

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bangkok Bank Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at June 30, 2020, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and subsidiaries and of Bangkok Bank Public Company Limited as at June 30, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and the Bank of Thailand’s regulations.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and Bank’s financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and Bank’s financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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

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

Key Audit Matter	Audit Responses
	<p>which the Bank and subsidiaries are exposed.</p> <ul style="list-style-type: none"> ● Considering the criteria used to classify an asset to stage 1, 2 and 3 in accordance with TFRS 9 and the relevant regulations of the Bank of Thailand. Testing sample of assets in stage 1, 2 and 3 to verify that they were classified to the appropriate stage. This also included considering the internal credit risk rating system of the Bank and also external credit risk grading.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and Bank's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries' and the Bank's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Bank's financial statements of the current period and are therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Scope of Review

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

Deloitte Touche Tohmatsu Jaiyos Audit

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting".

Nisakorn Songmanee

Certified Public Accountant (Thailand)

Registration No. 5035

BANGKOK

August 25, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ASSETS					
CASH	7.2	65,817,694	58,090,112	61,769,397	58,012,561
INTERBANK AND MONEY MARKET ITEMS, NET	7.4	586,911,314	472,349,351	501,792,532	442,584,108
FINANCIAL ASSETS MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.5	65,168,193	-	57,720,671	-
DERIVATIVES ASSETS	7.6	59,788,958	49,807,012	58,918,512	49,687,316
INVESTMENTS, NET	7.7	683,587,148	647,696,626	601,277,549	610,535,400
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	7.8	1,744,792	1,737,450	121,085,789	38,414,900
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.9	2,182,458,565	1,891,046,281	1,919,453,359	1,836,721,735
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROPERTIES FOR SALE, NET	7.10	10,314,611	9,362,849	8,542,984	8,368,141
PREMISES AND EQUIPMENT, NET	7.11	65,082,879	40,753,955	56,711,282	39,504,853
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.12	33,993,853	1,760,117	1,566,883	1,673,358
DEFERRED TAX ASSETS	7.13	10,255,761	4,542,443	5,926,249	3,360,374
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		13,498,847	17,506,277	13,397,088	17,419,107
OTHER ASSETS, NET		27,740,702	20,463,750	15,028,528	16,975,764
TOTAL ASSETS		3,806,363,317	3,216,743,095	3,423,190,823	3,123,361,339

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT JUNE 30, 2020

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	7.14	2,852,295,325	2,370,792,167	2,529,002,156	2,316,034,607
INTERBANK AND MONEY MARKET ITEMS	7.15	167,335,906	134,346,323	160,098,342	129,277,274
LIABILITY PAYABLE ON DEMAND		6,409,673	5,523,288	5,689,800	5,488,403
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE					
THROUGH PROFIT OR LOSS	7.16	19,203,616	-	18,904,053	-
DERIVATIVES LIABILITIES	7.6	56,036,155	37,837,421	55,599,724	37,370,815
DEBT ISSUED AND BORROWINGS	7.17	142,657,067	144,680,567	139,432,944	144,315,507
BANK'S LIABILITY UNDER ACCEPTANCES		-	1,626,872	-	103,722
PROVISIONS	7.21	24,279,186	18,701,528	22,919,065	18,428,103
DEFERRED TAX LIABILITIES	7.13	3,933,317	2,364,416	3,726,164	2,158,732
OTHER LIABILITIES		95,499,717	72,754,204	59,378,312	51,721,099
TOTAL LIABILITIES		3,367,649,962	2,788,626,786	2,994,750,560	2,704,898,262
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Registered share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		40,546,160	34,471,457	46,191,511	40,383,596
RETAINED EARNINGS					
Appropriated					
Legal reserve	7.25 , 7.26	24,500,000	24,000,000	24,500,000	24,000,000
Others		106,500,000	106,500,000	106,500,000	106,500,000
Unappropriated		191,359,138	187,345,092	175,814,091	172,144,820
TOTAL BANK'S EQUITY		438,339,959	427,751,210	428,440,263	418,463,077
NON-CONTROLLING INTEREST		373,396	365,099	-	-
TOTAL SHAREHOLDERS' EQUITY		438,713,355	428,116,309	428,440,263	418,463,077
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,806,363,317	3,216,743,095	3,423,190,823	3,123,361,339

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020
(Unaudited - Reviewed)

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
INTEREST INCOME	7.34	27,199,886	28,014,594	23,612,215	26,891,270
INTEREST EXPENSES	7.35	9,089,546	10,379,228	7,440,824	9,980,067
NET INTEREST INCOME		18,110,340	17,635,366	16,171,391	16,911,203
FEES AND SERVICE INCOME	7.36	7,434,281	9,139,964	5,795,794	7,957,749
FEES AND SERVICE EXPENSES	7.36	1,813,426	2,524,849	1,727,510	2,479,461
NET FEES AND SERVICE INCOME		5,620,855	6,615,115	4,068,284	5,478,288
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.37	7,061,589	-	6,766,408	-
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	7.38	-	1,864,690	-	1,571,417
GAINS ON INVESTMENTS	7.39	316,905	2,470,699	316,894	2,363,175
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		36,124	45,631	-	-
GAINS ON DISPOSAL OF ASSETS		44,892	522,675	37,632	512,047
DIVIDEND INCOME		882,028	1,849,266	1,893,666	4,274,979
OTHER OPERATING INCOME		212,181	165,851	108,790	136,104
TOTAL OPERATING INCOME		32,284,914	31,169,293	29,363,065	31,247,213
OTHER OPERATING EXPENSES					
Employee's expenses		7,519,619	6,675,980	6,194,424	6,049,233
Directors' remuneration		65,658	54,360	46,000	47,630
Premises and equipment expenses		3,828,725	3,147,108	3,394,938	2,977,265
Taxes and duties		762,639	849,548	747,086	833,403
Others		2,849,401	3,381,455	2,461,444	3,176,092
TOTAL OTHER OPERATING EXPENSES		15,026,042	14,108,451	12,843,892	13,083,623
EXPECTED CREDIT LOSS	7.40	13,237,816	-	13,103,408	-
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	7.40	-	5,549,135	-	5,396,021
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		4,021,056	11,511,707	3,415,765	12,767,569
INCOME TAX EXPENSES	7.41	834,141	2,064,885	503,243	1,847,103
NET PROFIT		3,186,915	9,446,822	2,912,522	10,920,466

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020
(Unaudited - Reviewed)

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on investments in debt instruments at fair value					
through other comprehensive income		1,008,617	-	615,195	-
Gains on remeasuring available-for-sale investment		-	222,947	-	275,755
Gains on cash flow hedges		317,980	-	317,980	-
Losses arising from translating the financial statements of					
foreign operations		(3,819,701)	(3,255,972)	(1,728,259)	(1,572,885)
Share of other comprehensive income of associate		-	587	-	-
Income tax relating to components of other comprehensive					
income (losses)		17,234	(39,023)	103,350	(49,023)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		14,395,161	-	13,987,474	-
Gains on investment in equity instruments designated at					
fair value through other comprehensive income		14,246,272	-	13,784,896	-
Gains on financial liabilities designated at fair value					
through profit or loss		171,640	-	171,640	-
Actuarial gains on defined benefit plans		32,854	-	32,854	-
Share of other comprehensive losses of associate		(245)	-	-	-
Income tax relating to components of other comprehensive					
income (losses)		(5,802,399)	-	(5,623,062)	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		<u>20,567,413</u>	<u>(3,071,461)</u>	<u>21,662,068</u>	<u>(1,346,153)</u>
TOTAL COMPREHENSIVE INCOME		<u>23,754,328</u>	<u>6,375,361</u>	<u>24,574,590</u>	<u>9,574,313</u>
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		3,094,984	9,347,005	2,912,522	10,920,466
Non-controlling interest		91,931	99,817	-	-
		<u>3,186,915</u>	<u>9,446,822</u>	<u>2,912,522</u>	<u>10,920,466</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		23,662,081	6,275,544	24,574,590	9,574,313
Non-controlling interest		92,247	99,817	-	-
		<u>23,754,328</u>	<u>6,375,361</u>	<u>24,574,590</u>	<u>9,574,313</u>
BASIC EARNINGS PER SHARE (BAHT)		1.62	4.90	1.53	5.72
WEIGHTED AVERAGE NUMBER					
OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

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

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
INTEREST INCOME	7.34	55,825,043	56,379,661	51,198,814	54,051,921
INTEREST EXPENSES	7.35	17,894,901	20,444,889	15,853,645	19,580,048
NET INTEREST INCOME		37,930,142	35,934,772	35,345,169	34,471,873
FEES AND SERVICE INCOME	7.36	16,517,258	18,726,925	13,218,856	16,392,264
FEES AND SERVICE EXPENSES	7.36	4,542,507	5,271,479	4,408,185	5,169,002
NET FEES AND SERVICE INCOME		11,974,751	13,455,446	8,810,671	11,223,262
GAINS ON FINANCIAL INSTRUMENTS					
MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	7.37	5,372,161	-	5,564,311	-
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	7.38	-	3,623,246	-	3,381,594
GAINS ON INVESTMENTS	7.39	1,467,417	3,245,372	1,467,402	2,682,623
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		48,252	89,829	-	-
GAINS ON DISPOSAL OF ASSETS		103,036	678,513	85,769	659,466
DIVIDEND INCOME		1,367,994	2,486,418	2,379,633	4,884,455
OTHER OPERATING INCOME		415,654	283,147	242,861	232,403
TOTAL OPERATING INCOME		58,679,407	59,796,743	53,895,816	57,535,676
OTHER OPERATING EXPENSES					
Employee's expenses		14,355,673	13,238,656	12,415,942	12,004,592
Directors' remuneration		98,932	88,517	60,850	62,430
Premises and equipment expenses		6,124,491	5,885,238	5,508,222	5,495,669
Taxes and duties		1,543,462	1,666,051	1,516,045	1,638,339
Others		4,280,787	5,431,492	3,690,616	5,011,463
TOTAL OTHER OPERATING EXPENSES		26,403,345	26,309,954	23,191,675	24,212,493
EXPECTED CREDIT LOSS	7.40	18,325,084	-	18,056,254	-
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	7.40	-	10,627,453	-	10,532,056
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		13,950,978	22,859,336	12,647,887	22,791,127
INCOME TAX EXPENSES	7.41	3,002,796	4,289,355	2,538,849	3,853,317
NET PROFIT		10,948,182	18,569,981	10,109,038	18,937,810

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

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

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on investments in debt instruments at fair value					
through other comprehensive income		856,458	-	341,135	-
Gains on remeasuring available-for-sale investment		-	5,513,727	-	5,515,899
Gains on cash flow hedges		229,356	-	229,356	-
Gains (losses) arising from translating the financial statements of foreign operations		310,623	(4,058,433)	621,389	(2,346,348)
Share of other comprehensive income of associate		-	901	-	-
Income tax relating to components of other comprehensive income (losses)		124,969	(1,116,558)	236,316	(1,115,061)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		14,395,161	-	13,987,474	-
Losses on investment in equity instruments designated at fair value through other comprehensive income		(9,270,680)	-	(8,892,181)	-
Gains on financial liabilities designated at fair value through profit or loss		2,183,998	-	2,183,998	-
Actuarial gains on defined benefit plans		30,558	4,433	30,558	3,356
Share of other comprehensive income of associate		602	-	-	-
Income tax relating to components of other comprehensive income (losses)		(1,480,382)	(2,081)	(1,469,408)	(1,866)
TOTAL OTHER COMPREHENSIVE INCOME		7,380,663	341,989	7,268,637	2,055,980
TOTAL COMPREHENSIVE INCOME		18,328,845	18,911,970	17,377,675	20,993,790
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		10,765,492	18,375,301	10,109,038	18,937,810
Non-controlling interest		182,690	194,680	-	-
		10,948,182	18,569,981	10,109,038	18,937,810
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		18,146,422	18,717,290	17,377,675	20,993,790
Non-controlling interest		182,423	194,680	-	-
		18,328,845	18,911,970	17,377,675	20,993,790
BASIC EARNINGS PER SHARE (BAHT)		5.64	9.63	5.30	9.92
WEIGHTED AVERAGE NUMBER					
OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

Baht : '000

	Notes	CONSOLIDATED											Total Equity Attributable to the Bank's Shareholders	Non-controlling Interest	Total	
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves							Retained Earnings					
				Land Appraisal Surplus	Premises Appraisal Surplus	Revaluation Surplus on Investments	Cash flow Hedge Reserve	Own Credit Risk Revaluation Reserve	Foreign Currency Translation	Others	Appropriated					Unappropriated
											Legal Reserve	Others				
Balance as at January 1, 2019		19,088,429	56,346,232	16,829,619	6,541,158	29,855,575	-	-	(10,384,055)	470	23,000,000	101,500,000	170,036,820	412,814,248	344,643	413,158,891
Dividend paid	7.26	-	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)	(200,703)	(8,570,951)
Legal reserve	7.25, 7.26	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	-	-	4,397,349	-	-	(4,058,433)	721	-	-	18,377,653	18,717,290	194,680	18,911,970
Transfer to retained earnings		-	-	-	(467,086)	-	-	-	-	-	-	-	467,086	-	-	-
Balance as at June 30, 2019		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,829,619</u>	<u>6,074,072</u>	<u>34,252,924</u>	<u>-</u>	<u>-</u>	<u>(14,442,488)</u>	<u>1,191</u>	<u>23,500,000</u>	<u>101,500,000</u>	<u>180,011,311</u>	<u>423,161,290</u>	<u>338,620</u>	<u>423,499,910</u>
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,824,012	5,600,324	28,135,072	-	-	(16,089,996)	2,045	24,000,000	106,500,000	187,345,092	427,751,210	365,099	428,116,309
Impact of adopting new financial reporting standard No.9		-	-	-	-	1,043,207	356,384	(2,196,285)	-	-	-	-	2,953,889	2,157,195	1,321	2,158,516
Restated balance as at January 1, 2020 after adjustment		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,824,012</u>	<u>5,600,324</u>	<u>29,178,279</u>	<u>356,384</u>	<u>(2,196,285)</u>	<u>(16,089,996)</u>	<u>2,045</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>190,298,981</u>	<u>429,908,405</u>	<u>366,420</u>	<u>430,274,825</u>
Dividend paid	7.26	-	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)	(175,469)	(9,719,683)
Legal reserve	7.25, 7.26	-	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	6,122,776	5,386,899	(6,384,067)	183,485	1,747,199	310,623	482	-	-	10,779,025	18,146,422	182,423	18,328,845
Transfer to retained earnings		-	-	-	(488,736)	(7,264)	-	-	-	-	-	-	496,000	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	(170,654)	(170,654)	22	(170,632)
Balance as at June 30, 2020		<u>19,088,429</u>	<u>56,346,232</u>	<u>22,946,788</u>	<u>10,498,487</u>	<u>22,786,948</u>	<u>539,869</u>	<u>(449,086)</u>	<u>(15,779,373)</u>	<u>2,527</u>	<u>24,500,000</u>	<u>106,500,000</u>	<u>191,359,138</u>	<u>438,339,959</u>	<u>373,396</u>	<u>438,713,355</u>

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

Baht : '000

	Notes	THE BANK										Total	
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves					Retained Earnings				
				Land Appraisal Surplus	Premises Appraisal Surplus	Revaluation Surplus on Investments	Cash flow Hedge Reserve	Own Credit Risk Revaluation Reserve	Foreign Currency Translation	Appropriated			Unappropriated
										Legal Reserve	Others		
Balance as at January 1, 2019		19,088,429	56,346,232	16,765,473	6,512,228	29,771,751	-	-	(6,894,911)	23,000,000	101,500,000	155,870,255	401,959,457
Dividend paid	7.26	-	-	-	-	-	-	-	-	-	-	(8,370,248)	(8,370,248)
Legal reserve	7.25, 7.26	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Total comprehensive income		-	-	-	-	4,400,838	-	-	(2,346,348)	-	-	18,939,300	20,993,790
Transfer to retained earnings		-	-	-	(465,331)	-	-	-	-	-	-	465,331	-
Balance as at June 30, 2019		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,765,473</u>	<u>6,046,897</u>	<u>34,172,589</u>	<u>-</u>	<u>-</u>	<u>(9,241,259)</u>	<u>23,500,000</u>	<u>101,500,000</u>	<u>166,404,638</u>	<u>414,582,999</u>
Balance as at January 1, 2020 as previously reported		19,088,429	56,346,232	16,759,866	5,574,824	28,036,451	-	-	(9,987,545)	24,000,000	106,500,000	172,144,820	418,463,077
Impact of adopting new financial reporting standard No.9		-	-	-	-	877,277	356,384	(2,196,285)	-	-	-	3,277,003	2,314,379
Balance as at January 1, 2020 after adjustment		<u>19,088,429</u>	<u>56,346,232</u>	<u>16,759,866</u>	<u>5,574,824</u>	<u>28,913,728</u>	<u>356,384</u>	<u>(2,196,285)</u>	<u>(9,987,545)</u>	<u>24,000,000</u>	<u>106,500,000</u>	<u>175,421,823</u>	<u>420,777,456</u>
Dividend paid	7.26	-	-	-	-	-	-	-	-	-	-	(9,544,214)	(9,544,214)
Legal reserve	7.25, 7.26	-	-	-	-	-	-	-	-	500,000	-	(500,000)	-
Total comprehensive income		-	-	6,044,614	5,145,365	(6,486,948)	183,485	1,747,199	621,389	-	-	10,122,571	17,377,675
Transfer to retained earnings		-	-	-	(477,301)	(7,264)	-	-	-	-	-	484,565	-
Others		-	-	-	-	-	-	-	-	-	-	(170,654)	(170,654)
Balance as at June 30, 2020		<u>19,088,429</u>	<u>56,346,232</u>	<u>22,804,480</u>	<u>10,242,888</u>	<u>22,419,516</u>	<u>539,869</u>	<u>(449,086)</u>	<u>(9,366,156)</u>	<u>24,500,000</u>	<u>106,500,000</u>	<u>175,814,091</u>	<u>428,440,263</u>

