

KIATNAKIN BANK PUBLIC COMPANY LIMITED

INTERIM CONSOLIDATED AND SEPARATE FINANCIAL INFORMATION
(UNAUDITED)

31 MARCH 2020

AUDITOR'S REPORT ON REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Kiatnakin Bank Public Company Limited

I have reviewed the interim consolidated financial information of Kiatnakin Bank Public Company Limited and its subsidiaries, and the interim separate financial information of Kiatnakin Bank Public Company Limited. These comprise the consolidated and separate statements of financial position as at 31 March 2020, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting" and Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting as described in note to the interim financial information No. 3 and No. 4. My responsibility is to express a conclusion on this interim consolidated and separate financial information based on my review.

Scope of review

I conducted my review in accordance with the Thai Standard on Review Engagements 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and separate financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting" and Bank of Thailand Notifications in relation to the preparation and presentation of financial reporting as described in note to the interim financial information No. 3 and No. 4.

Emphasis of matter

I draw attention to Note 2 of the interim financial information, which describes the significant events during the current period. My conclusion is not modified in respect to this matter.

PricewaterhouseCoopers ABAS Ltd.

Sakuna Yamsakul

Certified Public Accountant (Thailand) No. 4906

Bangkok

14 May 2020

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Financial Position
As at 31 March 2020

	Notes	Consolidated		Separate	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Assets					
Cash		1,350,450	1,109,658	1,350,169	1,108,781
Interbank and money market items, net		49,094,489	11,981,838	44,317,657	13,275,187
Financial assets measured at fair value					
through profit or loss	7	11,796,702	-	7,514,005	-
Derivatives assets		13,791,035	4,298,538	13,301,010	4,234,450
Investments, net	8	23,057,479	39,201,003	21,183,882	26,973,203
Investments in subsidiaries, net	9	-	-	10,812,860	10,302,807
Investments in receivables, net	10	-	1,619,449	-	363,319
Investments in properties, net		21,806	21,870	-	-
Loans to customers and accrued interest receivables, net	11	238,612,981	227,677,310	241,647,625	231,195,924
Properties foreclosed, net		2,965,114	3,585,530	4,110,712	4,720,261
Land, premises and equipment, net		3,082,079	3,038,243	817,390	823,750
Right-of-use assets		315,213	-	765,221	-
Other intangible assets, net		1,143,527	1,151,041	1,065,751	1,071,555
Goodwill		3,066,035	3,066,035	-	-
Deferred tax assets		1,610,826	1,846,295	1,192,446	1,603,603
Accounts receivable from clearing house and					
broker - dealers		415,474	4,056,938	-	-
Securities and derivative business receivables		9,133,751	4,620,082	-	-
Other assets, net		8,276,795	4,416,176	7,197,645	3,542,764
Total assets		367,733,756	311,690,006	355,276,373	299,215,604

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Financial Position (Cont'd)
As at 31 March 2020

	Note	Consolidated		Separate	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Liabilities and equity					
Liabilities					
Deposits		223,814,985	172,173,559	224,159,748	172,661,303
Interbank and money market items, net		14,701,587	17,339,111	15,125,294	17,289,523
Liabilities payable on demand		396,636	377,326	396,636	377,326
Financial liabilities measured at fair value					
through profit or loss		1,750,744	3,498,702	-	-
Derivatives liabilities		12,335,049	4,038,272	12,127,854	4,011,189
Debt issued and borrowings		52,708,592	55,415,433	50,835,474	53,235,324
Lease liabilities		260,194	-	700,324	-
Provisions		1,152,931	844,037	874,192	556,724
Deferred tax liabilities		181,074	26,703	-	-
Accounts payable to clearing house and broker - dealers		152,425	614,271	-	-
Securities and derivative business payables		8,604,981	3,868,461	-	-
Accrued interest expenses		913,937	745,793	915,142	745,793
Other accounts payable		2,860,229	3,141,943	2,732,108	3,002,524
Income tax payable and specific business tax payable		505,718	559,255	362,890	425,740
Other liabilities	14	5,391,848	5,035,881	5,294,085	4,346,026
Total liabilities		325,730,930	267,678,747	313,523,747	256,651,472
Equity					
Share capital					
Authorised share capital					
846,751,109 ordinary shares of Baht 10 each		8,467,511	8,467,511	8,467,511	8,467,511
Issued and paid-up share capital					
846,751,109 ordinary shares of Baht 10 each		8,467,511	8,467,511	8,467,511	8,467,511
Premium on share capital		9,356,233	9,356,233	9,356,233	9,356,233
Other components of equity		(1,060,418)	186,602	228,070	243,194
Retained earnings					
Appropriated					
Legal reserve		852,337	852,337	852,337	852,337
Others		380	380	380	380
Unappropriated		24,284,357	25,039,042	22,848,095	23,644,477
Total equity of the Bank		41,900,400	43,902,105	41,752,626	42,564,132
Non-controlling interests		102,426	109,154	-	-
Total equity		42,002,826	44,011,259	41,752,626	42,564,132
Total liabilities and equity		367,733,756	311,690,006	355,276,373	299,215,604

(Mr. Banyong Pongpanich)
Chairman of the Executive Committee

(Mr. Aphinant Klewpatinond)
Chief Executive Officer

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
For the three-month period ended 31 March 2020

	Notes	Consolidated		Separate	
		2020	2019	2020	2019
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interest income	17	4,840,262	4,440,556	4,775,988	4,332,151
Interest expenses	18	1,301,235	1,385,827	1,296,645	1,377,107
Interest income, net		3,539,027	3,054,729	3,479,343	2,955,044
Fees and services income	19	1,487,963	1,248,412	605,546	549,088
Fees and services expenses	19	212,386	117,670	53,692	33,535
Fees and services income, net		1,275,577	1,130,742	551,854	515,553
Gains on financial instruments measured at fair value through profit or loss	20	459,381	-	137,103	-
Gain on trading and foreign exchange transactions, net	20	-	106,785	-	39,049
Loss on financial liabilities designated at fair value	20	-	(87,923)	-	-
Gain (loss) on investments, net	21	77,696	(19,132)	740,371	151,486
Dividend income and profit sharing		186,326	180,015	36,411	59,542
Other operating income		56,129	75,658	49,247	70,565
Total operating income		5,594,136	4,440,874	4,994,329	3,791,239
Other operating expenses					
Employee's expenses		1,421,741	1,343,023	1,077,735	1,007,265
Directors' remuneration		6,627	8,631	5,316	7,380
Premises and equipment expenses		303,490	333,021	254,907	230,114
Taxes and duties		139,678	92,527	108,228	85,657
(Reversal) loss from revaluation of foreclosed assets		692,720	52,979	694,379	52,979
Loss (gain) from sale of foreclosed assets		391,849	231,174	397,777	240,865
Other expenses		398,618	400,848	341,310	333,838
Total other operating expenses		3,354,723	2,462,203	2,879,652	1,958,098
Expected credit loss	22	256,160	-	254,768	-
Impairment loss on loans and debt securities	23	-	484,520	-	485,569
Profit from operating before income tax expenses		1,983,253	1,494,151	1,859,909	1,347,572
Income tax expenses	24	496,842	266,037	358,863	241,626
Net profit		1,486,411	1,228,114	1,501,046	1,105,946

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Profit or Loss and Other Comprehensive Income (Unaudited) (Cont'd)
For the three-month period ended 31 March 2020

		Consolidated		Separate	
		2020	2019	2020	2019
		Thousand	Thousand	Thousand	Thousand
	Notes	Baht	Baht	Baht	Baht
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Loss on debt instruments classified at fair value through other comprehensive income	8	(90,962)	-	(90,962)	-
Gain on remeasuring investments in receivables		-	35,075	-	6,288
Gain on remeasuring available-for-sale securities	8	-	141,564	-	113,441
Loss on currency translation differences		-	(7,963)	-	-
Income taxes relating to items that will be subsequently reclassified to profit or loss	24	18,192	(29,571)	18,192	(23,945)
Total items that will be reclassified subsequently to profit or loss		(72,770)	139,105	(72,770)	95,784
Items that will not be reclassified subsequently to profit or loss					
Loss on equity instruments designated at fair value through other comprehensive income		(762,223)	-	(34)	-
Income taxes on items that will not be subsequently reclassified to profit or loss	24	149,666	-	7	-
Total items that will not be reclassified to profit or loss		(612,557)	-	(27)	-
Total other comprehensive income (expense)		(685,327)	139,105	(72,797)	95,784
Total comprehensive income		801,084	1,367,219	1,428,249	1,201,730
Net profit attributable to					
Equity holders of the Bank		1,484,065	1,228,160	1,501,046	1,105,946
Non-controlling interests		2,346	(46)	-	-
Total comprehensive income attributable to					
Equity holders of the Bank		798,873	1,368,507	1,428,249	1,201,730
Non-controlling interests		2,211	(1,288)	-	-
Earnings per share					
Basic earnings per share (Baht)	25	1.75	1.45	1.77	1.31

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(Mr. Banyong Pongpanich)
Chairman of the Executive Committee

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(Mr. Aphinant Klewpatinond)
Chief Executive Officer

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Consolidated															Unit : Thousand Baht	
Attributable to owners of the parent																
Note	Issued and paid-up share capital	Premium on share capital	Other components of equity							Appropriated retained earnings						
			Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) on available-for-sale securities	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on investment in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components of other comprehensive income (expenses)	Translating financial information	Surplus on change in ownership interest in subsidiary	Legal reserve	Others	Unappropriated retained earnings	Total owners of the parent	Non-controlling interests	Total equity	
Opening balances as at 1 January 2019	8,467,511	9,356,233	695,222	(29,962)	-	-	(18,064)	(12,652)	(65,662)	852,337	380	22,935,113	42,180,456	160,104	42,340,560	
Total comprehensive income (expense)	-	-	36,320	141,558	-	-	(29,569)	(7,962)	-	-	-	1,228,160	1,368,507	(1,288)	1,367,219	
Net decrease in non-controlling interest from change in investment in subsidiary	-	-	-	-	-	-	-	-	(92,675)	-	-	-	(92,675)	(44,887)	(137,562)	
Closing balances as at 31 March 2019	8,467,511	9,356,233	731,542	111,596	-	-	(47,633)	(20,614)	(158,337)	852,337	380	24,163,273	43,456,288	113,929	43,570,217	
Opening balance as at 1 January 2020 as reported	8,467,511	9,356,233	702,156	(420,037)	-	-	62,820	-	(158,337)	852,337	380	25,039,042	43,902,105	109,154	44,011,259	
Impact of first-time adoption of new accounting standards	4	-	(702,156)	420,037	170,756	(346,724)	(22,074)	-	-	-	-	8,148	(472,013)	541	(471,472)	
Opening balance as at 1 January 2020 restated	8,467,511	9,356,233	-	-	170,756	(346,724)	40,746	-	(158,337)	852,337	380	25,047,190	43,430,092	109,695	43,539,787	
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(2,328,565)	(2,328,565)	-	(2,328,565)	
Total comprehensive income (expense)	-	-	-	-	(90,962)	(762,055)	167,825	-	-	-	-	1,484,065	798,873	2,211	801,084	
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	(102,084)	20,417	-	-	-	-	81,667	-	-	-	
Net decrease in non-controlling interest from change in investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,480)	(9,480)	
Closing balances as at 31 March 2020	8,467,511	9,356,233	-	-	79,794	(1,210,863)	228,988	-	(158,337)	852,337	380	24,284,357	41,900,400	102,426	42,002,826	

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Changes in Equity (Unaudited) (Cont'd)
For the three-month period ended 31 March 2020

