Transfer out	Balance	Balance	Depreciation	Disposals			Balance
Land										
Historical cost	9,430.04	311.28	2.69	9,738.63	-	-	-	-	919.40	8,819.23
Appraisal increase *	10,446.24	-	8.19	10,438.05	-	-	-	-	-	10,438.05
Premises	10,956.57	435.15	24.64	11,367.08	7,698.21	249.11	6.58	7,940.74	16.05	3,410.29
Equipment	12,905.52	448.09	2,074.23	11,279.38	11,000.32	739.56	1,976.97	9,762.91	-	1,516.47
Others	858.41	208.74	5.75	1,061.40	565.04	92.44	4.88	652.60	-	408.80
Total	44,596.78	1,403.26	2,115.50	43,884.54	19,263.57	1,081.11	1,988.43	18,356.25	935.45	24,592.84

* The Bank Appraisal its land in year 2016.

6.10 Premises and Equipment, Net (Continued)

As at December 31, 2019 and 2018, the allowance for impairment is as follows:

	(Million Baht)	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	935.45	919.40
Increase (Decrease)	(870.40)	16.05
Ending balance	<u>65.05</u>	<u>935.45</u>

6.11 Other Intangible Assets, Net

(Million Baht)

<u>Consolidated Financial Statements</u>									
<u>December 31, 2019</u>									
	<u>Cost</u>			<u>Accumulated Amortization</u>					
	Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Intangible		
	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Assets,</u>
									<u>Net</u>
Software licenses	6,849.08	858.37	481.91	7,225.54	4,307.34	633.19	198.00	4,742.53	2,483.01
Other licenses	11.41	3.22	-	14.63	10.14	0.76	-	10.90	3.73
Development cost	4,261.58	24.12	-	4,285.70	3,095.54	244.22	-	3,339.76	945.94
Partial payment of intangible assets	508.20	774.80	815.45	467.55	-	-	-	-	467.55
Total	<u>11,630.27</u>	<u>1,660.51</u>	<u>1,297.36</u>	<u>11,993.42</u>	<u>7,413.02</u>	<u>878.17</u>	<u>198.00</u>	<u>8,093.19</u>	<u>3,900.23</u>

(Million Baht)

<u>Consolidated Financial Statements</u>										
<u>December 31, 2018</u>										
	<u>Cost</u>			<u>Accumulated Amortization</u>						
	Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Allowance	Intangible		
	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>for</u>	
									<u>Impairment</u>	
									<u>Assets,</u>	
									<u>Net</u>	
Software licenses	6,120.21	763.53	34.66	6,849.08	3,717.66	619.13	29.45	4,307.34	-	2,541.74
Other licenses	10.61	0.80	-	11.41	9.44	0.70	-	10.14	-	1.27
Development cost	4,224.13	40.23	2.78	4,261.58	2,838.67	259.65	2.78	3,095.54	-	1,166.04
Partial payment of intangible assets	390.76	294.68	177.24	508.20	-	-	-	-	273.45	234.75
Total	<u>10,745.71</u>	<u>1,099.24</u>	<u>214.68</u>	<u>11,630.27</u>	<u>6,565.77</u>	<u>879.48</u>	<u>32.23</u>	<u>7,413.02</u>	<u>273.45</u>	<u>3,943.80</u>

6.11 Other Intangible Assets, Net (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>								
	<u>December 31, 2019</u>								
	<u>Cost</u>			<u>Accumulated Amortization</u>			<u>Intangible</u>		
Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Assets,			
<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Net</u>	
Software licenses	1,172.56	606.17	284.37	1,494.36	650.42	126.05	0.46	776.01	718.35
Other licenses	5.12	1.96	-	7.08	4.99	0.04	-	5.03	2.05
Development cost	735.32	-	-	735.32	393.15	56.53	-	449.68	285.64
Partial payment of									
intangible assets	130.27	614.80	352.74	392.33	-	-	-	-	392.33
Total	2,043.27	1,222.93	637.11	2,629.09	1,048.56	182.62	0.46	1,230.72	1,398.37

(Million Baht)

	<u>The Bank's Financial Statements</u>								
	<u>December 31, 2018</u>								
	<u>Cost</u>			<u>Accumulated Amortization</u>			<u>Intangible</u>		
Beginning	Disposals/	Ending	Beginning	Disposals/	Ending	Assets,			
<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Transfer out</u>	<u>Balance</u>	<u>Net</u>	
Software licenses	967.00	205.56	-	1,172.56	545.21	105.21	-	650.42	522.14
Other licenses	5.12	-	-	5.12	4.97	0.02	-	4.99	0.13
Development cost	738.10	-	2.78	735.32	336.11	59.82	2.78	393.15	342.17
Partial payment of									
intangible assets	71.43	58.84	-	130.27	-	-	-	-	130.27
Total	1,781.65	264.40	2.78	2,043.27	886.29	165.05	2.78	1,048.56	994.71

6.12 Deferred Tax Assets and Deferred Tax Liabilities

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deferred Tax Assets	8,164.56	5,127.96	5,697.18	2,666.69
Deferred Tax Liabilities	-	-	-	-
Net	8,164.56	5,127.96	5,697.18	2,666.69

Movements in deferred tax assets and deferred tax liabilities during the period/year are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
			<u>Other</u>	
	<u>January 1, 2019</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2019</u>
Deferred Tax Assets				
Investments	680.13	8.63	(262.91)	425.85
Investments in subsidiaries and associates	160.51	(0.76)	-	159.75
Loans to customers and accrued interest receivables, net	4,008.39	1,443.65	-	5,452.04
Properties for sale	416.90	1,423.29	-	1,840.19
Premises and equipment	268.60	(250.94)	-	17.66
Provisions	2,966.05	516.33	197.93	3,680.31
Guarantee deposit under financial lease	15.20	(13.71)	-	1.49
Others	1,514.33	26.16	-	1,540.49
Total	10,030.11	3,152.65	(64.98)	13,117.78
Deferred Tax Liabilities				
Investments	2,138.32	72.90	54.24	2,265.46
Premises and equipment	2,492.00	26.35	(36.11)	2,482.24
Loans to customers and accrued interest receivables, net	271.71	(66.52)	-	205.19
Others	0.12	0.21	-	0.33
Total	4,902.15	32.94	18.13	4,953.22
Net	5,127.96	3,119.71	(83.11)	8,164.56

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2018</u>
Deferred Tax Assets				
Investments	470.70	(2.62)	212.05	680.13
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	3,874.51	133.88	-	4,008.39
Properties for sale	362.90	54.00	-	416.90
Premises and equipment	212.76	55.84	-	268.60
Provisions	3,131.38	59.06	(224.39)	2,966.05
Guarantee deposit under financial lease	31.94	(16.74)	-	15.20
Others	1,051.46	462.87	-	1,514.33
Total	<u>9,296.14</u>	<u>746.31</u>	<u>(12.34)</u>	<u>10,030.11</u>
Deferred Tax Liabilities				
Investments	1,867.86	14.61	255.85	2,138.32
Premises and equipment	2,408.67	84.97	(1.64)	2,492.00
Loans to customers and accrued interest receivables, net	426.67	(154.96)	-	271.71
Others	0.17	(0.05)	-	0.12
Total	<u>4,703.37</u>	<u>(55.43)</u>	<u>254.21</u>	<u>4,902.15</u>
Net	<u>4,592.77</u>	<u>801.74</u>	<u>(266.55)</u>	<u>5,127.96</u>