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

Baht : '000

	Note	CONSOLIDATED		THE BANK	
		2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		13,950,978	22,859,336	12,647,887	22,791,127
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		2,516,571	2,083,592	2,190,794	1,958,042
Expected credit loss		18,325,084	-	18,056,254	-
Bad debt and doubtful accounts		-	9,294,593	-	9,199,196
Loss on debt restructuring		-	1,332,860	-	1,332,860
(Gain) loss on foreign exchange of long-term borrowings		3,354,108	(6,298,784)	3,354,108	(6,298,784)
Amortization of premium on investment in debt securities		455,530	169,869	449,980	261,516
Unrealized losses on financial instruments measured at fair value through profit or loss		6,748,998	-	6,963,464	-
Unrealized gain on revaluation of trading securities		-	(124,814)	-	(1,161)
Gains on investments		(1,467,417)	-	(1,467,402)	-
Gain on disposal of securities for investments		-	(3,752,830)	-	(3,190,081)
Loss on impairment of investments		-	507,458	-	507,458
Share of profit from investment using equity method		(48,252)	(89,829)	-	-
Loss on impairment of properties for sale		196,657	161,187	197,567	160,016
Gain on disposal of premises and equipment		(877)	(42,109)	(889)	(42,350)
Gain on revaluation of land and premises		(196,180)	-	(196,180)	-
Loss on impairment of other assets		125,539	25,654	125,884	25,654
Provision expenses		213,754	650,320	33,368	587,715
Net interest income		(37,930,142)	(35,934,772)	(35,345,169)	(34,471,873)
Dividend income		(1,367,994)	(2,486,418)	(2,379,633)	(4,884,455)
Proceeds from interest income		54,683,506	56,597,812	50,167,948	54,262,315
Interest expenses paid		(20,716,656)	(20,025,778)	(18,910,822)	(19,199,181)
Proceeds from dividend income		879,494	1,753,369	785,095	652,904
Income tax paid		(2,402,013)	(4,274,527)	(2,006,605)	(3,403,478)
Increase in other accrued receivables		(282,569)	(322,162)	(248,419)	(384,529)
Decrease in other accrued expenses		(1,583,973)	(1,812,757)	(1,228,861)	(1,463,575)
Profit from operating before changes in operating assets and liabilities		35,454,146	20,271,270	33,188,369	18,399,336
(Increase) decrease in operating assets					
Interbank and money market items		(39,012,324)	(54,044,135)	(58,815,340)	(72,551,140)
Financial assets measured at fair value through profit or loss		(17,056,236)	-	(16,476,021)	-
Investment in short-term securities		-	(5,528,632)	-	(4,416,710)
Loans to customers		(81,937,910)	55,412,289	(93,400,321)	54,627,918
Properties for sale		299,260	710,912	280,811	671,400
Other assets		(5,188,848)	(20,524,643)	(2,223,304)	(21,457,648)

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

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

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Increase (decrease) in operating liabilities					
Deposits		183,335,659	26,209,534	212,967,549	35,424,926
Interbank and money market items		28,666,554	(16,958,755)	30,821,068	(9,943,480)
Liability payable on demand		157,316	502,949	201,396	496,757
Short-term borrowings		(367,105)	815,585	(1,250)	(14,541)
Other liabilities		23,198,704	14,604,889	13,213,900	13,602,860
Net cash from operating activities		<u>127,549,216</u>	<u>21,471,263</u>	<u>119,756,857</u>	<u>14,839,678</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities measured at fair value through other comprehensive income		(218,419,010)	-	(209,796,246)	-
Purchase of available-for-sale securities		-	(285,493,660)	-	(278,010,785)
Proceeds from disposal of investment securities measured at fair value through other comprehensive income		180,119,122	-	175,895,257	-
Proceeds from disposal of available-for-sale securities		-	279,097,989	-	272,598,715
Purchase of investment securities measured at amortized cost		(42,011,615)	-	(1,252,420)	-
Purchase of held-to-maturity debt securities		-	(47,980,981)	-	(7,794,677)
Proceeds from redemption of investment securities measured at amortized cost		40,520,368	-	2,357,562	-
Proceeds from redemption of held-to-maturity debt securities		-	40,014,086	-	3,108,373
Purchase of general investments		-	(5,262,194)	-	(4,478,077)
Proceeds from disposal of general investments		-	609,324	-	534,324
Purchase of investments in subsidiaries and associate		(69,081,758)	(117,500)	(73,721,526)	(1,117,500)
Proceeds from dividend income from subsidiaries and associates		41,512	89,212	1,106,038	2,498,503
Purchase of premises and equipment		(661,206)	(1,163,880)	(519,908)	(1,122,830)
Proceeds from disposal of premises and equipment		20,791	45,690	4,914	42,570
Net cash from investing activities		<u>(109,471,796)</u>	<u>(20,161,914)</u>	<u>(105,926,329)</u>	<u>(13,741,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in long-term borrowings	7.3	(24,179)	104,516	(24,179)	104,516
Cash paid for lease liabilities		(625,618)	-	(537,108)	-
Dividend paid		(9,544,214)	(8,370,248)	(9,544,214)	(8,370,248)
Dividend paid to non-controlling interest		(175,469)	(200,703)	-	-
Net cash from financing activities		<u>(10,369,480)</u>	<u>(8,466,435)</u>	<u>(10,105,501)</u>	<u>(8,265,732)</u>
Effect on cash due to changes in the exchange rates		19,642	(86,385)	31,809	(82,773)
Net increase (decrease) in cash		<u>7,727,582</u>	<u>(7,243,471)</u>	<u>3,756,836</u>	<u>(7,250,211)</u>
Cash as at January 1,		58,090,112	62,394,091	58,012,561	62,329,288
Cash as at June 30,	7.2	<u>65,817,694</u>	<u>55,150,620</u>	<u>61,769,397</u>	<u>55,079,077</u>

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (AUDITED)
AND FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED - REVIEWED)

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (AUDITED)
 AND FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED - REVIEWED)

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (AUDITED)
AND FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED - REVIEWED)

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

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

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand ("BOT"). Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance sheet items calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgment by the BOT about components, risk weightings and other factors. The Bank believes that as at June 30, 2020 and December 31, 2019, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

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

The consolidated and the Bank's interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 regarding Interim Financial Reporting; and relevant official regulations, and presented in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated October 31, 2018, which is required to apply to the financial statements beginning on or after January 1, 2020 onwards. The consolidated and the Bank's financial statements for the year ended December 31, 2019, which are the comparative figures are still presented in the format as announced by the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated December 4, 2015.

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

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

2.2 New or Revised Thai Financial Reporting Standards

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

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

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

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

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

In this regard, the application of Accounting Treatment Guidance is disclosed in Note 7.42 the Coronavirus Disease 2019 Pandemic (COVID-19).

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

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

The Bank has not adopted such Accounting Treatment Guidance in the preparation of the interim financial statements for the six-month period ended June 30, 2020.

- 2.3 The consolidated interim financial statements for the three-month periods and the six-month periods ended June 30, 2020 and 2019 and the consolidated statement of financial position as at December 31, 2019, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang Securities Public Company Limited, Bangkok Bank (China) Company Limited Bualuang Ventures Company Limited and PT Bank Permata Tbk.

In addition, the consolidated interim financial statements for the three-month periods and the six-month periods ended June 30, 2020 and 2019 and the consolidated statement of financial position as at December 31, 2019, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad, Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited and PT Sahabat Finansial Keluarga, the 99.99% owned subsidiary of PT Bank Permata Tbk.

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

2.4 The Bank's interim financial statements for the three-month periods and the six-month periods ended June 30, 2020 and 2019 and the Bank's statement of financial position as at December 31, 2019, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Recognition of income

Applied from January 1, 2020

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

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

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

Fee income

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

Applied before January 1, 2020

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

2. Recognition of expenses

Applied from January 1, 2020

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

Applied before January 1, 2020

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

3. Financial instruments

Applied from January 1, 2020

The Bank applied the classification and measurement requirements for financial instruments under TFRS 9 "Financial instruments" for the year ended December 31, 2020. The 2019 comparative period was not restated, and the requirements under the previous accounting standards were applied. The key changes are the classification and impairment requirements.

1) Recognition of financial instruments

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

2) Classification of financial assets

Financial assets - Debt instruments

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

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

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

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

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

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

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

Investments in equity instruments

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

instrument basis. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss except for dividends.

3) Classification of financial liabilities

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

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

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

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

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

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

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

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

4) Financial derivatives

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

Embedded derivatives

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

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

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

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

5) Modifications of financial instrument not measured at fair value

a) Financial assets

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

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

b) Financial liabilities

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

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

6) Offsetting

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

7) Derecognition of financial instruments

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

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

8) Write-off

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

Applied before January 1, 2020

Derivatives

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

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

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

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

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

Investments

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

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

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

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

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

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

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

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

4. Impairment of financial assets

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

Applied from January 1, 2020

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

a) Stage 1 : Performing

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

b) Stage 2 : Under-performing

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

c) Stage 3 : Non-performing

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

Determining the stage for impairment

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

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

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

Measurement of ECL

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

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

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

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

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

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

Applied before January 1, 2020

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

5. Hedge accounting

Applied from January 1, 2020

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

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

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

The Bank applies an accrual basis for open portfolio hedge.

1) Fair value hedges

The cumulative changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any cumulative changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The movement in fair

value of the hedged item attributable to the hedged risk is made as an adjustment to the carrying value of the hedged asset or liability.

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

2) Cash flow hedges

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

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

3) Net investment hedges

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

3.2 Cash

Cash consists of cash on hand and cash in transit.

3.3 Investments in subsidiaries and associates

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

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

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

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

3.4 Properties for sale

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

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

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

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

3.5 Premises, equipment and depreciation

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

The land and premises reappraisal is done by independent appraisers according to the guidelines established by the BOT based on the market value method for land and the replacement cost method net of

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

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

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

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

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

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

3.6 Business combinations

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

3.7 Goodwill and Intangible assets and amortization

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

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

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

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

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

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

3.8 Leases

Applied from January 1, 2020

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

Applied before January 1, 2020

Leaseholds

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

3.9 Provisions

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

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

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

3.10 Assets and liabilities in foreign currencies

3.10.1 Functional currency and presentation currency

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

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

3.10.2 Translation of foreign currency transactions

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

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

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

3.10.3 Translation of financial statements of foreign operations

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

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

3.11 Post-employment benefits

3.11.1 Defined contribution plans

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

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

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

3.11.2 Defined benefit plans

The Bank and its subsidiaries provide the defined benefit plans for their employees under the employment agreements. The provision for the employee benefits is assessed by an actuary using the actuarial techniques called the Projected Unit Credit Method to determine the present value of cash flows of employee benefits to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors.

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

3.12 Income taxes

Income taxes comprise of current tax and deferred tax.

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

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

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

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

3.13 Earnings per share

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

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

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

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

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

Million Baht

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

Million Baht

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

Million Baht

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

Million Baht

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

Million Baht

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

Million Baht

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

Million Baht

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

Note :

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

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

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

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

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

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

5. RISK MANAGEMENT

5.1 Risk information of the Bank

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

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

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

5.2 Credit risk

5.2.1 Credit risk management

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

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

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

5.2.2 Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for any financial instrument before deducting collateral. The maximum exposure to credit risk of a financial asset is equal to the net book value. The maximum exposure to credit risk of a financial guarantee is the maximum amount the Bank will pay up to the guarantee obligation. For loan commitments the maximum exposure to credit risk is full value of credit limit.

	CONSOLIDATED June 30, 2020	Million Baht THE BANK June 30, 2020
Financial assets		
Interbank and money market items, net	586,911	501,793
Derivatives assets	59,789	58,919
Investments	605,787	526,113
Loan to customers	<u>2,182,459</u>	<u>1,919,453</u>
Total	<u>3,434,946</u>	<u>3,006,278</u>
Off Balance sheet		
Financial guarantees	206,492	173,472
Loan commitments	<u>432,284</u>	<u>387,738</u>
Total	<u>638,776</u>	<u>561,210</u>
Total credit risk exposure	<u><u>4,073,722</u></u>	<u><u>3,567,488</u></u>

5.2.3 Collateral obtained

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

5.2.4 Offsetting financial assets and liabilities

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

Million Baht										
Types of Financial Instrument	Gross amounts	Amount offset on the statement of financial position	Net amounts reported on the statement of financial position	CONSOLIDATED		Net amounts	Line item on the statement of financial position	Notes	Carrying amount on the statement of financial position	Carrying amount on the statement of financial position not in scope of offsetting
				JUNE 30, 2020						
				Amounts not offset on the statement of financial position						
				Unqualified contractual offset amounts	Related financial collateral					
Financial assets										
Reverse repurchase agreements	38,551	-	38,551	-	(38,551)	-	Interbank and money market items (assets)	7.4	586,911	548,360
Derivatives assets	39,194	-	39,194	(30,819)	(470)	7,905	Derivative assets	7.6	59,789	20,595
Total	<u>77,745</u>	<u>-</u>	<u>77,745</u>	<u>(30,819)</u>	<u>(39,021)</u>	<u>7,905</u>			<u>646,700</u>	<u>568,955</u>
Financial liabilities										
Repurchase agreements	17,900	-	17,900	-	(17,900)	-	Interbank and money market items (liabilities)	7.15	167,336	149,436
Derivatives liabilities	43,769	-	43,769	(30,819)	(12,950)	-	Derivative liabilities	7.6	56,036	12,267
Total	<u>61,669</u>	<u>-</u>	<u>61,669</u>	<u>(30,819)</u>	<u>(30,850)</u>	<u>-</u>			<u>223,372</u>	<u>161,703</u>

THE BANK JUNE 30, 2020										
Types of Financial Instrument	Gross amounts	Amount offset on the statement of financial position	Net amounts reported on the statement of financial position	Amounts not offset on the statement of financial position		Net amounts	Line item on the statement of financial position	Notes	Carrying amount on the statement of financial position	Carrying amount on the statement of financial position not in scope of offsetting
				Unqualified contractual offset amounts	Related financial collateral					
Financial assets										
Reverse repurchase agreements	38,551	-	38,551	-	(38,551)	-	Interbank and money market items (assets)	7.4	501,793	463,242
Derivatives assets	39,194	-	39,194	(30,819)	(470)	7,905	Derivative assets	7.6	58,919	19,725
Total	<u>77,745</u>	<u>-</u>	<u>77,745</u>	<u>(30,819)</u>	<u>(39,021)</u>	<u>7,905</u>			<u>560,712</u>	<u>482,967</u>
Financial liabilities										
Repurchase agreements	17,900	-	17,900	-	(17,900)	-	Interbank and money market items (liabilities)	7.15	160,098	142,198
Derivatives liabilities	43,769	-	43,769	(30,819)	(12,950)	-	Derivative liabilities	7.6	55,600	11,831
Total	<u>61,669</u>	<u>-</u>	<u>61,669</u>	<u>(30,819)</u>	<u>(30,850)</u>	<u>-</u>			<u>215,698</u>	<u>154,029</u>

5.2.5 Credit Quality of financial assets including loan commitments and financial guarantee contracts

	CONSOLIDATED JUNE 30, 2020			Million Baht
	Performing	Under-performing	Non-performing	Total
Loans, financial guarantee and credit related commitments				
Strong	977,778	1,735	-	979,513
Satisfactory	1,506,845	9,213	-	1,516,058
High-risk	235,500	155,566	-	391,066
Credit impaired	-	-	111,868	111,868
Total	<u>2,720,123</u>	<u>166,514</u>	<u>111,868</u>	<u>2,998,505</u>
Interbank and money market items and investments in debt securities				
Strong	1,163,555	-	-	1,163,555
Satisfactory	21,221	-	-	21,221
High-risk	2,459	4,473	-	6,932
Credit impaired	-	-	1,487	1,487
Total	<u>1,187,235</u>	<u>4,473</u>	<u>1,487</u>	<u>1,193,195</u>
Grand total	<u><u>3,907,358</u></u>	<u><u>170,987</u></u>	<u><u>113,355</u></u>	<u><u>4,191,700</u></u>

	THE BANK JUNE 30, 2020			Million Baht
	Performing	Under-performing	Non-performing	Total
Loans, financial guarantee and credit related commitments				
Strong	809,218	1,240	-	810,458
Satisfactory	1,400,066	8,503	-	1,408,569
High-risk	186,656	140,144	-	326,800
Credit impaired	-	-	98,307	98,307
Total	<u>2,395,940</u>	<u>149,887</u>	<u>98,307</u>	<u>2,644,134</u>
Interbank and money market items and investments in debt securities				
Strong	1,002,086	-	-	1,002,086
Satisfactory	17,983	-	-	17,983
High-risk	2,427	4,473	-	6,900
Credit impaired	-	-	1,473	1,473
Total	<u>1,022,496</u>	<u>4,473</u>	<u>1,473</u>	<u>1,028,442</u>
Grand total	<u><u>3,418,436</u></u>	<u><u>154,360</u></u>	<u><u>99,780</u></u>	<u><u>3,672,576</u></u>