Separate											Unit : Thousand Baht
	Note	Issued and paid-up share capital	Premium on share capital	Other components of equity				Appropriated retained earnings			Total equity
				Revaluation surplus (deficit) on investments in receivables	Revaluation surplus (deficit) on available-for-sale securities	Revaluation surplus (deficit) on investments in debt instruments measured at fair value through other comprehensive income	Revaluation surplus (deficit) on investment in equity instruments designated at fair value through other comprehensive income	Deferred tax relating to components of other comprehensive income (expenses)	Legal reserve	Unappropriated retained earnings	
Opening balances as at 1 January 2019		8,467,511	9,356,233	148,041	353,430	-	-	(100,294)	852,337	380	40,425,845
Total comprehensive income (expense)		-	-	6,288	113,441	-	-	(23,945)	-	1,105,946	1,201,730
Closing balances as at 31 March 2019		8,467,511	9,356,233	154,329	466,871	-	-	(124,239)	852,337	380	41,627,575
Opening balance as at 1 January 2020 as reported		8,467,511	9,356,233	133,697	170,295	-	-	(60,798)	852,337	380	42,564,132
Impact of first-time adoption of new accounting standards	4	-	-	(133,697)	(170,295)	170,756	205,328	(14,419)	-	31,137	88,810
Opening balance as at 1 January 2020 restated		8,467,511	9,356,233	-	-	170,756	205,328	(75,217)	852,337	380	42,652,942
Dividend paid		-	-	-	-	-	-	-	-	(2,328,565)	(2,328,565)
Total comprehensive income (expense)		-	-	-	-	(90,962)	(34)	18,199	-	1,501,046	1,428,249
Closing balances as at 31 March 2020		8,467,511	9,356,233	-	-	79,794	205,294	(57,018)	852,337	380	41,752,626

(Mr. Banyong Pongpanich)
Chairman of the Executive Committee

(Mr. Aphinant Klewpatinond)
Chief Executive Officer

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Cash Flows (Unaudited)
For the three-month period ended 31 March 2020

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Profit from operating before income tax expenses	1,983,253	1,494,151	1,859,909	1,347,572
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation	152,934	173,687	109,920	60,921
Amortisation	47,081	45,488	39,360	36,787
Amortisation of (discount) premium on investments in securities	(244,580)	13,995	(243,908)	14,617
Expected credit loss	(278,099)	-	(279,490)	-
Bad debt and doubtful accounts	-	747,650	-	748,650
Loss on impairment of investments in receivables	-	25,084	-	25,133
Unrealised (gain) loss on exchange and derivatives	(1,153,335)	342,876	(907,510)	263,717
(Gain) loss on remeasuring financial instruments measured at fair value through profit or loss	1,170,829	-	860,959	-
(Gain) loss on remeasuring trading securities	-	(437,312)	-	(28,196)
Reversal of loss on impairment on investments in subsidiaries	-	-	(661,801)	(133,696)
(Gain) loss on diminution in value of properties foreclosed	692,720	52,979	694,379	52,979
Loss (reversal) on impairment of other assets	(3,386)	368	(3,386)	368
(Gain) loss on disposal of investment in securities	2,423,824	134,354	-	1,834
Gain on disposal of equipment	(673)	(3,896)	(467)	(3,896)
Loss on write-off of equipment	33	974	26	974
Net interest income	(3,294,447)	(3,068,724)	(3,235,435)	(2,969,661)
Dividend income	(186,326)	(180,015)	(36,411)	(59,542)
Proceeds from interest income	4,162,283	4,394,977	4,104,396	4,288,268
Interest paid	(1,531,099)	(1,405,416)	(1,525,304)	(1,396,105)
Dividend received	60,104	77,447	36,411	59,542
Cash paid for corporate income tax	(22,225)	(33,990)	(21,117)	(14,778)
Increase in provision expenses	15,673	22,867	23,486	16,586
(Decrease) increase in specific business tax payable	18,564	(2,478)	6,556	(1,548)
Decrease in accrued expenses	(1,197,378)	(1,224,170)	(596,004)	(657,967)
Profit from operating before changes in operating assets and liabilities	2,815,750	1,170,896	224,569	1,652,559
(Increase) decrease in operating assets				
Interbank and money market items	(37,070,933)	9,864,541	(30,975,282)	11,510,127
Investments in trading and available-for-sale securities	1,715,327	(2,925,197)	(598,461)	(3,684,428)
Investments in receivables	-	26,403	-	19,848
Loans and receivables	(10,897,708)	(6,080,304)	(10,958,778)	(6,175,758)
Properties foreclosed	1,379,752	1,138,345	1,385,682	1,148,035
Securities and derivative business receivables	(4,513,669)	(4,872,611)	-	-
Accounts receivable from clearing house and broker-dealers	3,641,464	2,819,038	-	-
Other assets	(3,677,703)	(1,936,024)	(3,761,664)	(3,042,399)

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Cash Flows (Unaudited) (Cont'd)
For the three-month period ended 31 March 2020

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
Cash flows from operating activities (Cont'd)				
Increase (decrease) in operating liabilities				
Deposits	51,641,426	3,506,523	51,498,445	3,444,641
Interbank and money market items	(2,637,524)	872,911	(2,164,229)	1,027,004
Liabilities payable on demand	19,310	180,321	19,310	180,321
Accounts payable to clearing house and broker-dealers	(461,846)	708,114	-	-
Securities and derivative business payables	4,736,520	174,153	-	-
Lease liabilities	(36,538)	-	(44,456)	-
Other payables	(281,274)	3,328,287	(269,945)	3,354,417
Other liabilities	(125,934)	127,382	(123,775)	119,016
Net cash from operating activities	6,246,420	8,102,778	4,231,416	9,553,383
Cash flows from investing activities				
Cash paid for long-term investments in securities	-	(4,048,540)	-	(3,954,059)
Proceeds from long-term investments in securities	-	3,042,782	-	2,956,757
Cash paid for investments in debt instruments measured at fair value through other comprehensive income	(8,087,405)	-	(8,087,405)	-
Proceeds from investments in debt instruments measured at fair value through other comprehensive income	6,459,638	-	6,459,638	-
Cash paid for investments in equity instruments measured at fair value through other comprehensive income	(235,546)	-	-	-
Proceeds from investments in equity instruments measured at fair value through other comprehensive income	524,961	-	-	-
Cash paid for investments in debt instruments measured at amortised cost	(2,049,047)	-	-	-
Proceeds from investments in debt instruments measured at amortised cost	2,039,973	-	-	-
Proceeds from reduction of the capital in subsidiaries	-	-	122,237	-
Cash paid for investment in subsidiaries	-	-	-	(137,562)
Cash paid for right-of-use assets	(1,463)	-	(1,463)	-
Cash paid for building improvement and equipment	(163,366)	(161,864)	(59,897)	(33,928)
Proceeds from sales of equipment	673	3,896	467	3,896
Purchases of intangible assets	(39,567)	(42,794)	(33,555)	(39,265)
Net cash from investing activities	(1,551,149)	(1,206,520)	(1,599,978)	(1,204,161)
Cash flows from financing activities				
Proceeds from issuance of debentures	11,516,942	12,810,749	8,625,000	9,996,775
Cash paid for redemption of debentures	(14,213,983)	(21,469,168)	(11,015,050)	(18,519,655)
Cash paid for redemption of financial liabilities designated at fair value through profit or loss	(1,747,958)	-	-	-
Proceeds from issuance of financial liabilities designated at fair value through profit or loss	-	1,733,575	-	-
Cash paid for non-controlling interest from change in investment in subsidiary	(9,480)	(137,562)	-	-
Net cash from financing activities	(4,454,479)	(7,062,406)	(2,390,050)	(8,522,880)
Exchange losses on translating	-	(7,963)	-	-
Net increase (decrease) in cash and cash equivalents	240,792	(166,148)	241,388	(173,658)
Cash and cash equivalents as at 1 January	1,109,658	1,335,668	1,108,781	1,334,978
Cash and cash equivalents as at 31 March	1,350,450	1,161,557	1,350,169	1,161,320

The condensed notes are an integral part of this interim financial information.

Kiatnakin Bank Public Company Limited and Subsidiaries
Statement of Cash Flows (Unaudited) (Cont'd)
For the three-month period ended 31 March 2020

Supplementary information for cash flows:

Significant non-cash transactions for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	2020	2019	2020	2019
	Thousand	Thousand	Thousand	Thousand
	Baht	Baht	Baht	Baht
(Decrease) increase in account payables from land, premises and equipment purchased	(440)	(13,365)	(471)	(13,462)
Transfer of assets for loan settlement	1,452,056	1,139,889	1,441,000	1,135,343
Increase in fair value reserves on investments in receivables	-	35,075	-	6,288
Increase in fair value reserves on available-for-sale securities	-	141,564	-	113,441
Decrease in fair value reserves on investments in debt instruments measured at fair value through other comprehensive income	(90,962)	-	(90,962)	-
Decrease in fair value reserves on investments in equity instruments measured at fair value through other comprehensive income	(864,329)	-	(34)	-
Pay-in-kind properties foreclosed for reduction and distribution of the capital of the subsidiaries	-	-	29,512	-
Increase in dividend payable	2,328,566	-	2,328,566	-

.....
(Mr. Banyong Pongpanich)
Chairman of the Executive Committee

.....
(Mr. Aphinant Klewpatinond)
Chief Executive Officer

The condensed notes are an integral part of this interim financial information.

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1 General

Kiatnakin Bank Public Company Limited ("the Bank") was incorporated in Thailand. Its head office is located at 500 Amarin Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. The Bank provides banking business through its branches network in Thailand. As at 31 March 2020 and 31 December 2019, the Bank has 10 and 11 subsidiaries and funds ("subsidiaries"), respectively.

This interim consolidated and separate financial information have been approved for issue by the Bank's authorised directors on 14 May 2020.

This interim consolidated and separate financial information have been reviewed, not audited.

2 Significant events during the current period

Due to the outbreak of the Coronavirus 2019 (COVID-19) since the start of the year 2020 where the impact has only become widespread toward the end of the first quarter. As a result, the Group financial performance for the first quarter of 2020 has been largely unaffected by the outbreak situation. For the three-month period ended 31 March 2020, there are some early impact as demonstrated by the rise in financial assets with significant increase in credit risk (Stage 2). The outbreak and its impacts are dependent on many on going factors and are still uncertain at this point. The Group is currently in process of providing assistance to the Group's customers based on the various relief measures and also assessing the subsequent impacts from the situation.

3 Accounting policies

3.1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting. The primary financial information (statement of financial position, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows) is presented in a format consistent with the annual financial statements complying with Thai Accounting Standard 1 Presentation of Financial Statements. The notes to the financial information are prepared in a condensed format. Additional notes are presented as required by the Securities and Exchange Commission under the Securities and Exchange Act and the Notification of the Bank of Thailand ("BOT"), no. SorNorSor 21/2561. The preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group dated on 13 December 2018.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

An English version of the interim consolidated and separate financial information has been prepared from the interim financial information that is in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2019 except as described in note 4.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

The Federation of Accounting Professions has announced 2 accounting treatment guidances which have been announced in the Royal Gazette on 22 April 2020 as follows:

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

Management is currently assessing the impact from these two accounting treatment guidances.

3.2 Basis for Preparation of the Consolidated Financial Information

The consolidated financial information includes the accounts of the head office and all branches of the Bank and its subsidiaries (collectively known as “the Group”) where the Bank has a controlling interest. Significant related party transactions and balances have been eliminated. All subsidiaries were incorporated in Thailand excepted for Phatra Asset Management (Cayman) Limited which was incorporated in Cayman. The list of subsidiaries is as follows:

		Ownership interest(%)	
		As at 31 March 2020	As at 31 December 2019
Type of business			
Phatra Capital PCL.	Holding Company	99.98	99.98
Phatra Securities PCL.	Securities	99.95 ⁽¹⁾	99.95 ⁽¹⁾
Phatra Asset Management Co., Ltd.	Fund Management	99.97 ⁽²⁾	99.97 ⁽²⁾
Asia Recovery 1 Fund	Investments	99.95	99.95
Asia Recovery 2 Fund	Investments	99.59	99.59
Asia Recovery 3 Fund	Investments	99.97	99.97
Thai Restructuring Fund	Investments	98.91	98.91
Bangkok Capital Fund	Investments	95.72	95.72
Gamma Capital Fund	Investments	94.03	94.03
KKP Tower Co., Ltd.	Real estate	91.34	91.34
Phatra Asset Management (Cayman) Limited ⁽⁴⁾	Fund Management	99.98 ⁽³⁾	99.98 ⁽³⁾

⁽¹⁾ Indirectly holding via Phatra Capital PCL. of 99.97%

⁽²⁾ Indirectly holding via Phatra Capital PCL. of 99.99%

⁽³⁾ Indirectly holding via Phatra Capital PCL. of 100.00%

⁽⁴⁾ On 30 January 2020, the Board of director Meeting of the Bank No.1/2563 approved to dissolve Phatra Asset Management (Cayman) Limited incorporated in Cayman.

