

---

**THE THAI CREDIT RETAIL BANK PUBLIC COMPANY LIMITED**

**INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2017**

---

---



## Independent auditor's report

To the Shareholders of Thai Credit Retail Bank Public Company Limited

### My opinion

In my opinion, the interim financial statements of Thai Credit Retail Bank Public Company Limited (the Bank) present fairly, in all material respects, the financial position of the Bank as at 30 June 2017, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

I have audited the accompanying interim financial statements of the Bank, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the interim financial statements section of my report. I am independent of the Bank in accordance with the Federation of Accounting Professions under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the interim financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of management for the interim financial statements

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

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

The audit committee assists management in discharging their responsibilities for overseeing the Bank's financial reporting process.



---

## **Auditor's responsibilities for the audit of the interim financial statements**

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

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

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

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Boonlert Kamolchanokkul', is written over a horizontal dashed line.


---

**Boonlert Kamolchanokkul**  
Certified Public Accountant (Thailand) No. 5339  
Bangkok  
31 August 2017

The Thai Credit Retail Bank Public Company Limited  
Statement of Financial Position  
As at 30 June 2017

|  |              | 30 June<br>2017          | 31 December<br>2016      |
|--|--------------|--------------------------|--------------------------|
|  | <u>Notes</u> | <u>Baht'000</u>          | <u>Baht'000</u>          |
| <b>Assets</b>  |              |                          |                          |
| Cash   |              | 397,602                  | 441,572                  |
| Interbank and money market items, net                          | 7            | 2,889,619                | 2,288,874                |
| Investments in securities, net                                 | 8            | 2,653,072                | 2,905,874                |
| Loans to customers and accrued interest receivables, net       | 9            |                          |                          |
| Loans to customers   |              | 36,903,333               | 34,283,858               |
| <u>Add</u> Accrued interest receivables                        |              | <u>188,320</u>           | <u>167,565</u>           |
| Total loans to customers and accrued interest receivables      |              | 37,091,653               | 34,451,423               |
| <u>Less</u> Allowance for doubtful accounts                    | 10           | (1,513,348)              | (1,206,033)              |
| <u>Less</u> Revaluation allowance for debts restructuring      | 11           | <u>(214,344)</u>         | <u>(190,642)</u>         |
| Total loans to customers and accrued interest receivables, net |              | <u>35,363,961</u>        | <u>33,054,748</u>        |
| Properties for sale, net                                       | 12           | 40,624                   | 15,967                   |
| Premises and equipment, net                                    | 13           | 251,889                  | 163,846                  |
| Other intangible assets, net                                   | 14           | 105,135                  | 111,617                  |
| Deferred tax assets  | 15           | 124,764                  | 128,730                  |
| Other assets, net  | 16           | <u>218,367</u>           | <u>223,133</u>           |
| <b>Total assets</b>  |              | <u><u>42,045,033</u></u> | <u><u>39,334,361</u></u> |

  
..... Director  
(Mr.Winyou Chaiyawan)

  
..... Director  
(Mr.Roy Agustinus Gunara)

The Thai Credit Retail Bank Public Company Limited

Statement of Financial Position (Cont'd)

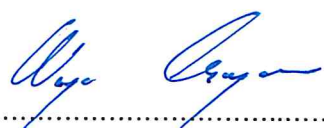
As at 30 June 2017

|   | Notes | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|---|-------|-----------------------------|---------------------------------|
| <b>Liabilities and equity</b>               |       |                             |                                 |
| <b>Liabilities</b>                          |       |                             |                                 |
| Deposits                                    | 17    | 34,752,664                  | 32,905,104                      |
| Interbank and money market items, net       | 18    | 1,520,061                   | 1,792,660                       |
| Liabilities payable on demand               |       | 95,671                      | 93,241                          |
| Provisions                                  | 19    | 63,442                      | 50,956                          |
| Other liabilities                           | 20    | 461,591                     | 527,973                         |
| <b>Total liabilities</b>                    |       | <u>36,893,429</u>           | <u>35,369,934</u>               |
| <b>Equity</b>                               |       |                             |                                 |
| Share capital                               | 22    |                             |                                 |
| Authorised share capital                    |       |                             |                                 |
| 515,625,000 ordinary shares of Baht 10 each |       | <u>5,156,250</u>            |                                 |
| 412,500,000 ordinary shares of Baht 10 each |       |                             | <u>4,125,000</u>                |
| Issued and paid-up share capital            |       |                             |                                 |
| 500,000,000 ordinary shares of Baht 10 each |       | 5,000,000                   |                                 |
| 400,000,000 ordinary shares of Baht 10 each |       |                             | 4,000,000                       |
| Reserve for share-based payment             | 21    | 17,745                      | 15,412                          |
| Other reserves                              |       | 2,582                       | (36)                            |
| Retained earnings                           |       |                             |                                 |
| Appropriated                                |       |                             |                                 |
| Legal reserve                               | 23    | 2,300                       | 2,300                           |
| Unappropriated (Deficit)                    |       | <u>128,977</u>              | <u>(53,249)</u>                 |
| <b>Total Bank's equity</b>                  |       | <u>5,151,604</u>            | <u>3,964,427</u>                |
| <b>Total equity</b>                         |       | <u>5,151,604</u>            | <u>3,964,427</u>                |
| <b>Total liabilities and equity</b>         |       | <u>42,045,033</u>           | <u>39,334,361</u>               |
| ..... Director                              |       |                             |                                 |
| (Mr.Winyou Chaiyawan)                       |       |                             |                                 |
| ..... Director                              |       |                             |                                 |
| (Mr.Roy Agustinus Gunara)                   |       |                             |                                 |

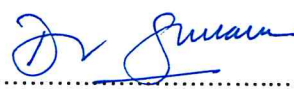
Notes to the interim financial statements from an integral part of these interim financial statements

**The Thai Credit Retail Bank Public Company Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the six-month period ended 30 June 2017**

|  | Notes | 2017<br>Baht'000 | 2016<br>Baht'000 |
|--|-------|------------------|------------------|
| Interest income  | 27    | 1,783,017        | 1,369,956        |
| Interest expenses                                      | 28    | <u>(390,535)</u> | <u>(362,860)</u> |
| <b>Interest income, net</b>                            |       | <u>1,392,482</u> | <u>1,007,096</u> |
| Fees and service income                                | 29    | 132,060          | 117,551          |
| Fees and service expenses                              | 29    | <u>(53,769)</u>  | <u>(20,849)</u>  |
| <b>Fees and service income, net</b>                    |       | <u>78,291</u>    | <u>96,702</u>    |
| Net gains on investments                               | 30    | 6,182            | 2,219            |
| Dividend income  |       | 26               | 86               |
| Other operating income                                 |       | <u>18,102</u>    | <u>13,781</u>    |
| <b>Total operating income</b>                          |       | <u>1,495,083</u> | <u>1,119,884</u> |
| <b>Other operating expenses</b>                        |       |                  |                  |
| Employee's expenses                                    |       | (653,825)        | (516,141)        |
| Directors' remuneration                                |       | (5,593)          | (5,648)          |
| Premises and equipment expenses                        |       | (138,442)        | (121,554)        |
| Taxes and duties                                       |       | (57,270)         | (41,495)         |
| Other expenses   |       | <u>(72,104)</u>  | <u>(33,905)</u>  |
| <b>Total other operating expenses</b>                  |       | <u>(927,234)</u> | <u>(718,743)</u> |
| Bad debts, doubtful accounts and impairment loss       | 31    | <u>(341,328)</u> | <u>(190,231)</u> |
| <b>Profit from operating before income tax expense</b> |       | 226,521          | 210,910          |
| Income tax   | 32    | <u>(44,295)</u>  | <u>(40,369)</u>  |
| <b>Net profit</b>                                      |       | <u>182,226</u>   | <u>170,541</u>   |



..... Director  
(Mr. Winyou Chaiyawan)



..... Director  
(Mr. Roy Agustinus Gunara)

The Thai Credit Retail Bank Public Company Limited  
Statement of Profit or Loss and Other Comprehensive Income (Cont'd)  
For the six-month period ended 30 June 2017

|  | Note | 2017<br>Baht'000      | 2016<br>Baht'000      |
|--|------|-----------------------|-----------------------|
| <b>Other comprehensive income</b>  |      |                       |                       |
| Items that will be reclassified to profit or loss                                    |      |                       |                       |
| Gains (loss) on remeasuring available-for-sale investment                            |      | 3,273                 | (1,839)               |
| Income tax relating to item that will be reclassified subsequently to profit or loss |      | (655)                 | 368                   |
| <b>Total items that will be reclassified subsequently to profit or loss</b>          |      | <u>2,618</u>          | <u>(1,471)</u>        |
| Total other comprehensive income (loss), net   |      | <u>2,618</u>          | <u>(1,471)</u>        |
| <b>Total comprehensive income</b>  |      | <u><u>184,844</u></u> | <u><u>169,070</u></u> |
| <b>Profit per share of owners of the Bank</b>  |      |                       |                       |
| Basic profit per share   | 36   | 0.40                  | 0.43                  |