Allowance for expected credit loss / Allowance for doubtful accounts that require credit impairment consideration according to relevant financial reporting standard consisted of the following as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED June 30, 2020	Million Baht THE BANK June 30, 2020
Expected credit losses for		
Interbank and money market items	565	528
Investment in debt securities	2,395	2,358
Loans to customers	177,270	164,500
Other off balance sheet item	<u>7,327</u>	<u>6,303</u>
Total	<u><u>187,557</u></u>	<u><u>173,689</u></u>

	CONSOLIDATED JUNE 30, 2020			Million Baht
	Allowance for expected credit loss			
	Performing	Under-performing	Non-performing	Total
Beginning balances	63,946	62,359	61,644	187,949
Changes due to re-measurement of loss allowance	(3,596)	10,653	34,995	42,052
De-recognition	(6,193)	(12,681)	(25,846)	(44,720)
Others	<u>120</u>	<u>164</u>	<u>1,992</u>	<u>2,276</u>
Ending balances	<u><u>54,277</u></u>	<u><u>60,495</u></u>	<u><u>72,785</u></u>	<u><u>187,557</u></u>

	THE BANK JUNE 30, 2020			Million Baht
	Allowance for expected credit loss			
	Performing	Under-performing	Non-performing	Total
Beginning balances	59,077	60,276	52,662	172,015
Changes due to re-measurement of loss allowance	(4,103)	10,498	34,661	41,056
De-recognition	(5,271)	(12,372)	(23,480)	(41,123)
Others	<u>123</u>	<u>177</u>	<u>1,441</u>	<u>1,741</u>
Ending balances	<u><u>49,826</u></u>	<u><u>58,579</u></u>	<u><u>65,284</u></u>	<u><u>173,689</u></u>

	CONSOLIDATED December 31, 2019	Million Baht THE BANK December 31, 2019
Allowance for doubtful accounts		
Interbank and money market items	1,263	1,101
Loans to customers	<u>167,766</u>	<u>163,745</u>
Total	<u><u>169,029</u></u>	<u><u>164,846</u></u>

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

	THE BANK DECEMBER 31, 2019						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balances	16,015	590	1,018	10,513	29,865	87,771	145,772
Doubtful accounts	(50)	257	341	(4,817)	9,549	25,314	30,594
Bad debt recovered	-	-	-	-	1,456	-	1,456
Bad debt written off	-	-	-	-	(11,059)	-	(11,059)
Others	-	-	-	-	-	(1,917)	(1,917)
Ending balances	15,965	847	1,359	5,696	29,811	111,168	164,846

5.3 Market risk

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

5.3.1 Market Risk in the Trading Book

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

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

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

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

Value at Risk

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

For the trading book positions of the Bank and the BBL Group, the one-day VaR at a 99% confidence level as of June 30, 2020 was Baht 381 million and Baht 445 million, respectively.

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

5.3.2 Market Risk in the Banking Book

5.3.2.1 Interest Rate Risk in the Banking Book

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

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

The impact of a 1% point increase in interest rate to NII of the Bank and the Group as of June 30, 2020 and December 31, 2019 was as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
NII Impact	74	2,200	(53)	1,841

Unit: million Baht

The Bank has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at June 30, 2020 and December 31, 2019 as follows :

	CONSOLIDATED JUNE 30, 2020							Million Baht
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - performing Loans	Total
Financial Assets								
Interbank and money market items*	433,855	45,005	22,830	7,783	53	77,694	-	587,220
Financial assets measured at fair value through profit or loss	4,036	805	4,196	7,592	10,449	38,090	-	65,168
Investments in debt securities	12,855	73,414	172,437	264,445	82,699	161	-	606,011
Loans to customers	1,369,063	437,657	286,226	139,585	6,933	16,396	97,988	2,353,848
Financial Liabilities								
Deposits	1,779,184	407,132	528,058	23,922	-	113,999	-	2,852,295
Interbank and money market items	75,499	29,903	16,120	32,050	892	12,872	-	167,336
Liabilities payable on demand	-	-	-	-	-	6,410	-	6,410
Financial liabilities measured at fair value through profit or loss	-	300	-	-	18,904	-	-	19,204
Debt issued and borrowings	7	24,737	1,876	60,412	55,590	35	-	142,657

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

	Million Baht							
	CONSOLIDATED DECEMBER 31, 2019							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	343,179	44,549	8,221	1,831	-	75,381	-	473,161
Investments in debt securities	15,970	68,444	118,420	267,228	76,436	-	-	546,498
Loans to customers	1,329,475	379,513	202,063	66,461	3,378	9,444	70,975	2,061,309
Financial Liabilities								
Deposits	1,354,988	316,140	566,950	21,950	-	110,764	-	2,370,792
Interbank and money market items	78,124	23,494	11,533	8,810	650	11,735	-	134,346
Liabilities payable on demand	-	-	-	-	-	5,523	-	5,523
Debt issued and borrowings	8	57	24,433	57,711	62,472	-	-	144,681

	Million Baht							
	THE BANK JUNE 30, 2020							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - performing Loans	Total
Financial Assets								
Interbank and money market items*	391,476	30,673	17,835	1,666	-	60,502	-	502,152
Financial assets measured at fair value through profit or loss	3,969	730	3,526	5,690	9,352	34,454	-	57,721
Investments in debt securities	9,169	53,922	150,969	239,231	72,754	68	-	526,113
Loans to customers	1,219,010	394,997	252,543	106,629	6,257	3,242	96,778	2,079,456
Financial Liabilities								
Deposits	1,534,657	372,296	495,542	12,998	-	113,509	-	2,529,002
Interbank and money market items	70,758	28,742	14,103	32,050	892	13,553	-	160,098
Liabilities payable on demand	-	-	-	-	-	5,690	-	5,690
Financial liabilities measured at fair value through profit or loss	-	-	-	-	18,904	-	-	18,904
Debt issued and borrowings	7	24,721	3	59,112	55,590	-	-	139,433

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

Million Baht

	THE BANK							Total
	DECEMBER 31, 2019							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	
Financial Assets								
Interbank and money market items*	331,050	35,956	3,827	1,831	-	70,672	-	443,336
Investments in debt securities	15,970	54,733	110,346	259,754	76,436	-	-	517,239
Loans to customers	1,291,748	365,647	196,634	66,461	3,378	9,444	69,771	2,003,083
Financial Liabilities								
Deposits	1,335,184	309,233	547,958	12,893	-	110,767	-	2,316,035
Interbank and money market items	76,893	22,685	8,297	8,810	650	11,942	-	129,277
Liabilities payable on demand	-	-	-	-	-	5,488	-	5,488
Debt issued and borrowings	8	-	24,125	57,711	62,472	-	-	144,316

5.3.2.2 Foreign Exchange in the Banking Book

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

The Bank manages foreign exchange risk in its banking book to ensure that the impact of exchange rate changes on the Bank's total capital ratios is at acceptable levels as of June 30, 2020. The impact on the Bank's total capital ratio, due to the appreciation of the Thai Baht currency against foreign currencies of 5%, is approximately 0.03%.

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

5.4 Liquidity risk

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

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

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

The following tables show financial assets and financial liabilities categorized by remaining maturity profile as at June 30, 2020 and December 31, 2019.

	CONSOLIDATED JUNE 30, 2020					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - performing Loans	Total
Financial Assets						
Interbank and money market items *	579,384	7,783	53	-	-	587,220
Financial assets measured at						
fair value through profit or loss	9,648	7,525	9,905	38,090	-	65,168
Derivatives assets	12,339	20,935	26,515	-	-	59,789
Investments	240,629	274,566	90,524	79,613	-	685,332
Loans to customers	960,857	820,954	463,040	-	108,997	2,353,848
Financial Liabilities						
Deposits	2,827,256	24,815	224	-	-	2,852,295
Interbank and money market items	128,205	38,239	892	-	-	167,336
Liabilities payable on demand	6,410	-	-	-	-	6,410
Financial liabilities measured at						
fair value through profit or loss	300	-	18,904	-	-	19,204
Derivatives liabilities	11,148	17,222	27,666	-	-	56,036
Debt issued and borrowings	26,623	60,444	55,590	-	-	142,657
	CONSOLIDATED DECEMBER 31, 2019					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	471,330	1,831	-	-	-	473,161
Derivatives assets	11,845	17,179	20,783	-	-	49,807
Investments	191,545	278,064	76,889	102,936	-	649,434
Loans to customers	861,179	700,311	428,939	-	70,880	2,061,309
Financial Liabilities						
Deposits	2,348,842	21,950	-	-	-	2,370,792
Interbank and money market items	120,376	13,320	650	-	-	134,346
Liabilities payable on demand	5,523	-	-	-	-	5,523
Derivatives liabilities	5,894	12,400	19,543	-	-	37,837
Debt issued and borrowings	24,498	57,711	62,472	-	-	144,681

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

	THE BANK JUNE 30, 2020					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - performing Loans	Total
Financial Assets						
Interbank and money market items *	500,486	1,666	-	-	-	502,152
Financial assets measured at						
fair value through profit or loss	8,225	5,690	9,352	34,454	-	57,721
Derivatives assets	11,629	20,774	26,515	-	-	58,918
Investments	202,234	250,686	73,125	196,318	-	722,363
Loans to customers	804,666	742,516	435,496	-	96,778	2,079,456
Financial Liabilities						
Deposits	2,516,004	12,998	-	-	-	2,529,002
Interbank and money market items	120,967	38,239	892	-	-	160,098
Liabilities payable on demand	5,690	-	-	-	-	5,690
Financial liabilities measured at						
fair value through profit or loss	-	-	18,904	-	-	18,904
Derivatives liabilities	10,745	17,189	27,666	-	-	55,600
Debt issued and borrowings	24,731	59,112	55,590	-	-	139,433

	THE BANK DECEMBER 31, 2019					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non -accrual Loans	Total
Financial Assets						
Interbank and money market items *	441,505	1,831	-	-	-	443,336
Derivatives assets	11,725	17,179	20,783	-	-	49,687
Investments	169,760	270,590	76,889	131,711	-	648,950
Loans to customers	823,739	686,962	422,611	-	69,771	2,003,083
Financial Liabilities						
Deposits	2,303,142	12,893	-	-	-	2,316,035
Interbank and money market items	115,307	13,320	650	-	-	129,277
Liabilities payable on demand	5,488	-	-	-	-	5,488
Derivatives liabilities	5,428	12,400	19,543	-	-	37,371
Debt issued and borrowings	24,133	57,711	62,472	-	-	144,316

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

5.5 Fair value of financial instruments

The following table presents the carrying amount and estimated fair value of financial instruments as at June 30, 2020 and December 31, 2019 :

	Million Baht			
	CONSOLIDATED			
	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	65,818	65,818	58,090	58,090
Interbank and money market items, net	586,911	586,911	472,349	472,349
Financial assets measured at fair value				
through profit or loss	65,168	65,168	-	-
Derivatives assets	59,789	58,938	49,807	50,315
Investments, net	685,332	685,823	649,434	651,479
Loans to customers and accrued interest receivables, net	<u>2,182,459</u>	<u>2,182,459</u>	<u>1,891,046</u>	<u>1,891,046</u>
Total	<u>3,645,477</u>	<u>3,645,117</u>	<u>3,120,726</u>	<u>3,123,279</u>
Financial Liabilities				
Deposits	2,852,295	2,852,295	2,370,792	2,370,792
Interbank and money market items	167,336	167,336	134,346	134,346
Liabilities payable on demand	6,410	6,410	5,523	5,523
Financial liabilities measured at fair value				
through profit or loss	19,204	19,204	-	-
Derivatives liabilities	56,036	56,166	37,837	39,413
Debt issued	142,209	148,599	144,208	162,138
Borrowings	<u>448</u>	<u>448</u>	<u>473</u>	<u>473</u>
Total	<u>3,243,938</u>	<u>3,250,458</u>	<u>2,693,179</u>	<u>2,712,685</u>

	THE BANK			
	June 30, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	61,769	61,769	58,013	58,013
Interbank and money market items, net	501,793	501,793	442,584	442,584
Financial assets measured at fair value				
through profit or loss	57,721	57,721	-	-
Derivatives assets	58,919	58,596	49,687	50,201
Investments, net	722,363	732,189	648,950	660,685
Loans to customers and accrued interest				
receivables, net	1,919,453	1,919,453	1,836,722	1,836,722
Total	3,322,018	3,331,521	3,035,956	3,048,205
Financial Liabilities				
Deposits	2,529,002	2,529,002	2,316,035	2,316,035
Interbank and money market items	160,098	160,098	129,277	129,277
Liabilities payable on demand	5,690	5,690	5,488	5,488
Financial liabilities measured at fair value				
through profit or loss	18,904	18,904	-	-
Derivatives liabilities	55,600	55,731	37,371	38,958
Debt issued	138,985	144,995	143,843	161,773
Borrowings	448	448	473	473
Total	2,908,727	2,914,868	2,632,487	2,652,004

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

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

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

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

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

The fair value determination of investments in debt securities

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

The fair value determination of investments in equity securities

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

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

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

The following table shows an analysis of financial assets and financial liabilities by level of the fair value hierarchy as at June 30, 2020 and December 31, 2019.

	Million Baht							
	June 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value								
Financial assets								
Financial asset measured at fair value through profit or loss								
Derivatives assets	527	58,389	22	58,938	-	50,315	-	50,315
Investments, net	129,584	518,484	8,362	656,430	85,478	502,855	-	588,333
Financial liabilities								
Financial liabilities measured at fair value through profit or loss								
Derivatives liabilities	100	56,066	-	56,166	361	39,052	-	39,413
Items not measured at fair value								
Financial assets								
Investments, net	1,717	23,839	3,837	29,393	3,117	20,374	39,655	63,146
Financial liabilities								
Debt issued	-	148,599	-	148,599	-	162,138	-	162,138

	THE BANK							
	June 30, 2020			Total	December 31, 2019			Total
Level 1	Level 2	Level 3	Level 1		Level 2	Level 3		
Items measured at fair value								
Financial assets								
Financial asset measured at fair value through profit or loss								
	1,549	16,471	39,701	57,721	-	-	-	-
Derivatives assets	503	58,071	22	58,596	-	50,201	-	50,201
Investments, net	87,134	496,740	8,353	592,227	80,384	484,931	-	565,315
Financial liabilities								
Financial liabilities measured at fair value through profit or loss								
	-	18,904	-	18,904	-	-	-	-
Derivatives liabilities	-	55,731	-	55,731	-	38,958	-	38,958
Items not measured at fair value								
Financial assets								
Investments, net	1,717	7,560	130,685	139,962	3,117	7,317	84,936	95,370
Financial liabilities								
Debt issued	-	144,995	-	144,995	-	161,773	-	161,773

Fair values are determined according to the following hierarchy :

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

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

5.6 Capital fund

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

The guideline on capital fund based on the Basel III guidelines of the BOT requires the Bank to maintain a capital conservation buffer in addition to minimum capital adequacy ratios which sets out to phasing in additional capital

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

	Percentage	
	June 30, 2020	December 31, 2019
Capital Fund Ratio		
Common Equity Tier 1 ratio	More than 8.0	More than 7.5
Tier 1 capital ratio	More than 9.5	More than 9.0
Total capital fund ratio	More than 12.0	More than 11.5

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

As at June 30, 2020 and December 31, 2019, the Bank maintained capital adequacy ratios to risk assets and capital fund in accordance with the BOT's Notification relating to the Basel III guidelines as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Percentage			
Common Equity Tier 1 capital to risk assets ratio	13.96	17.01	15.23	17.14
Tier 1 capital to risk assets ratio	13.96	17.01	15.23	17.14
Total capital to risk assets ratio	16.55	20.04	18.06	20.20

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Tier 1 capital	383,284	406,529	379,103	399,842
Common Equity Tier 1 capital	383,208	406,463	379,103	399,842
Paid-up share capital	19,088	19,088	19,088	19,088
Premium on share capital	56,346	56,346	56,346	56,346
Legal reserve	24,500	24,000	24,500	24,000
Reserves appropriated from net profit	106,500	106,500	106,500	106,500
Net profit after appropriation	177,301	170,789	162,101	157,182
Other comprehensive income	39,789	33,678	45,542	39,600
Deductions from Common Equity				
Tier 1 capital	(40,316)	(3,938)	(34,974)	(2,874)
Additional Tier 1 capital	76	66	-	-
Tier 2 capital	70,965	72,211	70,349	71,420
Total capital fund	454,249	478,740	449,452	471,262

As at June 30, 2020 and December 31, 2019, the Bank has no capital add-on arising from Single Lending Limit.

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

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

Date of disclosure April 30, 2020

Information as of December 31, 2019

6. SIGNIFICANT USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

6.1 Impairment losses on financial assets

Applicable from January 1, 2020

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

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

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

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

Applicable before January 1, 2020

Impairment of investments in securities

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

Allowance for doubtful accounts

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

6.2 Provisions

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

For the estimation of the provision for the defined benefit plans under the post-employment benefits, the estimation is calculated by an actuary by using the actuarial techniques which requires actuarial assumptions on financial variables such as discount rate, future salaries and benefits etc., and demographic variables such as employee mortality and turnover etc. The past service cost as a result of post-employee benefit plan amendment is recognized as the expense in profit and loss when the plan is amended using the judgment that the obligation is certainly arisen if the new law will be enacted as draft.