4 Adoption of new financial reporting standards and changes in accounting policies

The Group has adopted financial reporting standards relating to financial instruments (TAS 32, TFRS 7 and TFRS 9) and leases standard (TFRS 16) retrospectively from 1 January 2020, but has not restated comparatives for the 2019 reporting period, as permitted in the standards. The reclassifications and adjustments arising from the new requirements are therefore recognised in the opening statement of financial position on 1 January 2020.

The following tables show the adjustments made to the amounts recognised in each line item in the statement of financial position upon adoption of the financial reporting standards relate to financial instruments (TAS 32 and TFRS 9) and leases standard (TFRS 16):

	Consolidated								
As at	TAS 32 and TFRS 9 reclassifications and adjustments							TFRS 16 reclassifications and adjustments	As at
31 December 2019	Adjustments from	Adjustments from	Adjustments from	Total adjustments of	Adjustments from	Adjustments from	Total adjustments of	1 January 2020	
Previously reported	reclassification of	remeasurement of	allowance for expected	financial instruments	reclassification of	remeasurement of	leases	Restated	
Thousand Baht	financial instrument	financial instrument	credit losses	Thousand Baht	leases	leases	leases	Thousand Baht	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Assets									
Interbank and money market items, net	11,981,838	(8,019)	-	39,502	31,483	-	-	-	12,013,321
Financial assets measured at fair value through profit or loss	-	17,102,874	-	-	17,102,874	-	-	-	17,102,874
Derivatives assets	4,298,538	-	42,385	-	42,385	-	-	-	42,385
Investments, net	39,201,003	(17,102,874)	247,162	-	(16,855,712)	-	-	-	22,345,291
Investments in receivables, net	1,619,449	(916,449)	(703,000)	-	(1,619,449)	-	-	-	-
Loans to customers and accrued interest receivables, net	227,677,310	862,328	(195,551)	344,951	1,011,728	-	-	-	228,689,038
Right-of-use assets	-	-	-	-	-	50,831	296,540	347,371	347,371
Deferred tax assets	1,846,295	-	(28,019)	(52)	(28,071)	-	-	-	1,818,224
Other assets, net	4,416,176	(198,938)	217,642	1,329	20,033	(50,831)	-	(50,831)	4,385,378
Total assets	311,690,006	(261,078)	(419,381)	385,730	(294,729)	-	296,540	296,540	311,691,817

Kiatnakin Bank Public Company Limited and Subsidiaries
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2020

	Consolidated								As at 1 January 2020 Restated Thousand Baht
	As at 31 December 2019 Previously reported Thousand Baht	TAS 32 and TFRS 9 reclassifications and adjustments				TFRS 16 reclassifications and adjustments			
		Adjustments from reclassification of financial instrument Thousand Baht	Adjustments from remeasurement of financial instrument Thousand Baht	Adjustments from allowance for expected credit losses Thousand Baht	Total adjustments of financial instruments Thousand Baht	Adjustments from reclassification of leases Thousand Baht	Adjustments from remeasurement of leases Thousand Baht	Total adjustments of leases Thousand Baht	
Liabilities and equity									
Liabilities									
Lease liabilities	-	-	-	-	-	-	296,540	296,540	296,540
Provisions	844,037	-	-	436,033	436,033	-	-	-	1,280,070
Deferred tax liabilities	26,703	-	1,788	-	1,788	-	-	-	28,491
Other liabilities	5,035,881	(261,078)	-	-	(261,078)	-	-	-	4,774,803
Total Liabilities	267,678,747	(261,078)	1,788	436,033	176,743	-	296,540	296,540	268,152,030
Equity									
Other components of equity	186,602	(2,836)	(477,694)	369	(480,161)	-	-	-	(293,559)
Retained earnings									
Unappropriated	25,039,042	2,836	55,984	(50,672)	8,148	-	-	-	25,047,190
Non-controlling interests	109,154	-	541	-	541	-	-	-	109,695
Total equity	44,011,259	-	(421,169)	(50,303)	(471,472)	-	-	-	43,539,787

Kiatnakin Bank Public Company Limited and Subsidiaries
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2020

	Separate								As at 1 January 2020 Restated Thousand Baht
	As at 31 December 2019 Previously reported Thousand Baht	TAS 32 and TFRS 9 reclassifications and adjustments			TFRS 16 reclassifications and adjustments				
		Adjustments from reclassification of financial instrument Thousand Baht	Adjustments from remeasurement of financial instrument Thousand Baht	Adjustments from allowance for expected credit losses Thousand Baht	Total adjustments of financial instruments Thousand Baht	Adjustments from reclassification of leases Thousand Baht	Adjustments from remeasurement of leases Thousand Baht	Total adjustments of leases Thousand Baht	
Assets									
Interbank and money market items, net	13,275,187	(8,019)	-	67,721	59,702	-	-	-	13,334,889
Financial assets measured at fair value through profit or loss	-	7,771,843	-	-	7,771,843	-	-	-	7,771,843
Derivatives assets	4,234,450	-	42,385	-	42,385	-	-	-	4,276,835
Investments, net	26,973,203	(7,771,843)	208,873	-	(7,562,970)	-	-	-	19,410,233
Investments in receivables, net	363,319	(229,622)	(133,697)	-	(363,319)	-	-	-	-
Loans to customers and accrued interest receivables, net	231,195,924	164,060	(75,689)	368,249	456,620	-	-	-	231,652,544
Right-of-use assets	-	-	-	-	-	63,138	744,780	807,918	807,918
Deferred tax assets	1,603,603	-	(22,151)	(52)	(22,203)	-	-	-	1,581,400
Other assets, net	3,542,764	(198,938)	68,880	1,329	(128,729)	(63,138)	-	(63,138)	3,350,897
Total assets	299,215,604	(272,519)	88,601	437,247	253,329	-	744,780	744,780	300,213,713
Liabilities and equity									
Liabilities									
Lease liabilities	-	-	-	-	-	-	744,780	744,780	744,780
Provisions	556,724	-	-	437,038	437,038	-	-	-	993,762
Other liabilities	4,346,026	(272,519)	-	-	(272,519)	-	-	-	4,073,507
Total Liabilities	256,651,472	(272,519)	-	437,038	164,519	-	744,780	744,780	257,560,771
Equity									
Other components of equity	243,194	(2,836)	60,140	369	57,673	-	-	-	300,867
Retained earnings									
Unappropriated	23,644,477	2,836	28,461	(160)	31,137	-	-	-	23,675,614
Total equity	42,564,132	-	88,601	209	88,810	-	-	-	42,652,942

4.1 Financial reporting standards related to financial instruments

The total impact on the retained earnings as at 1 January 2020 is as follows:

	Consolidated Thousand Baht	Separate Thousand Baht
Unappropriated retained earnings as at 31 December 2019 (Audited)	25,039,042	23,644,477
Change in fair value of derivative products under former banking book	42,385	42,385
(Increase) Decrease in allowance for available-for-sale securities	3,544	3,544
(Increase) Decrease in allowance for expected credit losses of interbank and money market items	39,502	67,721
(Increase) Decrease in allowance for expected credit losses of debt securities	(461)	(461)
(Increase) Decrease in allowance for expected credit losses of loans to customers	(1,003,049)	(979,751)
(Increase) Decrease in allowance for expected credit losses of other assets	1,329	1,329
(Increase) Decrease in allowance for expected credit losses of loan commitments and financial guarantee contracts	(436,033)	(437,038)
(Increase) Decrease in general reserves	1,348,000	1,348,000
Increase in impairment of Purchased or originated credit-impaired loan	(137,124)	(17,261)
Increase in accrued interest receivables which had been stopped recognising according to the classification of qualitative criteria	10,453	10,453
Decrease in deferred tax assets	(7,784)	(7,784)
Increase in other assets	148,762	-
Increase in Non-controlling interests	(1,376)	-
Adjustment to unappropriated retained earnings from adoption of TFRS 9 on 1 January 2020	8,148	31,137
Unappropriated retained earnings as at 1 January 2020 - TFRS 9 before restatement of TFRS 16 (Unaudited)	25,047,190	23,675,614

4.2 Financial reporting standards related to leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 1.75 - 3.47%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of TFRS 16 are only applied after that date.

	Consolidated Thousand Baht	Separate Thousand Baht
Operating lease commitments disclosed as at 31 December 2019	500,597	684,936
(Less) discounted using the lessee's incremental borrowing rate of at the date of initial application	(36,408)	(107,757)
(Less) short-term leases recognised on a straight-line basis as expense	(597)	-
(Less) low-value leases recognised on a straight-line basis as expense	(2,141)	-
(Less) contracts reassessed as service agreements / service portion included in leases	(158,714)	(281,410)
(Less) adjustments as a result of a different treatment of extension and termination options	(6,197)	449,011
Lease liability recognised as at 1 January 2020	296,540	744,780

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Consolidated		Separate	
	31 March 2020	1 January 2020	31 March 2020	1 January 2020
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Vehicle	650	713	-	-
Properties	314,563	346,658	765,221	807,918
Total right-of-use assets	315,213	347,371	765,221	807,918

In applying TFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an Arrangement contains a Lease.

4.3 Changes in accounting policies from adoption of the financial reporting standards related to financial instruments and leases

4.3.1 Financial reporting standards related to financial instruments

4.3.1.1 Classification and measurements of financial assets

From January 2020, the Group classifies its financial assets as follows:

- those to be measured subsequently at fair value either through profit or loss (FVPL) or through other comprehensive income (FVOCI)
- those to be measured at amortised cost

The Group initially recognises a financial asset on trade date at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except financial assets that are measured at FVPL whose transaction costs are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories:

- **Amortised cost**
Assets that are held for collection of contractual cash flows that represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income is included in finance income using the effective interest method. Any gain or loss on derecognition is presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item.
- **Fair value through other comprehensive income (FVOCI)**
Assets that are held for collection of contractual cash flows that represent SPPI and for selling the financial assets are measured at FVOCI. Movements in the carrying amount are taken through OCI, except impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Impairment losses are presented as separate line item. Interest revenue is included in finance income. Foreign exchange gains and losses are presented in other gains/(losses). When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss in other gains/(losses).
- **Fair value through profit or loss (FVPL)**
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on subsequent measurement is presented in other gains/(losses).

The Group reclassifies debt instruments only when its business model for managing those assets changes.

The Group classifies financial asset as purchased or originated financial asset (POCI) when the financial asset that are credit-impaired on initial recognition.

Equity instruments

All equity instruments held must be irrevocably classified to two measurement categories;

- at fair value through profit or loss, or
- at fair value through other comprehensive income without subsequent recycling to profit or loss. The classification of equity instruments is considered on investment-by-investment basis. Dividends from such investment continue to be recognised in profit or loss as other income.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The changes in the fair value is recognised to other gains (losses).

4.3.1.2 Classification and measurement of financial liabilities and equity

Financial instruments issued by the Group must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Group has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Group's own equity instruments.
- Where the Group has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Group measures financial liabilities at fair value. The Group reclassifies all financial liabilities as subsequently measured at amortised cost, except for some financial liabilities.