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2019</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2019</u>
Deferred Tax Assets				
Investments	681.89	8.63	(264.67)	425.85
Investments in subsidiaries and associates	160.51	(0.76)	-	159.75
Loans to customers and accrued interest receivables, net	2,085.57	1,455.67	-	3,541.24
Properties for sale	393.42	1,431.75	-	1,825.17
Premises and equipment	187.09	(174.08)	-	13.01
Provisions	2,332.62	490.74	173.07	2,996.43
Others	1,401.09	24.10	-	1,425.19
Total	<u>7,242.19</u>	<u>3,236.05</u>	<u>(91.60)</u>	<u>10,386.64</u>
Deferred Tax Liabilities				
Investments	2,138.32	72.90	56.52	2,267.74
Premises and equipment	2,437.18	20.65	(36.11)	2,421.72
Total	<u>4,575.50</u>	<u>93.55</u>	<u>20.41</u>	<u>4,689.46</u>
Net	<u>2,666.69</u>	<u>3,142.50</u>	<u>(112.01)</u>	<u>5,697.18</u>

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2018</u>
Deferred Tax Assets				
Investments	470.70	(2.62)	213.81	681.89
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	1,851.40	234.17	-	2,085.57
Properties for sale	342.39	51.03	-	393.42
Premises and equipment	183.88	3.21	-	187.09
Provisions	2,416.25	129.06	(212.69)	2,332.62
Others	981.98	419.11	-	1,401.09
Total	<u>6,407.09</u>	<u>833.98</u>	<u>1.12</u>	<u>7,242.19</u>
Deferred Tax Liabilities				
Investments	1,867.86	14.61	255.85	2,138.32
Premises and equipment	2,408.88	29.94	(1.64)	2,437.18
Total	<u>4,276.74</u>	<u>44.55</u>	<u>254.21</u>	<u>4,575.50</u>
Net	<u>2,130.35</u>	<u>789.43</u>	<u>(253.09)</u>	<u>2,666.69</u>

6.13 Other Assets, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepaid expenses	1,332.05	1,349.14	1,117.90	1,006.47
Account receivables - Revenue Department	357.51	1,071.03	3.86	4.81
Leaseholds	51.12	74.75	51.12	74.75
Suspense account debtors	5,905.73	5,520.20	5,896.16	5,508.86
Collateral under Credit Support Annex Contract and Cash Margin Debtors	6,974.68	3,935.01	6,974.68	3,935.01
Interbranch transactions	-	20.48	-	20.48
Settlement account between the Bank and other financial institutions	968.24	1,269.40	968.24	1,269.40
Sundry assets	11,425.58	6,132.11	11,699.08	6,942.49
Total	<u>27,014.91</u>	<u>19,372.12</u>	<u>26,711.04</u>	<u>18,762.27</u>
<u>Less</u> Allowance for impairment	<u>(3,172.49)</u>	<u>(3,028.15)</u>	<u>(3,156.31)</u>	<u>(3,001.50)</u>
Total other assets, net	<u>23,842.42</u>	<u>16,343.97</u>	<u>23,554.73</u>	<u>15,760.77</u>

As at December 31, 2019 and 2018, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 6.37.1).

6.14 Deposits**6.14.1 Classified by Type of Deposits**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Demand deposits	84,692.34	86,498.72	84,705.12	88,144.96
Savings deposits	1,493,161.77	1,402,459.13	1,495,080.35	1,403,335.22
Time deposits	578,010.88	550,644.05	578,674.47	551,467.65
Total	2,155,864.99	2,039,601.90	2,158,459.94	2,042,947.83

6.14.2 Classified by Currencies and Residency of Depositors

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	2,112,824.00	17,011.27	2,129,835.27	1,978,710.89	14,746.40	1,993,457.29
US Dollar	14,216.81	6,823.93	21,040.74	33,355.94	5,811.85	39,167.79
Other currencies	2,620.75	2,368.23	4,988.98	4,004.60	2,972.22	6,976.82
Total	2,129,661.56	26,203.43	2,155,864.99	2,016,071.43	23,530.47	2,039,601.90

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	2,115,418.95	17,011.27	2,132,430.22	1,982,056.82	14,746.40	1,996,803.22
US Dollar	14,216.81	6,823.93	21,040.74	33,355.94	5,811.85	39,167.79
Other currencies	2,620.75	2,368.23	4,988.98	4,004.60	2,972.22	6,976.82
Total	2,132,256.51	26,203.43	2,158,459.94	2,019,417.36	23,530.47	2,042,947.83

6.15 Interbank and Money Market Items, Net (Liabilities)

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	597.57	24,156.25	24,753.82	79.00	27,507.65	27,586.65
Commercial banks	382.55	92,620.09	93,002.64	407.46	35,497.89	35,905.35
Special purpose financial institutions	3,565.08	29,963.61	33,528.69	411.87	27,128.74	27,540.61
Other financial institutions	38,443.25	20,137.95	58,581.20	29,138.55	34,633.88	63,772.43
Total domestic items	42,988.45	166,877.90	209,866.35	30,036.88	124,768.16	154,805.04
6.15.2 Foreign Items						
US Dollar	289.43	5,427.72	5,717.15	346.46	1,946.99	2,293.45
Euro	78.53	-	78.53	112.05	-	112.05
Other currencies	160.50	-	160.50	185.39	-	185.39
Total foreign items	528.46	5,427.72	5,956.18	643.90	1,946.99	2,590.89
Total domestic and foreign items	43,516.91	172,305.62	215,822.53	30,680.78	126,715.15	157,395.93

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	597.57	24,156.25	24,753.82	79.00	27,507.65	27,586.65
Commercial banks	685.48	86,633.50	87,318.98	407.46	30,700.08	31,107.54
Special purpose financial institutions	3,565.08	29,963.61	33,528.69	411.87	26,928.74	27,340.61
Other financial institutions	38,443.24	18,239.06	56,682.30	29,339.85	34,034.40	63,374.25
Total domestic items	43,291.37	158,992.42	202,283.79	30,238.18	119,170.87	149,409.05
6.15.2 Foreign Items						
US Dollar	289.43	5,427.72	5,717.15	346.46	1,946.99	2,293.45
Euro	78.53	-	78.53	112.05	-	112.05
Other currencies	160.50	-	160.50	185.39	-	185.39
Total foreign items	528.46	5,427.72	5,956.18	643.90	1,946.99	2,590.89
Total domestic and foreign items	43,819.83	164,420.14	208,239.97	30,882.08	121,117.86	151,999.94

6.16 Debt Issued and Borrowings (Continued)

Bonds under Euro Medium Term Note Programme (EMTN Programme) amount USD 2,500 Million

On June 26, 2014, the Bank issued and offered USD 700 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debentures has tenor 10.5 years. The constant interest rate of 5.20 percent per annum for the first 5.5 years, after that the interest rate is equal to 5-years US Treasury Rate plus margin that is the interest rate of 3.535 percent per annum with a payment of interest every six months. It's on 26th of June and December of each year until maturity.

The Bank already redeemed all debentures mentioned above as at 5.5 years maturity date.

Subordinated Debentures pursuant to Malaysian Ringgit Medium Term Note Programme amount MYR 5,000 Million

On July 6, 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debenture has tenor 10 years, constant interest rate of 5.10 percent per annum. The right to early redeem the debentures after 5 years.

Subordinated Debentures

The Bank issued subordinated debentures No. 1/2560 that amount Baht 20,000 million, 20 million units of Baht 1,000 each, constant interest rate of 3.40 percent per annum with a payment of interest every three months until maturity. The debenture has tenor of 10 years and is due in 2027 (B.E.2570). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

The Bank issued subordinated debentures No. 1/2562 that amount Baht 24,000 million, 24 million units of Baht 1,000 each, constant interest rate of 3.70 percent per annum with a payment of interest every three months until maturity. The debenture has tenor of 10 years and is due in 2029 (B.E.2572). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

Redemption of Subordinated Debentures

The right to early redeem the debenture after 5 years or any interest payment date after 5 years or according to the condition of agreement, except for the subordinated debenture pursuant to EMTN Programme, the right to early redeem the debenture after 5.5 years or any interest payment date after 5.5 years.