..... Director  
(Mr.Winyou Chaiyawan)



..... Director  
(Mr.Roy Agustinus Gunara)

The Thai Credit Retail Bank Public Company Limited  
Statement of Changes in Equity  
For the six-month period ended 30 June 2017

|                                     | Notes | Issued and                                  | Reserve for            | Other reserves -                                   | Retained earnings             |                             | Total            |
|-------------------------------------|-------|---|------------------------|--|-------------------------------|-----------------------------|------------------|
|                                     |       | paid-up<br>share capital<br>Ordinary shares | share-based<br>payment | revaluation<br>surplus (deficit)<br>on investments | Appropriated<br>Legal reserve | Unappropriated<br>(Deficit) |                  |
|                                     |       | Baht'000                                    | Baht'000               | Baht'000   | Baht'000                      | Baht'000                    | Baht'000         |
| <b>Balance as at 1 January 2016</b> |       | 4,000,000                                   | 11,987                 | 3,014  | 2,300                         | (378,562)                   | 3,638,739        |
| Provision for share-based payment   | 21    | -   | 1,713                  | -  | -                             | -                           | 1,713            |
| Total comprehensive income          |       | -   | -                      | (1,471)  | -                             | 170,541                     | 169,070          |
| <b>Balance as at 30 June 2016</b>   |       | <u>4,000,000</u>                            | <u>13,700</u>          | <u>1,543</u>                                       | <u>2,300</u>                  | <u>(208,021)</u>            | <u>3,809,522</u> |
| <b>Balance as at 1 January 2017</b> |       | 4,000,000                                   | 15,412                 | (36)   | 2,300                         | (53,249)                    | 3,964,427        |
| Increase in ordinary share capital  | 22    | 1,000,000                                   | -                      | -  | -                             | -                           | 1,000,000        |
| Provision for share-based payment   | 21    | -   | 2,333                  | -  | -                             | -                           | 2,333            |
| Total comprehensive income          |       | -   | -                      | 2,618  | -                             | 182,226                     | 184,844          |
| <b>Balance as at 30 June 2017</b>   |       | <u>5,000,000</u>                            | <u>17,745</u>          | <u>2,582</u>                                       | <u>2,300</u>                  | <u>128,977</u>              | <u>5,151,604</u> |



**The Thai Credit Retail Bank Public Company Limited**  
**Statement of Cash Flows**  
**For the six-month period ended 30 June 2017**

|   | <b>Notes</b> | <b>2017</b><br><b>Baht'000</b> | <b>2016</b><br><b>Baht'000</b> |
|---|--------------|--------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>   |              |                                |                                |
| Profit from operating before income tax expense   |              | 226,521                        | 210,910                        |
| Items to reconcile profit (loss) from operating before income tax expense to cash received (paid) from operating activities |              |                                |                                |
| Bad debt and doubtful accounts  | 31           | 317,626                        | 156,914                        |
| Depreciation and amortisation expenses  |              | 33,308                         | 24,030                         |
| Net amortisation of premium (discount) on investments in debt securities  |              | (7,231)                        | 4,645                          |
| Gain on disposal of securities  | 30           | (6,182)                        | (2,219)                        |
| Gain on sales of properties for sale  |              | (1,702)                        | (4,239)                        |
| Gain on disposal of premises and equipment  |              | -                              | (9)                            |
| Loss on trouble debts restructuring   | 31           | 23,702                         | 33,317                         |
| Employment benefit expense  |              | 10,667                         | 7,730                          |
| Decommissioning cost of leasehold improvement   |              | 1,819                          | -                              |
| Directors' remuneration using share - based payment   |              | 2,333                          | 1,713                          |
| Net interest income   |              | (1,392,482)                    | (1,007,096)                    |
| Proceeds from interest income   |              | 1,767,031                      | 1,370,815                      |
| Cash paid for interest expenses   |              | (418,567)                      | (343,544)                      |
| Dividend income   |              | (26)                           | (86)                           |
| Proceeds from dividend income   |              | 26                             | 86                             |
| Cash paid for income tax  |              | (63,600)                       | (26,148)                       |
| Profit from operations before changes in operating assets and liabilities   |              | 493,243                        | 426,819                        |
| <b>(Increase) decrease in operating assets</b>  |              |                                |                                |
| Interbank and money market items  |              | (600,745)                      | 365,687                        |
| Loans to customers  |              | (2,624,601)                    | (2,562,743)                    |
| Account receivable from sale of loans   |              | -                              | 21,000                         |
| Properties for sale   |              | (22,955)                       | 1,006                          |
| Other assets  |              | (9,199)                        | (84,955)                       |
| <b>Increase (decrease) in operating liabilities</b>   |              |                                |                                |
| Deposits  |              | 1,847,560                      | 1,280,235                      |
| Interbank and money market items  |              | (272,599)                      | (347,474)                      |
| Liabilities payable on demand   |              | 2,430                          | 106,777                        |
| Other liabilities   |              | (9,400)                        | (10,989)                       |
| <b>Net cash used in operating activities</b>  |              | <b>(1,196,266)</b>             | <b>(804,637)</b>               |

**The Thai Credit Retail Bank Public Company Limited**  
**Statement of Cash Flows (Cont'd)**  
**For the six-month period ended 30 June 2017**

|   | <u>Notes</u> | <u>2017</u><br><u>Baht'000</u> | <u>2016</u><br><u>Baht'000</u> |
|---|--------------|--------------------------------|--------------------------------|
| <b>Cash flows from investing activities</b>                                 |              |                                |                                |
| Cash paid for purchase of investment in available-for-sale securities       |              | (2,403,937)                    | (2,050,218)                    |
| Proceeds from sale or redeem of investment in available-for-sale securities |              | 2,673,425                      | 2,766,118                      |
| Cash paid for purchase of equipment   |              | (111,182)                      | (8,782)                        |
| Proceeds from sale of premises and equipment                                |              | -                              | 13                             |
| Cash paid for purchase of intangible assets                                 |              | (6,010)                        | (5,958)                        |
| <b>Net cash provided by investing activities</b>                            |              | <u>152,296</u>                 | <u>701,173</u>                 |
| <b>Cash flows from financing activities</b>                                 |              |                                |                                |
| Proceeds from share capital increase  | 22           | <u>1,000,000</u>               | <u>-</u>                       |
| <b>Net cash provided by financing activities</b>                            |              | <u>1,000,000</u>               | <u>-</u>                       |
| <b>Net decrease in cash and cash equivalents</b>                            |              | (43,970)                       | (103,464)                      |
| Cash and cash equivalents as at 1 January                                   |              | <u>441,572</u>                 | <u>513,178</u>                 |
| <b>Cash and cash equivalents as at 30 June</b>                              |              | <u><u>397,602</u></u>          | <u><u>409,714</u></u>          |
| <b>Supplementary disclosures of cash flow information</b>                   |              |                                |                                |
| Gain (loss) on remeasuring of available-for-sale securities                 |              | 3,273                          | (1,839)                        |
| Properties for sale received from settlement of loans                       | 12           | 42,580                         | 53,149                         |
| Purchase of equipment creditors   |              | -                              | 102                            |

| <b>Contents</b>  | <b>Pages</b> |
|--|--------------|
| <b>1 General information</b>   | <b>11</b>    |
| <b>2 Accounting policies</b>   | <b>11</b>    |
| <b>3 Risk management</b>   | <b>22</b>    |
| <b>4 Critical accounting estimation and assumption</b>                                 | <b>28</b>    |
| <b>5 Capital risk management</b>   | <b>29</b>    |
| <b>6 Fair value</b>  | <b>30</b>    |
| <b>7 Interbank and money market items, net (assets)</b>                                | <b>32</b>    |
| <b>8 Investments in securities, net</b>  | <b>33</b>    |
| <b>9 Loans to customers and accrued interest receivables, net</b>                      | <b>34</b>    |
| <b>10 Allowance for doubtful accounts</b>  | <b>38</b>    |
| <b>11 Revaluation allowance for debts restructuring</b>                                | <b>39</b>    |
| <b>12 Properties for sale, net</b>   | <b>39</b>    |
| <b>13 Premises and equipment, net</b>  | <b>40</b>    |
| <b>14 Other intangible assets, net</b>   | <b>41</b>    |
| <b>15 Deferred tax assets and liabilities</b>  | <b>42</b>    |
| <b>16 Other assets, net</b>  | <b>43</b>    |
| <b>17 Deposits</b>   | <b>43</b>    |
| <b>18 Interbank and money market items, net (liabilities)</b>                          | <b>43</b>    |
| <b>19 Provisions</b>   | <b>44</b>    |
| <b>20 Other liabilities</b>  | <b>45</b>    |
| <b>21 Reserve for share-based payment</b>  | <b>46</b>    |
| <b>22 Share capital</b>  | <b>46</b>    |
| <b>23 Legal reserve</b>  | <b>47</b>    |
| <b>24 Assets with obligations and restrictions</b>                                     | <b>47</b>    |
| <b>25 Capital funds</b>  | <b>48</b>    |
| <b>26 The position and the results of operation by domestic and foreign operations</b> | <b>49</b>    |
| <b>27 Interest income</b>  | <b>49</b>    |
| <b>28 Interest expenses</b>  | <b>49</b>    |
| <b>29 Fees and service income, net</b>   | <b>49</b>    |
| <b>30 Net gains on investments</b>   | <b>50</b>    |
| <b>31 Bad debts, doubtful accounts and impairment loss</b>                             | <b>50</b>    |
| <b>32 Income tax</b>   | <b>50</b>    |
| <b>33 Long-term leases agreements</b>  | <b>51</b>    |
| <b>34 Related parties transactions</b>   | <b>52</b>    |
| <b>35 Other benefits to directors and persons with managing authority</b>              | <b>54</b>    |
| <b>36 Profit per share</b>   | <b>54</b>    |