6.3 Fair value of financial instruments

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

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

6.4 Impairment of Goodwill

Applicable from January 1, 2020

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

7. ADDITIONAL INFORMATION

7.1 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at June 30, 2020 are as follows:

	CONSOLIDATED JUNE 30, 2020					Million Baht
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Investments in equity securities designated at FVOCI	Financial instruments measured at amortized cost	Total
Financial assets						
Cash	-	-	-	-	65,818	65,818
Interbank and money market items, net	-	-	-	-	586,911	586,911
Financial assets measured at FVTPL	65,168	-	-	-	-	65,168
Derivatives assets	59,789	-	-	-	-	59,789
Investments, net	-	-	578,630	77,800	27,157	683,587
Loans to customers and accrued interest receivables, net	-	-	-	-	2,182,459	2,182,459
Total	124,957	-	578,630	77,800	2,862,345	3,643,732
Financial liabilities						
Deposits	-	-	-	-	2,852,295	2,852,295
Interbank and money market item	-	-	-	-	167,336	167,336
Liability payable on demand	-	-	-	-	6,410	6,410
Financial liabilities measured at FVTPL	300	18,904	-	-	-	19,204
Derivatives liabilities	56,036	-	-	-	-	56,036
Debt issued and borrowings	-	-	-	-	142,657	142,657
Total	56,336	18,904	-	-	3,168,698	3,243,938

Million Baht

	THE BANK					Total
	JUNE 30, 2020					
	Financial instruments measured at FVTPL	Financial instruments designated at FVTPL	Financial instruments measured at FVOCI	Investments in equity securities designated at FVOCI	Financial instruments measured at amortized cost	
Financial assets						
Cash	-	-	-	-	61,769	61,769
Interbank and money market items, net	-	-	-	-	501,793	501,793
Financial assets measured at FVTPL	57,721	-	-	-	-	57,721
Derivatives assets	58,919	-	-	-	-	58,919
Investments, net	-	-	517,062	75,165	9,051	601,278
Loans to customers and accrued interest receivables, net	-	-	-	-	1,919,453	1,919,453
Total	116,640	-	517,062	75,165	2,492,066	3,200,933
Financial liabilities						
Deposits	-	-	-	-	2,529,002	2,529,002
Interbank and money market item	-	-	-	-	160,098	160,098
Liability payable on demand	-	-	-	-	5,690	5,690
Financial liabilities measured at FVTPL	-	18,904	-	-	-	18,904
Derivatives liabilities	55,600	-	-	-	-	55,600
Debt issued and borrowings	-	-	-	-	139,433	139,433
Total	55,600	18,904	-	-	2,834,223	2,908,727

7.2 Cash

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

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash	65,750	58,010	61,701	57,933
Cash received in advance from e-Money and electronic money transfer service	68	80	68	80
Total	65,818	58,090	61,769	58,013

7.3 Supplementary disclosures of cash flow information

Significant non-cash items for the six-month periods ended June 30, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Unrealized gains on investments in				
shareholders' equity increase (decrease)	(6,384)	4,397	(6,487)	4,401
Investment in subsidiaries increase	-	-	8,949	-
Other liabilities increase	8,949	-	8,949	-
Properties for sale increased from loans				
payment/inactive assets	653	609	653	609
Unrealized increment per premises				
appraisal transferred to retained earnings	489	467	477	465
Unrealized increment per land and premises				
appraisal increase	11,510	-	11,190	-
Changes in non-cash items of debt issued and				
borrowing				
Gains (losses) on foreign exchange	(3,354)	6,299	(3,354)	6,299
Amortization on discount	15	134	15	134

7.4 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at June 30, 2020 and December 31, 2019 consisted of the following :

	Million Baht					
	CONSOLIDATED					
	June 30, 2020			December 31, 2019		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	27,189	300,551	327,740	30,087	232,410	262,497
Commercial banks	5,567	8,870	14,437	1,109	23,749	24,858
Other financial institutions	<u>1,666</u>	<u>12,525</u>	<u>14,191</u>	<u>1,913</u>	<u>12,702</u>	<u>14,615</u>
Total	34,422	321,946	356,368	33,109	268,861	301,970
<u>Add</u> Accrued interest						
Receivables and undue interest receivables	-	36	36	-	97	97
<u>Less</u> Allowance for expected credit loss	(4)	(83)	(87)	-	-	-
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>(1,029)</u>	<u>(1,056)</u>
Total domestic items	<u>34,418</u>	<u>321,899</u>	<u>356,317</u>	<u>33,082</u>	<u>267,929</u>	<u>301,011</u>
Foreign items						
USD	30,106	106,695	136,801	19,810	84,517	104,327
JPY	17,418	-	17,418	15,678	3,608	19,286
EUR	937	5,238	6,175	554	7,673	8,227
Others	<u>31,955</u>	<u>38,503</u>	<u>70,458</u>	<u>12,229</u>	<u>27,122</u>	<u>39,351</u>
Total	80,416	150,436	230,852	48,271	122,920	171,191
<u>Add</u> Accrued interest						
receivables and undue interest receivables	15	205	220	-	354	354
<u>Less</u> Allowance for expected credit loss	(216)	(262)	(478)	-	-	-
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>(207)</u>
Total foreign items	<u>80,215</u>	<u>150,379</u>	<u>230,594</u>	<u>48,271</u>	<u>123,067</u>	<u>171,338</u>
Total domestic and foreign items	<u><u>114,633</u></u>	<u><u>472,278</u></u>	<u><u>586,911</u></u>	<u><u>81,353</u></u>	<u><u>390,996</u></u>	<u><u>472,349</u></u>

	THE BANK					
		June 30, 2020		December 31, 2019		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	27,189	300,551	327,740	30,087	232,410	262,497
Commercial banks	1	2,400	2,401	-	18,150	18,150
Other financial institutions	1,666	12,525	14,191	1,913	12,702	14,615
Total	28,856	315,476	344,332	32,000	263,262	295,262
<u>Add</u> Accrued interest						
Receivables and undue interest receivables	-	26	26	-	66	66
<u>Less</u> Allowance for expected credit loss	(4)	(83)	(87)	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	(27)	(1,029)	(1,056)
Total domestic items	28,852	315,419	344,271	31,973	262,299	294,272
Foreign items						
USD	11,943	102,116	114,059	19,543	81,119	100,662
JPY	16,654	-	16,654	15,678	3,608	19,286
EUR	828	5,238	6,066	548	7,673	8,221
Others	6,624	14,417	21,041	7,523	12,382	19,905
Total	36,049	121,771	157,820	43,292	104,782	148,074
<u>Add</u> Accrued interest						
receivables and undue interest receivables	-	143	143	-	283	283
<u>Less</u> Allowance for expected credit loss	(212)	(229)	(441)	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	(45)	(45)
Total foreign items	35,837	121,685	157,522	43,292	105,020	148,312
Total domestic and foreign items	64,689	437,104	501,793	75,265	367,319	442,584

7.5 Financial assets measured at fair value through profit or loss

7.5.1 Trading financial assets as at June 30, 2020 consisted of the following :

	Million Baht	
	CONSOLIDATED	THE BANK
	June 30, 2020	June 30, 2020
	Fair Value	Fair Value
Thai government and state enterprise securities	15,588	15,588
Private enterprise debt securities	20	20
Foreign debt securities	3,811	-
Domestic marketable equity securities	964	-
Others	102	-
Total	<u><u>20,485</u></u>	<u><u>15,608</u></u>

7.5.2 Others as at June 30, 2020 consisted of the following :

	Million Baht	
	CONSOLIDATED	THE BANK
	June 30, 2020	June 30, 2020
	Fair Value	Fair Value
Investment in debt securities	34,253	32,090
Investment in equity securities	10,430	10,023
Total	<u><u>44,683</u></u>	<u><u>42,113</u></u>

7.6 Derivatives assets and liabilities

The fair values and the notional amounts derivatives classified by type of risk as at June 30, 2020 and December 31, 2019 are as follows :

Type of risk	Million Baht					
	June 30, 2020			December 31, 2019		
	Fair Value		Notional Amount	Fair Value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	26,248	18,686	1,322,551	32,164	17,245	1,091,796
Interest rate	33,015	37,270	1,171,641	17,638	20,231	1,064,586
Others	526	80	6,365	5	361	9,887
Total	<u><u>59,789</u></u>	<u><u>56,036</u></u>	<u><u>2,500,557</u></u>	<u><u>49,807</u></u>	<u><u>37,837</u></u>	<u><u>2,166,269</u></u>

Type of risk	THE BANK					
	June 30, 2020		Notional Amount	December 31, 2019		Notional Amount
	Fair Value			Fair Value		
	Assets	Liabilities	Assets	Liabilities		
Foreign exchange rate	25,378	18,368	1,264,663	32,049	17,140	1,077,158
Interest rate	33,015	37,232	1,170,399	17,638	20,231	1,064,585
Others	<u>526</u>	<u>-</u>	<u>2,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>58,919</u>	<u>55,600</u>	<u>2,437,780</u>	<u>49,687</u>	<u>37,371</u>	<u>2,141,743</u>

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

Foreign exchange derivatives

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

Interest rate derivatives

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

Hedge accounting

The Bank uses currency swaps and interest rate swaps to hedge its exposure to changes in the fair value of fixed rate instruments and its foreign currency risk exposure. As at 30 June 2020, the carrying amount of derivatives designated as hedging instruments in the consolidated financial statements and in the Bank's financial statements for derivatives assets are amounting to Baht 309 million and derivatives liabilities Baht 2,065 million, respectively.

The Bank uses currency swaps to hedge the variability in cash flows that is related to a variable or fixed rate asset resulting from changes in interest rate and its foreign currency risk exposure. As at 30 June 2020, the carrying amount of derivatives designated as hedging instruments in the consolidated financial statements

and in the Bank's financial statements for derivatives assets are amounting to Baht 1,478 million and derivatives liabilities Baht 220 million, respectively.

7.7 Investments, net

7.7.1 Investments as at June 30, 2020 and December 31, 2019 consisted of the following :

	CONSOLIDATED June 30, 2020 Amortized Cost	Million Baht THE BANK June 30, 2020 Amortized Cost
Debt investment securities - measured at amortized cost		
Thai government and state enterprise securities	22,548	7,029
Foreign debt securities	4,621	2,031
Total	<u>27,169</u>	<u>9,060</u>
<u>Less</u> Allowance for expected credit loss	<u>(12)</u>	<u>(9)</u>
Total	<u><u>27,157</u></u>	<u><u>9,051</u></u>

	CONSOLIDATED June 30, 2020 Fair Value	Million Baht THE BANK June 30, 2020 Fair Value
Debt investment securities - measured at FVOCI		
Thai government and state enterprise securities	358,690	358,690
Private enterprise debt securities	57,965	57,965
Foreign debt securities	154,248	92,680
Others	<u>7,727</u>	<u>7,727</u>
Total	<u><u>578,630</u></u>	<u><u>517,062</u></u>
Allowance for expected credit loss	<u><u>2,383</u></u>	<u><u>2,349</u></u>

	CONSOLIDATED June 30, 2020 Fair Value	Million Baht THE BANK June 30, 2020 Fair Value
Equity investment securities - designated at FVOCI		
Domestic marketable equity securities	48,960	46,427
Foreign marketable equity securities	18,788	18,788
Others	<u>10,052</u>	<u>9,950</u>
Total	<u><u>77,800</u></u>	<u><u>75,165</u></u>
Investments, net	<u><u>683,587</u></u>	<u><u>601,278</u></u>

For the three-month period ended June 30, 2020, the Bank received dividends from equity investment securities designated at FVOCI that the Bank maintains. For the consolidated and the Bank's financial statements amounting to Baht 882 million and Baht 788 million, respectively.

For the six-month period ended June 30, 2020, the Bank received dividends from equity investment securities designated at FVOCI that the Bank maintains. For the consolidated and the Bank's financial statements amounting to Baht 1,368 million and Baht 1,274 million, respectively.

	CONSOLIDATED December 31, 2019 Fair Value	Million Baht THE BANK December 31, 2019 Fair Value
Trading securities		
Thai government and state enterprise securities	8,320	8,320
Private enterprise debt securities	198	198
Domestic marketable equity securities	<u>5,095</u>	<u>-</u>
Total	<u><u>13,613</u></u>	<u><u>8,518</u></u>

	CONSOLIDATED December 31, 2019 Fair Value	Million Baht THE BANK December 31, 2019 Fair Value
Available-for-sale securities		
Thai government and state enterprise securities	327,327	327,327
Private enterprise debt securities	66,072	65,520
Foreign debt securities	113,747	98,068
Domestic marketable equity securities	47,141	47,141
Foreign marketable equity securities	9,844	9,844
Others	<u>10,589</u>	<u>8,897</u>
Total	<u><u>574,720</u></u>	<u><u>556,797</u></u>

	CONSOLIDATED December 31, 2019 Cost/ Amortized Cost	Million Baht THE BANK December 31, 2019 Cost/ Amortized Cost
Held-to-maturity debt securities		
Thai government and state enterprise securities	19,328	7,032
Foreign debt securities	<u>3,929</u>	<u>3,197</u>
Total	<u><u>23,257</u></u>	<u><u>10,229</u></u>

	CONSOLIDATED December 31, 2019 Cost	Million Baht THE BANK December 31, 2019 Cost
General investments		
Domestic non-marketable equity securities	8,689	7,839
Foreign non-marketable equity securities	<u>36,029</u>	<u>35,763</u>
Total	44,718	43,602
<u>Less</u> Allowance for impairment	<u>(8,611)</u>	<u>(8,611)</u>
Total	<u><u>36,107</u></u>	<u><u>34,991</u></u>
Total investments, net	<u><u>647,697</u></u>	<u><u>610,535</u></u>

The Bank had investments in companies whose prospects as a going concern are uncertain, comprising of companies listed in the SET that fall under the SET delisting criteria and non-listed companies that their financial performance and financial position fall under the SET delisting criteria. As at June 30, 2020, there were 34 companies with investment cost of Baht 260 million and fair value of Baht 1 million. As at December 31, 2019, there were 35 companies with investment cost of Baht 260 million and net book value of Baht 0 million.

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

7.7.2 As at June 30, 2020 and December 31, 2019, the Bank and subsidiaries had investments in other companies of 10% and upwards of the paid-up capital of the respective companies but which are not considered to be investments in subsidiaries and associates. The classification is as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Manufacturing and commercial	12	12	12	12
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	<u>2,316</u>	<u>2,243</u>	<u>2,316</u>	<u>2,243</u>
Total	<u><u>2,556</u></u>	<u><u>2,483</u></u>	<u><u>2,556</u></u>	<u><u>2,483</u></u>

7.8 Investments in subsidiaries and associates, net

As at June 30, 2020 and December 31, 2019, the Bank had investments in subsidiaries and associates, net as follows :

		CONSOLIDATED						Million Baht	
Company	Type of Business	Type of Shares	Direct and Indirect Shareholding (%)		Investment (Cost Method)		Investment (Equity Method)		
			June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	
Associates									
Thai Payment Network Co., Ltd.*	Service	Common share	69.08	69.08	362	362	59	94	
BSL Leasing Co., Ltd.	Finance	Common share	35.88	35.88	201	201	851	820	
Processing Center Co., Ltd.	Service	Common share	30.00	30.00	15	15	450	441	
BCI (Thailand) Co., Ltd.	Service	Common share	22.17	22.17	118	118	102	109	
National ITMX Co., Ltd.	Service	Common share	14.26	14.26	<u>13</u>	<u>13</u>	<u>283</u>	<u>273</u>	
Total					709	709	1,745	1,737	
<u>Less</u> Allowance for impairment					<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	
Investments in associates, net					<u><u>707</u></u>	<u><u>707</u></u>	<u><u>1,745</u></u>	<u><u>1,737</u></u>	

		THE BANK						Million Baht	
Company	Type of Business	Type of Shares	Direct and Indirect Shareholding (%)		Investment (Cost Method)				
			June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	
Subsidiaries									
BBL (Cayman) Limited	Finance	Common share	100.00	100.00			2	2	
Bangkok Bank Berhad	Banking	Common share	100.00	100.00			9,261	9,261	
Sinnsuptawee Asset Management Co., Ltd.	Asset Management	Common share	100.00	100.00			2,500	2,500	
Bangkok Bank (China) Co., Ltd.	Banking	Common share	100.00	100.00			19,585	19,585	
Bualuang Ventures Limited	Venture Capital	Common share	100.00	100.00			1,500	1,500	
Company									
PT Bank Permata Tbk	Banking	Common share	100.00	-			82,671	-	
Bualuang Securities PCL.	Securities	Common share	99.91	99.91			4,772	4,772	
BBL Asset Management Co., Ltd.	Finance	Common share	75.00	75.00			183	183	
Associates									
Thai Payment Network Co., Ltd.*	Service	Common share	69.08	69.08			362	362	
BSL Leasing Co., Ltd.	Finance	Common share	35.88	35.88			201	201	
Processing Center Co., Ltd.	Service	Common share	30.00	30.00			15	15	
BCI (Thailand) Co., Ltd.	Service	Common share	22.17	22.17			118	118	
National ITMX Co., Ltd.	Service	Common share	14.26	14.26			<u>13</u>	<u>13</u>	
Total							121,183	38,512	
<u>Less</u> Allowance for impairment							<u>(97)</u>	<u>(97)</u>	
Investments in subsidiaries and associates, net							<u><u>121,086</u></u>	<u><u>38,415</u></u>	

* The Bank has only significantly influenced but not control.