6.17 Provisions

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provisions for employee benefits	14,418.80	10,987.65	12,973.06	9,904.19
Provisions for contingent loss from legal case	686.76	684.40	686.76	684.40
Other provisions	134.20	165.69	116.28	146.32
Total provisions	15,239.76	11,837.74	13,776.10	10,734.91

6.17 Provisions (Continued)**Provisions for Employee Benefits**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provisions for employee benefits				
Beginning balance	10,987.65	11,947.70	9,904.19	10,859.40
Current service costs	742.14	686.65	643.00	664.10
Interest costs	392.68	415.30	351.37	408.33
Past service cost	2,541.19	76.86	2,373.67	-
Employee benefits paid during the period	(1,234.48)	(1,016.92)	(1,164.48)	(964.19)
Actuarial losses (gains) on defined benefit plans				
- Demographic assumptions	1,403.94	23.27	1,097.74	22.36
- Financial assumptions	2,011.35	(1,145.21)	1,843.62	(1,085.81)
- Experience adjustment	(2,425.67)	-	(2,076.05)	-
Total provisions for employee benefits	<u>14,418.80</u>	<u>10,987.65</u>	<u>12,973.06</u>	<u>9,904.19</u>

The Principal Actuarial Assumptions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Average discount rate	1.63% - 1.96%	2.75% - 4.42%
Average future salary increase rate	3.00% - 6.00%	3.62% - 6.50%
Average turnover rate	0.57% - 45.84%	0.07% - 30.26%
Retirement age	55 - 60 Years	55 - 60 Years

Sensitivity Analysis of Principal Actuarial Assumptions

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in assumptions used for calculation. The actuarial assumptions may change based on changes in market conditions, changed in inflation condition including demographic changes in the defined benefit plan. The following table shows the effect of changes in key assumptions. The change in assumptions occur separately.

(Million Baht)

	<u>Increase (Decrease) in present value of the provisions</u>			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Average discount rate				
Increase of 1 %	(1,808.19)	(1,062.94)	(1,307.14)	(947.72)
Decrease of 1 %	2,190.98	1,262.30	1,562.95	1,126.69
Average future salary increase rate				
Increase of 1 %	1,688.55	976.53	1,083.99	854.32
Decrease of 1 %	(1,442.84)	(835.33)	(933.66)	(733.88)

6.17 Provisions (Continued)**Maturity Profile of Defined Benefit Plan**

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Weighted average duration of the defined benefit plan	8-17	9-31	16

(Years)

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Maturity analysis of benefits expected to be paid			
Amount expected to be paid within 12 months	700.44	552.75	627.29	502.09
Amount expected to be paid between 1 to 2 years	675.47	605.71	636.08	556.44
Amount expected to be paid between 2 to 5 years	3,357.15	2,773.87	3,109.39	2,567.40
Amount expected to be paid between 5 to 10 years	6,734.28	6,472.42	6,145.35	5,877.44
Amount expected to be paid between 10 to 15 years	5,412.31	5,615.08	4,628.91	4,760.77
Amount expected to be paid between 15 to 25 years	9,430.24	10,377.94	8,188.84	8,151.06
Amount expected to be paid over 25 years	12,497.10	20,779.86	12,205.90	19,699.43

In accordance with the State Enterprise Labour Relations Committee notification, regarding “The Minimum Wage Standard of State Enterprise (No.4)” that was published in the Royal Thai Government Gazette directive dated September 26, 2019 and the Labour Protection Act (No.7) B.E. 2562 (2019) that was published in the Royal Thai Government Gazette directive dated April 5, 2019, the employer is obligated of additional pay in the case of termination of an employee who has worked for a continuous period of twenty years and more shall be paid for the amount of not less than the last rate of wages for four hundred days or of not less than his or her wages for the last four hundred days for an employee who receives wages based on calculated performance in units. Hence, the Bank and its subsidiaries have included such impacts into the financial statements.

Provisions for Contingent loss from legal case

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Provisions for Litigations			
Beginning balance	684.40	518.85	684.40	518.85
Increase	2.36	165.55	2.36	165.55
Ending balance	686.76	684.40	686.76	684.40

(Million Baht)

6.17 Provisions (Continued)**Other Provisions**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other provisions				
Beginning balance	165.69	159.12	146.32	146.32
Increase (Decrease)	(31.49)	6.57	(30.04)	-
Ending balance	134.20	165.69	116.28	146.32

6.18 Other Liabilities

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accrued interest expenses	4,610.77	4,193.71	4,269.23	3,819.36
Accrued expenses	13,958.37	14,007.94	12,019.77	12,214.13
Interbranch account	911.04	-	911.04	-
Suspense account creditors	2,626.91	2,801.96	3,586.59	4,126.09
Tax payables	5,713.49	4,250.44	4,862.94	3,352.70
Deferred revenue for reward points	2,277.23	2,335.67	-	-
Settle account between the Bank and other financial institutions	132.09	613.90	132.09	613.90
Advanced account	5,650.44	2,222.63	5,650.44	2,222.63
Cheque in transit	1,745.14	5,282.65	1,745.14	5,282.65
Sundry liabilities	18,399.55	13,583.60	15,062.36	9,112.45
Total	56,025.03	49,292.50	48,239.60	40,743.91

6.19 Share Capital**6.19.1 Ordinary Shares**

As at December 31, 2019 and 2018, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.19.2 Preferred Shares

The 5.5 million of preferred shares are fully paid-up. Preferred share has more preference over the ordinary share. Apart from entitling to the same voting rights and claims on dividends as ordinary shares, it may enjoy preferential rights to a special dividend at a 3 percent fixed rate per annum prior to the ordinary shares when paid.

6.19.3 The Bank is the state enterprise; its major shareholder is the Financial Institutions Development Fund (FIDF). As at December 31, 2019, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.20 Legal Reserve

According to the Public Limited Company Act, the Bank is required to appropriate net profit of the year as legal reserve which is not less than 5 percent after deducting accumulated losses brought forward (if any) until legal reserve reaches an amount not less than 10 percent of authorized share capital. The Bank also set aside full amount of legal reserve.

6.21 The Appropriation of 2018 Net Profit and Dividend Payment

On April 12, 2019, the 26th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2018 net profit of Baht 25,100.62 million. On April 27, 2018, the 25th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2017 net profit of Baht 21,312.47 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2018</u>	<u>Net Profit of 2017</u>
Dividend - preferred shares (@ Baht 0.8725 and Baht 0.7645)	4.80	4.20
Dividend - ordinary shares (@ Baht 0.718 and Baht 0.61)	10,034.81	8,525.40
Net profit carried forward	15,061.01	12,782.87

6.22 Obligations and Contingent Liabilities

6.22.1 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Avals to bills	8,127.87	9,996.58
Guarantees of loans	3,544.24	3,781.13
Liability under unmatured import bills	6,589.69	5,626.47
Letters of credit	53,243.74	54,990.07
Other contingencies		
Unused credit line of overdraft	153,648.80	154,399.93
Other guarantees	180,860.79	172,789.00
Others	-	246.59
Total	<u>406,015.13</u>	<u>401,829.77</u>

Besides the contingent liabilities are mentioned above, as at December 31, 2019 and 2018, the Bank has contingent liabilities owing to prosecutions that are significant case of Baht 13,349.19 million and Baht 12,560.20 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at December 31, 2019 and 2018, the Bank has recognized provisions of Baht 686.76 million and Baht 684.40 million, respectively (Note 6.17).