## **1 General information**

The Thai Credit Retail Bank Public Company Limited (“the Bank”) was incorporated as a limited company in Thailand on 6 October 1970 and was transformed to a public company limited on 28 July 2005. The Bank had been granted the license to operate as a retail bank from the Ministry of Finance on 22 December 2006 and commenced its operations on 18 January 2007. The Bank registered to change its name from “Thai Keha Credit Foncier Public Co., Ltd” to “The Thai Credit Retail Bank Public Company Limited”.

The head office is located at Thai Life Insurance Building, 123 Ratchadaphisek Road, and 1<sup>st</sup>, 7<sup>th</sup>, 10<sup>th</sup>, 17<sup>th</sup>, 25<sup>th</sup>, 26<sup>th</sup>, 37<sup>th</sup>, and 41<sup>st</sup> floors, RS Tower Building, 121 Ratchadaphisek Road, Dindaeng, Bangkok 10400.

The principal business activities are financial services under the scope of retail banking license.

The financial statements were approved by the Board of Directors on 31 August 2017.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these interim financial statements are set out below:

### **2.1 Basis of preparation of the interim financial statements**

The interim financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547. The primary financial statements (i.e., statements of financial position, statements of comprehensive income, changes in equity and cash flow) have been prepared in the format as required by the Notification of the Bank of Thailand (BOT) no. Sor.Nor.Sor 21/2558, “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups” dated 4 December 2015.

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

The functional and presentation currency are in Thai Baht.

The preparation of interim financial statements in conformity with the generally accepted accounting principles in Thailand requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Bank’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 to the interim financial statements.

An English-language version of the interim financial statements has been prepared from the interim financial statements that are in Thai-language version. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

**2 Accounting policies (Cont'd)**

**2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2017. These standards are relevant to the Bank:

a) Financial reporting standards, which have a significant impact to the Bank:

|                       |                                      |
|-----------------------|--------------------------------------|
| TAS 1 (revised 2016)  | Presentation of financial statements |
| TAS 19 (revised 2016) | Employee benefits                    |
| TAS 34 (revised 2016) | Interim financial reporting          |

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

The Bank's management has determined that such revised accounting standards, revised financial reporting standards, and related interpretations do not significantly impact the interim financial statements being presented.

b) Financial reporting standards with minor changes and do not have impact to the Bank are as follows:

|                       |  |
|-----------------------|--|
| TAS 2 (revised 2016)  | Inventories  |
| TAS 7 (revised 2016)  | Statement of cash flows  |
| TAS 8 (revised 2016)  | Accounting policies, changes in accounting estimates and errors          |
| TAS 10 (revised 2016) | Events after the reporting period  |
| TAS 11 (revised 2016) | Construction contracts   |
| TAS 12 (revised 2016) | Income taxes   |
| TAS 17 (revised 2016) | Leases   |
| TAS 18 (revised 2016) | Revenue  |
| TAS 20 (revised 2016) | Accounting for government grants and disclosure of government assistance |
| TAS 21 (revised 2016) | The effects of changes in foreign exchange rates                         |
| TAS 23 (revised 2016) | Borrowing costs  |
| TAS 24 (revised 2016) | Related party disclosures  |
| TAS 26 (revised 2016) | Accounting and reporting by retirement benefit plans                     |

**2 Accounting policies (Cont'd)**

**2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)**

New financial reporting standards, revised accounting standards and revised financial reporting standards which are effective on 1 January 2017. These standards are relevant to the Bank:  
(Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Bank are as follows: (Cont'd)

|                         |   |
|-------------------------|---|
| TAS 29 (revised 2016)   | Financial reporting in hyper-inflationary economies   |
| TAS 33 (revised 2016)   | Earnings per share  |
| TAS 36 (revised 2016)   | Impairment of assets  |
| TAS 37 (revised 2016)   | Provisions, contingent liabilities and contingent assets  |
| TAS 40 (revised 2016)   | Investment property   |
| TFRS 2 (revised 2016)   | Share-based payment   |
| TFRS 3 (revised 2016)   | Business combinations   |
| TFRS 4 (revised 2016)   | Insurance contracts   |
| TFRS 6 (revised 2016)   | Exploration for and evaluation of mineral resources   |
| TFRS 8 (revised 2016)   | Operating segments  |
| TFRS 13 (revised 2016)  | Fair value measurement  |
| TSIC 10 (revised 2016)  | Government Assistance - No specific relation to operating activities  |
| TSIC 15 (revised 2016)  | Operating leases - Incentives   |
| TSIC 25 (revised 2016)  | Income taxes - Changes in the tax status of an entity or its shareholders   |
| TSIC 27 (revised 2016)  | Evaluating the substance of transactions in the legal form of a lease   |
| TSIC 29 (revised 2016)  | Service Concession Arrangements: Disclosures  |
| TSIC 31 (revised 2016)  | Revenue - Barter transactions involving advertising services  |
| TSIC 32 (revised 2016)  | Intangible assets - Web site costs  |
| TFRIC 1 (revised 2016)  | Changes in existing decommissioning, restoration and similar liabilities  |
| TFRIC 4 (revised 2016)  | Determining whether an arrangement contains a lease   |
| TFRIC 5 (revised 2016)  | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds              |
| TFRIC 7 (revised 2016)  | Applying the restatement approach under TAS 29 (Revised 2016) Financial reporting in hyper-inflationary economies |
| TFRIC 10 (revised 2016) | Interim financial reporting and impairment  |
| TFRIC 12 (revised 2016) | Service concession arrangements   |
| TFRIC 13 (revised 2016) | Customer loyalty programmes   |
| TFRIC 14 (revised 2016) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction                 |
| TFRIC 15 (revised 2016) | Agreements for the construction of real estate  |
| TFRIC 17 (revised 2016) | Distributions of non-cash assets to owners  |
| TFRIC 18 (revised 2016) | Transfers of assets from customers  |
| TFRIC 20 (revised 2016) | Stripping costs in the production phase of a surface mine   |
| TFRIC 21 (revised 2016) | Levies  |
| TAS 104 (revised 2016)  | Accounting for Troubled Debt Restructurings   |
| TAS 105 (revised 2016)  | Accounting for Investments in Debt and Equity Securities  |
| TAS 107 (revised 2016)  | Financial Instruments: Disclosure and Presentation  |

The Bank's management has determined that such revised accounting standards, revised financial reporting standards, and related interpretations do not significantly impact the interim financial statements being presented.

## **2 Accounting policies (Cont'd)**

### **2.3 Revenue recognition**

#### **(a) Interest income and discount on loans to customers**

Interest income is recognised on an accrual basis. The Bank discontinues recognition of overdue accrued interest income more than three months since the due date or there is uncertainty of collectability, a collection basis is applied. The Bank also reverses interest income on such loans in order to comply with the Bank of Thailand's Notification. The Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

The Bank recognises interest income on restructured loans on cash basis.

#### **(b) Interest income on factoring**

The Bank recognises interest income on factoring on an accrual basis, except in the case of interest on factoring which is defaulted over three months from the due date where interest is recognised on collection basis.

The Bank reverses accrued interest income on loan to customers and factoring when its principal or interest payment has become over three months past due to comply with the BOT's Notification. The Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

#### **(c) Interest income from hire-purchase and leasing**

Hire-purchase and leasing income are recorded as income through the installment period using the effective interest method. Interest income on hire-purchase and leasing which is over three months past due from the due date is recognised on collection basis.

The Bank reverses accrued interest income on hire-purchase and leasing when the principal or interest payment has become over three months past due to comply with the BOT's Notification. The Bank continue income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

#### **(d) Interest income, discount and dividend income from investment in securities**

Interest income on investment in securities is recognised on an accrual basis while dividend income is recognised when the right to receive the dividend is declared. Unearned discount on bill and other unearned income are recognised on an accrual basis according to the term.

#### **(e) Fees and services income**

Bank recognised fees and services income when services have been rendered.