4.3.1.3 Recognition and derecognition

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

4.3.1.4 Impairment

From 1 January 2020, the Group assesses expected credit loss on a forward looking basis for its financial assets classified as debt instrument carried at FVOCI and at amortised cost and loan commitments and financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk, except trade receivables and lease receivables which the Group applies the simplified approach in determining its expected credit loss and purchased or originated credit-impaired financial assets.

Surplus reserve

The Group measures the surplus reserve on the date of adoption for new financial reporting standards related to financial instruments by comparing the difference between allowance for expected credit losses according to requirement under new financial reporting standards related to financial instruments and total reserves that the Group had on 31 December 2019. In which, the Group will amortised the surplus reverse using straight-line method by 5 year consecutively in accordance with notification to utilise supluue reserve from Bank of Thailand dated on 6 November 2019.

For purchased or originated credit-impaired financial asset, the Group recognised the financial assets by discounted expected cash flows by considering all contractual terms of the financial asset, expected credit loss, all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts with presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably using credt-adjusted effective interest rate determined at initial recognition.

4.3.1.5 Financial guarantee

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of a) the amount of expected credit loss determined; and b) the amount initially recognised less the cumulative amount of income recognised.

4.3.1.6 Interest income and interest expense recognition

The concept of interest recognition will be changed to recognise at effective interest rate. In which, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due.

4.3.2 Financial reporting standards related to leases

The Group leases various offices which the rental contracts are typically made for fixed periods of 1 to 20 years but may have extension options. Before 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2020, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

5 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019 except for the estimates related to adoption of the financial reporting standards related to financial instruments and leases effective on 1 January 2020. The Group changed their estimates related to aforementioned standards as follows:

Impairment

The Group assesses expected credit loss on a forward looking basis for its financial assets classified as debt instrument carried at FVOCI and at amortised cost, loan commitments, and financial guarantee contracts.

Expected credit losses are a probability-weighted estimate of credit losses over the expected life of the financial instrument. A cash shortfall is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive discounted at the original effective interest rate for the financial assets that are not purchased or originated credit-impaired financial assets or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets. The Group estimates cash flows by considering all contractual terms of the financial assets through the expected life of that financial assets.

The cash flows that are considered shall include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial assets can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial assets, the Group uses the remaining contractual term of the financial assets.

For loan commitments, a credit loss is the present value of the difference between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down the loan and the cash flows that the entity expects to receive if the loan is drawn down. The Group's estimate of expected credit losses on loan commitments shall be consistent with its expectations of drawdowns on that loan commitment and the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment when estimating lifetime expected credit losses.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Group measures the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures expected credit losses using the following approaches:

A. General approach

At each reporting date, the Group applies general approach to measure expected credit losses on debt instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income, loan commitments, and financial guarantee contracts except for those that are under simplified approach. The Group always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which, the three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has not increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

B. Simplified approach

The Group applies simplified approach to measure expected credit losses which uses a lifetime expected credit loss for other assets.

Purchased or originated credit-impaired financial asset

The Group measures expected credit losses from the The difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive discounted at creditadjusted effective interest rate. The Group an entity shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. An entity shall recognise favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Significant increase in credit risk

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available increases in credit risk since initial recognition.

TFRS 9 contains a rebuttable presumption that the risk of financial assets is deemed to have increased significantly when more than 30 days past due. The Group uses this 30 day backstop for all its products. In addition, the Group considers a range of qualitative and quantitative events to assess whether a significant increase in credit risk since initial recognition has occurred. These events include for example, changes in credit risk ratings, payment delinquency, past payment patterns, behavioral scores, and watch-lists. Exposures with significant increase in credit risk are transferred from Stage 1 to Stage 2. Exposures will move back to Stage 1 once they no longer meet the criteria.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default or credit-impaired which is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to significantly affect the ability to repay. Exposures are considered to be credit-impaired if they are past due for 90 days or more or possesses signs indicating weaknesses which are likely to impact ability to meet future financial obligations. The default definition is consistent with that used for risk management purposes. Exposures that are credit-impaired are classified as Stage 3 and could be upgraded to Stage 2 if the customer no longer meet credit impaired definition, and exposures are classified as Stage 1 if significant increase in credit risk since initial recognition is no longer significant.

6 Segment information

The Group discloses operating segments information in accordance with the Thai Financial Reporting Standard No.8 “Operating Segments” and under the same basis as internal management reports presented to the Group’s chief operating decision maker for resources allocation to and performance evaluation of various segments. Accordingly, the Group has divided reportable segments in accordance with the structure of the Kiatnakin Phatra Financial Group and characteristics of segments operating in significantly diverse environment. These operating segments are; Commercial Banking Business, Capital Market Business, and the Debt Restructuring Segment under the Commercial Banking Business. Details of each operating segment are as follows:

- Commercial banking business consists of all commercial banking business and KKP Tower Co., Ltd. except for the Debt restructuring segment.
- Capital market business consists of Phatra Capital PCL., Phatra Securities PCL., Phatra Asset Management Co., Ltd., and Phatra Asset Management (Cayman) Limited
- The Debt restructuring segment

Assessing the performance of operating segments is measured in accordance with Thai Financial Reporting Standard as adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralised costs and income between segments. Transactions between segments are eliminated on consolidation.

6.1 Operation result

Operation result classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated			
	For the three-month period ended 31 March 2020			
	Commerical banking business Million Baht	Capital market business Million Baht	Debt restructuring segment Million Baht	Total Million Baht
Income from external clients				
Interest income, net	3,406	(14)	147	3,539
Fees and services income, net	532	744	-	1,276
Other operating income	212	566	1	779
Total operating income	4,150	1,296	148	5,594
Income between segments	142	93	-	235
Depreciation and amortisation	135	28	3	166
Other expenses	2,205	538	446	3,189
Total other operating expenses	2,340	566	449	3,355
Expected credit loss	632	-	(376)	256
Profit from operating before income tax expenses	1,178	730	75	1,983
Income tax	348	143	6	497
Net profit	830	587	69	1,486

	Consolidated			
	For the three-month period ended 31 March 2019			
	Commerical banking business Million Baht	Capital market business Million Baht	Debt restructuring segment Million Baht	Total Million Baht
Income from external clients				
Interest income, net	2,933	(8)	130	3,055
Fees and services income, net	499	631	1	1,131
Other operating income	133	127	(5)	255
Total operating income	3,565	750	126	4,441
Income between segments	78	78	-	156
Depreciation and amortisation	187	29	3	219
Other expenses	1,621	504	118	2,243
Total other operating expenses	1,808	533	121	2,462
Impairment loss on loans and debt securities	460	-	25	485
Profit (loss) from operating before income tax expenses	1,297	217	(20)	1,494
Income tax	246	43	(23)	266
Net profit	1,051	174	3	1,228

Total assets classified by Commercial Banking Business, Capital Market Business and The Debt Restructuring Segment

	Commercial banking business Million Baht	Capital market business Million Baht	Debt restructuring segment Million Baht	Total Million Baht
As at 31 March 2020	343,023	22,143	2,568	367,734
As at 31 December 2019	283,512	24,170	4,008	311,690

6.2 Reconciliation operating segments information

Reconciliation between consolidated income from all segments and income and reconciliation between consolidated profit from all segments and profit from operating before income tax expenses for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated	
	For the three-month periods ended 31 March	
	2020 Million Baht	2019 Million Baht
Income		
Consolidated income from all segments	5,829	4,597
Elimination of inter-segment income	(235)	(156)
Total income	5,594	4,441
Profit		
Consolidated profit from all segments	1,983	1,494
Elimination of inter-segment profit	-	-
Profit from operating before income tax expenses	1,983	1,494

Reconciliation between consolidated assets from all segments and total assets as at 31 March 2020 and 31 December 2019 are as follows:

	Consolidated	
	31 March 2020 Million Baht	31 December 2019 Million Baht
Assets		
Consolidated assets from all segments	367,734	311,690
Elimination of inter-segment assets	-	-
Total assets	367,734	311,690

During the three-month period ended 31 March 2020 and 2019, there is no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Group's total revenue.

The Bank and its subsidiaries operate in Thailand mainly. Only Phatra Asset Management (Cayman) Limited operates in Cayman. However, the transactions from the entity are immaterial to the consolidated financial statement. As a result, all of the revenues, profits and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

There has been no material change in total assets or total liabilities from the amounts disclosed in the last annual financial statements.

7 Financial assets measured at fair value through profit or loss

	Consolidated Fair value 31 March 2020 Thousand Baht	Separate Fair value 31 March 2020 Thousand Baht
Government and state enterprise securities	4,062,443	4,062,443
Private sector's debt securities	1,708,367	1,708,367
Domestic marketable equity securities	6,012,243	1,743,195
Foreign marketable equity securities	13,649	-
Total	11,796,702	7,514,005

8 Investment, net

8.1 Classification of investments

	Consolidated Amortised cost 31 March 2020 Thousand Baht	Separate Amortised cost 31 March 2020 Thousand Baht
Investments in debt instruments measured at amortised cost		
Government and state enterprise securities	1,230,985	1,001,425
Total	1,230,985	1,001,425
Less Allowance for expected credit losses	-	-
Total	1,230,985	1,001,425

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	Consolidated	Separate
	Fair value	Fair value
	31 March	31 March
	2020	2020
	Thousand	Thousand
	Baht	Baht
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	17,021,945	17,021,945
Private sector's debt securities	2,930,788	2,930,788
Total	19,952,733	19,952,733
Allowance for expected credit losses	(2,867)	(2,867)

	Consolidated		Separate
	31 March 2020		31 March 2020
	Fair value	Dividend	Fair value
	Thousand	Income	Thousand
	Baht	Thousand	Thousand
	Baht	Baht	Baht
Investments in equity instruments designated at fair value through other comprehensive income			
Domestic marketable equity securities	161,585	-	5,416
Foreign marketable equity securities	1,222,665	-	-
Domestic non-marketable equity security	235,898	-	224,308
Foreign non-marketable equity security	253,613	-	-
Total	1,873,761	-	229,724
Total investment, net	23,057,479	-	21,183,882

During the three-month period ended 31 March 2020, the Group has derecognised investments in equity instruments designated at fair value through other comprehensive income as following detail:

	Consolidated and Separate			
	31 March 2020			
	Fair value at the date of the derecognition	Dividends received	Retained earnings or losses due to the derecognition	Explanation for the derecognition
	Thousand Baht	Thousand Baht	Thousand Baht	
Investments that are derecognised				
Foreign marketable equity securities	396,928	-	102,106	Sell according to the investment policy of the investment committee
Total	396,928	-	102,106	

	Consolidated	Separate
	Fair value	Fair value
	31 December	31 December
	2019	2019
	Thousand	Thousand
	Baht	Baht
Trading securities		
Government and state enterprise securities	3,714,651	3,714,651
Private sector's debt securities	1,468,027	1,468,027
Domestic marketable equity securities	9,323,718	-
Foreign marketable equity securities	7,313	-
Total trading securities	14,513,709	5,182,678
Securities designated at fair value through profit or loss*		
Domestic marketable equity securities	2,589,165	2,589,165
Total securities designated at fair value through profit or loss	2,589,165	2,589,165
Available-for-sale securities		
Government and state enterprise securities	17,162,997	17,162,997
Private sector's debt securities	1,015,812	1,015,812
Domestic marketable equity securities	278,674	5,416
Foreign marketable equity securities	2,243,622	-
Total available-for-sale securities	20,701,105	18,184,225

* The Bank classifies investments which have specific intention to manage the risk in trading derivatives portfolio as investment designated at fair value through profit or loss (Fair Value Option) to help the Bank reduce the accounting mismatch on measurement or recognition between investments and trading derivatives transactions.