6.22 Obligations and Contingent Liabilities (Continued)**6.22.2 Obligations under Long-Terms Leased**

The Bank has obligations arising from lease agreements. The amounts due are classified as follows:

(Million Baht)

Period	Consolidated Financial Statements							
	December 31, 2019				December 31, 2018			
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Land and/or Premises	832.32	639.33	30.17	1,501.82	844.42	790.38	44.84	1,679.64
Vehicles	445.37	859.56	-	1,304.93	427.73	839.88	-	1,267.61
Others	228.92	202.43	-	431.35	202.39	183.97	-	386.36
Total	1,506.61	1,701.32	30.17	3,238.10	1,474.54	1,814.23	44.84	3,333.61

(Million Baht)

Period	The Bank's Financial Statements							
	December 31, 2019				December 31, 2018			
	Within 1 year	Over 1 to 5 years	Over 5 years	Total	Within 1 year	Over 1 to 5 years	Over 5 years	Total
Land and/or Premises	615.88	503.42	30.17	1,149.47	598.71	548.27	44.84	1,191.82
Vehicles	401.42	792.26	-	1,193.68	383.18	775.87	-	1,159.05
Others	2.69	3.32	-	6.01	1.03	0.03	-	1.06
Total	1,019.99	1,299.00	30.17	2,349.16	982.92	1,324.17	44.84	2,351.93

6.23 Assets with Obligations and Restrictions

(Million Baht)

	Consolidated and the Bank's Financial Statements	
	December 31, 2019	December 31, 2018
	Government and state enterprise bonds pledged as collateral	
Court collateral	497.97	517.71
Repurchase agreements	26,051.16	-
Properties for sale (debtor is granted the right to buy back or first right for this portion)	8,435.45	8,450.02
Total	34,984.58	8,967.73

6.24 Related Party Transactions

6.24.1 As at December 31, 2019 and 2018, loans to the Bank's executives (First Vice President and above) are Baht 121.15 million and Baht 126.69 million. The average outstanding balances of such loans at month end are Baht 118.50 million and Baht 125.68 million, respectively.

The loans and obligation outstanding as at December 31, 2019 and 2018 to close family of the Bank's executives mentioned above are Baht 5.65 million and Baht 16.58 million, respectively.

6.24.2 Loans, Obligations, Derivatives, and Other Assets

The balances of loans and obligations to related parties, normal bank pricing policies, as at December 31, 2019 and 2018 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loans				
Related parties which the Bank totally held from 10 to 20 percent				
of their paid-up capital	0.52	0.48	0.52	0.48
Related parties which the Bank acquired equal to or over 10 percent				
of their paid-up capital from TDR	8,490.44	8,949.19	8,490.44	8,949.19
<u>Less</u> Allowance for doubtful accounts	(3,141.46)	(7,616.08)	(3,141.46)	(7,616.08)
Total	<u>5,348.98</u>	<u>1,333.11</u>	<u>5,348.98</u>	<u>1,333.11</u>
Subsidiaries				
KTB General Services and Security Company Limited	-	-	8.45	9.00
KTB Computer Services Company Limited	-	-	2,088.64	2,356.11
KTB Leasing Company Limited	-	-	3,693.43	9,825.38
Krungthai Asset Management Public Company Limited	-	-	0.06	0.03
Krungthai Card Public Company Limited	-	-	3,490.56	3,190.59
<u>Less</u> Allowance for doubtful accounts	-	-	(92.81)	(153.81)
Total	<u>-</u>	<u>-</u>	<u>9,188.33</u>	<u>15,227.30</u>
Associates				
Krung Thai IBJ Leasing Company Limited	5,738.65	2,000.12	5,738.65	2,000.12
Krungthai Zmico Securities Company Limited *	605.53	0.58	605.53	0.58
Krungthai Panich Insurance Public Company Limited	0.59	0.55	0.59	0.55
<u>Less</u> Allowance for doubtful accounts	(63.45)	(20.01)	(63.45)	(20.01)
Total	<u>6,281.32</u>	<u>1,981.24</u>	<u>6,281.32</u>	<u>1,981.24</u>
Related parties with directors or key management personal				
	30,619.97	27,245.27	30,619.97	27,245.27
<u>Less</u> Allowance for doubtful accounts	(170.12)	(393.97)	(170.12)	(393.97)
Total	<u>30,449.85</u>	<u>26,851.30</u>	<u>30,449.85</u>	<u>26,851.30</u>

6.24 Related Party Transactions (Continued)**6.24.2 Loans, Obligations, Derivatives, and Other Assets (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Obligations				
Related parties which the Bank totally held from 10 to 20 percent				
of their paid-up capital	19.04	20.89	19.04	20.89
Related parties which the Bank acquired equal to or over 10 percent				
of their paid-up capital from TDR	0.96	0.96	0.96	0.96
Subsidiaries				
KTB General Services and Security Company Limited	-	-	0.56	0.96
KTB Computer Services Company Limited	-	-	4.55	4.55
KTB Leasing Company Limited	-	-	0.89	0.98
Krungthai Card Public Company Limited	-	-	0.50	0.50
Associates				
Krung Thai IBJ Leasing Company Limited	2.09	1.80	2.09	1.80
Krungthai-AXA Life Insurance Public Company Limited	0.85	0.85	0.85	0.85
Krungthai Panich Insurance Public Company Limited	5.00	-	5.00	-
Related parties with directors or key management personal	126.55	12,168.19	126.55	12,168.19
Derivatives				
Subsidiaries				
KTB Leasing Company Limited	-	-	28.39	338.01
Associates				
Krung Thai IBJ Leasing Company Limited	932.80	-	932.80	-
Krungthai-AXA Life Insurance Public Company Limited	9,689.75	10,773.81	9,689.75	10,773.81
Krungthai Zmico Securities Company Limited *	0.15	-	0.15	-
Other Assets				
Subsidiaries				
KTB General Services and Security Company Limited	-	-	-	2.70
KTB Computer Services Company Limited	-	-	0.32	0.72
KTB Leasing Company Limited	-	-	0.30	3.81
Krungthai Card Public Company Limited	-	-	902.94	1,772.88
Krungthai Asset Management Public Company Limited	-	-	54.73	46.59
Associates				
Krungthai-AXA Life Insurance Public Company Limited	249.94	171.36	249.94	171.36
Krungthai Panich Insurance Public Company Limited	31.66	28.52	31.66	28.52
Krungthai Zmico Securities Company Limited *	0.72	1.03	0.72	1.03

* Formerly named as KT ZMICO Securities Company Limited.