**2 Accounting policies (Cont'd)**

**2.3 Revenue recognition (Cont'd)**

(f) Gains (losses) on sale of properties for sale

Gains (losses) on sale of properties are recognised as income or expenses in statements of comprehensive income when the significant risks and rewards of ownership of properties for sale have been transferred to the buyer.

(g) Gains (losses) on sale of investments

Gains (losses) on sale of investments are recognised as income/expenses on the settlement date.

(h) Brokerage fee

The Bank recognizes brokerage fee on an accrual basis.

(i) Other income

The Bank recognized other income on an accrual basis.

**2.4 Expense recognition**

(a) Expenses

The Bank recognises expenses on an accrual basis.

(b) Initial commission expenses and direct cost of hire-purchase and leasing contracts.

The Bank records initial commission expenses and direct cost arising from hire-purchase and leasing contracts commencing from 1 January 2008 as a part of loan to customers then recognise them as expenses using the effective interest method throughout the installment period and present these expenses net from interest income from hire-purchase and leasing. For hire-purchase contracts which were commenced before 1 January 2008, the Bank recorded initial commission expenses and direct cost as expenses in the statements of comprehensive income.

**2.5 Cash and cash equivalents**

In the cash flows statements, cash and cash equivalents consist of cash on hand and cash on collection of the Bank which is in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups.



## **2 Accounting policies (Cont'd)**

### **2.6 Investments**

The Bank's investment portfolios consist of debt and equity securities which are classified as trading securities, available-for-sale securities, held-to-maturity debt securities and general investment.

Investment in marketable debt securities or equity securities with readily determinable market values that are acquired with the intent to hold for a short period of time in order to take advantage of anticipated changes in market values are classified as trading securities and carried at fair value. Unrealised gains and losses from changes in fair value and gains and losses on disposal of securities are recognised as net gains (losses) on trading transactions in the statements of profit or loss and other comprehensive income.

Investments in debt securities for which the Bank has the intent and the ability to hold until maturity are classified as held-to-maturity debt securities and carried at the amortised cost, net of valuation allowances for impairment (if any). Difference between acquired cost and redemption value are amortised by the effective interest method throughout the remaining year.

Investments in marketable debt equity securities with readily determinable market values that are not classified as either held-to-maturity securities, or trading securities or investment in subsidiary are classified as available-for-sale securities and carried at fair value, net of valuation allowances for impairment (if any). The change in fair value of these securities is recorded in other components of shareholders' equity through other comprehensive income until securities are sold, then, the gains or losses on disposal of investments will be recognised as gains (losses) on investments.

Non-marketable equity securities are classified as general investment and carried at cost, net of valuation allowances for impairment (if any).

Gain or loss on sales of held-to-maturity debt securities and available for sale securities are recognised as net gains (losses) on investments in the statements of comprehensive income.

Valuation allowances for impairment are established by recognising an unrealised loss upon impairment of investments in the statements of profit or loss and other comprehensive income.

The Bank recognises investments on the settlement date and uses the weighted average method in computation of the cost of investments.

For government debt securities, state enterprise bonds and other domestic debt securities listed in The Thai Bond Market Association (ThaiBMA), the fair values are calculated using the bidding prices at The Thai Bond Market Association or other financial institutions, depending on the case of the mentioned fair value determination of debt securities.

In the event of transferring between investment portfolios, such investments are adjusted to their fair values at the transfer dates. Differences between the carrying amount of the investments and their fair values on those dates are either recognised as gains (losses) in the statements of comprehensive income or presented as item in shareholders' equity, depending on the type of the transferred investments.

## **2 Accounting policies (Cont'd)**

### **2.7 Loans to customers**

Overdrafts are carried at the principal amounts including interest.

Hire-purchase and finance lease receivables are carried at the principal amounts including deferred initial commission expenses and direct costs at the inception of the contracts.

Other loans to customers are carried at the principal amounts.

Deferred revenues are deducted from loans to customers of the Bank.

### **2.8 Allowance for doubtful accounts**

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

The Bank determines the minimum allowance for doubtful accounts in accordance with the BOT's Notifications, regarding the Classification and Allowance of Financial Institutions dated 10 June 2016 and regarding the Collateral Appraisal and Immovable Assets for Sale Received from Debt Repayment of Financial Institutions dated 10 June 2016 including individual loan analysis and assessment with respect to the Bank's experience in credit risk evaluation and collateral value.

The Bank determines the minimum allowance for doubtful accounts in accordance with the percentage under the BOT's guidelines of the difference between the book value of outstanding loan and the present value of estimated future cash flows from the debtor, or the difference between the book value of outstanding loan and the present value of the estimated future cash flows from the disposal of collateral. Furthermore, the Bank has set aside an additional allowance for doubtful accounts in excess of the minimum BOT's requirement by consideration the additional potential loss arising from changes in economic and legal environment and other factors that may impact the ability of the debtors in meeting their obligations under the loan agreements.

Bad debts written-off are made in accordance with the requirements of the BOT.

Bad debts recovery is recorded as other operating income in the statements of comprehensive income.

## 2 Accounting policies (Cont'd)

### 2.9 Troubled debt restructuring and loss from restructuring

The Bank's trouble debt restructuring methodology include the modification of payment schedule, reduction of principal and/or accrued interest receivable and asset transferred.

The Bank records assets transferred for debt settlements at the lower of the fair values of assets net of estimated selling expenses (if any), or the amount of investment in receivables (including accrued interest receivable).

In case of modifying repayment terms, fair value of investment in receivables after restructuring is based on the present value of the expected future cash flows discounted by the interest rates as stated on the original loan agreements. The Bank recognises loss on debt restructuring net of allowance for bad debts as expenses in the statements of profit or loss and other comprehensive income when debt restructuring incurred.

Legal fees and other direct costs incurred from debt restructuring are recognised as expenses when incurred.

### 2.10 Properties for sale

Properties for sale except for repossessed vehicles are stated at the lower of costs or net realisable value which referred to the latest appraisal value net of estimated selling expenses.

The repossessed vehicles are stated at the lower of the outstanding loan principal including accrued interest and output VAT submitted to the Revenue Department or fair value, net of selling costs and expenses. Fair value of the repossessed vehicles is based on the net realisable value.

The impairment of the property for sales carrying amount will be realised as the allowance for impairment of the property for sales when incurred.

Gain or loss on sales of such properties for sale is realised upon disposition of the underlying asset and is included in other operating income in the statements of comprehensive income.

### 2.11 Premises, equipment and depreciation

Premises and equipment are stated at historical cost less accumulated depreciation and impairment loss (if any).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

|                           |             |
|---------------------------|-------------|
| Premises                  | 25 years    |
| Leasehold improvement     | 10 years    |
| Computers and accessories | 3 - 5 years |
| Furniture and equipment   | 5 years     |

## **2 Accounting policies (Cont'd)**

### **2.11 Premises, equipment and depreciation (Cont'd)**

At the end of each reporting year, the assets' residual values and useful lives are reviewed, and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statements of comprehensive income.

### **2.12 Intangible assets and amortisation**

Intangible assets with indefinite useful lives are stated at cost net of allowance for impairment (if any).

Intangible assets with definite useful lives are stated at cost net of accumulated amortisation and allowance for impairment (if any).

#### **Amortisation**

The amortisation of intangible assets-computer program is calculated by the straight-line method over the expected future economic benefit period not over 5 years or remaining period of the term of agreement.

The amortisation expense is recognised as other operating expenses in the statements of comprehensive income.

### **2.13 Leasehold rights**

Leasehold rights are stated at cost net of accumulated amortisation and presented as part of other assets.

The amortisation of leasehold rights is calculated by the straight-line method over the lease periods between 3 to 20 years.

The amortisation amounts are recognised as other operating expenses in the statements of comprehensive income.

### **2.14 Accounting for long-term leases**

Properties under lease contracts that significant portions of risks and ownership rewards are transferred to the Bank is classified as finance leases and capitalised at the lower of the fair value of leased properties or the present value of cash payment under lease contracts. The payment consists of principal and finance charges so as to achieve a constant interest rate on the outstanding balance by individual lease contract. The outstanding rental obligations net of finance charges are recorded as other liabilities. The finance cost is recognised in the statements of comprehensive income over the lease period. Finance lease assets are depreciated over the shorter period of the useful lives of assets or the lease terms.

Long-term leases that significant portions of risks and ownership rewards are retained by to the lessors are classified as operating leases. Payments made under operating leases are recognised in the statements of comprehensive income.

Expense incurred from the termination of operating leases before expiration such as penalty paid to the lessor is recognised as an expense in the year in which the termination takes place.

## **2 Accounting policies (Cont'd)**

### **2.15 Provisions**

The Bank recognises provisions when the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Bank expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is highly likely.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.16 Post-employment benefits**

#### **Defined contribution plans**

The Bank has a provident fund, which are managed by external fund manager, for their employees in accordance with the Provident Fund Act B.E. 2530 (1987). The Bank and their employees contribute to the fund at the specified rates. The employees are entitled to benefits according to the fund regulations.