The Acquisition in PT Bank Permata Tbk

On May 20, 2020, the Bank acquire PT Bank Permata Tbk (“Permata”) from Standard Chartered Bank (“Standard Chartered”) and PT Astra International Tbk (“Astra”) representing 89.12% of the total issued and sold shares in Permata (“Transaction”) at price of IDR 1,346.97 per share (approximately THB 2.95 or USD 0.09 per share). The transaction value for the acquisition of 89.12% of the total shares in Permata is IDR 33,662,797 million (approximately THB 73,722 million or USD 2,282 million). The Bank will be required, in due course, to conduct a mandatory tender offer (“MTO”) for the remaining shares in Permata (representing approximately 10.88% of the total issued and sold shares in Permata held by minority shareholders) in accordance with applicable laws and regulations of Indonesia.

The MTO is determined "a linked transaction" which is accounted for as a single business combination as if all ownership interests were acquired at the acquisition date. Until the completion of MTO, the adjustment would be made to reflect the actual percentage acquired.

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

	Million Baht Provisional Fair Value
Assets	
Cash	4,640
Interbank and money market items, net	69,227
Financial assets measured at fair value through profit and loss	1,617
Derivatives assets	1,020
Investment, net	43,733
Loans to customers and accrued interest receivables, net	227,260
Properties for sale, net	799
Premises and equipment, net	6,205
Others	10,805
Total Assets	365,306
Liabilities	
Deposits	299,893
Interbank and money market items	4,348
Liability payable on demand	733
Derivatives liabilities	403
Debt issued and borrowings	3,469
Others	5,125
Total Liabilities	313,971
Net identifiable assets acquired	51,335
<u>Less</u> Non-controlling interests	*
<u>Add</u> Goodwill	31,388
Cash paid	82,723

* Amount less than Million Baht

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

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

	Million Baht	
	FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019
Net profit	196	265
Total comprehensive income	196	265

	Million Baht	
	FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019
Net profit	438	467
Total comprehensive income	438	467

7.9 Loans to customers and accrued interest receivables, net

7.9.1 Classified by product type as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Overdrafts	109,935	103,798	84,646	103,048
Loans	1,799,465	1,545,217	1,559,585	1,493,427
Bills	440,903	410,616	433,560	404,930
Others	<u>3,545</u>	<u>1,678</u>	<u>1,665</u>	<u>1,678</u>
Loans to customers	2,353,848	2,061,309	2,079,456	2,003,083
<u>Add</u> Accrued interest receivables and undue interest receivables	<u>5,881</u>	<u>4,013</u>	<u>4,497</u>	<u>3,894</u>
Loans to customers and accrued interest receivables	2,359,729	2,065,322	2,083,953	2,006,977
<u>Less</u> Allowance for expected credit loss	(177,270)	-	(164,500)	-
<u>Less</u> Allowance for doubtful accounts and revaluation allowance for debt restructuring	<u>-</u>	<u>(174,276)</u>	<u>-</u>	<u>(170,255)</u>
Total loans to customers and accrued interest receivables, net	<u><u>2,182,459</u></u>	<u><u>1,891,046</u></u>	<u><u>1,919,453</u></u>	<u><u>1,836,722</u></u>

7.9.2 Classified as at June 30, 2020 and December 31, 2019 :

	Loans and Interbank and Money Market items	
	CONSOLIDATED	THE BANK
	June 30, 2020	June 30, 2020
Performing and Under-performing	2,832,464	2,485,084
Non-performing	108,604	96,524
Total	<u>2,941,068</u>	<u>2,581,608</u>

	Loans and Interbank and Money Market items	
	CONSOLIDATED	THE BANK
	DECEMBER 31, 2019	DECEMBER 31, 2019
Normal	2,387,864	2,301,309
Special mentioned	67,457	67,018
Substandard	9,726	9,726
Doubtful	14,522	13,960
Doubtful of loss	54,901	54,407
Total	<u>2,534,470</u>	<u>2,446,420</u>

The consolidated and the Bank's financial statements as at June 30, 2020, impaired loans with restructured loans amounted to Baht 48,235 million and Baht 43,974 million, respectively.

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

7.9.3 As at June 30, 2020 and December 31, 2019, the Bank and subsidiaries had non-performing loans (NPLs), including interbank and money market items but excluding accrued interest receivable, as follows:

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
NPLs before allowance for expected credit loss	108,604	79,149	96,524	78,093
NPLs as percentage of total loans	4.05	3.39	4.02	3.44
Net NPLs after allowance for expected credit loss	39,695	28,368	35,025	28,203
Net NPLs as percentage of net total loans	1.52	1.24	1.50	1.27

7.9.4 Classified by customer's residence as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Million Baht			
Domestic	1,606,908	1,576,510	1,604,532	1,572,896
Foreign	746,940	484,799	474,924	430,187
Total	<u>2,353,848</u>	<u>2,061,309</u>	<u>2,079,456</u>	<u>2,003,083</u>

7.9.5 Classified by business type as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Million Baht			
Agriculture and mining	76,307	61,569	60,147	59,421
Manufacturing and commercial	862,124	755,979	754,331	729,176
Real estate and construction	216,516	200,736	189,049	192,628
Utilities and services	528,731	470,159	491,784	460,719
Housing loans	290,133	251,197	251,659	251,179
Others	380,037	321,669	332,486	309,960
Total	<u>2,353,848</u>	<u>2,061,309</u>	<u>2,079,456</u>	<u>2,003,083</u>

7.9.6 Classified and Allowance for expected credit loss / Allowance for doubtful accounts as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020		June 30, 2020	
	Loans and accrued interest receivables	Allowance for expected credit loss	Loans and accrued interest receivables	Allowance for expected credit loss
Performing	2,094,524	48,245	1,845,826	44,639
Under-performing	155,348	58,717	140,416	56,964
Non-performing	109,857	70,308	97,711	62,897
Total	<u>2,359,729</u>	<u>177,270</u>	<u>2,083,953</u>	<u>164,500</u>

	CONSOLIDATED DECEMBER 31, 2019			Million Baht
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,918,520	1,267,640	1	16,119
Special mentioned	67,596	33,359	2	848
Substandard	9,783	1,358	100	1,359
Doubtful	14,522	6,259	100	6,259
Doubtful of loss	54,901	30,087	100	30,087
Excess provision according to the BOT's requirement				113,094
Total	<u><u>2,065,322</u></u>	<u><u>1,338,703</u></u>		<u><u>167,766</u></u>

	THE BANK DECEMBER 31, 2019			Million Baht
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,861,672	1,223,874	1	15,716
Special mentioned	67,155	33,154	2	844
Substandard	9,783	1,358	100	1,359
Doubtful	13,960	5,696	100	5,696
Doubtful of loss	54,407	29,811	100	29,811
Excess provision according to the BOT's requirement				110,319
Total	<u><u>2,006,977</u></u>	<u><u>1,293,893</u></u>		<u><u>163,745</u></u>

7.10 Properties for sale, net

Properties for sale consisted of the following as at June 30, 2020 and December 31, 2019 :

Type of Properties for Sale	Beginning Balance	Balance of Subsidiary as at Acquisition date	CONSOLIDATED JUNE 30, 2020			Ending Balance
			Additions	Disposals	Others	Million Baht
Assets from debt repayment						
Immovable assets	15,910	996	676	(408)	(6)	17,168
Movable assets	<u>69</u>	<u>45</u>	<u>67</u>	<u>(40)</u>	<u>-</u>	<u>141</u>
Total	15,979	1,041	743	(448)	(6)	17,309
<u>Less</u> Allowance for impairment	<u>(6,616)</u>	<u>(242)</u>	<u>(198)</u>	<u>61</u>	<u>1</u>	<u>(6,994)</u>
Total properties for sale, net	<u>9,363</u>	<u>799</u>	<u>545</u>	<u>(387)</u>	<u>(5)</u>	<u>10,315</u>

Type of Properties for Sale	Beginning Balance	CONSOLIDATED DECEMBER 31, 2019		Ending Balance
		Additions	Disposals	Million Baht
Assets from debt repayment				
Immovable assets	16,830	1,568	(2,488)	15,910
Movable assets	<u>158</u>	<u>2</u>	<u>(91)</u>	<u>69</u>
Total	16,988	1,570	(2,579)	15,979
Others	<u>53</u>	<u>-</u>	<u>(53)</u>	<u>-</u>
Total properties for sale	17,041	1,570	(2,632)	15,979
<u>Less</u> Allowance for impairment	<u>(6,437)</u>	<u>(909)</u>	<u>730</u>	<u>(6,616)</u>
Total properties for sale, net	<u>10,604</u>	<u>661</u>	<u>(1,902)</u>	<u>9,363</u>

As at June 30, 2020, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 17,168 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 11,813 million and appraised by internal appraisers in the amount of Baht 5,355 million.

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

Type of Properties for Sale	Beginning Balance	THE BANK JUNE 30, 2020		Ending Balance
		Additions	Disposals	Million Baht
Assets from debt repayment				
Immovable assets	12,831	676	(367)	13,140
Movable assets	<u>69</u>	<u>22</u>	<u>(16)</u>	<u>75</u>
Total	12,900	698	(383)	13,215
<u>Less</u> Allowance for impairment	<u>(4,532)</u>	<u>(198)</u>	<u>58</u>	<u>(4,672)</u>
Total properties for sale, net	<u>8,368</u>	<u>500</u>	<u>(325)</u>	<u>8,543</u>

Type of Properties for Sale	Beginning Balance	THE BANK DECEMBER 31, 2019		Ending Balance
		Additions	Disposals	Million Baht
Assets from debt repayment				
Immovable assets	12,873	1,568	(1,610)	12,831
Movable assets	<u>158</u>	<u>2</u>	<u>(91)</u>	<u>69</u>
Total	13,031	1,570	(1,701)	12,900
Others	<u>53</u>	<u>-</u>	<u>(53)</u>	<u>-</u>
Total properties for sale	13,084	1,570	(1,754)	12,900
<u>Less</u> Allowance for impairment	<u>(4,341)</u>	<u>(515)</u>	<u>324</u>	<u>(4,532)</u>
Total properties for sale, net	<u>8,743</u>	<u>1,055</u>	<u>(1,430)</u>	<u>8,368</u>

As at June 30, 2020, the Bank had immovable assets from debt repayment in the amount of Baht 13,140 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,320 million and appraised by internal appraisers in the amount of Baht 4,820 million.

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

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

Million Baht

CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2020		June 30, 2019		
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	52	(11)	-	525	(7)

Million Baht

CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2020		June 30, 2019		
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	115	(18)	-	645	(9)

Million Baht

THE BANK FOR THE THREE-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2020		June 30, 2019		
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	38	(4)	-	515	(7)

Million Baht

THE BANK FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2020		June 30, 2019		
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	5	-	10	-	-
Sale to public	Per cost recovery	-	90	(10)	-	626	(9)

7.11 Premises and equipment, net

Premises and equipment consisted of the following as at June 30, 2020 and December 31, 2019 :

	Million Baht															
	CONSOLIDATED JUNE 30, 2020															
	Cost							Accumulated Depreciation								
	Beginning Balance	Balance of Subsidiary as at Acquisition date	Adjustment of Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Balance of Subsidiary as at Acquisition date	Depreciation	Disposal/ Transfer	Transfer to net with cost	Others	Ending Balance	Premises and Equipment (Net)
Land																
Cost	7,505	793	-	-	(5)	-	73	8,366	-	-	-	-	-	-	-	8,366
Appraisal increase (year 2020)	20,661	3,492	-	7,663	(18)	-	(100)	31,698	-	-	-	-	-	-	-	31,698
Appraisal decrease (year 2020)	(676)	-	-	(3)	218	-	(27)	(488)	-	-	-	-	-	-	-	(488)
Premises																
Cost	3,257	413	-	129	(444)	(649)	27	2,733	948	184	69	(218)	(649)	17	351	2,382
Appraisal increase (year 2020)	12,274	607	-	1,210	(251)	-	(12)	13,828	5,395	323	608	(5,791)	-	4	539	13,289
Appraisal decrease (year 2020)	(207)	-	-	(35)	86	-	(10)	(166)	(59)	-	(6)	69	-	(5)	(1)	(165)
Equipment	22,674	946	-	379	(674)	-	16	23,341	19,069	615	765	(638)	-	14	19,825	3,516
Right-of-use assets	-	2,124	4,733	228	(40)	-	14	7,059	-	1,215	720	(35)	-	(10)	1,890	5,169
Leasehold improvement	-	655	-	2,890	-	-	36	3,581	-	528	38	2,467	-	41	3,074	507
Others	619	40	-	306	(155)	-	(1)	809	-	-	-	-	-	-	-	809
Total	<u>66,107</u>	<u>9,070</u>	<u>4,733</u>	<u>12,767</u>	<u>(1,283)</u>	<u>(649)</u>	<u>16</u>	<u>90,761</u>	<u>25,353</u>	<u>2,865</u>	<u>2,194</u>	<u>(4,146)</u>	<u>(649)</u>	<u>61</u>	<u>25,678</u>	<u>65,083</u>

Million Baht

	CONSOLIDATED DECEMBER 31, 2019										
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Depreciation Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,612	-	(2)	(105)	7,505	-	-	-	-	-	7,505
Appraisal increase (year 2015)	20,823	-	(7)	(155)	20,661	-	-	-	-	-	20,661
Appraisal decrease (year 2015)	(704)	-	-	28	(676)	-	-	-	-	-	(676)
Premises											
Cost	3,519	35	(178)	(119)	3,257	727	421	(178)	(22)	948	2,309
Appraisal increase (year 2015)	12,338	-	-	(64)	12,274	4,228	1,177	-	(10)	5,395	6,879
Appraisal decrease (year 2015)	(217)	-	-	10	(207)	(48)	(14)	-	3	(59)	(148)
Equipment	22,503	1,683	(1,436)	(76)	22,674	19,046	1,516	(1,425)	(68)	19,069	3,605
Others	646	1,112	(1,136)	(3)	619	-	-	-	-	-	619
Total	<u>66,520</u>	<u>2,830</u>	<u>(2,759)</u>	<u>(484)</u>	<u>66,107</u>	<u>23,953</u>	<u>3,100</u>	<u>(1,603)</u>	<u>(97)</u>	<u>25,353</u>	<u>40,754</u>

Million Baht

	THE BANK													
	JUNE 30, 2020													
	Beginning	Adjustment	Additions/	Cost	Net of	Others	Ending	Beginning	Accumulated Depreciation				Ending	Premises
	Balance	of	Transfer	Disposal/	Accumulated		Balance	Balance	Depre-	Disposal/	Transfer	Others	Balance	and
		Beginning		Transfer	Depreciation				ciation	Transfer	to net			Equipment
		Balance								with cost				(Net)
Land														
Cost	7,499	-	-	(4)	-	78	7,573	-	-	-	-	-	-	7,573
Appraisal increase (year 2020)	20,608	-	7,573	(18)	-	(76)	28,087	-	-	-	-	-	-	28,087
Appraisal decrease (year 2020)	(676)	-	(3)	218	-	(27)	(488)	-	-	-	-	-	-	(488)
Premises														
Cost	2,214	-	129	(444)	(502)	39	1,436	773	55	(217)	(502)	15	124	1,312
Appraisal increase (year 2020)	12,230	-	914	(251)	-	3	12,896	5,374	597	(5,769)	-	6	208	12,688
Appraisal decrease (year 2020)	(207)	-	(35)	86	-	(10)	(166)	(59)	(6)	69	-	(5)	(1)	(165)
Equipment	21,537	-	332	(491)	-	21	21,399	18,197	702	(489)	-	17	18,427	2,972
Right-of-use assets	-	4,152	6	-	-	24	4,182	-	551	-	-	(1)	550	3,632
Leasehold improvement	-	-	2,728	-	-	40	2,768	-	26	2,339	-	44	2,409	359
Others	585	-	302	(146)	-	-	741	-	-	-	-	-	-	741
Total	<u>63,790</u>	<u>4,152</u>	<u>11,946</u>	<u>(1,050)</u>	<u>(502)</u>	<u>92</u>	<u>78,428</u>	<u>24,285</u>	<u>1,925</u>	<u>(4,067)</u>	<u>(502)</u>	<u>76</u>	<u>21,717</u>	<u>56,711</u>

Million Baht

	THE BANK DECEMBER 31, 2019										
	Beginning Balance	Cost Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Depreciation			Ending Balance	Premises and Equipment (Net)
							Depre- ciation	Disposal/ Transfer	Others		
Land											
Cost	7,607	-	(2)	(106)	7,499	-	-	-	-	-	7,499
Appraisal increase (year 2015)	20,766	-	(7)	(151)	20,608	-	-	-	-	-	20,608
Appraisal decrease (year 2015)	(704)	-	-	28	(676)	-	-	-	-	-	(676)
Premises											
Cost	2,404	32	(178)	(44)	2,214	614	347	(178)	(10)	773	1,441
Appraisal increase (year 2015)	12,291	-	-	(61)	12,230	4,211	1,172	-	(9)	5,374	6,856
Appraisal decrease (year 2015)	(217)	-	-	10	(207)	(48)	(14)	-	3	(59)	(148)
Equipment	21,391	1,589	(1,388)	(55)	21,537	18,205	1,417	(1,378)	(47)	18,197	3,340
Others	624	1,071	(1,109)	(1)	585	-	-	-	-	-	585
Total	<u>64,162</u>	<u>2,692</u>	<u>(2,684)</u>	<u>(380)</u>	<u>63,790</u>	<u>22,982</u>	<u>2,922</u>	<u>(1,556)</u>	<u>(63)</u>	<u>24,285</u>	<u>39,505</u>

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

For the consolidated financial statements, as at June 30, 2020 and December 31, 2019, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 17,956 million and Baht 15,761 million, respectively.