6.24 Related Party Transactions (Continued)**6.24.3 Deposits, Interbank and Money Market Items, and Other Liabilities**

The balances of deposits and interbank and money market items to related parties, normal bank pricing policies, as at December 31, 2019 and 2018 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deposits				
Subsidiaries				
KTB Law Company Limited	-	-	500.72	556.72
KTB General Services and Security Company Limited	-	-	702.96	580.91
KTB Computer Services Company Limited	-	-	275.99	46.77
KTB Leasing Company Limited	-	-	190.01	251.74
Krungthai Asset Management Public Company Limited	-	-	302.93	201.31
KTB Advisory Company Limited	-	-	43.72	44.13
Krungthai Card Public Company Limited	-	-	881.01	1,865.65
KTC Nano Company Limited	-	-	0.16	-
KTC Pico (Bangkok) Company Limited	-	-	0.39	-
Associates				
Krung Thai IBJ Leasing Company Limited	19.41	36.91	19.41	36.91
Krungthai Zmico Securities Company Limited *	19.39	38.73	19.39	38.73
Krungthai Panich Insurance Public Company Limited	400.96	129.42	400.96	129.42
Krungthai-AXA Life Insurance Public Company Limited	2,880.91	2,580.73	2,880.91	2,580.73
Other parties related with directors or key managements	7,398.96	21,867.66	7,398.96	21,867.66
Interbank and Money Market Items				
Associates				
Krungthai-AXA Life Insurance Public Company Limited	3,700.00	4,200.00	3,700.00	4,200.00
Other Liabilities				
Subsidiaries				
KTB General Services and Security Company Limited	-	-	240.27	336.15
KTB Computer Services Company Limited	-	-	708.97	1,008.03
KTB Leasing Company Limited	-	-	-	0.35
Krungthai Card Public Company Limited	-	-	0.72	1.17
KTB Law Company Limited	-	-	126.34	125.00
Krungthai Asset Management Public Company Limited	-	-	0.04	0.04
Associates				
Krungthai Zmico Securities Company Limited *	-	0.03	-	0.03
Krungthai Panich Insurance Public Company Limited	8.89	13.22	8.89	13.22
Krungthai-AXA Life Insurance Public Company Limited	25.57	29.35	25.57	29.35
National ITMX Company Limited	15.66	13.86	15.66	13.86

* Formerly named as KT ZMICO Securities Company Limited.

6.24 Related Party Transactions (Continued)**6.24.4 Income and Expenses**

The Bank has significant income and expenses with related parties as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Interest Income				
Subsidiaries				
KTB Computer Services Company Limited	-	-	69.89	67.61
KTB Leasing Company Limited	-	-	122.57	383.48
Krungthai Card Public Company Limited	-	-	59.18	21.57
Associates				
Krungthai Zmico Securities Company Limited *	21.82	19.24	21.82	19.24
Krung Thai IBJ Leasing Company Limited	71.24	1.63	71.24	1.63
Interest Expenses				
Subsidiaries				
KTB Law Company Limited	-	-	3.98	3.84
KTB General Services and Security Company Limited	-	-	4.64	5.33
KTB Computer Services Company Limited	-	-	1.01	0.98
KTB Leasing Company Limited	-	-	0.80	1.78
Krungthai Asset Management Public Company Limited	-	-	1.27	1.68
KTB Advisory Company Limited	-	-	0.16	0.16
Krungthai Card Public Company Limited	-	-	1.94	1.39
Associates				
Krungthai Zmico Securities Company Limited *	0.06	0.06	0.06	0.06
Krungthai Panich Insurance Public Company Limited	2.30	0.95	2.30	0.95
Krungthai-AXA Life Insurance Public Company Limited	159.66	180.20	159.66	180.20
Krung Thai IBJ Leasing Company Limited	0.01	0.01	0.01	0.01

6.24 Related Party Transactions (Continued)**6.24.4 Income and Expenses (Continued)**

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Other Income				
Subsidiaries				
KTB Law Company Limited	-	-	0.12	0.13
KTB General Services and Security Company Limited	-	-	5.45	4.92
KTB Computer Services Company Limited	-	-	0.25	0.07
KTB Leasing Company Limited	-	-	20.74	21.77
Krungthai Asset Management Public Company Limited	-	-	650.55	637.93
Krungthai Card Public Company Limited	-	-	268.43	334.44
Associates				
Krung Thai IBJ Leasing Company Limited	8.31	2.62	8.31	2.62
Krungthai Zmico Securities Company Limited *	7.83	6.24	7.83	6.24
Krungthai Panich Insurance Public Company Limited	191.19	182.83	191.19	182.83
Krungthai-AXA Life Insurance Public Company Limited	2,202.80	2,366.14	2,202.80	2,366.14
National ITMX Company Limited	0.07	0.08	0.07	0.08
Other Expenses				
Subsidiaries				
KTB Law Company Limited	-	-	774.28	939.79
KTB General Services and Security Company Limited	-	-	2,370.72	2,342.65
KTB Computer Services Company Limited	-	-	3,675.94	3,529.44
Krungthai Card Public Company Limited	-	-	7.39	8.36
Associates				
Krung Thai IBJ Leasing Company Limited	35.60	127.57	35.60	127.57
Krungthai Zmico Securities Company Limited *	9.34	8.75	9.34	8.75
National ITMX Company Limited	180.85	120.36	180.85	120.36

* Formerly named as KT ZMICO Securities Company Limited.

6.24.5 The Bank and its subsidiaries have no compensations or other benefits, both monetary and non-monetary, to directors and executives except the benefits that are normally paid as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Short-term employee benefits	1,185.70	1,099.38	797.30	751.17
Post-employment benefits	63.03	54.68	27.06	27.42
Total	1,248.73	1,154.06	824.36	778.59

6.24 Related Party Transactions (Continued)

6.24.6 Intercompany Trading Transactions

Subsidiaries

1) KTB Computer Services Company Limited has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method for the year ended December 31, 2019 and 2018 of Baht 3,545.00 million and Baht 3,398.50 million, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTB Computer Service Company Limited. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. For the hiring contract of the fiscal year 2019 budget, is in the progress to joint signatories. The government informs the Bank that the Annual Expenditure Budget Act B.E.2563 (2020) has not been launched. By the way, the GFMIS project remains necessity and has to be continued for the utilization of the government agencies. The Bank incurs service charges for the year ended December 31, 2019 and 2018 of Baht 130.94 million.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB Law Company Limited has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the year ended December 31, 2019 and 2018 of Baht 590.21 million and Baht 786.99 million, respectively.

3) KTB General Services and Security Company Limited is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTB General Services and Security Company Limited also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the year ended December 31, 2019 and 2018 of Baht 2,370.72 million and Baht 2,342.65 million, respectively.

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Public Company Limited for the year ended December 31, 2019 and 2018 of Baht 0.33 million and Baht 0.53 million, respectively.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 4)] for the year ended December 31, 2019 and 2018 of Baht 6,828.33 million and Baht 6,820.24 million, respectively, at the rate upon agreement.

6) The Bank generates fees income from service contracts for the year ended December 31, 2019 and 2018 of Baht 856.91 million and Baht 903.08 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the year ended December 31, 2019 and 2018 of Baht 20.14 million and Baht 19.52 million at the rate upon agreement.

Intercompany Considerations

Intercompany income and expenses are based on the rate upon agreement and the amount specified in the contract, whereas cost plus system has been applicable to some certain transactions.

The consolidated financial statements include the accounts of subsidiaries after eliminating intercompany transactions and balances.

6.24 Related Party Transactions (Continued)**6.24.6 Intercompany Trading Transactions (Continued)****Associates**

1) The Bank generates premises rental income from associates for the year ended December 31, 2019 and 2018 at the amount of Baht 0.45 million and Baht 1.18 million, respectively, at the rate upon agreement.