The provident funds are considered defined contribution plans. The Bank recognise their contributions to the provident funds as personnel expenses in the statements of comprehensive income upon receiving the service from employees.

#### **Defined benefit plans**

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

The Bank recognises the provision for defined benefit plans on the statements of financial position with the net of the present value of defined benefits obligations. The expenses for defined benefit plans are recognised as personnel expenses in the statements of comprehensive income.

Actuarial gains (losses) are recognised in other comprehensive income (losses).

**2 Accounting policies (Cont'd)**

**2.17 Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund**

Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund are recorded as expenses in the statements of comprehensive income on an accrual basis.

**2.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred income tax.

**Current tax**

The Bank calculates corporate income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislations.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for temporary differences to the extent that they are probable that taxable profits will be available against which those temporary differences can be utilised. The carrying amounts of deferred tax assets are reviewed at the reporting date. Deferred tax assets shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting year.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the Bank intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expense or income related to profit or loss are presented in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognised directly in other comprehensive income in equity in the same or different year, they will be recognised directly in other comprehensive income.

## **2 Accounting policies (Cont'd)**

### **2.19 Reserve for share based payment**

#### **Stock options**

The Bank operates an equity-settled stock option plan to certain senior management. The fair value of rights is recognised as an expense over the vesting period and the equity provided is treated as a capital contribution. Stock options are granted with an exercise price equal Baht 10 per share. Generally, options cannot be exercised until it meets the requirement as specified by the Bank.

### **2.20 Earnings (loss) per share**

The Bank calculates basic earnings (loss) per share by dividing the net income (loss) by the weighted-average numbers of paid-up ordinary shares issued during the period.

### **2.21 Assets held-for-sale**

Assets are classified as assets held-for-sale when their carrying amounts are recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell if their carrying amounts are recovered principally through a sale transaction rather than through continuing use.

## **3 Risk management**

### **3.1 Financial risk factors**

The Bank's activities expose them to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Bank's Treasury identify, evaluate and hedge financial risks in close co-operation with its operating units. The Risk Committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

### **3 Risk management (Cont'd)**

#### **3.1 Financial risk factors (Cont'd)**

##### **3.1.1 Credit risk (Cont'd)**

Credit risk is risk that borrowers or counterparties fail to fulfill their obligations under the financial instruments, probably due to the fact that the borrowers or counterparties had financial problems or decided not to comply with the obligations resulting in loss to the Bank. Credit risks exist in all types of financial products and activities on statement of financial position such as loans, bank overdrafts, notes and contingent liabilities such as various types of letters of guarantee. The maximum exposure of credit risk is the carrying amount of the financial instruments net of allowance for loss as shown on the statements of financial position and risks of that off-statement of financial position items arising from bank guarantee and other transactions.

The Bank defines its credit risk management policies under the supervision of the Financial Group Risk Management Committee. The main objective is to efficiently manage the Bank credit risks in all aspects: policies, organizational structures, processes, and systems within an appropriated risks stated in the Bank business strategies as well as comply with regulations.

The Bank applies credit risk management in credit examination and approval process, risk and repayment ability analysis, credit operation process after credit approval, credit review, credit monitoring and debt reschedule or restructure in order to prevent and resolve any problems might occur in the future.

The Bank has set the credit risk preventing policy by setting up the "Check and Balance" in credit approval process, setting up risk-based authority, setting up various standard procedures for credit facilities under "Product Program" and setting up appropriate collateral consideration policy.

##### **3.1.2 Interest rate risk**

Interest rate risk is the risk that arises from the potential of changes in interest rates which have an adverse effect on the net interest earnings of the Bank in the current reporting year and future. Interest rate risk arises from the structure and the characteristics of the Bank's assets and liabilities and the repricing mismatch of assets and liabilities.

The Bank defines policies to adjust the structure of their financial positions to be conformed to the interest direction in the future and the defined risk frame. The Bank monitors the interest direction movement and customer's behavior closely in order to assess the most realistic risk. The Bank also monitors its risk position more frequently when there are significant changes in asset and liability structures through "Repricing Gap" reporting in order to follow up the interest rate risks and net interest income sensitivity in the next 12 months.

Furthermore, the Bank also simulates the situations by increasing or decreasing its interest rate to manage its stability of net interest income regardless of the interest direction.



**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**3 Risk management (Cont'd)**

**3.1 Financial risk factors (Cont'd)**

**3.1.2 Interest rate risk (Cont'd)**

The Bank has summarised the financial assets and financial liabilities classified by maturity of interest repricing years as at 30 June 2017 and 31 December 2016, as follows:

|                                       | 30 June 2017                |                              |                            |                             |   |   | Total<br>Baht'000 |
|---------------------------------------|-----------------------------|------------------------------|----------------------------|-----------------------------|---|---|-------------------|
|                                       | 0 - 3<br>Months<br>Baht'000 | 3 - 12<br>Months<br>Baht'000 | 1 - 5<br>Years<br>Baht'000 | Over<br>5 Years<br>Baht'000 | Non-<br>performing<br>Loans<br>Baht'000 | Non-<br>interest<br>Bearing<br>Baht'000 |                   |
| <b>Financial assets</b>               |                             |                              |                            |                             |   |   |                   |
| Interbank and money market items, net | 2,360,000                   | -                            | -                          | -                           | -                                       | 529,619                                 | 2,889,619         |
| Investments, net                      | 1,098,965                   | 1,257,977                    | 291,873                    | 1,068                       | -                                       | 3,189                                   | 2,653,072         |
| Loans to customers*                   | 27,517,245                  | 1,344,886                    | 3,973,204                  | 2,168,615                   | 1,899,383                               | -                                       | 36,903,333        |
| <b>Financial liabilities</b>          |                             |                              |                            |                             |   |   |                   |
| Deposits                              | 26,179,451                  | 6,298,962                    | 2,274,251                  | -                           | -                                       | -                                       | 34,752,664        |
| Interbank and money market items      | 1,179,596                   | 182,860                      | 88,471                     | 69,134                      | -                                       | -                                       | 1,520,061         |
| Liabilities payable on demand         | -                           | -                            | -                          | -                           | -                                       | 95,671                                  | 95,671            |

\* Loans to customers are netted of deferred revenue.

|                                       | 31 December 2016            |                              |                            |                             |   |   | Total<br>Baht'000 |
|---------------------------------------|-----------------------------|------------------------------|----------------------------|-----------------------------|---|---|-------------------|
|                                       | 0 - 3<br>Months<br>Baht'000 | 3 - 12<br>Months<br>Baht'000 | 1 - 5<br>Years<br>Baht'000 | Over<br>5 Years<br>Baht'000 | Non-<br>performing<br>Loans<br>Baht'000 | Non-<br>interest<br>Bearing<br>Baht'000 |                   |
| <b>Financial assets</b>               |                             |                              |                            |                             |   |   |                   |
| Interbank and money market items, net | 1,836,000                   | -                            | -                          | -                           | -                                       | 452,874                                 | 2,288,874         |
| Investments, net                      | 1,422,973                   | 1,017,221                    | 434,517                    | 29,488                      | -                                       | 1,675                                   | 2,905,874         |
| Loans to customers*                   | 25,828,943                  | 1,229,650                    | 3,297,696                  | 2,413,709                   | 1,513,860                               | -                                       | 34,283,858        |
| <b>Financial liabilities</b>          |                             |                              |                            |                             |   |   |                   |
| Deposits                              | 24,645,874                  | 4,879,437                    | 3,379,793                  | -                           | -                                       | -                                       | 32,905,104        |
| Interbank and money market items      | 1,069,122                   | 536,407                      | 112,867                    | 74,264                      | -                                       | -                                       | 1,792,660         |
| Liabilities payable on demand         | -                           | -                            | -                          | -                           | -                                       | 93,241                                  | 93,241            |

\* Loans to customers are netted of deferred revenue.