	Consolidated	Separate
	Cost/Amortised cost	Cost/Amortised cost
	31 December	31 December
	2019	2019
	Thousand Baht	Thousand Baht
Held-to-maturity debt securities		
Government and state enterprise securities	1,220,624	1,001,666
Total held-to-maturity debt securities	1,220,624	1,001,666
General investments		
Domestic non-marketable equity securities	30,604	19,012
Foreign non-marketable equity securities	149,340	-
<u>Less</u> Allowance for impairment	(3,544)	(3,543)
Total general investments	176,400	15,469
Total investments in securities, net	39,201,003	26,973,203

8.2 Investments in securities with holdings of 10% upwards

Investments in securities in which the Group hold 10% upwards of the paid-up capital in each entity, classified by industry are as follows:

		Consolidated			
		31 March 2020		31 December 2019	
		Investment amount at fair value Baht	Holding %	Investment amount at cost Baht	Holding %
Business type					
<u>Other companies</u>					
ICHX TECH PTE. LTD.	Digital Asset				
	Business	253,612,717	12.74	149,340,026	10.44
BOT Lease (Thailand) Co., Ltd.	Leasing	54,476,059	10.00	3,085,200	10.00
		Separate			
		31 March 2020		31 December 2019	
		Investment amount at fair value Baht	Holding %	Investment amount at cost Baht	Holding %
Business type					
<u>Other companies</u>					
BOT Lease (Thailand) Co., Ltd.	Leasing	54,476,059	10.00	3,085,200	10.00

8.3 Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments

Recognition of transaction in profit or loss and other comprehensive income for debt instruments measured at fair value through other comprehensive income and available-for-sales investments for the three-month periods ended 31 March 2020 and 2019 are as follow:

	Consolidated		Separate	
	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht	31 March 2020 Thousand Baht	31 March 2019 Thousand Baht
Gain (loss) from changes in value of investments in debt instruments measured at FVOCI	(13,266)	-	(13,266)	-
Loss (gain) realised from sale of investments in debt instruments measured at FVOCI	(77,696)	-	(77,696)	-
Changes in value of available-for-sale investments	-	112,432	-	136,181
Realised (gain) loss from sale of available-for-sale investments transferred to profit or loss	-	29,132	-	(22,740)
	(90,962)	141,564	(90,962)	113,441

9 Investments in subsidiaries, net

As at 31 March 2020 and 31 December 2019, the Bank has investments in subsidiaries as follows:

			Separate				
			31 March 2020				
			Cost method			Dividend received and profit sharing Thousand Baht	
Business type	Securities investment type	Cost Thousand Baht	Impairment Thousand Baht	Net balance Thousand Baht	Holding %		
Phatra Capital PCL.	Holding Company	Ordinary shareholder	7,170,617	-	7,170,617	99.98	-
Asia Recovery 1 Fund	Investments*	Unit trust	192,037	-	192,037	99.95	-
Asia Recovery 2 Fund	Investments*	Unit trust	359,849	-	359,849	99.59	-
Asia Recovery 3 Fund	Investments*	Unit trust	579,821	-	579,821	99.97	-
Thai Restructuring Fund	Investments*	Unit trust	165,528	-	165,528	98.91	-
Bangkok Capital Fund	Investments*	Unit trust	1,794,945	(722,182)	1,072,763	95.72	-
Gamma Capital Fund	Investments*	Unit trust	1,065,847	-	1,065,847	94.03	-
KKP Tower Co., Ltd.	Real estate	Ordinary shareholder	206,398	-	206,398	91.34	-
			11,535,042	(722,182)	10,812,860		

* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).

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			Separate				
			31 December 2019				
			Cost method			Dividend received and profit sharing Thousand Baht	
Business type	Securities investment type	Cost Thousand Baht	Impairment Thousand Baht	Net balance Thousand Baht	Holding %		
Phatra Capital PCL.	Holding Company	Ordinary shareholder	7,170,617	-	7,170,617	99.98	1,366,715
Asia Recovery 1 Fund	Investments*	Unit trust	192,037	(7,744)	184,293	99.95	-
Asia Recovery 2 Fund	Investments*	Unit trust	359,849	-	359,849	99.59	-
Asia Recovery 3 Fund	Investments*	Unit trust	579,822	-	579,822	99.97	-
Thai Restructuring Fund	Investments*	Unit trust	166,200	-	166,200	98.91	-
Bangkok Capital Fund	Investments*	Unit trust	1,801,113	(1,107,278)	693,835	95.72	95,718
Gamma Capital Fund	Investments*	Unit trust	1,219,914	(268,961)	941,793	94.03	5,830
KKP Tower Co., Ltd.	Real estate	Ordinary shareholder	206,398	-	206,398	91.34	-
			11,686,790	(1,383,983)	10,302,807		1,468,263

* Investments in commercial loans auctioned from Financial Restructuring Authority (FRA).

The liquidation of the capital of the mutual funds

According to the Notifications of the Capital Market Supervisory Board No. Thor Nor. 21/2552 Thor Nor. 22/2552, and Thor Nor. 23/2552: Rules, Conditions and Procedures for Establishment and Management of Mutual Funds for Solving Financial Institutions Problems, it specified that the maturity date of the scheme to be no later than 31 August 2015. Therefore, Asia Recovery Fund 1, Asia Recovery Fund 2, Asia Recovery Fund 3, Thai Restructuring Fund, Bangkok Capital Fund, and Gamma Capital Fund are required to be liquidated in accordance with these notifications. The funds are in the process of liquidation.

During the three-month period ended 31 March 2020, the Bank has received capital distribution for liquidation from Asia Recovery 3 Fund, Thai Restructuring Fund, Bangkok Capital Fund, and Gamma Capital Fund in amount of Baht 152 Million. (31 March 2019 : Nil).

10 Investments in receivables, net

The details of investments in receivables auctioned from the Financial Restructuring Authority ("FRA"), the Legal Execution Department ("LED") and other companies are as follows:

	Consolidated and Separate			
	31 December 2019			
Purchase date	Number of debtors	Outstanding balance per original and renewed agreements Thousand Baht	Cost Thousand Baht	Fair value Thousand Baht
<u>Kiatnakin Bank Public Company Limited</u>				
Receivables auctioned from FRA				
30 September 1999	297	2,053,445	122,499	28,157
15 December 1999	106	377,770	4,314	5,108
Receivables purchased				
January 2009 - December 2019	3	110,687	51,080	12,592
Receivables auctioned from LED	933	11,174,336	628,212	317,462
	1,339	13,716,238	806,105	363,319
<u>Subsidiaries (Fund)</u>	2,103	47,980,268	737,204	1,256,130
Total	3,442	61,696,506	1,543,309	1,619,449

11 Loans to customers and accrued interest receivables, net

11.1 Classified by product

	Consolidated		Separate	
	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht
<u>Loans</u>				
Overdrafts	969,931	1,032,079	969,931	1,032,079
Loans	131,028,100	122,429,129	133,376,087	125,466,821
Bills	50,000	50,000	750,000	550,000
Hire-purchase receivables	137,173,326	135,135,970	137,173,326	135,135,970
Finance lease receivables	407,059	429,135	407,059	429,135
Total loans	269,628,416	259,076,313	272,676,403	262,614,005
<u>Less</u> Deferred revenue	(22,384,815)	(21,937,566)	(22,384,815)	(21,937,566)
Total loans net of deferred revenue	247,243,601	237,138,747	250,291,588	240,676,439
<u>Add</u> Accrued interest receivables and undue interest receivable	1,526,325	1,128,035	1,514,695	1,134,334
Total loans and accrued interest receivables net of deferred revenue	248,769,926	238,266,782	251,806,283	241,810,773
<u>Less</u> Allowance for doubtful accounts				
1.1. Minimum allowance per BOT guideline				
- Individual Approach	-	(2,598,307)	-	(2,623,684)
- Collective Approach	-	(3,579,215)	-	(3,579,215)
1.2. Surplus reserve	-	(4,411,414)	-	(4,411,414)
<u>Less</u> Allowance for expected credit losses	(10,156,945)	-	(10,158,658)	-
<u>Less</u> Allowance for troubled debt restructuring	-	(536)	-	(536)
Net loans to customers and accrued interest receivables	238,612,981	227,677,310	241,647,625	231,195,924

Deferred interest revenue of hire-purchase and finance lease contracts are stated net of commissions and direct expenses incurred at the initiation of the contracts.

11.2 Classified by business type and loans classification

	Consolidated	Separate
	31 March 2020	31 March 2020
Loans classification	Loans outstanding and interest receivables Thousand Baht	Loans outstanding and interest receivables Thousand Baht
Financial assets with an insignificant increase in credit risk (Performing financial assets)	224,284,616	227,865,905
Financial assets with a significant increase in credit risk (Under-performing financial assets)	14,431,256	14,431,256
Credit-impaired financial assets (Non-performing financial assets)	9,234,160	9,234,160
Purchased or originated credit-impaired financial assets	819,894	274,962
Total loans and accrued interest receivables	248,769,926	251,806,283

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Loans classification	Consolidated 31 December 2019			
	Loans outstanding and interest receivables Thousand Baht	Net balance used for allowance Thousand Baht	Rate used for allowance %	Allowance for doubtful accounts Thousand Baht
Normal				
Loans ⁽¹⁾	115,518,305	36,861,020	1.00	368,599
Other hire-purchase receivables ⁽²⁾	6,571,569	4,597,386	1.00	45,975
Hire-purchase receivables	94,329,314	93,827,670	1.56	1,459,449
Special mention				
Loans ⁽¹⁾	1,917,624	478,902	2.00	9,556
Other hire-purchase receivables ⁽²⁾	175,963	161,426	2.00	3,228
Hire-purchase receivables	10,194,117	10,015,943	11.47	1,148,583
Substandard				
Loans	2,078,940	358,844	100.00	358,844
Other hire-purchase receivables ⁽²⁾	43,497	42,652	100.00	42,652
Hire-purchase receivables	1,116,591	1,116,591	36.90	411,975
Doubtful				
Loans	510,067	146,404	100.00	146,404
Other hire-purchase receivables ⁽²⁾	34,079	21,701	100.00	21,701
Hire-purchase receivables	718,189	718,189	37.02	265,909
Doubtful loss				
Loans	4,235,173	1,577,455	100.00	1,577,455
Other hire-purchase receivables ⁽²⁾	27,150	23,893	100.00	23,893
Hire-purchase receivables	796,204	796,204	36.84	293,299
Total loans and accrued interest receivables	<u>238,266,782</u>	<u>150,744,280</u>		6,177,522
Additional allowance for some doubtful accounts				511,414
General reserve				<u>3,900,000</u>
Total				<u>10,588,936</u>

- (1) Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.
- (2) Hire-purchase receivables-fleet, car3X and mortorbike

Loans classification	Separate 31 December 2019			
	Loans outstanding and interest receivables Thousand Baht	Net balance used for allowance Thousand Baht	Rate used for allowance %	Allowance for doubtful accounts Thousand Baht
Normal				
Loans ⁽¹⁾	119,062,297	39,398,712	1.00	393,976
Other hire-purchase receivables ⁽²⁾	6,571,569	4,597,386	1.00	45,975
Hire-purchase receivables	94,329,314	93,827,670	1.56	1,459,449
Special mention				
Loans ⁽¹⁾	1,917,623	478,902	2.00	9,556
Other hire-purchase receivables ⁽²⁾	175,963	161,426	2.00	3,228
Hire-purchase receivables	10,194,117	10,015,943	11.47	1,148,583
Substandard				
Loans	2,078,940	358,844	100.00	358,844
Other hire-purchase receivables ⁽²⁾	43,497	42,652	100.00	42,652
Hire-purchase receivables	1,116,591	1,116,591	36.90	411,975
Doubtful				
Loans	510,067	146,404	100.00	146,404
Other hire-purchase receivables ⁽²⁾	34,079	21,701	100.00	21,701
Hire-purchase receivables	718,189	718,189	37.02	265,909
Doubtful loss				
Loans	4,235,173	1,577,455	100.00	1,577,455
Other hire-purchase receivables ⁽²⁾	27,150	23,893	100.00	23,893
Hire-purchase receivables	796,204	796,204	36.84	293,299
Total loans and accrued interest receivables	<u>241,810,773</u>	<u>153,281,972</u>		6,202,899
Additional allowance for some doubtful accounts				511,414
General reserve				<u>3,900,000</u>
Total				<u>10,614,313</u>

⁽¹⁾ Allowance for doubtful accounts on troubled debt restructured receivables have been wholly presented in allowance for troubled debt restructuring.