2) The Bank generates fees income from supportive service contracts for the year ended December 31, 2019 and 2018 of Baht 2,231.08 million and 2,482.87 million, respectively, at the rate upon agreement.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**6.25.1 Financial Position Classified by Business Segment**

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,999,663.81	20,959.97	3,020,623.78	2,704,603.14	39,363.72	2,743,966.86
Interbank and money market items, net	329,784.11	8,986.48	338,770.59	357,494.13	15,019.65	372,513.78
Investments, net*	423,819.89	2,353.69	426,173.58	238,710.38	1,456.51	240,166.89
Loans to customers and						
accrued interest receivables, net	1,950,476.82	9,284.05	1,959,760.87	1,878,056.87	17,817.47	1,895,874.34
Deposits	2,151,129.97	4,735.02	2,155,864.99	2,033,590.08	6,011.82	2,039,601.90
Interbank and money market items, net	215,810.44	12.09	215,822.53	155,433.18	1,962.75	157,395.93
Debt issued and borrowings	89,519.10	7,322.20	96,841.30	64,685.10	30,520.41	95,205.51

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,895,805.82	20,959.97	2,916,765.79	2,621,581.33	39,363.72	2,660,945.05
Interbank and money market items, net	329,287.34	8,986.48	338,273.82	356,744.05	15,019.65	371,763.70
Investments, net*	403,650.48	2,353.69	406,004.17	232,470.06	1,456.51	233,926.57
Loans to customers and						
accrued interest receivables, net	1,874,826.12	9,284.05	1,884,110.17	1,810,422.40	17,817.47	1,828,239.87
Deposits	2,153,724.92	4,735.02	2,158,459.94	2,036,936.01	6,011.82	2,042,947.83
Interbank and money market items, net	208,227.88	12.09	208,239.97	150,037.19	1,962.75	151,999.94
Debt issued and borrowings	44,000.70	7,322.20	51,322.90	20,000.70	30,520.41	50,521.11

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at December 31, 2019 and 2018, have total assets before eliminating net interbranch transactions of Baht 8,407.66 million and Baht 4,763.67 million, respectively.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**6.25.2 Operations Classified by Business Segment**

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>		
Interest income	122,160.63	2,889.96	125,050.59	118,396.49	4,184.55	122,581.04
Interest expenses	(34,552.27)	(2,182.01)	(36,734.28)	(35,952.80)	(2,939.37)	(38,892.17)
Interest income, net	87,608.36	707.95	88,316.31	82,443.69	1,245.18	83,688.87
Fees and service income, net	23,184.69	52.84	23,237.53	23,608.61	53.37	23,661.98
Other operating income	14,017.96	85.84	14,103.80	9,715.62	154.68	9,870.30
Other operating expenses	(86,038.03)	(249.20)	(86,287.23)	(79,194.22)	(85.63)	(79,279.85)
Profit from operating before income tax expenses	38,772.98	597.43	39,370.41	36,573.70	1,367.60	37,941.30

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>		
Interest income	107,508.48	2,889.96	110,398.44	104,563.09	4,184.55	108,747.64
Interest expenses	(33,057.80)	(2,182.01)	(35,239.81)	(34,431.99)	(2,939.37)	(37,371.36)
Interest income, net	74,450.68	707.95	75,158.63	70,131.10	1,245.18	71,376.28
Fees and service income, net	18,515.99	52.84	18,568.83	19,336.81	53.37	19,390.18
Other operating income	11,071.68	85.84	11,157.52	6,287.53	154.68	6,442.21
Other operating expenses	(72,731.85)	(249.20)	(72,981.05)	(66,719.17)	(85.63)	(66,804.80)
Profit from operating before income tax expenses	31,306.50	597.43	31,903.93	29,036.27	1,367.60	30,403.87

The consolidated and the Bank's financial statements for the year ended December 31, 2019 and 2018, have total interest income and interest expenses before eliminating net interbranch transactions of Baht 2,078.91 million and Baht 2,810.74 million, respectively.

6.26 Operations Classified by Operating Segment

Segment Definition

The Bank is organized into segments for internal management which the Management Committee of each segment is the chief operating decision-maker (CODM). Three reportable segments have been divided based on customer types and nature of businesses:

1) Retail banking segment: develops financial products and services, and also provides services for individual customers relating to deposits, loans, payment for goods and services as well as sale of products released by the Bank's subsidiaries and business alliances through network branches nationwide.

2) Wholesale banking segment: provides credit facilities and financial services to corporate clients.

3) Treasury and investment segment: controls the Bank's financial structure to appropriate to make profit from the Bank's equity investment, international business and excess liquidity, and also supervising overseas branches and companies in which the Bank has invested and etc.

Other segments comprise of middle offices, back offices, subsidiaries and associates.

Accounting Procedures for Segment Reporting

In contrast to the accounting procedures for financial statements preparation, the accounting procedures of the operating segments are based on the principle of Economic Value Management (EVM), whereby performance is measured, as included in the internal management reports that are reviewed by the Bank's CODM. In accordance with the EVM concept, all business units are treated as profit centers, having internal service charge (ISC) between service providing unit and service receiving unit. Fund Transfer Pricing (FTP) concept is used to calculating value of fund for fund provider unit and cost of fund for fund user unit. Income and expenses are allocated according to ownership basis in order to gain net operating profit after tax (NOPAT).

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>					
	<u>Retail</u>	<u>Wholesale</u>	<u>Treasury and</u>	<u>Support and</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Banking</u>	<u>Banking</u>	<u>Investment</u>	<u>Others</u>		
Total operating income	50,120.78	32,798.79	8,746.10	33,991.97	-	125,657.64
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(32,550.10)	(16,304.92)	(2,849.05)	(18,002.23)	-	(69,706.30)
Bad debts, doubtful accounts and loss on impairment	(1,814.11)	(5,928.26)	(165.64)	(15,905.53)	-	(23,813.54)
Net profit	15,756.57	10,565.61	5,731.41	84.21	-	32,137.80
Segment assets	934,786.32	1,076,577.91	857,030.34	148,925.65	(5,104.10)	3,012,216.12
Segment liabilities	1,570,438.12	671,318.58	228,332.67	196,987.07	(3,186.71)	2,663,889.73

6.26 Operations Classified by Operating Segment (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>					<u>Total</u>
	<u>December 31, 2018</u>					
	<u>Retail Banking</u>	<u>Wholesale Banking</u>	<u>Treasury and Investment</u>	<u>Support and Others</u>	<u>Adjustments</u>	
Total operating income	51,471.53	30,921.73	6,163.93	28,663.96	-	117,221.15
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(33,406.87)	(10,542.99)	(2,459.15)	(13,530.95)	-	(59,939.96)
Bad debts, doubtful accounts and loss on impairment	(1,910.85)	(507.10)	103.27	(23,877.19)	-	(26,191.87)
Net profit (loss)	16,153.81	19,871.64	3,808.05	(8,744.18)	-	31,089.32
Segment assets	885,645.65	1,077,054.10	658,657.31	143,871.84	(26,025.71)	2,739,203.19
Segment liabilities	1,517,542.20	597,752.99	155,224.32	179,208.11	(24,665.53)	2,425,062.09

6.27 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Interbank and money market items	7,112.92	9,881.92	7,112.62
Investment and trading transactions	482.49	324.84	482.49	324.84
Investment in debt	4,943.12	3,807.67	4,952.53	3,803.06
Loans *	109,783.69	104,680.94	95,568.67	91,788.34
Hire-purchase and finance lease	427.87	935.98	-	0.01
Others	221.59	138.95	203.22	138.95
Total interest income	122,971.68	119,770.30	108,319.53	105,936.90

* Interest income from loans for the year ended December 31, 2019 included the income received from the auction of mortgaged collaterals of a particular debtor amounting Bath 3,898.70 million (Note 6.37.1).