3 Risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Interest rate risk (Cont'd)

Basic information of loans to customers net of deferred revenue classified by fixed versus floating interest rates as at 30 June 2017 and 31 December 2016 are as follows:

|                        | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|------------------------|-----------------------------|---------------------------------|
| Fixed interest rate    | 8,445,790                   | 7,930,772                       |
| Floating interest rate | 28,457,543                  | 26,353,086                      |
| Total                  | <u>36,903,333</u>           | <u>34,283,858</u>               |

The Bank has earning financial assets and interest-bearing financial liabilities. The average balances of such financial assets or liabilities are calculated based on outstanding balances and averaged interest rates for the six-month periods ended 30 June 2017 and 2016 are as follows:

|  | <u>For the six-month period ended 30 June 2017</u> |                                |                               |
|--|--|--------------------------------|-------------------------------|
|  | Average<br>balance<br>6 months<br>Baht'000         | Interest<br>amount<br>Baht'000 | Average<br>interest rate<br>% |
| Earning financial assets               |  |                                |                               |
| Interbank and money market items       | 2,645,260  | 19,877                         | 1.50                          |
| Investments                            | 2,740,122  | 22,085                         | 1.61                          |
| Loans to customers                     | 35,202,394   | 1,652,560                      | 9.39                          |
| Interest-bearing Financial Liabilities |  |                                |                               |
| Deposits                               | 33,897,414   | 307,794                        | 1.82                          |
| Interbank and money market items       | 1,534,001  | 1,658                          | 0.22                          |
|  |  |                                |                               |
|  | <u>For the six-month period ended 30 June 2016</u> |                                |                               |
|  | Average<br>balance<br>6 months<br>Baht'000         | Interest<br>amount<br>Baht'000 | Average<br>interest rate<br>% |
| Earning financial assets               |  |                                |                               |
| Interbank and money market items       | 1,270,854  | 9,653                          | 1.52                          |
| Investments                            | 2,833,030  | 25,611                         | 1.81                          |
| Loans to customers                     | 28,427,035   | 1,206,634                      | 8.49                          |
| Interest-bearing Financial Liabilities |  |                                |                               |
| Deposits                               | 27,139,511   | 296,105                        | 2.18                          |
| Interbank and money market items       | 1,024,978  | 1,760                          | 0.34                          |

### 3 Risk management (Cont'd)

#### 3.1 Financial risk factors (Cont'd)

##### 3.1.3 Foreign exchange rate risk

Foreign exchange rate risk is the risk that arises from the change in foreign exchange rate which may affect the value change in the financial instruments or may cause fluctuation in the earning income or in value of the financial assets or liabilities.

The Bank has no foreign exchange rate risk as there is no foreign currency transaction.

##### 3.1.4 Equity price risk

Investments in equity securities consist of investment in general investment held from trouble debts restructuring settlement.

Such investments in equity securities are not marketable securities, presented on the statements of financial positions at cost net of valuation allowances for impairment. Loss on impairment of such investment is recognised in the statements of comprehensive income as disclosed in Note 2.6.

##### 3.1.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet their financial obligations when they are due. This risk arises from an inability to convert their assets into cash or acquire adequate fund at the appropriated cost and time which results in a loss to the Bank.

The Bank defines its liquidity risk management policies under the supervision of the Assets and Liabilities Management Committee who monitors and reviews the liquidity position on a regular basis.

The following tables present the Bank's maturities of financial assets and liabilities as at 30 June 2017 and 31 December 2016.

|                                       | 30 June 2017        |                             |                              |                         |                             |                            | Total<br>Baht'000 |
|---------------------------------------|---------------------|-----------------------------|------------------------------|-------------------------|-----------------------------|----------------------------|-------------------|
|                                       | At Call<br>Baht'000 | 0 - 3<br>Months<br>Baht'000 | 3 - 12<br>Months<br>Baht'000 | 1 - 5 Years<br>Baht'000 | Over<br>5 Years<br>Baht'000 | No<br>Maturity<br>Baht'000 |                   |
| <b>Financial assets</b>               |                     |                             |                              |                         |                             |                            |                   |
| Interbank and money market items, net | 528,589             | 2,361,030                   | -                            | -                       | -                           | -                          | 2,889,619         |
| Investments, net                      | -                   | 1,098,965                   | 1,257,977                    | 291,873                 | 1,068                       | 3,189                      | 2,653,072         |
| Loans to customers*                   | 762,241             | 2,547,198                   | 800,616                      | 8,023,598               | 24,769,680                  | -                          | 36,903,333        |
| <b>Financial liabilities</b>          |                     |                             |                              |                         |                             |                            |                   |
| Deposits                              | 24,248,291          | 1,931,160                   | 6,298,962                    | 2,274,251               | -                           | -                          | 34,752,664        |
| Interbank and money market items      | 703,073             | 476,523                     | 182,860                      | 88,471                  | 69,134                      | -                          | 1,520,061         |
| Liabilities payable on demand         | 95,671              | -                           | -                            | -                       | -                           | -                          | 95,671            |

\* Loans to customers are netted of deferred revenue.

### 3 Risk management (Cont'd)

#### 3.1 Financial risk factors (Cont'd)

##### 3.1.5 Liquidity risk (Cont'd)

|                                       | 31 December 2016    |                             |                              |                         |                             |                            | Total<br>Baht'000 |
|---------------------------------------|---------------------|-----------------------------|------------------------------|-------------------------|-----------------------------|----------------------------|-------------------|
|                                       | At Call<br>Baht'000 | 0 - 3<br>Months<br>Baht'000 | 3 - 12<br>Months<br>Baht'000 | 1 - 5 Years<br>Baht'000 | Over<br>5 Years<br>Baht'000 | No<br>Maturity<br>Baht'000 |                   |
| <b>Financial assets</b>               |                     |                             |                              |                         |                             |                            |                   |
| Interbank and money market items, net | 452,388             | 1,836,486                   | -                            | -                       | -                           | -                          | 2,288,874         |
| Investments, net                      | -                   | 1,422,973                   | 1,017,221                    | 434,517                 | 29,488                      | 1,675                      | 2,905,874         |
| Loans to customers*                   | 583,321             | 2,621,272                   | 891,630                      | 6,536,818               | 23,650,817                  | -                          | 34,283,858        |
| <b>Financial liabilities</b>          |                     |                             |                              |                         |                             |                            |                   |
| Deposits                              | 22,322,422          | 2,323,451                   | 4,879,437                    | 3,379,794               | -                           | -                          | 32,905,104        |
| Interbank and money market items      | 726,122             | 343,000                     | 536,407                      | 112,867                 | 74,264                      | -                          | 1,792,660         |
| Liabilities payable on demand         | 93,241              | -                           | -                            | -                       | -                           | -                          | 93,241            |

\* Loans to customers are netted of deferred revenue.

#### 3.2 Fair value

Since the majority of the Banks' financial instruments are short-term in nature and bear floating interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

The methodology of fair value measurement is depended on the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique and complied with related authorities' regulations.

As at 30 June 2017 and 31 December 2016 the estimated fair values of the Bank's financial instruments are as follows:

|  | 30 June 2017                   |                           | 31 December 2016               |                           |
|--|--------------------------------|---------------------------|--------------------------------|---------------------------|
|  | Carrying<br>amount<br>Baht'000 | Fair<br>value<br>Baht'000 | Carrying<br>amount<br>Baht'000 | Fair<br>value<br>Baht'000 |
| <b>Financial assets</b>                                  |                                |                           |                                |                           |
| Interbank and money market items, net                    | 2,889,619                      | 2,889,619                 | 2,288,874                      | 2,288,874                 |
| Investments, net   | 2,653,072                      | 2,653,072                 | 2,905,874                      | 2,913,530                 |
| Loans to customers and accrued interest receivables, net | 35,363,961                     | 35,363,961                | 33,054,748                     | 33,054,748                |
| <b>Financial liabilities</b>                             |                                |                           |                                |                           |
| Deposits   | 34,752,664                     | 34,764,196                | 32,905,104                     | 32,901,051                |
| Interbank and money market items                         | 1,520,061                      | 1,520,061                 | 1,792,660                      | 1,792,660                 |
| Liabilities payable on demand                            | 95,671                         | 95,671                    | 93,241                         | 93,241                    |

The methods and assumptions used by the Bank in estimating the fair values of financial instruments are in Note 6 to interim financial statements.

#### **4 Critical accounting estimation and assumption**

Preparation of the interim financial statements in conformity with generally accepted accounting principles requires managements to make estimates and assumptions in certain circumstances, affecting reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting years. Actual results could differ from these estimates. The significant areas requiring managements to make judgments and estimates that affect reported amounts and disclosures are as follows:

##### **4.1 Impairment of investments in securities**

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

##### **4.2 Allowance for doubtful accounts**

The Bank estimates the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank estimates an additional allowance which the management has used various assumptions and judgments including considering of objective evidence indicating an adverse change in the capacity of the borrowers to repay loans and accrued interest receivable, considering of the expected future cash flow collected from the borrower, the expected cash flow from collateral where the source of repayment came from the selling of the collateral, the timing of future cash flows, the potential of additional future loss and the economic conditions that may have an impact on the loan default rate. The Bank reviews these estimates and assumptions on a regular basis.

##### **4.3 Impairment for properties for sale**

The Bank provides the valuation allowance for impairment of properties for sale when there is a decline in net realisable cash flows from selling of the assets, based on the appraised value together with other factors which can affect the realisable value such as related selling expenses, holding costs and future discount expenses.

The Bank records provision for impairment loss of properties for sale on the statements of comprehensive income when book values of those assets are higher than the expected cash flow received from sale of such properties for sale.

##### **4.4 Impairment of assets**

The Bank reviews the carrying amounts of their assets at each date of the statements of financial position whether there are any indications of impairment. If any such indications exist, the Bank will estimate the asset recoverable amounts by using discounted cash flows.

If the carrying amount of asset is greater than the recoverable amount, the Bank will record loss from impairment in the statements of comprehensive income.