⁽²⁾ Hire-purchase receivables-fleet, car 3X and mortorbike

12 Allowance for expected credit losses

	Consolidated					
	31 March 2020					
	Performing financial assets Thousand Baht	Under- performing financial assets Thousand Baht	Non- performing financial assets Thousand Baht	Purchased or originated credit- impaired financial assets Thousand Baht	Surplus reserve Thousand Baht	Total Thousand Baht
As of 1 January 2020	2,953,345	2,004,119	3,196,980	-	2,552,000	10,706,444
Change due to reclassification	167,204	(566,721)	399,517	-	-	-
Change due to new estimation of credit loss	(385,518)	777,866	446,923	18	-	839,289
Newly acquired or purchased financial assets	580,988	6,016	26,790	-	-	613,794
Derecognised financial assets	(121,532)	(77,109)	(379,058)	-	-	(577,699)
Write-off	(539)	(5,367)	(326,796)	-	-	(332,702)
Recovery	-	-	-	-	-	-
Amortisation of surplus reserve	-	-	-	-	(94,350)	(94,350)
Others *	-	-	-	-	(665,000)	(665,000)
As of 31 March 2020	3,193,948	2,138,804	3,364,356	18	1,792,650	10,489,776

* The Group has partially released as additional provision for the impairment from revaluation of foreclosed assets.

	Separate					
	31 March 2020					
	Performing financial assets Thousand Baht	Under- performing financial assets Thousand Baht	Non- performing financial assets Thousand Baht	Purchased or originated credit- impaired financial assets Thousand Baht	Surplus reserve Thousand Baht	Total Thousand Baht
As of 1 January 2020	2,957,209	2,004,119	3,196,980	-	2,552,000	10,710,308
Change due to reclassification	167,204	(566,721)	399,517	-	-	-
Change due to new estimation of credit loss	(386,857)	777,866	446,923	18	-	837,950
Newly acquired or purchased financial assets	580,988	6,016	26,790	-	-	613,794
Derecognised financial assets	(121,532)	(77,109)	(379,058)	-	-	(577,699)
Write-off	(539)	(5,367)	(326,796)	-	-	(332,702)
Recovery	-	-	-	-	-	-
Amortisation of surplus reserve	-	-	-	-	(94,350)	(94,350)
Others *	-	-	-	-	(665,000)	(665,000)
As of 31 March 2020	3,196,473	2,138,804	3,364,356	18	1,792,650	10,492,301

* The Bank has partially released as additional provision for the impairment from revaluation of foreclosed assets.

13 Allowance for doubtful accounts

Consolidated							
31 December 2019							
	Normal Thousand Baht	Special mention Thousand Baht	Substandard Thousand Baht	Doubtful Thousand Baht	Doubtful loss Thousand Baht	General reserve Thousand Baht	Total Thousand Baht
At beginning of year	2,121,319	1,173,294	1,312,089	470,680	1,181,961	4,500,000	10,759,343
<u>Add</u> Doubtful accounts (reversal)	(156,450)	(7,311)	(353,212)	(31,075)	3,945,254	(600,000)	2,797,206
<u>Less</u> Bad debt written-off	-	-	-	-	(2,967,613)	-	(2,967,613)
At end of year	1,964,869	1,165,983	958,877	439,605	2,159,602	3,900,000	10,588,936

Separate							
31 December 2019							
	Normal Thousand Baht	Special mention Thousand Baht	Substandard Thousand Baht	Doubtful Thousand Baht	Doubtful loss Thousand Baht	General reserve Thousand Baht	Total Thousand Baht
At beginning of year	2,141,757	1,173,294	1,312,089	470,680	1,181,961	4,500,000	10,779,781
<u>Add</u> Doubtful accounts (reversal)	(151,511)	(7,311)	(353,212)	(31,075)	3,945,254	(600,000)	2,802,145
<u>Less</u> Bad debt written-off	-	-	-	-	(2,967,613)	-	(2,967,613)
At end of year	1,990,246	1,165,983	958,877	439,605	2,159,602	3,900,000	10,614,313

14 Other liabilities

	Consolidated		Separate	
	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht
Accrued dividend	2,328,566	-	2,328,566	-
Accrued bonus	412,589	1,558,260	239,439	865,000
Accrued expenses	640,445	1,080,360	690,827	1,049,477
Front-end fees	31,540	264,720	31,540	276,161
Other income received in advance	1,469,294	1,534,358	1,549,530	1,615,467
Deposits	146,299	161,348	145,464	160,446
Value added tax payable	136,090	174,117	112,468	152,821
Others	227,025	262,718	196,251	226,654
Total other liabilities	5,391,848	5,035,881	5,294,085	4,346,026

15 Dividend paid

On 23 April 2019, the Annual General Meeting of the Bank's shareholders for the year 2019 approved the resolution regarding the payment of dividend for the year 2018 at the rate of Baht 5.00 per ordinary share, a part of which had been paid as dividend at the rate of Baht 2.00 per share on 21 September 2018, amounting to Baht 1,693,474,218 and the remaining amount will be paid on 21 May 2019 at the rate of Baht 3.00 per share, amounting to Baht 2,540,220,627.

On 22 August 2019, the Board of Directors Meeting of the Bank No. 8/2562 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 1.50 per ordinary share. The dividend was paid on 20 September 2019 amounting to Baht 1,270,095,763.

On 30 March 2020, the Board of Directors Meeting of the Bank No. 4/2563 approved the resolution regarding the payment of interim dividend from six-month period operating performance at the rate of Baht 2.75 per ordinary share. The dividend was paid on 28 April 2020 amounting to Baht 2,328,521,825.

16 Capital fund

The minimum capital requirement under the regulation of the Bank of Thailand shows as follow:

Capital funds	Minimum capital requirement ratio (%)	Capital buffer ratio (%)	Minimum capital requirement and capital buffer ratio (%)
Common equity tier 1 capital to risk-weighted assets	4.50	2.50	7.00
Tier 1 capital to risk-weighted assets	6.00	2.50	8.50
Capital funds to risk-weighted assets	8.50	2.50	11.00

The Bank thus conducts the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Bank.

The Group and the Bank maintain its capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As at 31 March 2020 and 31 December 2019, total capital funds can be categorised as follows:

	Consolidated		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Tier 1 capital				
Common Equity Tier 1 (CET1)				
Issued and paid-up capital	8,467,511	8,467,511	8,467,511	8,467,511
Share premium	9,356,233	9,356,233	9,356,233	9,356,233
Legal reserve	852,337	852,337	852,337	852,337
General reserve	380	380	380	380
Retained earnings after appropriation	24,961,294	24,245,896	21,315,912	20,494,200
Other reserve and other provisions	(1,063,285)	(488,814)	225,204	136,236
Capital deduction items on CET1	(5,409,789)	(6,057,029)	(5,359,617)	(5,830,561)
Total tier 1 capital	37,164,681	36,376,514	34,857,960	33,476,336
Tier 2 capital				
Subordinated debt	8,290,000	8,290,000	8,290,000	8,290,000
Allowance for classified assets of "normal" category	2,969,410	1,308,278	3,027,027	1,362,655
Total tier 2 capital	11,259,410	9,598,278	11,317,027	9,652,655
Total capital fund	48,424,091	45,974,792	46,174,987	43,128,991

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As at 31 March 2020 and 31 December 2019, capital adequacy ratios maintained by the Bank in accordance with the Notification of the BOT are as follows:

	Capital funds			
	Consolidated		Separate	
	31 March 2020 (%)	31 December 2019 (%)	31 March 2020 (%)	31 December 2019 (%)
Common equity tier 1 capital to risk-weighted assets	13.21	13.61	12.47	12.88
Tier 1 capital to risk-weighted assets	13.21	13.61	12.47	12.88
Capital funds to risk-weighted assets	17.21	17.20	16.52	16.60

	Consolidated		Separate	
	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht	31 March 2020 Thousand Baht	31 December 2019 Thousand Baht
Capital funds less capital add-ons				
Capital funds to risk-weighted assets	48,424,091	45,974,792	46,174,987	43,128,991
Rate of capital funds to risk-weighted assets (%)	17.21	17.20	16.52	16.60

Disclosure of Capital Maintenance information under the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance for Commercial Banks.

Location of disclosure : http://www.kiatnakinphatra.com/ir/disclosure_basel?lang=en
Date of disclosure : 29 April 2020
Information as at : 31 December 2019

Moreover, the Group has disclosed information related to Liquidity Coverage Ratio as at 31 December 2019 under the Notification of Bank of Thailand, no. Sor Nor Sor 2/2561, as the above location and date of disclosure.

17 Interest income

Interest income for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interbank and money market items	77,483	101,822	71,623	84,705
Investments in debt securities	122,099	122,444	107,575	104,855
Investments in receivables	-	141,356	-	29,218
Loans	2,099,269	1,742,172	2,144,126	1,781,838
Hire-purchase and financial leases	2,441,688	2,327,587	2,441,688	2,327,587
Purchased or originated credit-impaired loans	92,946	-	6,425	-
Others	6,777	5,175	4,551	3,948
Total	4,840,262	4,440,556	4,775,988	4,332,151

18 Interest expenses

Interest expense for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deposits	798,952	811,169	798,952	811,909
Interbank and money market items	56,863	56,233	58,162	55,183
Contributions to Financial Institution Development Fund and Deposit Protection Agency	138,812	257,098	138,812	257,098
Debt issued				
- Senior securities	192,476	145,699	192,476	145,699
- Subordinated bond	91,212	90,210	91,212	90,210
- Others	7,641	9,440	-	2,259
Fees and charges on borrowings	2,037	2,045	13,027	10,126
Others	13,242	13,933	4,004	4,623
Total	1,301,235	1,385,827	1,296,645	1,377,107

19 Fees and services income, net

Fees and services income, net for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Fees and services income				
- Brokerage fees	458,416	285,563	-	-
- Bancassurance fees	260,962	236,139	260,962	236,139
- Acceptance, avals and guarantees	35,789	23,231	35,789	23,231
- Others	732,796	703,479	308,795	289,718
Total fees and services income	1,487,963	1,248,412	605,546	549,088
Fees and services expenses				
- Security management fees	(139,629)	(66,348)	-	-
- Others	(72,757)	(51,322)	(53,692)	(33,535)
Total fees and services expenses	(212,386)	(117,670)	(53,692)	(33,535)
Total	1,275,577	1,130,742	551,854	515,553

20 Gain on financial instruments measured at fair value through profit or loss, net

Gain (Loss) on financial instruments measured at fair value through profit or loss, net for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
1. Gain (loss) on trading and foreign exchange transactions				
- Foreign exchange	305,966	(44,664)	287,543	(43,920)
- Debt securities	23,450	32,126	20,023	31,203
- Equity securities	(3,520,779)	277,679	(844,483)	46,741
- Derivatives	2,541,744	(158,356)	674,020	5,025
Total	(649,619)	106,785	137,103	39,049
2. Gain on financial liabilities designated at fair value through profit or loss				
2.1 Changes in fair value of:				
Debentures	833,066	(61,075)	-	-
2.2 Gain (loss) on redemption and interest expense paid	275,934	(26,848)	-	-
Total	1,109,000	(87,923)	-	-
Grand total	459,381	18,862	137,103	39,049

21 Gain (loss) on investments, net

Gain (loss) on investments, net for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain (loss) on sale				
- Investment measured at fair value through other comprehensive income	77,696	-	77,696	-
- Available-for-sale investments	-	(29,132)	-	22,740
- General investments	-	10,000	-	(4,950)
- Investments in subsidiaries	-	-	874	-
Total	77,696	(19,132)	78,570	17,790
Reversal (loss) on impairment of				
- Investments in subsidiaries	-	-	661,801	133,696
Total	-	-	661,801	133,696
Total gain (loss) on investments, net	77,696	(19,132)	740,371	151,486

During the three-month period ended 31 March 2020, the reversal on impairment of investments in subsidiaries increase due to the change in fair value of subsidiaries' assets.