6.28 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deposits	17,860.99	19,444.98	17,873.54	19,458.45
Interbank and money market items	2,532.00	2,707.39	2,453.92	2,640.61
Contributions to Bank of Thailand (BOT)	9,765.77	9,498.23	9,765.77	9,498.23
Contributions to Deposit Protection Agency (DPA)	212.01	206.59	212.01	206.59
Debt issued				
Subordinated notes	4,062.59	4,068.92	2,654.93	2,621.99
B/E	-	0.45	-	0.45
Borrowings	3.02	5.12	1.72	2.80
Borrowing Fees	19.98	18.42	-	-
Others	199.01	131.33	199.01	131.50
Total interest expenses	<u>34,655.37</u>	<u>36,081.43</u>	<u>33,160.90</u>	<u>34,560.62</u>

6.29 Fees and Service Income, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fees and service income				
Acceptance, aval and guarantee	1,674.26	1,762.07	1,674.26	1,762.07
Others	27,921.85	27,730.68	21,600.72	21,825.37
Total fees and service income	<u>29,596.11</u>	<u>29,492.75</u>	<u>23,274.98</u>	<u>23,587.44</u>
Fees and service expenses	<u>(6,358.58)</u>	<u>(5,830.77)</u>	<u>(4,706.15)</u>	<u>(4,197.26)</u>
Fees and service income, net	<u>23,237.53</u>	<u>23,661.98</u>	<u>18,568.83</u>	<u>19,390.18</u>

6.30 Gains on Tradings and Foreign Exchange Transactions, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Gains (losses) on tradings and foreign exchange transactions				
Foreign currencies and foreign currency related derivatives	1,378.26	3,470.30	1,379.18	3,470.53
Interest rate related derivatives	1,356.37	(175.92)	1,354.94	(183.57)
Debt securities	1,245.41	(2.94)	1,245.41	(2.94)
Others	(783.34)	209.03	(783.34)	209.03
Total gains on tradings and foreign exchange transactions, net	<u>3,196.70</u>	<u>3,500.47</u>	<u>3,196.19</u>	<u>3,493.05</u>

6.31 Gain on Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Gains on sale of			
Available-for-sale securities	3,957.86	422.64	3,957.86	422.64
General investments	46.56	2.99	46.56	2.99
Total	4,004.42	425.63	4,004.42	425.63
Gains on investments in the subsidiaries and associates	410.47	-	410.47	-
Reversal (losses) on impairment of				
General investments	(43.29)	8.86	(43.29)	8.85
Investments in subsidiaries	-	-	3.79	(0.09)
Total	(43.29)	8.86	(39.50)	8.76
Total gains on investments, net	4,371.60	434.49	4,375.39	434.39

6.32 Impairment Loss of Loans and Debt Securities

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	Interbank and money market items	(591.56)	(2,421.82)	(591.56)
Held-to-maturity debt securities	(0.10)	0.08	(0.10)	0.08
Loans to customers	24,365.17	28,627.08	18,055.96	22,935.29
Loss from troubled debt restructuring	40.03	(13.47)	40.03	(13.47)
Total bad debts, doubtful accounts, and loss on impairment	23,813.54	26,191.87	17,504.33	20,500.08

6.33 Income Tax Expenses

The Bank has tax management policy and has been conducting tax management pursuant to the policy that correctly operates tax payment, tax filing and tax benefit utilization according to the legal regulations.

The Bank has considered tax effects both current and future of benefit from carrying amount of assets or settlement of carrying amount of liabilities. If there is probable that the Bank will get benefits from carrying amount of assets or settlement of carrying amount of liabilities, the Bank will pay income tax increase (or decrease) on the basis of amounts expected to be paid. Such the consideration is based on estimates, assumptions, regulation changes that may occur, legal interpretation and historical experience. In the future, if events change, which resulted in Bank to change its decision on the sufficiency of accrued income tax, any changes in accrued income tax will affect to income tax in the period that the changes occur.

6.33 Income Tax Expenses (Continued)

Income tax expenses recognized in profit or loss for the year ended December 31, 2019 and 2018 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current tax				
Current period	10,352.32	7,653.71	8,720.73	6,092.68
Deferred tax				
Movement in temporary differences	(3,119.71)	(801.74)	(3,142.50)	(789.43)
Total	<u>7,232.61</u>	<u>6,851.97</u>	<u>5,578.23</u>	<u>5,303.25</u>

Reconciliation of effective tax rates for the year ended December 31, 2019 and 2018 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Profit from operating before income tax expenses		<u>39,370.41</u>		<u>37,941.30</u>
Income tax calculated statutory tax rates	20.00%	7,874.08	20.00%	7,588.26
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		<u>(641.47)</u>		<u>(736.29)</u>
Total	18.37%	<u>7,232.61</u>	18.06%	<u>6,851.97</u>

	(Million Baht)			
	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Profit from operating before income tax expenses		<u>31,903.93</u>		<u>30,403.87</u>
Income tax calculated statutory tax rates	20.00%	6,380.79	20.00%	6,080.77
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		<u>(802.56)</u>		<u>(777.52)</u>
Total	17.48%	<u>5,578.23</u>	17.44%	<u>5,303.25</u>

6.34 Components of Other Comprehensive Income and Related Taxes

Components of other comprehensive income and related taxes for the year ended December 31, 2019 and 2018.

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount
	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>
Changes in revaluation surplus on assets	(180.53)	36.11	(144.42)	(8.19)	1.64	(6.55)
Gains (losses) on remeasuring available-for-sale investments	1,585.75	(317.15)	1,268.60	218.97	(43.79)	175.18
Losses arising from translating the financial statements						
of foreign operations	(15.87)	-	(15.87)	(207.35)	-	(207.35)
Actuarial gains (losses) on defined benefit plans	(989.62)	197.93	(791.69)	1,121.94	(224.39)	897.55
Share of other comprehensive income from associates	16,029.30	(3,205.86)	12,823.44	(3,507.03)	701.40	(2,805.63)
Other comprehensive income	16,429.03	(3,288.97)	13,140.06	(2,381.66)	434.86	(1,946.80)

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount
	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>
Changes in revaluation surplus on assets	(180.53)	36.11	(144.42)	(8.19)	1.64	(6.55)
Gains (losses) on remeasuring available-for-sale investments	1,605.93	(321.19)	1,284.74	210.19	(42.04)	168.15
Losses arising from translating the financial statements						
of foreign operations	(15.87)	-	(15.87)	(207.35)	-	(207.35)
Actuarial gains (losses) on defined benefit plans	(865.32)	173.07	(692.25)	1,063.45	(212.69)	850.76
Other comprehensive income	544.21	(112.01)	432.20	1,058.10	(253.09)	805.01

6.35 Fair Value of Financial Instruments

Financial assets and financial liabilities instruments carried at fair value classified by the levels of fair value hierarchy as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets								
Derivatives assets	-	55,811.42	-	55,811.42	-	36,229.57	-	36,229.57
Trading investments	18,488.86	29,762.70	-	48,251.56	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	48,355.22	295,842.91	-	344,198.13	50,380.46	146,419.96	-	196,800.42
Total financial assets	66,844.08	381,417.03	-	448,261.11	57,833.39	198,559.98	-	256,393.37
Financial liabilities								
Derivatives liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61
Total financial liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets								
Derivatives assets	-	55,811.46	-	55,811.46	-	36,231.03	-	36,231.03
Trading investments	18,488.86	29,762.70	-	48,251.56	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	48,355.22	296,500.91	-	344,856.13	50,380.46	147,061.78	-	197,442.24
Total financial assets	66,844.08	382,075.07	-	448,919.15	57,833.39	199,203.26	-	257,036.65
Financial liabilities								
Derivatives liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61
Total financial liabilities	-	51,868.54	-	51,868.54	-	32,345.61	-	32,345.61

There are no transfers between level 1 and level 2 of the fair value hierarchy during the period.

Fair Value Hierarchy

Fair value hierarchy of the above financial assets and liabilities depends on differences of data inputs in valuation, which determined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2 – Inputs that, can be observed either directly or indirectly for those assets and liabilities other than quoted prices in level 1.
- Level 3 – Inputs that are unobservable for those assets and liabilities.

6.35 Fair Value of Financial Instruments (Continued)

Valuation Techniques for Level 2

Fair value of derivatives is calculated by using valuation techniques included discounted cash flow model and option pricing model used practically by market participants. Data used in the valuation, is the observable input from reliable institutions, such as interest rates, exchange rates, and volatilities.