#### **4 Critical accounting estimation and assumption (Cont'd)**

##### **4.5 Provisions**

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

For the estimation of the provision for the defined benefit plans under the post-employment benefits, the Bank makes estimation by using the actuarial techniques which require actuarial assumptions on financial variables such as discount rate, future salaries and benefits, expected return on planed assets etc., and demographic variables such as employee mortality and turnover etc. Such estimation is calculated by an actuary.

##### **4.6 Fair value**

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The Bank uses different methodologies for determining the fair value of financial instruments depending on the characteristics of the financial instruments and the financial markets in which it operates.

The Bank uses the quoted market prices as the fair values for financial instruments that have standard terms and conditions and are traded on an active and liquid market. For other types of financial instruments, the fair values are determined by using valuation techniques commonly used by market participants including the reference to the fair value of other instruments of a similar nature.

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

#### **5 Capital risk management**

The Bank's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The Bank may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 25 to the interim financial statements.

6 Fair value

6.1 Fair value estimate

The Bank uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

In applying the above-mentioned valuation techniques, the Bank endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 30 June 2017 and 31 December 2016, the Bank's financial assets measured and recognised at fair value are as follows:

|   | 30 June 2017        |                     |                     |                   |
|---|---------------------|---------------------|---------------------|-------------------|
|   | Level 1<br>Baht'000 | Level 2<br>Baht'000 | Level 3<br>Baht'000 | Total<br>Baht'000 |
| <b>Asset</b>                                |                     |                     |                     |                   |
| Available-for-sale financial assets         |                     |                     |                     |                   |
| Government and state enterprises securities | -                   | 2,065,591           | -                   | 2,065,591         |
| Private enterprises debt securities         | -                   | 585,761             | -                   | 585,761           |
| <b>Total asset</b>                          | -                   | <b>2,651,352</b>    | -                   | <b>2,651,352</b>  |
|   |                     |                     |                     |                   |
|   | 31 December 2016    |                     |                     |                   |
|   | Level 1<br>Baht'000 | Level 2<br>Baht'000 | Level 3<br>Baht'000 | Total<br>Baht'000 |
| <b>Asset</b>                                |                     |                     |                     |                   |
| Available-for-sale financial assets         |                     |                     |                     |                   |
| Government and state enterprises securities | -                   | 2,260,572           | -                   | 2,260,572         |
| Private enterprises debt securities         | -                   | 446,179             | -                   | 446,179           |
| <b>Total asset</b>                          | -                   | <b>2,706,751</b>    | -                   | <b>2,706,751</b>  |

There were no transfers between Levels during the period.

Other financial instruments not carried at fair value on the statement of financial position are typically short-term in nature or at call and reprice to current market rate frequently. Accordingly, their carrying amounts are reasonable approximation of fair values. These financial instruments include cash, saving deposits and current accounts presented as both interbank and money market asset and liability items, saving deposits, current accounts and liabilities payable on demand.

6 Fair value (Cont'd)

6.1 Fair value estimate (Cont'd)

As at 30 June 2017 and 31 December 2016, the Bank's financial assets and liabilities that are not specified to measure at fair value are as follows:

|   | 30 June 2017        |                     |                     | Total<br>Baht'000 |
|---|---------------------|---------------------|---------------------|-------------------|
|   | Level 1<br>Baht'000 | Level 2<br>Baht'000 | Level 3<br>Baht'000 |                   |
| <b>Assets</b>   |                     |                     |                     |                   |
| Interbank and money market items, net                       | -                   | 2,889,619           | -                   | 2,889,619         |
| Loans to customers and accrued interest<br>receivables, net | -                   | 35,363,961          | -                   | 35,363,961        |
| <b>Total assets</b>   | -                   | <b>38,253,580</b>   | -                   | <b>38,253,580</b> |
| <b>Liabilities</b>  |                     |                     |                     |                   |
| Deposits  | -                   | 34,764,196          | -                   | 34,764,196        |
| Interbank and money market items, net                       | -                   | 1,520,061           | -                   | 1,520,061         |
| Liabilities payable on demand                               | -                   | 95,671              | -                   | 95,671            |
| <b>Total liabilities</b>                                    | -                   | <b>36,379,928</b>   | -                   | <b>36,379,928</b> |
| <b>31 December 2016</b>                                     |                     |                     |                     |                   |
|   | Level 1<br>Baht'000 | Level 2<br>Baht'000 | Level 3<br>Baht'000 | Total<br>Baht'000 |
| <b>Assets</b>   |                     |                     |                     |                   |
| Interbank and money market items, net                       | -                   | 2,288,874           | -                   | 2,288,874         |
| Held-to-maturity debt securities                            | -                   | 205,059             | -                   | 205,059           |
| Loans to customers and accrued interest<br>receivables, net | -                   | 33,054,748          | -                   | 33,054,748        |
| <b>Total assets</b>   | -                   | <b>35,548,681</b>   | -                   | <b>35,548,681</b> |
| <b>Liabilities</b>  |                     |                     |                     |                   |
| Deposits  | -                   | 32,901,051          | -                   | 32,901,051        |
| Interbank and money market items, net                       | -                   | 1,792,660           | -                   | 1,792,660         |
| Liabilities payable on demand                               | -                   | 93,241              | -                   | 93,241            |
| <b>Total liabilities</b>                                    | -                   | <b>34,786,952</b>   | -                   | <b>34,786,952</b> |

Fair value of the following assets and liabilities estimated for the purpose of disclosure are as follows:

**Interbank and money market items, net**

The interbank and money market items (assets) are deposits at the BOT, deposits at other financial institutions and loans to financial institutions which are short-term or at call and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are deposits and borrowing from the BOT or other financial institutions, which are short-term or at call and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.



**6 Fair value (Cont'd)**

**6.1 Fair value estimate (Cont'd)**

**Held-to-maturity debt securities**

Fair values are calculated by using the bidding prices at The ThaiBMA or other financial institutions, as the case may be.

**Loans to customers and accrued interest receivable, net**

The fair value is the outstanding balance of loans and accrued interest less allowance for doubtful accounts. The management has assessed the existing effective rate of the outstanding loans is a reasonable approximation of market effective rate.

**Deposits**

Deposits are saving deposits, current accounts, fixed or certificate of deposits. These deposits are typically short-term in nature. The management has assessed the existing effective rate of the deposit is a reasonable approximation of market effective rate. Accordingly, carrying amounts of saving deposits, current accounts and fixed or certificate of deposits with the 1-year maturity or less are reasonable approximation of their fair values. Whereas fixed or certificate of deposits with longer than 1-year maturity, the fair values are estimated using discounted cash flow, applying current rates offered for fixed deposits of similar remaining maturities.

**Liabilities payable on demand**

Liabilities payable on demand are call liabilities. Accordingly, their carrying amount is a reasonable approximation of fair value.

**6.2 Valuation techniques used to derive Level 2 fair values**

6.2.1 Fair values of available-for-sale investments and held-to-maturity debt securities are Level 2. Their fair values are based on the yield curve of The ThaiBMA or other financial institutions at the last business day of the period.

6.2.2 Fair values of deposits are Level 2. The fixed or certificate of deposits with longer than 1-year maturities, the fair value are estimated using discounted cash flow, applying current rates offered for fixed deposits of similar remaining maturities.

**7 Interbank and money market items, net (assets)**

|  | 30 June 2017        |                  |                   | 31 December 2016    |                  |                   |
|--|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
|  | At call<br>Baht'000 | Term<br>Baht'000 | Total<br>Baht'000 | At call<br>Baht'000 | Term<br>Baht'000 | Total<br>Baht'000 |
| Domestic:                              |                     |                  |                   |                     |                  |                   |
| Bank of Thailand                       | 464,219             | 60,000           | 524,219           | 367,299             | 336,000          | 703,299           |
| Commercial banks                       | 764,370             | -                | 764,370           | 85,089              | -                | 85,089            |
| Specialized Financial Institution      | 1,600,000           | -                | 1,600,000         | 1,500,000           | -                | 1,500,000         |
| <b>Total</b>                           | <b>2,828,589</b>    | <b>60,000</b>    | <b>2,888,589</b>  | <b>1,952,388</b>    | <b>336,000</b>   | <b>2,288,388</b>  |
| <b>Add</b> Accrued interest receivable | <b>1,028</b>        | <b>2</b>         | <b>1,030</b>      | <b>-</b>            | <b>486</b>       | <b>486</b>        |
| <b>Total</b>                           | <b>2,829,617</b>    | <b>60,002</b>    | <b>2,889,619</b>  | <b>1,952,388</b>    | <b>336,486</b>   | <b>2,288,874</b>  |

8 Investments in securities, net

8.1 Classified by type of investments

|  | 30 June<br>2017<br>Fair value<br>Baht'000               | 31 December<br>2016<br>Fair value<br>Baht'000               |
|--|---|---|
| <b>Available-for-sale securities</b>               |   |   |
| Government and state enterprises securities        | 2,065,591   | 2,260,572   |
| Private enterprises debt securities                | 585,761   | 446,179   |
| Total investments in available-for-sale securities | <u>2,651,352</u>  | <u>2,706,751</u>  |
|  | <b>30 June<br/>2017<br/>Amortised cost<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Amortised cost<br/>Baht'000</b> |
| <b>Held-to-maturity securities</b>                 |   |   |
| Government and state enterprise securities         | -   | 197,403   |
| Total investments in held-to-maturity securities   | <u>-</u>  | <u>197,403</u>  |
|  | <b>30 June<br/>2017<br/>Cost<br/>Baht'000</b>           | <b>31 December<br/>2016<br/>Cost<br/>Baht'000</b>           |
| <b>General Investment</b>                          |   |   |
| Domestic non-marketable equity securities          | 1,720   | 1,720   |
| Total investments in general investment            | <u>1,720</u>  | <u>1,720</u>  |
| <b>Total investments, net</b>                      | <u><b>2,653,072</b></u>                                 | <u><b>2,905,874</b></u>                                     |

As at 30 June 2017 and 31 December 2016, the Bank has some of investments in securities pledged as collateral (see Note 24).