22 Expected credit losses

Expected credit losses for the three-month periods ended 31 March 2020 are as follows:

	Consolidated	Separate
	For the three-month periods ended 31 March	For the three-month periods ended 31 March
	2020	2020
	Thousand Baht	Thousand Baht
Interbank and money market items	5,721	4,941
Loans	390,845	390,478
Investment in debt instrument measured at fair value through other comprehensive income	2,406	2,406
Loan commitments and financial guarantees	(142,812)	(143,057)
Total	256,160	254,768

During the three-month period ended 31 March 2020, the recoverable amount of receivables which were already written-off for the period are Baht 326 million.

23 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods ended 31 March 2019 are as follows:

	Consolidated	Separate
	For the three-month periods ended 31 March	For the three-month periods ended 31 March
	2019	2019
	Thousand Baht	Thousand Baht
Interbank and money market items	389	389
Loans	747,261	748,261
Loss on revaluation and impairment of investments in receivables	25,084	25,133
Total	772,734	773,783
<u>Less</u> Bad debts recovered from loans and hire-purchase receivables	(287,886)	(287,886)
Bad debts recovered from investments in receivables	(328)	(328)
Total	484,520	485,569

24 Income tax expenses

Income tax for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current income tax for the period	130,982	339,354	134,112	307,452
Adjustment in respect of current income tax of previous period	-	-	-	-
Deferred tax	365,860	(73,317)	224,751	(65,826)
Total income tax expenses	496,842	266,037	358,863	241,626

Reconciliation of effective tax rate for the three-month periods ended 31 March 2020 and 2019.

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Profit before income tax expenses	1,983,253	1,494,151	1,859,909	1,347,572
Tax calculated at a tax rate of 20%	396,651	298,830	371,982	269,514
Adjustment in respect of current income tax of previous period	-	-	-	-
Income not subjected to tax	(73,968)	(37,478)	(184,933)	(30,901)
Expenses not deductible for tax purpose	174,159	4,685	171,814	3,013
Income tax expenses	496,842	266,037	358,863	241,626

The weighted average applicable tax rate in the consolidated and separate financial information for the three-month period ended 31 March 2020 was 25.05% and 19.29%, respectively, (31 March 2019: 17.92% and 15.09%, respectively).

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Income tax relating to components of other comprehensive income (expense) for the three-month periods ended 31 March 2020 and 2019 are as follows:

	Consolidated					
	For the three-month periods ended 31 March 2020			For the three-month periods ended 31 March 2019		
	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht
Gain (loss) on debt instruments classified at fair value through other comprehensive income	(90,962)	18,192	(72,770)	-	-	-
Gain (loss) on remeasuring investments in receivables	-	-	-	35,075	(1,257)	33,818
Gain (loss) on remeasuring available-for-sale securities	-	-	-	141,564	(28,314)	113,250
Gain (loss) on currency translation differences	-	-	-	(7,963)	-	(7,963)
Gain (loss) on equity instruments designated at fair value through other comprehensive income	(762,223)	149,666	(612,557)	-	-	-
Other comprehensive income (expense)	(853,185)	167,858	(685,327)	168,676	(29,571)	139,105

	Separate					
	For the three-month periods ended 31 March 2020			For the three-month periods ended 31 March 2019		
	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht	Before tax Thousand Baht	Tax (expense) benefit Thousand Baht	Net of tax Thousand Baht
Gain (loss) on debt instruments classified at fair value through other comprehensive income	(90,962)	18,192	(72,770)	-	-	-
Gain (loss) on remeasuring investments in receivables	-	-	-	6,288	(1,257)	5,031
Gain (loss) on remeasuring available-for-sale securities	-	-	-	113,441	(22,688)	90,753
Gain (loss) on equity instruments designated at fair value through other comprehensive income	(34)	7	(27)	-	-	-
Other comprehensive income (expense)	(90,996)	18,199	(72,797)	119,729	(23,945)	95,784

25 Earnings per share

Earnings per share in the consolidated and the separate financial information for the three-month periods ended 31 March 2020 and 2019 are calculated as follows:

	Consolidated					
	Profit for the three-month periods ended 31 March		Weighted average number of ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Share	Thousand Share	Baht	Baht
Basic earnings per share						
Net profit available to ordinary shareholders	1,484,065	1,228,160	846,751	846,751	1.75	1.45

	Separate					
	Profit for the three-month periods ended 31 March		Weighted average number of ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand Share	Thousand Share	Baht	Baht
Basic earnings per share						
Net profit available to ordinary shareholders	1,501,046	1,105,946	846,751	846,751	1.77	1.31

There are no dilutive ordinary shares in issue for the three-month periods ended 31 March 2020 and 2019.

26 Assets with obligations and restrictions

As at 31 March 2020, the Group and the Bank have investments in government securities which are pledged as collaterals for repurchase agreement with fair value of Baht 1,545.80 million (31 December 2019: Baht 1,549.80 million)

27 Commitments and Contingencies

	Consolidated		Separate	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Aval to bills of exchange	1,539,660	1,933,090	1,539,660	1,933,090
Letter of credit	32,449	-	32,449	-
Other contingencies				
- Unused overdraft credit facilities	5,526,940	7,843,509	7,026,940	9,073,509
- Other guarantee	8,505,050	9,341,578	8,505,050	9,341,578
Total	15,604,099	19,118,177	17,104,099	20,348,177

As at 31 March 2020, the Group has other commitments in the form of various agreements relating to computer system and software development and construction agreement of the office building. The Group is obligated to pay a further Baht 778.69 million. (31 December 2019: Baht 947.21 million).

28 Information on quality of assets

The quality of assets classified in accordance with the guidelines of the Securities Exchange Commission as at 31 March 2020 and 31 December 2019 are as follows:

28.1 Investments in securities

The Group has investments in debt instruments in companies which were ordered to discontinue their operations and defaulted their debts as at 31 March 2020 and 31 December 2019 as follows:

Consolidated and Separate				
31 March 2020				
Type of investment	Numbers	Cost Million Baht	Market value Million Baht	Provision Million Baht
Company which has defaulted on interest payment Listed company being subject to delisting	Senior securities	1	0.04	0.04
	Common stocks	2	5.42	-
		3	5.46	5.42

Consolidated and Separate				
31 December 2019				
Type of investment	Numbers	Cost Million Baht	Market value Million Baht	Provision Million Baht
Company which has defaulted on interest payment Listed company being subject to delisting	Senior securities	1	0.04	0.04
	Common stocks	2	5.42	-
		3	5.46	5.42

The Group had recognised impairment loss on such debt instruments in the statement of profit or loss and other comprehensive income in the period when incurred.

28.2 Loans and accrued interest receivables

The Group had granted loans and accrued interest receivables to companies which faced the financial operational difficulties and provided related allowance for doubtful accounts in the consolidated and the separate financial information as follows:

Consolidated				
31 March 2020				
	Numbers	Total debts Thousand Baht	Collateral Thousand Baht	Allowance for expected credit losses Thousand Baht
Companies which are under default problem	382	6,666,683	13,051,243	1,557,213
	382	6,666,683	13,051,243	1,557,213
Separate				
31 March 2020				
	Numbers	Total debts Thousand Baht	Collateral Thousand Baht	Allowance for expected credit losses Thousand Baht
Companies which are under default problem	357	6,134,541	10,942,230	1,557,162
	357	6,134,541	10,942,230	1,557,162

Consolidated and Separate			
31 December 2019			
	Total debts	Collateral	Allowance for
	Thousand	Thousand	doubtful
Numbers	Baht	Baht	accounts
			Thousand
			Baht
Companies which are under default problem	220 5,273,609	8,512,011	1,881,294
	220 5,273,609	8,512,011	1,881,294

29 Related party transactions

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Bank, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship rather than the legal form.

According to the Bank of Thailand's Notification SorNorSor. 6/2553 regarding the Guideline on Consolidated Supervision dated 18 June 2010, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall be the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk.

The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

To manage the operation and consolidated supervision, the Board of Directors assigned the Risk Management Committee to take the policy into action, control and monitor business and supporting unit to conform with the Financial Business Group Policy. Moreover, the Board of Directors shall be informed of the significant risk of the Financial Business Group on a regularly basis.

Furthermore, the Risk Management Committee of each company in the Financial Business Group is responsible to perform the risk assessment according to its policy, and report the results to the Bank's Risk Management Committee on a regularly basis. In case there is any significant change or any circumstance that will impact the current business operation, the Risk Management Committee shall report such matters immediately.

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The following transactions were carried out with related parties for the three-month and three-month periods ended 31 March 2020 and 2019.

29.1 Income

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
Interest and dividend income				
Subsidiaries				
Phatra Capital PCL.	-	-	22	25
KKP Tower Co., Ltd.	-	-	23	16
	-	-	45	41
Fees and services income				
Subsidiaries				
Phatra Capita PCL.	-	-	1	3
Phatra Securities PCL.	-	-	25	17
Phatra Asset Management Co., Ltd.	-	-	8	8
Asia Recovery 3 Fund	-	-	1	1
Thai Restructuring Fund	-	-	1	1
Bangkok Capital Fund	-	-	1	1
Gamma Capital Fund	-	-	2	2
Directors and management at the position of department head and above including their related persons who have control or significant influences	3	4	-	-
	3	4	39	33
Other operating income				
Subsidiaries				
Phatra Capita PCL.	-	-	73	-
Phatra Securities PCL.	-	-	6	(5)
Bangkok Capital Fund	-	-	1	-
	-	-	80	(5)

29.2 Expenses

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020	2019	2020	2019
	Million Baht	Million Baht	Million Baht	Million Baht
Interest and discounts on borrowings				
Subsidiaries				
Phatra Securities PCL.	-	-	1	1
KKP Tower Co., Ltd.	-	-	2	-
Directors and management at the position of department head and above including their related persons who have control or significant influences	8	8	8	8
	8	8	11	9
Other operating expenses				
Subsidiaries				
Phatra Capital PCL.	-	-	53	46
Phatra Securities PCL.	-	-	39	31
KKP Tower Co., Ltd.	-	-	49	48
Other related parties	36	26	36	26
	36	26	177	151

29.3 Outstanding balances

	Consolidated		Separate	
	31 March 2020 Million Baht	31 December 2019 Million Baht	31 March 2020 Million Baht	31 December 2019 Million Baht
Loans to financial institutions / Loans				
Subsidiaries				
Phatra Capital PCL.	-	-	1,700	1,770
Phatra Securities PCL.	-	-	-	2,900
KKP Tower Co., Ltd.	-	-	1,883	1,768
<u>Less</u> Allowance for expected credit loss	-	-	(2)	(54)
Directors and management at the position of department head and above including their related persons who have control or significant influences	10	9	10	9
	10	9	3,591	6,393
Accrued interest receivables				
Subsidiaries				
Phatra Capital PCL.	-	-	1	6
KKP Tower Co., Ltd.	-	-	(3)	-
	-	-	(2)	6
Other accounts receivables				
Subsidiaries				
Phatra Capital PCL.	-	-	1	4
Phatra Securities PCL.	-	-	87	56
Phatra Asset Management Co., Ltd.	-	-	5	5
Gamma Capital Fund	-	-	122	-
	-	-	215	65
Derivative assets				
Subsidiaries				
Phatra Capital PCL.	-	-	60	-
Phatra Securities Co., Ltd.	-	-	1	4
	-	-	61	4
Other assets				
Subsidiaries				
KKP Tower Co., Ltd.	-	-	494	50
Other related parties	2	1	2	1
	2	1	496	51
Deposits				
Subsidiaries				
Phatra Capital PCL.	-	-	70	73
Phatra Securities PCL.	-	-	378	316
Phatra Asset Management Co., Ltd.	-	-	46	5
Bangkok Capital Fund	-	-	52	40
Gamma Capital Fund	-	-	151	340
KKP Tower Co., Ltd.	-	-	72	34
Directors and management at the position of department head and above including their related persons who have control or significant influences	1,278	932	1,278	932
	1,278	932	2,047	1,740