Fair value of investment in domestic issued debt securities is calculated by using price published by the Thai Bond Market Association (ThaiBMA), whilst fair value of investment in foreign issued debt securities are presented fair value by using the latest published price from reliable institutions.

Moreover, because of using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk, such as credit valuation adjustment (CVA), bid-offer spread adjustment for market liquidity risk, and model risk arising from option valuation for SMEs' currency guarantee program.

6.36 Business Transaction within the Financial Business Group Policies and Risk Management Policies regarding Business Transaction within the Financial Business Group.

The BOT's Notification No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated April 27, 2017, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated April 11, 2018, and SOR NOR SOR. 12/2561 dated May 22, 2018, regarding the Consolidated Supervision Policy requires the Bank to disclose the business transaction within the financial business group policies and risk management policies are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 17 companies within the financial business group (Note 6.5 except National ITMX Company Limited and BCI (Thailand) Company Limited), in terms of common standards and procedures which conform to the BOT's consolidated supervision policy. The business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, capital requirements of the financial business groups and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

In case of the Bank having business transactions with a company within the financial business groups as it is the Bank's sector, the Bank will follow the BOT's relenting regulations.

6.37 Others

6.37.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at December 31, 2019, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BOT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

6.37 Others (Continued)**6.37.1 (Continued)**

These debtors, together with certain other defendants, have also been prosecuted to the Criminal Division for Persons Holding Political Position of The Supreme Court by the Office of the Attorney General. The Supreme Court had issued the order of acceptance on July 25, 2012 and later gave a final judgment on August 26, 2015 that all defendants must be accountable for the damage caused to the Bank. The Bank submitted the letter to the Office of the Attorney General to designate its Department of Legal Execution as the Bank's legal executioner. In January 2016, the Office of the Attorney General filed a complaint to the Supreme Court to nominate the executing officers. The Supreme Court has nominated executing officers accordingly. The Bank also provided them with the result of property investigation of all debtors in accordance with the court judgment. On October 5, 2016 the attorneys of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office and the Bank to consider the problems regarding the legal execution of the Supreme Court's order. They will coordinate and exchange information, and each party will utilize its authority by the law and the Supreme Court's order for legal execution towards the defendants for the Bank's benefits and legal rights.

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of the Supreme Court.

In the present, criminal, other bankruptcy, and other civil case judgments are bought to levy compulsory execution of the mortgaged assets that assure debt obligation according to preferential mortgage in the Bank's civil case for auction. The court commanded the Bank to be settled as a mortgagee accepting aforementioned mortgaged guarantee assets as the Bank requested for being mortgage settled. Afterwards, on October 17, 2018, the Legal Execution Department noticed to auction and managed auction the mortgaged guarantee assets, which outsiders bid at Baht 8,914.07 million. At present, the Bank has received a settlement of aforementioned mortgaged guarantee assets according to preferential mortgage from the Legal Execution Department, which were sold under criminal case, of Baht 3,898.99 million. The Bank has the rights as prescribed by Thai laws by deducting the transaction fees and litigation expenses of Baht 0.29 million and the net amount of Baht 3,898.70 million resulted as the interest payment per civil case judgments under the financial statements for the year ended December 31, 2019. Moreover, on September 25, 2019, a defendant of the criminal suit of the Persons Holding Political Positions have prosecuted the civil case to the Bank take the amount in dispute which is recorded the damage fees per criminal case judgment. After, the Bank will defend the case and still insist the act. For the mortgaged guarantee assets sold in other bankruptcy and other civil cases, buyer has submitted a request for extending the payment on the remaining amount as there were applicants filing to withdraw the auction. The enforcement officer then commanded to allow such extension until the court verdict on withdrawing the auction has been established. At present, other bankruptcy cases were ordered to dismiss the request on auction withdrawal in which the court order was finalized. Hence, the Bank has further proceeded for relevant actions.

6.37 Others (Continued)**6.37.1 (Continued)**

Under the civil case that the Bank being a plaintiff suing for the mortgage enforcement on the aforementioned mortgaged guarantee assets, the Civil Court has the verdict for the Bank to receive according to the charge principal in whole together with interest on September 28, 2017. On October 31, 2018, the Court of Appeals has appointed for the verdict and sustained such prior Civil Court's verdict, in which the defendant has filed for the petition to the Supreme Court on December 25, 2018 while the Bank also filed against such defendant's petition to the Supreme Court on February 25, 2019. At present, such case is in the period of consideration by the Supreme Court.

6.37.2 In 2010, the Bank lend a company of USD 95.67 million (Baht 2,884.61 million) pledged an investment in ordinary shares of a foreign financial institution as collateral. Although such shares equaled to 50 percent of its authorized shares capital, are on the Bank's behalf, but the Bank has no influences over this invested financial institution. The Bank has already received full loan repayment under this contract since July, 2011, but not yet transferred those ordinary shares as collateral back to the company because the company need to find a financial institution to be a new investor first. At present, the Bank has submitted a request to the BOT for extending the period of changing the Bank's name from the company's shareholders registration; this is under the consideration by the BOT.

6.37.3 On October 12, 2016, the Bank has considered closing a certain foreign branch. Currently, the Bank continues to follow advice from legal consultants. Assets, liabilities and operating performance of the branch do not have a material effect on the Bank's financial statements.

6.38 Approval of the Financial Statements

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

ISSUER

Krung Thai Bank Public Company Limited

35 Sukhumvit Road
Klongtoey Nua
Wattana
Bangkok 10110 Thailand

ARRANGERS AND DEALERS

Citigroup Global Markets Limited

Citigroup Centre, Canada Square
Canary Wharf
London E14 5LB, United Kingdom

**The Hongkong and Shanghai Banking
Corporation Limited**

Level 17 HSBC Main Building
1 Queen's Road Central
Hong Kong

DEALERS

Merrill Lynch (Singapore) Pte. Ltd

50 Collyer Quay,
#14-01 OUE Bayfront
Singapore 049321

Standard Chartered Bank

One Basinghall Avenue
London EC2V 5DD
United Kingdom

TRUSTEE

The Bank of New York Mellon, London Branch

One Canada Square
London E14 5AL
United Kingdom

ISSUING AND PAYING AGENT

(in respect of Notes other than Notes cleared through the CMU)

The Bank of New York Mellon, London Branch

One Canada Square
London E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

(in respect of Notes other than Notes cleared through the CMU)

The Bank of New York Mellon SA/NV, Luxembourg Branch

Vertigo Building-Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

CMU LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

(in respect of Notes cleared through the CMU)

The Bank of New York Mellon, Hong Kong Branch

Level 26 Three Pacific Place
1 Queen's Road East
Hong Kong

AUDITORS TO THE ISSUER

State Audit Office of the Kingdom of Thailand
Soi Areesampan, Rama VI Road, Phayathai,
Bangkok 10400, Thailand

EY Office Limited
33rd Floor, Lake Rajada Office Complex 193/136-137
Rajadapisek Rd, Klongtoey,
Bangkok 10110, Thailand

LEGAL ADVISERS

To the Issuer as to Thai law

Baker & McKenzie Ltd.
25th Floor, Abdulrahim Place 990 Rama IV Road,
Silom, Bangrak
Bangkok 10500 Thailand

*To the Arrangers, the Dealers and the Trustee as to
English law*

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

To the Issuer as to Cayman Islands law

Walkers (Hong Kong)
15th Floor Alexandra House
18 Chater Road
Central, Hong Kong

SINGAPORE LISTING AGENT

Allen & Overy LLP
50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321