For the Bank's financial statements, as at June 30, 2020 and December 31, 2019, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 17,297 million and Baht 15,115 million, respectively.

7.12 Goodwill and Other intangible assets, net

Goodwill and Other intangible assets consisted of the following as at June 30, 2020 and December 31, 2019 :

Million Baht

CONSOLIDATED													
JUNE 30, 2020													
	Cost					Accumulated Amortization							
	Beginning Balance of Balance as at Acquisition date	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Balance of Subsidiary as at Acquisition date	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Goodwill and Other Intangible Assets (Net)	
Software	3,852	1,389	105	(99)	(6)	5,241	2,868	497	303	(90)	1	3,579	1,662
Goodwill	-	-	31,207	-	-	31,207	-	-	-	-	-	-	31,207
Others	776	466	100	-	-	1,342	-	217	-	-	-	217	1,125
Total	4,628	1,855	31,412	(99)	(6)	37,790	2,868	714	303	(90)	1	3,796	33,994

Million Baht

CONSOLIDATED											
DECEMBER 31, 2019											
	Cost				Accumulated Amortization						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,728	8,918	(50)	(7,744)	3,852	2,229	688	(36)	(13)	2,868	984
Others	581	203	(7)	(1)	776	-	-	-	-	-	776
Total	3,309	9,121	(57)	(7,745)	4,628	2,229	688	(36)	(13)	2,868	1,760

Million Baht

THE BANK											
JUNE 30, 2020											
	Cost				Accumulated Amortization						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	3,520	44	(20)	1	3,545	2,623	250	(20)	1	2,854	691
Others	776	100	-	-	876	-	-	-	-	-	876
Total	4,296	144	(20)	1	4,421	2,623	250	(20)	1	2,854	1,567

Million Baht

THE BANK											
DECEMBER 31, 2019											
	Cost				Accumulated Amortization						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,407	8,881	(35)	(7,733)	3,520	1,997	664	(35)	(3)	2,623	897
Others	581	203	(7)	(1)	776	-	-	-	-	-	776
Total	2,988	9,084	(42)	(7,734)	4,296	1,997	664	(35)	(3)	2,623	1,673

7.13 Deferred tax assets and liabilities

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

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Deferred tax assets	10,256	4,542	5,926	3,361
Deferred tax liabilities	<u>3,933</u>	<u>2,364</u>	<u>3,726</u>	<u>2,159</u>
Deferred tax assets, net	<u><u>6,323</u></u>	<u><u>2,178</u></u>	<u><u>2,200</u></u>	<u><u>1,202</u></u>

Movements in total deferred tax assets and liabilities during the period/year are as follows :

	Million Baht							
	CONSOLIDATED							Ending Balance
	JUNE 30, 2020							
Beginning Balance	Re- measurement under TFRS 9	Beginning Balance as at January 1, 2020	Beginning Balance of subsidiary as at Acquisition date	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others		
Deferred tax assets								
Investments	3,766	(1,598)	2,168	-	834	374	2,876	6,252
Financial liabilities measured at fair value through profit or loss	-	618	618	-	270	(437)	549	1,000
Loans to customers and accrued interest receivables	7,910	2,716	10,626	1,070	(2,952)	-	(118)	8,626
Properties for sale	1,324	-	1,324	-	27	-	-	1,351
Premises and equipment	267	-	267	88	(44)	-	20	331
Provisions	3,782	-	3,782	17	910	(17)	-	4,692
Others	<u>7,452</u>	<u>-</u>	<u>7,452</u>	<u>2,246</u>	<u>2,524</u>	<u>323</u>	<u>61</u>	<u>12,606</u>
Total	<u><u>24,501</u></u>	<u><u>1,736</u></u>	<u><u>26,237</u></u>	<u><u>3,421</u></u>	<u><u>1,569</u></u>	<u><u>243</u></u>	<u><u>3,388</u></u>	<u><u>34,858</u></u>
Deferred tax liabilities								
Investments	8,360	1	8,361	12	(928)	(1,287)	3,307	9,465
Loans to customers and accrued interest receivables	170	(170)	-	-	-	-	-	-
Premises and equipment	5,651	-	5,651	-	(124)	2,885	(5)	8,407
Others	<u>8,142</u>	<u>-</u>	<u>8,142</u>	<u>-</u>	<u>2,332</u>	<u>-</u>	<u>189</u>	<u>10,663</u>
Total	<u><u>22,323</u></u>	<u><u>(169)</u></u>	<u><u>22,154</u></u>	<u><u>12</u></u>	<u><u>1,280</u></u>	<u><u>1,598</u></u>	<u><u>3,491</u></u>	<u><u>28,535</u></u>
Net	<u><u>2,178</u></u>	<u><u>1,905</u></u>	<u><u>4,083</u></u>	<u><u>3,409</u></u>	<u><u>289</u></u>	<u><u>(1,355)</u></u>	<u><u>(103)</u></u>	<u><u>6,323</u></u>

Million Baht

	CONSOLIDATED DECEMBER 31, 2019				
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,458	63	245	-	3,766
Loans to customers and accrued interest receivables	9,298	(1,172)	-	(216)	7,910
Properties for sale	1,288	36	-	-	1,324
Premises and equipment	241	(8)	-	34	267
Provisions	3,363	84	338	(3)	3,782
Others	3,639	3,817	-	(4)	7,452
Total	<u>21,287</u>	<u>2,820</u>	<u>583</u>	<u>(189)</u>	<u>24,501</u>
Deferred tax liabilities					
Investments	8,590	13	(243)	-	8,360
Loans to customers and accrued interest receivables	132	38	-	-	170
Premises and equipment	5,886	(235)	-	-	5,651
Others	3,987	4,155	-	-	8,142
Total	<u>18,595</u>	<u>3,971</u>	<u>(243)</u>	<u>-</u>	<u>22,323</u>
Net	<u><u>2,692</u></u>	<u><u>(1,151)</u></u>	<u><u>826</u></u>	<u><u>(189)</u></u>	<u><u>2,178</u></u>

Million Baht

	THE BANK JUNE 30, 2020						
	Beginning Balance	Re- measurement under TFRS 9	Beginning Balance as at January 1, 2020	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets							
Investments	3,765	(1,661)	2,104	843	319	2,876	6,142
Financial liabilities measured at fair value through profit or loss	-	618	618	270	(437)	549	1,000
Loans to customers and accrued interest receivables	7,159	2,715	9,874	(2,673)	-	(120)	7,081
Properties for sale	906	-	906	28	-	-	934
Premises and equipment	267	-	267	(42)	-	21	246
Provisions	3,728	-	3,728	904	(17)	-	4,615
Others	7,390	-	7,390	2,431	323	74	10,218
Total	23,215	1,672	24,887	1,761	188	3,400	30,236
Deferred tax liabilities							
Investments	8,084	-	8,084	(926)	(1,376)	3,307	9,089
Loans to customers and accrued interest receivables	171	(171)	-	-	-	-	-
Premises and equipment	5,621	-	5,621	(121)	2,797	(1)	8,296
Others	8,137	-	8,137	2,325	-	189	10,651
Total	22,013	(171)	21,842	1,278	1,421	3,495	28,036
Net	1,202	1,843	3,045	483	(1,233)	(95)	2,200

Million Baht

	THE BANK DECEMBER 31, 2019				
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,451	67	247	-	3,765
Loans to customers and accrued interest receivables	8,569	(1,258)	-	(152)	7,159
Properties for sale	868	38	-	-	906
Premises and equipment	241	(8)	-	34	267
Provisions	3,321	70	340	(3)	3,728
Others	3,612	3,781	-	(3)	7,390
Total	<u>20,062</u>	<u>2,690</u>	<u>587</u>	<u>(124)</u>	<u>23,215</u>
Deferred tax liabilities					
Investments	8,333	-	(249)	-	8,084
Loans to customers and accrued interest receivables	132	39	-	-	171
Premises and equipment	5,865	(244)	-	-	5,621
Others	3,971	4,166	-	-	8,137
Total	<u>18,301</u>	<u>3,961</u>	<u>(249)</u>	<u>-</u>	<u>22,013</u>
Net	<u>1,761</u>	<u>(1,271)</u>	<u>836</u>	<u>(124)</u>	<u>1,202</u>

7.14 Deposits

7.14.1 Classified by product type as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK		Million Baht
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	
	Demand	188,577	113,067	113,509	110,767
Savings	1,398,148	1,145,106	1,323,947	1,135,203	
Fixed	1,262,429	1,109,151	1,089,126	1,067,329	
Negotiable certificates of deposit	3,141	3,468	2,420	2,736	
Total	2,852,295	2,370,792	2,529,002	2,316,035	

7.14.2 Classified by currency and customer's residence as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED						Million Baht
	June 30, 2020			December 31, 2019			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	2,165,556	137,065	2,302,621	1,990,674	125,212	2,115,886	
USD	51,650	103,840	155,490	36,793	53,203	89,996	
Others	21,112	373,072	394,184	21,716	143,194	164,910	
Total	2,238,318	613,977	2,852,295	2,049,183	321,609	2,370,792	

	THE BANK						Million Baht
	June 30, 2020			December 31, 2019			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	2,166,071	137,041	2,303,112	1,991,263	125,201	2,116,464	
USD	51,604	62,641	114,245	36,768	52,068	88,836	
Others	14,097	97,548	111,645	14,811	95,924	110,735	
Total	2,231,772	297,230	2,529,002	2,042,842	273,193	2,316,035	

7.15 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at June 30, 2020 and December 31, 2019 :

	Million Baht					
	CONSOLIDATED					
	June 30, 2020			December 31, 2019		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	449	24,553	25,002	100	-	100
Commercial banks	1,518	26,900	28,418	1,100	41,360	42,460
Special purpose financial institutions	89	15,185	15,274	118	18,934	19,052
Other financial institutions	12,800	700	13,500	9,291	851	10,142
Total domestic items	<u>14,856</u>	<u>67,338</u>	<u>82,194</u>	<u>10,609</u>	<u>61,145</u>	<u>71,754</u>
Foreign items						
USD	3,479	36,389	39,868	1,958	25,866	27,824
JPY	79	15,030	15,109	2	13,355	13,357
EUR	899	642	1,541	900	279	1,179
Others	9,489	19,135	28,624	5,752	14,480	20,232
Total foreign items	<u>13,946</u>	<u>71,196</u>	<u>85,142</u>	<u>8,612</u>	<u>53,980</u>	<u>62,592</u>
Total domestic and foreign items	<u><u>28,802</u></u>	<u><u>138,534</u></u>	<u><u>167,336</u></u>	<u><u>19,221</u></u>	<u><u>115,125</u></u>	<u><u>134,346</u></u>

	Million Baht					
	THE BANK					
	June 30, 2020			December 31, 2019		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	449	24,553	25,002	100	-	100
Commercial banks	1,517	26,900	28,417	1,099	41,360	42,459
Special purpose financial institutions	89	15,185	15,274	118	18,934	19,052
Other financial institutions	13,631	700	14,331	9,598	851	10,449
Total domestic items	<u>15,686</u>	<u>67,338</u>	<u>83,024</u>	<u>10,915</u>	<u>61,145</u>	<u>72,060</u>
Foreign items						
USD	3,516	34,411	37,927	1,996	24,815	26,811
JPY	22	15,030	15,052	34	13,355	13,389
EUR	931	642	1,573	929	279	1,208
Others	6,449	16,073	22,522	5,822	9,987	15,809
Total foreign items	<u>10,918</u>	<u>66,156</u>	<u>77,074</u>	<u>8,781</u>	<u>48,436</u>	<u>57,217</u>
Total domestic and foreign items	<u><u>26,604</u></u>	<u><u>133,494</u></u>	<u><u>160,098</u></u>	<u><u>19,696</u></u>	<u><u>109,581</u></u>	<u><u>129,277</u></u>

7.16 Financial liabilities measured at fair value through profit or loss

The Bank had financial liabilities measured at fair value through profit or loss. It is a financial liability that is determined to be measured at fair value through profit or loss amounting to Baht 18,904 million. The cumulative effect of changes in fair value resulting from changes in credit risk recognized in other comprehensive income of amounting to Baht 561 million, and the difference between the book value and the contract value that must be paid when due amounting to Baht 5,002 million.

The subsidiary had financial liabilities measured at fair value through profit or loss is a trading financial liability of Baht 300 million.

7.17 Debt issued and borrowings

7.17.1 Classified by type of instruments and source of fund as at June 30, 2020 and December 31, 2019 :

	Million Baht					
	CONSOLIDATED					
	June 30, 2020			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	101,989	101,989	-	99,530	99,530
Subordinated notes	-	40,294	40,294	-	49,757	49,757
Bills of exchange	7	-	7	8	-	8
Others	464	-	464	838	-	838
<u>Less Discount on borrowings</u>	<u>-</u>	<u>(97)</u>	<u>(97)</u>	<u>-</u>	<u>(5,452)</u>	<u>(5,452)</u>
Total	<u>471</u>	<u>142,186</u>	<u>142,657</u>	<u>846</u>	<u>143,835</u>	<u>144,681</u>

	Million Baht					
	THE BANK					
	June 30, 2020			December 31, 2019		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	101,989	101,989	-	99,530	99,530
Subordinated notes	-	37,086	37,086	-	49,757	49,757
Bills of exchange	7	-	7	8	-	8
Others	448	-	448	473	-	473
<u>Less Discount on borrowings</u>	<u>-</u>	<u>(97)</u>	<u>(97)</u>	<u>-</u>	<u>(5,452)</u>	<u>(5,452)</u>
Total	<u>455</u>	<u>138,978</u>	<u>139,433</u>	<u>481</u>	<u>143,835</u>	<u>144,316</u>

7.17.2 Classified by type of instruments, currency, maturity and interest rate as at June 30, 2020 and December 31, 2019 :

Type	Currency	Maturity	Interest Rate	CONSOLIDATED	
				Amount	
				June 30, 2020	December 31, 2019
Senior unsecured notes	USD	2020 - 2028	3.87% - 5.00%	101,989	99,530
Subordinated notes	USD	2029 - 2034	3.73% - 9.02%	37,086	49,757
Subordinated notes	IDR	2020 - 2021	11.75% - 12.00%	3,208	-
Bills of exchange	THB	2020	0.00%	7	8
Others	THB	2020 - 2024	0.00% - 1.40%	464	838
<u>Less</u> Discount on borrowings				(97)	(5,452)
Total				142,657	144,681

Million Baht

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				June 30, 2020	December 31, 2019
Senior unsecured notes	USD	2020 - 2028	3.87% - 5.00%	101,989	99,530
Subordinated notes	USD	2029 - 2034	3.73% - 9.02%	37,086	49,757
Bills of exchange	THB	2020	0.00%	7	8
Others	THB	2021 - 2024	0.00%	448	473
<u>Less</u> Discount on borrowings				(97)	(5,452)
Total				139,433	144,316

Million Baht

7.18 Subordinated notes

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

On September 25, 2019, the Bank issued and offered USD 1,200 million of subordinated notes qualified to be included in Tier 2 capital of the Bank, containing the write-down/write-off provision, in accordance with the terms thereof, with a maturity of 15 years, at a coupon rate of 3.733% p.a. for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007.

The Bank received net proceeds from the sale of subordinated notes amounting to USD 1,200 million, which the BOT had approved to include in Tier 2 capital on September 25, 2019.

7.19 Bonds

On April 12, 2005, the shareholders reconsidered the resolutions of the shareholders' meeting, convened on April 9, 2004, approving to issue bonds of the Bank and passed a resolution for the Bank to issue and offer subordinated bonds and/or unsubordinated bonds and/or perpetual bonds, both subordinated and unsubordinated, and/or subordinated convertible bonds and/or convertible bonds (together the "Bonds") in an amount not exceeding USD 3,000 million or its equivalent in other currencies, offered and sold in foreign markets and/or domestic markets to general public and/or institutional investors or investors with specific characteristics defined in the Notification of the Securities and Exchange Commission. The Bank may issue different types of Bonds in one issue simultaneously or in several issues at different times. The non-perpetual bonds shall have a maturity of not exceeding 100 years. The subordinated convertible bonds and/or convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding USD 1,000 million or its equivalent in other currencies. The Board of Directors or the Executive Board of Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds. The shareholders also approved the allocation of 500 million common shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bonds (See Note 7.23).

On April 12, 2007, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the "Bonds") in the amount not exceeding Baht 150,000 million or its equivalent in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the condition of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds.

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

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

On April 12, 2013, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds, perpetual bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the "Bonds") in the amount not exceeding Baht 150,000 million or its equivalent in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the terms and conditions of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider conditions and other details for the issue and offering of the bonds.

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

amounting to USD 500 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 999 million. On October 3, 2018, the Bank redeemed senior unsecured notes with a maturity of 5 years at a coupon of 3.30% p.a., amounting to USD 500 million.