	Consolidated		Separate	
	31 March 2020 Million Baht	31 December 2019 Million Baht	31 March 2020 Million Baht	31 December 2019 Million Baht
Borrowings				
Directors and management at the position of department head and above including their related persons who have control or significant influences and other related party	533	533	533	533
	533	533	533	533
Accrued interest expenses				
Subsidiaries				
Phatra Securities PCL.	-	-	1	-
Directors and management at the position of department head and above including their related persons who have control or significant influences and other related party	5	3	5	3
	5	3	6	3
Other liabilities				
Subsidiaries				
Phatra Capital PCL.	-	-	163	145
Phatra Securities PCL.	-	-	148	70
KKP Tower Co., Ltd.	-	-	450	7
Other related parties	5	4	5	4
	5	4	766	226

29.4 Directors and key management compensations

For the three-month and three-month periods ended 31 March 2020 and 2019, compensations paid to directors and key management personnel are as follows:

	Consolidated		Separate	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2020 Thousand Baht	2019 Thousand Baht	2020 Thousand Baht	2019 Thousand Baht
Short-term employee benefits	91,259	88,612	69,876	69,065
Post-employment benefits	2,632	2,906	1,407	1,348
Total	93,891	91,518	71,283	70,413

30 Benefits paid to directors and executives

The Group has no special benefits given to the directors and executives beyond the general benefits provided such as directors' remuneration, executives' salary and bonus (if any) included ESOP warrants.

31 Fair value

31.1 Fair value estimation

The fair value of financial instruments are defined into the following three different levels by valuation method as follows:

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market prices used for financial assets held by the Group are the last bid prices from the Stock Exchange of Thailand, the closing price from the Stock Exchange in overseas and settlement prices from Futures Exchange. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial assets and liabilities that are measured and recognised at fair value at 31 March 2020 and 31 December 2019.

	Consolidated				
	31 March 2020				
	Carrying amount Thousand Baht	Fair value			Total Thousand Baht
		Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Assets					
Derivatives assets	13,791,035	-	13,791,035	-	13,791,035
Financial assets measured at fair value					
Through profit or loss					
Government and state enterprise securities	4,062,443	-	4,062,443	-	4,062,443
Private sector's debt securities	1,708,367	-	1,708,367	-	1,708,367
Domestic marketable equity securities	6,012,243	6,012,243	-	-	6,012,243
Foreign marketable equity security	13,649	13,649	-	-	13,649
Investment, net					
Government and state enterprise securities	17,021,945	-	17,021,945	-	17,021,945
Private sector's debt securities	2,930,788	-	2,930,788	-	2,930,788
Domestic marketable equity securities	161,585	161,585	-	-	161,585
Foreign marketable equity security	1,222,665	1,222,665	-	-	1,222,665
Domestic non-marketable equity security	235,898	-	-	235,898	235,898
Foreign non-marketable equity security	253,613	-	-	253,613	253,613
Total assets	47,414,231	7,410,142	39,514,578	489,511	47,414,231
Liabilities					
Financial liabilities designated at fair value through profit or loss	1,750,744	-	1,750,744	-	1,750,744
Derivatives liabilities	12,335,049	-	12,335,049	-	12,335,049
Total liabilities	14,085,793	-	14,085,793	-	14,085,793

Kiatnakin Bank Public Company Limited and Subsidiaries
Condensed Notes to Interim Financial Information (Unaudited)
For the three-month period ended 31 March 2020

Consolidated					
31 December 2019					
	Carrying amount Thousand Baht	Fair value			Total Thousand Baht
		Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Assets					
Derivatives assets	4,121,421	-	4,121,421	-	4,121,421
Trading securities and securities designated at fair value through profit or loss					
Government and state enterprise securities	3,714,651	-	3,714,651	-	3,714,651
Private sector's debt securities	1,468,027	-	1,468,027	-	1,468,027
Domestic marketable equity securities	11,912,883	11,912,883	-	-	11,912,883
Foreign marketable equity securities	7,313	7,313	-	-	7,313
Available-for-sale securities					
Government and state enterprise securities	17,162,997	-	17,162,997	-	17,162,997
Private sector's debt securities	1,015,812	-	1,015,812	-	1,015,812
Domestic marketable equity securities	278,674	278,674	-	-	278,674
Foreign marketable equity security	2,243,622	2,243,622	-	-	2,243,622
Investments in receivables, net	1,619,449	-	-	1,619,449	1,619,449
Total assets	43,544,849	14,442,492	27,482,908	1,619,449	43,544,849
Liabilities					
Financial liabilities designated at fair value through profit or loss	3,498,702	-	3,498,702	-	3,498,702
Derivatives liabilities	4,038,272	-	4,038,272	-	4,038,272
Total liabilities	7,536,974	-	7,536,974	-	7,536,974

During the three-month periods ended 31 March 2020 and for the year ended 31 December 2019, there was no transfers between Level 1 and 2.

Separate					
31 March 2020					
	Carrying amount Thousand Baht	Fair value			Total Thousand Baht
		Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht	
Assets					
Derivatives assets	13,301,010	-	13,301,010	-	13,301,010
Financial assets measured at fair value Through profit or loss					
Government and state enterprise securities	4,062,443	-	4,062,443	-	4,062,443
Private sector's debt securities	1,708,367	-	1,708,367	-	1,708,367
Domestic marketable equity securities	1,743,195	1,743,195	-	-	1,743,195
Investment, net					
Government and state enterprise securities	17,021,945	-	17,021,945	-	17,021,945
Private sector's debt securities	2,930,788	-	2,930,788	-	2,930,788
Domestic marketable equity securities	5,416	5,416	-	-	5,416
Domestic non-marketable equity security	224,308	-	-	224,308	224,308
Total assets	40,997,472	1,748,611	39,024,553	224,308	40,997,472
Liabilities					
Derivatives liabilities	12,127,854	-	12,127,854	-	12,127,854
Total liabilities	12,127,854	-	12,127,854	-	12,127,854

	Separate				
	31 December 2019				
	Fair value				Total Thousand Baht
Carrying amount Thousand Baht	Level 1 Thousand Baht	Level 2 Thousand Baht	Level 3 Thousand Baht		
Assets					
Derivatives assets	4,057,333	-	4,057,333	-	4,057,333
Trading securities and securities designated at fair value through profit or loss					
Government and state enterprise securities	3,714,651	-	3,714,651	-	3,714,651
Private sector's debt securities	1,468,027	-	1,468,027	-	1,468,027
Domestic marketable equity securities	2,589,165	2,589,165	-	-	2,589,165
Available-for-sale securities					
Government and state enterprise securities	17,162,997	-	17,162,997	-	17,162,997
Private sector's debt securities	1,015,812	-	1,015,812	-	1,015,812
Domestic marketable equity securities	5,416	5,416	-	-	5,416
Investments in receivables, net	363,319	-	-	363,319	363,319
Total assets	30,376,720	2,594,581	27,418,820	363,319	30,376,720
Liabilities					
Derivatives liabilities	4,011,189	-	4,011,189	-	4,011,189
Total liabilities	4,011,189	-	4,011,189	-	4,011,189

During the three-month periods ended 31 March 2020 and for the year ended 31 December 2019, there was no transfers between Level 1 and 2.

31.2 Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise of ;

- Forward foreign exchange contracts and foreign exchange swaps which are fair valued based on forward rate of foreign currency against Thai Baht and discounted with Thai Baht interest rate.
- Interest rate swap and cross currency swap are fair valued based on the cash flows from contract rate (for fixed interest rate) or forward rate (for floating rate) and discounted with interest rate in each currency which can be obtained from observable market.
- Equity linked swap is fair valued based on each component in contracts. For equity component, the fair value is measured by using the last bid price quoted by the Stock Exchange of Thailand. For accrued dividend payable or receivable, the fair value is measured based on the expected cash inflow or outflow. For interest component, the fair value measurement is calculated the same method with interest rate swap contracts.
- The fair value of the option that is embedded with the structured note is calculated by using internal valuation model which valuation inputs are mainly observable.

The counterparty risk from derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the fair value is known as the credit value adjustment ('CVA').

Level 2 debt investments of marketable securities are fair valued based on the average bidding yields or mark-to-market yield of the Thai Bond Market Association under discounted cash flow model.

Level 2 investments in mutual funds are fair valued based on unit prices published by asset management companies.

31.3 Fair value measurements using significant unobservable inputs (Level 3)

Non-marketable equity securities

	Non-marketable equity securities	
	Consolidated	Separate
	31 March 2020 Thousand Baht	31 March 2020 Thousand Baht
Opening balance	176,399	15,469
Impact of first-time adoption of new accounting standard	247,163	208,873
Purchased	65,983	-
Gain (loss) recognised in other comprehensive income	(34)	(34)
Closing balance	489,511	224,308

There was no changes in fair value basis and estimation during the period.

Investment in loan

	Investments in receivables, net	
	Consolidated	Separate
	31 December 2019 Thousand Baht	31 December 2019 Thousand Baht
Opening balance	1,769,505	472,574
Transfer out or repayment	(124,776)	(63,303)
Loss recognised in profit and loss	(30,905)	(31,607)
Gain (loss) recognised in other comprehensive income	5,625	(14,345)
Closing balance	1,619,449	363,319

There was no changes in fair value basis and estimation during the year.

31.4 Group's valuation processes

Non-marketable equity securities

The Group using 2 methods to measure the fair value of non-marketable equities security as follows:

- Dividend Discount Model for non-marketable equity securities and the Group expects to receive a return from the investment.
- Reference price from net asset value for non-marketable equity securities and the Group does not expect to receive a return from the investment.

Non-marketable equity securities

The following table presents the summary of quantitative information that significant unobservable in Level 3.

Measurement	Consolidated		Unobservable information
	Fair value	Separate	
	31 March 2020 Thousand Baht	31 March 2020 Thousand Baht	
Investment in security			
- Non-marketable equity securities			
Dividend Discount Model	253,612	-	Dividend discount rate and dividend growth rate
Reference price from net asset value	235,899	224,308	No significant unobservable information
	489,511	224,308	

The recoverable amount of this equity investment is determined by the Dividend Discount Model. This calculation used the dividend received projection based on financial budgets covering a ten-year period which are referred from the future business plan of the company together with the estimated growth rates of market and the company which management believes that it can reflect their business plan. Dividend beyond the ten-year extrapolation uses the estimated dividend growth rate of 2% and the discount rate of 15% per annum

The change in dividend discount rate and dividend growth rate increased by 1% or decreased by 1% can effect on profit or loss in the consolidated and the separate financial information as follows:

Consolidated and Separate		
31 March 2020		
	Discount Rate	Dividend Discount Rate
	Million Baht	Million Baht
Rate increased 1%	(20.68)	15.53
Rate decreased 1%	34.50	(4.68)

Investment in loan

The main Level 3 input used by the Group pertains to the estimated discounted cash flow projections of expected cash receive from debtor and selling of collateral with the expected selling period but not exceeding the balance in the original contract. The discount rate is estimated based on current market assessments of the time value of money, risk adjusted and in line with the related BOT's notification which are at the rates between 7% to 18% per annum.

If the change in the discount rate shifted + 1 or - 1%, the impact on profit or loss in the consolidated and the separate interim financial information will be as follows:

	Consolidated	Separate
	31 December 2019	31 December 2019
	Million	Million
	Baht	Baht
Discount rate increased 1%	(47)	(12)
Discount rate decreased 1%	39	13

The Group reviews fair value of assets at the end of each month by using fair value of collaterals. The collaterals are appraised every 3 years and uses the discount rate announced by the BOT regulations.