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

7.20 The Issuance of Bonds under the Medium Term Note Program

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

7.21 Provisions

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

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Beginning balances	18,702	16,519	18,428	16,311
Re-measurement under TFRS 9	5,781	-	5,315	-
Beginning balances of subsidiary as at acquisition date	292	-	-	-
Increase during the period/year	2,916	3,958	2,272	3,880
Written off/reversal during the period/year	(3,412)	(1,775)	(3,096)	(1,763)
Ending balances	24,279	18,702	22,919	18,428

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Defined benefit obligations	13,483	13,272	13,097	12,998
Expected credit losses on financial guarantee contracts and loan				
Commitments	7,327	-	6,303	-
Others	<u>3,469</u>	<u>5,430</u>	<u>3,519</u>	<u>5,430</u>
Total	<u>24,279</u>	<u>18,702</u>	<u>22,919</u>	<u>18,428</u>

7.22 Post-employment benefits

7.22.1 Defined contribution plans

For the three-month periods ended June 30, 2020 and 2019, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 347 million and Baht 319 million, and in the Bank's financial statements amounting to Baht 297 million and Baht 288 million, respectively.

For the six-month periods ended June 30, 2020 and 2019, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements amounting to Baht 650 million and Baht 617 million, and in the Bank's financial statements amounting to Baht 572 million and Baht 557 million, respectively.

7.22.2 Defined benefit plans

As at June 30, 2020 and December 31, 2019, the Bank and its local subsidiaries have unfunded defined benefit plans but some overseas branches and subsidiary have funded defined benefit plans. The reconciliation of the defined benefit obligations, both funded and unfunded, and plan assets to the amounts recognized in the financial statements are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
The present value of the funded defined benefit plans	2,309	788	753	788
The fair value of plan assets	<u>(2,066)</u>	<u>(611)</u>	<u>(609)</u>	<u>(611)</u>
	243	177	144	177
The present value of the unfunded defined benefit plans	<u>13,204</u>	<u>13,087</u>	<u>12,917</u>	<u>12,814</u>
Liabilities, net	<u>13,447</u>	<u>13,264</u>	<u>13,061</u>	<u>12,991</u>

The following table presents the reconciliations of the present value of defined benefit obligations, both funded and unfunded, under the post-employment benefits as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Million Baht			
Beginning balances	13,875	11,509	13,602	11,302
Beginning balances of subsidiary as at acquisition date	1,539	-	-	-
Current service costs	479	742	449	669
Interest costs	140	348	125	343
Benefit paid during the period/year	(474)	(381)	(469)	(378)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	(24)	1,960	(24)	1,982
from changes in demographic assumptions	6	9	6	-
from experience	(13)	(270)	(13)	(274)
Unrealized gains on exchanges	<u>(15)</u>	<u>(42)</u>	<u>(6)</u>	<u>(42)</u>
Ending balances	<u>15,513</u>	<u>13,875</u>	<u>13,670</u>	<u>13,602</u>

On April 5, 2019, the new Labor Protection Act was published in the Royal Gazette after the National Legislative Assembly passed it on December 13, 2018. This new Labor Protection Act amends the amount of severance pay for an employee who has worked at least 20 years in accordance with the Bank's working rules and regulations to be increased to at least 400 days at the employee's last wage rate. The Bank determined that such revision to Labor Act was the post-employee benefit plan amendment which became effective to the post employment benefit obligation as at December 31, 2018. The Bank therefore already recognized the increase of such severance pay as the expense for the year 2018 amounting to Baht 2,523 million.

The following table presents the reconciliations of the fair value of plan assets related to the funded defined benefit plans as at June 30, 2020 and December 31, 2019 :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	Million Baht			
Beginning balances	611	571	611	571
Beginning balances of subsidiary as at acquisition date	1,454	-	-	-
Interest income	21	21	10	21
Contributions	17	39	17	39
Benefit paid during the period/year	(21)	(2)	(21)	(2)
Actuarial gains (losses) on plan assets	-	4	-	4
Unrealized losses on exchanges	<u>(16)</u>	<u>(22)</u>	<u>(8)</u>	<u>(22)</u>
Ending balances	<u>2,066</u>	<u>611</u>	<u>609</u>	<u>611</u>

Significant actuarial assumptions used to calculate the defined benefit obligations and plan assets, average per each plan, and the sensitivity analysis for each significant actuarial assumptions which reflect increasing in the obligations if the assumptions change by 1% as at June 30, 2020 and December 31, 2019 are as follows :

	Percentage			
	CONSOLIDATED			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Discount rate	0.70 - 7.50	0.70 - 8.10	13.25	14.12
Average future salary increases	2.00 - 15.00	2.00 - 15.00	12.43	12.69

	Percentage			
	THE BANK			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Discount rate	0.70 - 7.40	0.70 - 8.10	14.20	14.19
Average future salary increases	2.00 - 15.00	2.00 - 15.00	12.75	12.70

7.23 Share capital

The Bank's share capital consists of :

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

As at June 30, 2020 and December 31, 2019, the Bank had registered share capital of Baht 40,000,000,000 divided into common shares and preferred shares totaling 4,000,000,000 shares, with par value of Baht 10 each, details of which are as follows :

Type	Number of Registered Shares	
	June 30, 2020	December 31, 2019
Common shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	<u>4,000,000,000</u>	<u>4,000,000,000</u>

As at June 30, 2020 and December 31, 2019, the Bank had 1,908,842,894 issued common shares and 2,039,502,106 unissued common shares and 655,000 Class A unissued preferred shares and 1,000,000 Class B unissued preferred shares. In relation to the allocation of the unissued common shares, the Bank will follow the resolutions of the 12th ordinary shareholders' meeting convened on April 12, 2005, as per the following details :

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

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

7.24 The establishment of Special Purpose Vehicle to issue capital securities

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

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

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

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into Trust Agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity. As at June 30, 2020, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

7.25 Legal reserve and other reserves

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

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

7.26 The appropriation of the profit and the dividend payments

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

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

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 8,370 million on May 10, 2019.

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

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

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 3,722 million on September 20, 2019.

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

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

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

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 9,544 million on April 30, 2020.

7.27 Assets pledged as collateral and under restriction

The Bank had investments in government securities and state enterprise securities which had been pledged as collateral for repurchase agreements and for commitments with government agencies. The book values of such securities, net of valuation allowance for expected credit loss / allowance for impairment, as at June 30, 2020 and December 31, 2019 amounted to Baht 18,123 million and Baht 26,597 million, respectively.

7.28 Contingent liabilities

As at June 30, 2020 and December 31, 2019, the Bank and subsidiaries had contingent liabilities as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Avals to bills	5,949	7,598	5,949	7,598
Guarantees of loans	31,121	27,513	19,664	18,907
Liability under unmatured import bills	17,224	17,745	14,487	15,045
Letters of credit	29,925	22,116	26,689	21,189
Other commitments				
Underwriting Commitment	5,677	-	-	-
Amount of unused bank overdraft	213,786	165,562	177,760	164,845
Other guarantees	266,829	247,490	254,551	245,045
Others	<u>189,431</u>	<u>137,867</u>	<u>181,365</u>	<u>140,385</u>
Total	<u><u>759,942</u></u>	<u><u>625,891</u></u>	<u><u>680,465</u></u>	<u><u>613,014</u></u>

7.29 Litigation

As at June 30, 2020 and December 31, 2019, a number of civil proceedings have been brought against the Bank and subsidiaries in the ordinary course of business. The Bank and subsidiaries believe that such proceedings, when resolved, will not materially affect the Bank and subsidiaries's financial position and result of operations.

7.30 Related party transactions

As at June 30, 2020 and December 31, 2019, related parties of the Bank consisted of subsidiaries, associates, key management personnel that are directors, executives at the level of executive vice president and higher or equal, any parties related to key management personnel, including the entities in which key management personnel and any parties related which are controlled or significantly influenced.

The Bank and subsidiaries had significant assets, liabilities and commitments with related parties as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Million Baht				
Placements				
Subsidiaries				
Bangkok Bank Berhad	-	-	2,015	2,116
Bangkok Bank (China) Co., Ltd.	-	-	-	1
Total	<u>-</u>	<u>-</u>	<u>2,015</u>	<u>2,117</u>
Investments				
Subsidiary				
PT Bank Permata Tbk	-	-	224	-
Total	<u>-</u>	<u>-</u>	<u>224</u>	<u>-</u>
Loans				
Associate				
BSL Leasing Co., Ltd.	150	120	150	120
Other related parties	27	54	23	19
Total	<u>177</u>	<u>174</u>	<u>173</u>	<u>139</u>
Expected credit loss / Allowance for doubtful accounts				
Associate				
BSL Leasing Co., Ltd.	2	2	2	2
Total	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Other assets				
Subsidiaries				
Bangkok Bank Berhad	-	-	10	3
BBL Asset Management Co., Ltd.	-	-	343	382
Bualuang Securities PCL.	-	-	3	1
PT Bank Permata Tbk	-	-	5	-
Associates				
Processing Center Co., Ltd.	3	17	3	17
Thai Payment Network Co., Ltd.	12	7	12	7
BCI (Thailand) Co., Ltd.	1	-	1	-
Other related parties	6	6	-	-
Total	<u>22</u>	<u>30</u>	<u>377</u>	<u>410</u>

	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Million Baht				
Deposits				
Subsidiaries				
BBL (Cayman) Limited	-	-	753	726
Bangkok Bank Berhad	-	-	82	76
Sinnsuptawee Asset Management Co., Ltd.	-	-	50	14
BBL Asset Management Co., Ltd.	-	-	58	77
Bualuang Securities PCL.	-	-	689	113
Bangkok Bank (China) Co., Ltd.	-	-	78	93
Bualuang Ventures Limited	-	-	466	575
Bangkok Capital Asset Management Co., Ltd.*	-	-	81	116
Associates				
BSL Leasing Co., Ltd.	46	41	46	41
Processing Center Co., Ltd.	159	204	159	204
National ITMX Co., Ltd.	103	88	103	88
Thai Payment Network Co., Ltd.	49	66	49	66
BCI (Thailand) Co., Ltd.	46	53	46	53
Other related parties	8,509	8,572	8,509	8,572
Total	8,912	9,024	11,169	10,814
Borrowings				
Subsidiaries				
Bangkok Bank Berhad	-	-	93	-
Bangkok Bank (China) Co., Ltd.	-	-	310	-
Total	-	-	403	-
Other liabilities				
Subsidiaries				
BBL (Cayman) Limited	-	-	-	4
Sinnsuptawee Asset Management Co., Ltd.	-	-	328	328
Bualuang Securities PCL.	-	-	1	1
Bangkok Bank (China) Co., Ltd.	-	-	61	-
Associates				
Processing Center Co., Ltd.	4	1	4	1
National ITMX Co., Ltd.	13	11	13	11
BCI (Thailand) Co., Ltd.	2	-	2	-
Other related parties	28	31	11	23
Total	47	43	420	368

* Holding by Bualuang Securities PCL.

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Commitments				
Subsidiaries				
Bangkok Bank Berhad	-	-	39	32
Bualuang Securities PCL.	-	-	15	-
Bangkok Bank (China) Co., Ltd.	-	-	1,875	2,064
Associates				
BSL Leasing Co., Ltd.	14	-	14	-
National ITMX Co., Ltd.	1	-	1	-
Other related parties	<u>2</u>	<u>4</u>	<u>2</u>	<u>4</u>
Total	<u>17</u>	<u>4</u>	<u>1,946</u>	<u>2,100</u>

For the six-month period ended June 30, 2020, the Bank and subsidiaries charged interest at rates between 0.75% and 13.00% on loans to these related parties depending on the types of loans and collateral.

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

In the consolidated and the Bank's financial statements, investments in subsidiaries and associates as at June 30, 2020 and December 31, 2019 are shown in Note 7.8. On December 19, 2019, the Bank sold its investments in equity securities, which is registered in the Stock Exchange of Thailand, to the specific investors and/or the Thai and foreign institutional investors, in accordance with the book building under the overnight placement transaction. In this regard, Bualuang Securities PCL. Purchased the securities with the same price for other investors, by amounting to Baht 2,480 million. As of December 31, 2019, the subsidiary has classified such investments as the trading securities.

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

The Bank and subsidiaries had significant income and expenses with related parties as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	19	64
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	21
Bangkok Bank (China) Co., Ltd.	-	-	1	3
PT Bank Permata Tbk	-	-	3	-
Associate				
BSL Leasing Co., Ltd.	2	1	2	1
Other related parties	-	1	-	1
Total	<u>2</u>	<u>2</u>	<u>25</u>	<u>90</u>
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	1	1
BBL Asset Management Co., Ltd.	-	-	1,005	1,095
Bualuang Securities PCL.	-	-	21	12
Associate				
Processing Center Co., Ltd.	3	4	3	4
Other related parties	33	27	-	1
Total	<u>36</u>	<u>31</u>	<u>1,030</u>	<u>1,113</u>
Dividend income				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1,000
BBL Asset Management Co., Ltd.	-	-	525	600
Bualuang Securities PCL.	-	-	540	809
Associates				
BSL Leasing Co., Ltd.	-	18	-	18
Processing Center Co., Ltd.	16	60	16	60
National ITMX Co., Ltd.	25	11	25	11
Total	<u>41</u>	<u>89</u>	<u>1,106</u>	<u>2,498</u>
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	2	5
Bangkok Bank (China) Co., Ltd.	-	-	63	57
Associates				
National ITMX Co., Ltd.	3	3	3	3
Thai Payment Network Co., Ltd.	5	5	5	5
Total	<u>8</u>	<u>8</u>	<u>73</u>	<u>70</u>

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	6	9
Bangkok Bank Berhad	-	-	-	1
BBL Asset Management Co., Ltd.	-	-	1	1
Bualuang Securities PCL.	-	-	2	1
Bangkok Bank (China) Co., Ltd.	-	-	3	6
Bualuang Ventures Limited	-	-	1	1
Associate				
Processing Center Co., Ltd.	1	1	1	1
Other related parties	28	32	28	32
Total	<u>29</u>	<u>33</u>	<u>42</u>	<u>52</u>
Commission paid				
Other related parties	28	32	-	-
Total	<u>28</u>	<u>32</u>	<u>-</u>	<u>-</u>
Other expenses				
Associates				
Processing Center Co., Ltd.	5	3	5	3
National ITMX Co., Ltd.	64	68	64	68
Thai Payment Network Co., Ltd.	1	-	1	-
BCI (Thailand) Co., Ltd.	1	5	1	5
Other related parties	65	63	59	57
Total	<u>136</u>	<u>139</u>	<u>130</u>	<u>133</u>

7.31 Other benefits to directors and persons with managing authority

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

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

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

SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED		
STATEMENT OF CASH FLOWS		
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020		
(UNAUDITED – REVIEWED)		
	Million Baht	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operating before income tax expenses	48	559
Items to reconcile profit from operating before income tax expenses to cash receive (paid) from operating activities		
Unrealized gains on financial instruments measured at fair value through profit or loss	(8)	-
Net gain on disposal of securities	-	(544)
Loss on impairment of properties for sale	-	1
Net interest expenses	-	20
Dividend income	(23)	(28)
Interest received	-	1
Proceeds from dividend income	23	28
Interest expenses paid	-	(20)
Income tax paid	(3)	(403)
Profit (loss) from operating before changes in operating assets and liabilities	<u>37</u>	<u>(386)</u>
(Increase) decrease in operating assets		
Financial assets measured at fair value through profit or loss	(38)	-
Properties for sale	40	40
Other assets	-	(106)
Increase (decrease) in operating liabilities		
Deposits	(1)	108
Other liabilities	(1)	(1)
Net cash from operating activities	<u>37</u>	<u>(345)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale securities	-	(574)
Proceeds from disposal of available-for-sale securities	-	3,626
Purchase of equipment	(1)	-
Net cash from investing activities	<u>(1)</u>	<u>3,052</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for loan from the parent company	-	(2,710)
Net cash from financing activities	<u>-</u>	<u>(2,710)</u>
Net increase (decrease) in cash and cash equivalents	36	(3)
Cash and cash equivalents as at January 1,	<u>14</u>	<u>9</u>
Cash and cash equivalents as at June 30,	<u><u>50</u></u>	<u><u>6</u></u>

7.33 Operating segments

7.33.1 Operating segments

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

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

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

Domestic banking

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

International banking

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

Investment banking

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

Others

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

The operating results of operating segments for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

							Million Baht
CONSOLIDATED							
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020							
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total	
Total operating income							
Total operating expenses before credit losses	16,769	5,101	7,756	2,659	-	32,285	
	<u>(8,014)</u>	<u>(2,108)</u>	<u>(246)</u>	<u>(4,658)</u>	<u>-</u>	<u>(15,026)</u>	
Profit from operating before credit losses and income tax expenses	<u>8,755</u>	<u>2,993</u>	<u>7,510</u>	<u>(1,999)</u>	<u>-</u>	<u>17,259</u>	

							Million Baht
CONSOLIDATED							
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019							
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total	
Total operating income	18,660	3,871	5,400	3,238	-	31,169	
Total operating expenses before credit losses	<u>(8,374)</u>	<u>(1,166)</u>	<u>(205)</u>	<u>(4,363)</u>	<u>-</u>	<u>(14,108)</u>	
Profit from operating before credit losses and income tax expenses	<u>10,286</u>	<u>2,705</u>	<u>5,195</u>	<u>(1,125)</u>	<u>-</u>	<u>17,061</u>	

							Million Baht
CONSOLIDATED							
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020							
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total	
Total operating income	36,340	8,593	8,857	4,890	(1)	58,679	
Total operating expenses before credit losses	<u>(15,904)</u>	<u>(3,068)</u>	<u>(470)</u>	<u>(6,962)</u>	<u>1</u>	<u>(26,403)</u>	
Profit from operating before credit losses and income tax expenses	<u>20,436</u>	<u>5,525</u>	<u>8,387</u>	<u>(2,072)</u>	<u>-</u>	<u>32,276</u>	

							Million Baht
CONSOLIDATED							
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019							
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total	
Total operating income	38,031	7,204	7,987	6,575	(1)	59,796	
Total operating expenses before credit losses	<u>(16,018)</u>	<u>(2,264)</u>	<u>(397)</u>	<u>(7,632)</u>	<u>1</u>	<u>(26,310)</u>	
Profit from operating before credit losses and income tax expenses	<u>22,013</u>	<u>4,940</u>	<u>7,590</u>	<u>(1,057)</u>	<u>-</u>	<u>33,486</u>	

The financial position of operating segments as June 30, 2020 and December 31, 2019 are as follows :

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at June 30, 2020	1,673,163	972,582	1,287,852	208,556	(335,790)	3,806,363
As at December 31, 2019	1,622,097	788,248	1,206,275	148,726	(548,603)	3,216,743

7.33.2 Geographical Segments

The operating results classified by geographical areas for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	CONSOLIDATED						Million Baht
	FOR THE THREE-MONTH PERIODS ENDED						
	June 30, 2020			June 30, 2019			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	26,591	5,694	32,285	26,367	4,802	31,169	
Total operating expenses *	(25,160)	(3,104)	(28,264)	(17,667)	(1,990)	(19,657)	
Profit from operating							
before income tax expenses	1,431	2,590	4,021	8,700	2,812	11,512	
Income tax	(301)	(533)	(834)	(1,641)	(424)	(2,065)	

	CONSOLIDATED						Million Baht
	FOR THE SIX-MONTH PERIODS ENDED						
	June 30, 2020			June 30, 2019			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	48,857	9,822	58,679	50,473	9,323	59,796	
Total operating expenses *	(33,588)	(11,140)	(44,728)	(33,142)	(3,795)	(36,937)	
Profit from operating							
before income tax expenses	15,269	(1,318)	13,951	17,331	5,528	22,859	
Income tax	(1,923)	(1,080)	(3,003)	(3,464)	(825)	(4,289)	

* Including credit losses.

The financial position classified by geographical areas as at June 30, 2020 and December 31, 2019 are as follows :

	Million Baht					
	CONSOLIDATED					
	June 30, 2020			December 31, 2019		
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total
Non-current assets *	51,176	47,901	99,077	36,036	6,478	42,514
Total assets	2,971,850	834,513	3,806,363	2,679,118	537,625	3,216,743

7.34 Interest income

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

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS ENDED		FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interbank and money market items	1,353	2,408	994	2,194
Investments and trading transactions	51	57	32	57
Investment in debt securities	2,552	2,564	2,097	2,384
Loans	23,226	22,964	20,471	22,235
Others	<u>18</u>	<u>21</u>	<u>18</u>	<u>21</u>
Total interest income	<u>27,200</u>	<u>28,014</u>	<u>23,612</u>	<u>26,891</u>

For the three-month period ended June 30, 2020, the Bank and subsidiaries have total interest income on financial assets that are measured at amortized cost and at FVOCI for the consolidated amounting to Baht 24,698 million and Baht 2,450 million, respectively and for the Bank's financial statement amounting to Baht 21,531 million and amounting to Baht 2,049 million, respectively.

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interbank and money market items	3,038	4,716	2,516	4,195
Investments and trading transactions	107	102	89	102
Investment in debt securities	5,025	4,867	4,389	4,533
Loans	47,595	46,660	44,145	45,187
Others	<u>60</u>	<u>35</u>	<u>60</u>	<u>35</u>
Total interest income	<u>55,825</u>	<u>56,380</u>	<u>51,199</u>	<u>54,052</u>

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

For the six-month period ended June 30, 2020, the Bank and subsidiaries have total interest income on financial assets that are measured at amortized cost and at FVOCI for the consolidated financial statement amounting to Baht 50,914 million and Baht 4,804 million, respectively and for the Bank's financial statement amounting to Baht 46,837 million and Baht 4,274 million, respectively.

7.35 Interest expenses

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

	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS		FOR THE THREE-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Deposits	5,832	5,769	4,305	5,388
Interbank and money market items	236	544	214	528
Contributions to the Deposit Protection Agency	1,469	2,504	1,405	2,502
Debt issued				
Bonds and subordinated notes	1,552	1,533	1,516	1,533
Others	<u>1</u>	<u>29</u>	<u>1</u>	<u>29</u>
Total interest expenses	<u>9,090</u>	<u>10,379</u>	<u>7,441</u>	<u>9,980</u>

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Deposits	11,428	11,296	9,543	10,499
Interbank and money market items	603	1,065	549	1,001
Contributions to the Deposit Protection Agency	2,783	4,956	2,718	4,952
Debt issued				
Bonds and subordinated notes	3,073	3,063	3,036	3,063
Others	<u>8</u>	<u>65</u>	<u>8</u>	<u>65</u>
Total interest expenses	<u>17,895</u>	<u>20,445</u>	<u>15,854</u>	<u>19,580</u>

7.36 Net fees and service income

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

	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS ENDED		FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Fees and service income				
Acceptances, aval and guarantees of loans	441	51	357	42
Debit card, credit card and electronic services	3,484	4,587	3,436	4,581
Others	<u>3,509</u>	<u>4,502</u>	<u>2,003</u>	<u>3,335</u>
Total fees and service income	7,434	9,140	5,796	7,958
Fees and service expenses	<u>1,813</u>	<u>2,525</u>	<u>1,728</u>	<u>2,480</u>
Net fees and service income	<u><u>5,621</u></u>	<u><u>6,615</u></u>	<u><u>4,068</u></u>	<u><u>5,478</u></u>

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Fees and service income				
Acceptances, aval and guarantees of loans	642	90	539	71
Debit card, credit card and electronic services	7,878	9,408	7,829	9,389
Others	<u>7,997</u>	<u>9,229</u>	<u>4,851</u>	<u>6,932</u>
Total fees and service income	16,517	18,727	13,219	16,392
Fees and service expenses	<u>4,542</u>	<u>5,272</u>	<u>4,408</u>	<u>5,169</u>
Net fees and service income	<u><u>11,975</u></u>	<u><u>13,455</u></u>	<u><u>8,811</u></u>	<u><u>11,223</u></u>

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

Gains (losses) on financial instruments measured at fair value through profit or loss for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	Million : Baht	
	CONSOLIDATED FOR THE THREE-MONTH PERIOD ENDED June 30, 2020	THE BANK FOR THE THREE-MONTH PERIOD ENDED June 30, 2020
Gains (losses) from trading and foreign exchange transactions		
Foreign exchange and currency		
Derivatives	5,180	5,078
Interest rate derivatives	(61)	(62)
Debt securities	184	65
Equity securities	1,249	1,157
Total	<u>6,552</u>	<u>6,238</u>
Gains (losses) from financial instrument designed at FVTPL		
Change in fair value, net	82	82
Interest expense, net	(322)	(322)
Total	<u>(240)</u>	<u>(240)</u>
Others	<u>750</u>	<u>768</u>
Total gains on financial instruments measured at fair value through profit or loss	<u><u>7,062</u></u>	<u><u>6,766</u></u>

	Million : Baht	
	CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED June 30, 2020	THE BANK FOR THE SIX-MONTH PERIOD ENDED June 30, 2020
Gains from trading and foreign exchange transactions		
Foreign exchange and currency derivatives	7,003	6,771
Interest rate derivatives	492	491
Debt securities	170	50
Equity securities	427	1,041
Total	<u>8,092</u>	<u>8,353</u>
Losses from financial instrument designed at FVTPL		
Change in fair value, net	(1,380)	(1,380)
Interest expense, net	(645)	(645)
Total	<u>(2,025)</u>	<u>(2,025)</u>
Others	<u>(695)</u>	<u>(764)</u>
Total gains on financial instruments measured at fair value through profit or loss	<u><u>5,372</u></u>	<u><u>5,564</u></u>

7.38 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the three-month periods and the six-month periods ended June 30, 2019 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIOD ENDED June 30, 2019	Million Baht THE BANK FOR THE THREE-MONTH PERIOD ENDED June 30, 2019
Gains on tradings and foreign exchange transactions		
Foreign exchanges and derivatives	1,669	1,476
Interest rate derivatives	38	38
Debt securities	59	57
Equity securities	<u>99</u>	<u>-</u>
Total gains on tradings and foreign exchange transactions	<u><u>1,865</u></u>	<u><u>1,571</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED June 30, 2019	Million Baht THE BANK FOR THE SIX-MONTH PERIOD ENDED June 30, 2019
Gains on tradings and foreign exchange transactions		
Foreign exchanges and derivatives	3,350	3,275
Interest rate derivatives	14	14
Debt securities	95	93
Equity securities	<u>164</u>	<u>-</u>
Total gains on tradings and foreign exchange transactions	<u><u>3,623</u></u>	<u><u>3,382</u></u>

7.39 Gains (losses) on investments

Gains (losses) on investments for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS		FOR THE THREE-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gains from write off				
Investment securities - measured at FVOCI				
(Debt investment)	317	-	317	-
Available-for-sale securities	-	2,534	-	2,441
General investment	-	15	-	-
Total	<u>317</u>	<u>2,549</u>	<u>317</u>	<u>2,441</u>
Loss on impairment				
General investment	-	(78)	-	(78)
Total	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>(78)</u>
Total gains on investments	<u><u>317</u></u>	<u><u>2,471</u></u>	<u><u>317</u></u>	<u><u>2,363</u></u>

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gains (losses) from write off				
Investment securities - measured at FVOCI				
(Debt investment)	1,467	-	1,467	-
Available-for-sale securities	-	3,772	-	3,224
General investment	-	(20)	-	(34)
Total	<u>1,467</u>	<u>3,752</u>	<u>1,467</u>	<u>3,190</u>
Loss on impairment				
Available-for-sale securities	-	(87)	-	(87)
General investment	-	(420)	-	(420)
Total	<u>-</u>	<u>(507)</u>	<u>-</u>	<u>(507)</u>
Total gains on investments	<u><u>1,467</u></u>	<u><u>3,245</u></u>	<u><u>1,467</u></u>	<u><u>2,683</u></u>

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

Expected credit loss / Impairment loss of loans and debt securities for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS		FOR THE THREE-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Expected credit loss				
Loans to customers and accrued				
interest receivables	11,867	-	12,009	-
Others	1,371	-	1,094	-
Impairment loss of loans and debt securities	<u>-</u>	<u>5,549</u>	<u>-</u>	<u>5,396</u>
Total Expected credit loss / Impairment				
 loss of loans and debt securities	<u><u>13,238</u></u>	<u><u>5,549</u></u>	<u><u>13,103</u></u>	<u><u>5,396</u></u>

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Expected credit loss				
Loans to customers and accrued				
interest receivables	16,264	-	16,302	-
Others	2,061	-	1,754	-
Impairment loss of loans and debt securities	<u>-</u>	<u>10,627</u>	<u>-</u>	<u>10,532</u>
Total Expected credit loss / Impairment				
 loss of loans and debt securities	<u><u>18,325</u></u>	<u><u>10,627</u></u>	<u><u>18,056</u></u>	<u><u>10,532</u></u>

7.41 Income tax expenses

7.41.1 Income tax recognized in profit or loss for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS		FOR THE THREE-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Current tax	290	2,564	171	2,265
Deferred tax	<u>544</u>	<u>(499)</u>	<u>332</u>	<u>(418)</u>
Total income tax expenses	<u><u>834</u></u>	<u><u>2,065</u></u>	<u><u>503</u></u>	<u><u>1,847</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Current tax	3,292	5,290	3,022	4,746
Deferred tax	<u>(289)</u>	<u>(1,001)</u>	<u>(483)</u>	<u>(893)</u>
Total income tax expenses	<u>3,003</u>	<u>4,289</u>	<u>2,539</u>	<u>3,853</u>

7.41.2 Income tax recognized in component of other comprehensive income for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED					
	June 30, 2020			June 30, 2019		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Gains on investments in debt instruments at fair value through other comprehensive income	1,008	81	1,089	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	223	(39)	184
Gains on cash flow hedges	318	(64)	254	-	-	-
Losses arising from translating the financial statements of foreign operations	(3,820)	-	(3,820)	(3,256)	-	(3,256)
Share of other comprehensive income of associate	-	-	-	1	-	1
Changes in revaluation surplus	14,395	(2,885)	11,510	-	-	-
Gains on investment in equity instruments designated at fair value through other comprehensive income	14,247	(2,865)	11,382	-	-	-
Gains on financial liabilities designated at fair value through profit or loss	171	(34)	137	-	-	-
Actuarial gains on defined benefit plans	<u>33</u>	<u>(18)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>26,352</u>	<u>(5,785)</u>	<u>20,567</u>	<u>(3,032)</u>	<u>(39)</u>	<u>(3,071)</u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED					
	June 30, 2020			June 30, 2019		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Gains on investments in debt instruments at fair value through other comprehensive income	856	171	1,027	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	5,514	(1,117)	4,397
Gains on cash flow hedges	229	(46)	183	-	-	-
Gains (losses) arising from translating the financial statements of foreign operations	311	-	311	(4,058)	-	(4,058)
Share of other comprehensive income of associate	1	-	1	1	-	1
Changes in revaluation surplus	14,395	(2,885)	11,510	-	-	-
Losses on investment in equity instruments designated at fair value through other comprehensive income	(9,271)	1,859	(7,412)	-	-	-
Gains on financial liabilities designated at fair value through profit or loss	2,184	(437)	1,747	-	-	-
Actuarial gains on defined benefit plans	31	(17)	14	4	(2)	2
Total	<u>8,736</u>	<u>(1,355)</u>	<u>7,381</u>	<u>1,461</u>	<u>(1,119)</u>	<u>342</u>

	THE BANK					
	FOR THE THREE-MONTH PERIODS ENDED					
	June 30, 2020			June 30, 2019		
Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	
Gains on investments in debt instruments at fair value through other comprehensive income	615	167	782	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	276	(49)	227
Gains on cash flow hedges	318	(64)	254	-	-	-
Losses arising from translating the financial statements of foreign operations	(1,728)	-	(1,728)	(1,573)	-	(1,573)
Changes in revaluation surplus	13,988	(2,798)	11,190	-	-	-
Gains on investment in equity instruments designated at fair value through other comprehensive income	13,785	(2,773)	11,012	-	-	-
Gains on financial liabilities designated at fair value through profit or loss	171	(34)	137	-	-	-
Actuarial gains on defined benefit plans	33	(18)	15	-	-	-
Total	<u>27,182</u>	<u>(5,520)</u>	<u>21,662</u>	<u>(1,297)</u>	<u>(49)</u>	<u>(1,346)</u>

Million Baht

	THE BANK					
	FOR THE SIX-MONTH PERIODS ENDED					
	June 30, 2020			June 30, 2019		
Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	
Gains on investments in debt instruments at fair value through other comprehensive income	341	283	624	-	-	-
Gains on remeasuring available-for-sale investment	-	-	-	5,516	(1,115)	4,401
Gains on cash flow hedges	229	(46)	183	-	-	-
Gains (losses) arising from translating the financial statements of foreign operations	621	-	621	(2,346)	-	(2,346)
Changes in revaluation surplus	13,988	(2,798)	11,190	-	-	-
Losses on investment in equity instruments designated at fair value through other comprehensive income	(8,892)	1,782	(7,110)	-	-	-
Gains on financial liabilities designated at fair value through profit or loss	2,184	(437)	1,747	-	-	-
Actuarial gains on defined benefit plans	31	(17)	14	3	(2)	1
Total	<u>8,502</u>	<u>(1,233)</u>	<u>7,269</u>	<u>3,173</u>	<u>(1,117)</u>	<u>2,056</u>

7.41.3 Reconciliation of effective tax rates for the three-month periods and the six-month periods ended June 30, 2020 and 2019 are as follows :

	CONSOLIDATED			
	FOR THE THREE-MONTH PERIODS ENDED			
	June 30, 2020		June 30, 2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	4,021		11,512	
Income tax calculated at statutory tax rate	804	20.00	2,302	20.00
Overseas tax	514		313	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(495)		(884)	
Others	11		334	
Total income tax expenses	<u>834</u>	20.74	<u>2,065</u>	17.94

Million Baht

	CONSOLIDATED			
	FOR THE SIX-MONTH PERIODS ENDED			
	June 30, 2020		June 30, 2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	13,951		22,859	
Income tax calculated at statutory tax rate	2,790	20.00	4,572	20.00
Overseas tax	1,111		716	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(621)		(1,010)	
Others	<u>(277)</u>		<u>11</u>	
Total income tax expenses	<u>3,003</u>	21.52	<u>4,289</u>	18.76

Million Baht

	THE BANK			
	FOR THE THREE-MONTH PERIODS ENDED			
	June 30, 2020		June 30, 2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	3,416		12,767	
Income tax calculated at statutory tax rate	683	20.0	2,553	20.00
Overseas tax	492		296	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(480)		(866)	
Others	<u>(192)</u>		<u>(136)</u>	
Total income tax expenses	<u>503</u>	14.73	<u>1,847</u>	14.47

Million Baht

	THE BANK			
	FOR THE SIX-MONTH PERIODS ENDED			
	June 30, 2020		June 30, 2019	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	12,648		22,791	
Income tax calculated at statutory tax rate	2,530	20.00	4,558	20.00
Overseas tax	1,078		687	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(587)		(999)	
Others	<u>(482)</u>		<u>(393)</u>	
Total income tax expenses	<u>2,539</u>	20.07	<u>3,853</u>	16.91

7.42 The Coronavirus Disease 2019 Pandemic (COVID-19)

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

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

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

7.43 Approval of the financial statements

On August 25, 2020, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.