8.2 Classified by the remaining period to maturity of the debt securities

|   | 30 June 2017       |                            |                             |                   | 31 December 2016   |                            |                             |                   |
|---|--------------------|----------------------------|-----------------------------|-------------------|--------------------|----------------------------|-----------------------------|-------------------|
|   | Periods remaining  |                            |                             |                   | Periods remaining  |                            |                             |                   |
|   | 1 year<br>Baht'000 | 1 - 5<br>years<br>Baht'000 | Over<br>5 years<br>Baht'000 | Total<br>Baht'000 | 1 year<br>Baht'000 | 1 - 5<br>years<br>Baht'000 | Over<br>5 years<br>Baht'000 | Total<br>Baht'000 |
| <b>Available-for-sale securities</b>        |                    |                            |                             |                   |                    |                            |                             |                   |
| Government and state enterprises securities | 1,877,003          | 186,495                    | 1,068                       | 2,064,566         | 2,067,594          | 192,584                    | -                           | 2,260,178         |
| Private sector debt securities              | 520,125            | 65,192                     | -                           | 585,317           | 346,053            | 100,565                    | -                           | 446,618           |
| Total                                       | <u>2,397,128</u>   | <u>251,687</u>             | <u>1,068</u>                | <u>2,649,883</u>  | <u>2,413,647</u>   | <u>293,149</u>             | <u>-</u>                    | <u>2,706,796</u>  |
| Add Allowance for revaluation               | 1,013              | 442                        | 14                          | 1,469             | 539                | (584)                      | -                           | (45)              |
| <b>Available-for-sale securities, net</b>   | <u>2,398,141</u>   | <u>252,129</u>             | <u>1,082</u>                | <u>2,651,352</u>  | <u>2,414,186</u>   | <u>292,565</u>             | <u>-</u>                    | <u>2,706,751</u>  |
| <b>Held-to-maturity securities</b>          |                    |                            |                             |                   |                    |                            |                             |                   |
| Government and state enterprises securities | -                  | -                          | -                           | -                 | 26,548             | 141,367                    | 29,488                      | 197,403           |
| <b>Held-to-maturity securities, net</b>     | <u>-</u>           | <u>-</u>                   | <u>-</u>                    | <u>-</u>          | <u>26,548</u>      | <u>141,367</u>             | <u>29,488</u>               | <u>197,403</u>    |
| <b>Total debt securities</b>                | <u>2,398,141</u>   | <u>252,129</u>             | <u>1,082</u>                | <u>2,651,352</u>  | <u>2,440,734</u>   | <u>433,932</u>             | <u>29,488</u>               | <u>2,904,154</u>  |

9 Loans to customers and accrued interest receivables, net

9.1 Classified by loan type

|  | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|--|-----------------------------|---------------------------------|
| Overdraft  | 498,933                     | 531,099                         |
| Loans  | 31,952,108                  | 28,924,207                      |
| Notes  | 2,392,597                   | 2,419,270                       |
| Hire-purchase receivables  | 2,059,550                   | 2,408,576                       |
| Financial lease receivables  | 145                         | 706                             |
| Total loans to customers   | 36,903,333                  | 34,283,858                      |
| <u>Add</u> Accrued interest receivables  | 188,320                     | 167,565                         |
| Total loans to customers net of deferred revenue<br>and accrued interest receivables | 37,091,653                  | 34,451,423                      |
| <u>Less</u> Allowance for doubtful accounts  |                             |                                 |
| Minimum provision according<br>to the BOT's requirement                              | (1,021,567)                 | (675,452)                       |
| Excess provision   | (491,781)                   | (530,581)                       |
| Total  | 35,578,305                  | 33,245,390                      |
| <u>Less</u> Revaluation allowance for debts restructuring                            | (214,344)                   | (190,642)                       |
| <b>Total loans to customers, net</b>   | <b>35,363,961</b>           | <b>33,054,748</b>               |

As at 30 June 2017, there were defaulted loans amounting to Baht 1,899 million (31 December 2016: Baht 1,514 million) for which the Bank has ceased recognition of interest income on accrual basis.

For the year ended 31 December 2016, the Bank sold a part of its loans to customers to a third party of Baht 107.65 million net of allowance for doubtful accounts and revaluation allowance for debts restructuring. The Bank has already received the payments on 22 August 2016.

9.2 Classified by currency and customer's residence

|                      | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|----------------------|-----------------------------|---------------------------------|
| Thai Baht - Domestic | 36,903,333                  | 34,283,858                      |
| Total                | 36,903,333                  | 34,283,858                      |

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**9 Loans to customers and accrued interest receivables, net (Cont'd)**

**9.3 Classified by type of business and loan classification**

|  | 30 June 2017       |                                |                              |                      |                              |                   |
|--|--------------------|--------------------------------|------------------------------|----------------------|------------------------------|-------------------|
|  | Normal<br>Baht'000 | Special<br>mention<br>Baht'000 | Sub-<br>standard<br>Baht'000 | Doubtful<br>Baht'000 | Doubtful<br>loss<br>Baht'000 | Total<br>Baht'000 |
| Agriculture and mining                     | 532,936            | 28,366                         | -                            | 4,341                | 3,913                        | 569,556           |
| Manufacturing and commerce                 | 14,647,734         | 1,137,787                      | 183,531                      | 316,662              | 424,833                      | 16,710,547        |
| Property development and construction      | 3,907,411          | 227,344                        | 32,311                       | 20,392               | 73,320                       | 4,260,778         |
| Public utility and services                | 5,713,336          | 328,343                        | 53,897                       | 82,492               | 138,829                      | 6,316,897         |
| Housing loans                              | 3,182,394          | 414,167                        | 60,559                       | 82,051               | 186,522                      | 3,925,693         |
| Others                                     | 4,542,054          | 342,078                        | 79,017                       | 50,334               | 106,379                      | 5,119,862         |
| <b>Total loans net of deferred revenue</b> | <b>32,525,865</b>  | <b>2,478,085</b>               | <b>409,315</b>               | <b>556,272</b>       | <b>933,796</b>               | <b>36,903,333</b> |

|  | 31 December 2016   |                                |                              |                      |                              |                   |
|--|--------------------|--------------------------------|------------------------------|----------------------|------------------------------|-------------------|
|  | Normal<br>Baht'000 | Special<br>mention<br>Baht'000 | Sub-<br>standard<br>Baht'000 | Doubtful<br>Baht'000 | Doubtful<br>loss<br>Baht'000 | Total<br>Baht'000 |
| Agriculture and mining                     | 433,371            | 14,701                         | 8,532                        | 3,763                | 151                          | 460,518           |
| Manufacturing and commerce                 | 12,814,774         | 1,091,052                      | 299,396                      | 129,047              | 347,752                      | 14,682,021        |
| Property development and construction      | 3,746,501          | 276,903                        | 19,680                       | 16,005               | 63,224                       | 4,122,313         |
| Public utility and services                | 5,184,930          | 416,792                        | 31,345                       | 52,083               | 104,416                      | 5,789,566         |
| Housing loans                              | 3,309,586          | 467,782                        | 63,906                       | 61,892               | 147,512                      | 4,050,678         |
| Others                                     | 4,561,573          | 452,033                        | 42,336                       | 34,998               | 87,822                       | 5,178,762         |
| <b>Total loans net of deferred revenue</b> | <b>30,050,735</b>  | <b>2,719,263</b>               | <b>465,195</b>               | <b>297,788</b>       | <b>750,877</b>               | <b>34,283,858</b> |

**9.4 Classified by type of classification**

|   | 30 June 2017  |  |                   |  |
|---|---|--|-------------------|--|
|   | Loans and<br>accrued<br>interest<br>receivables<br>Baht'000 | Outstanding<br>balance<br>use for<br>allowance<br>set up<br>Baht'000 | % of<br>Allowance | Allowance<br>for doubtful<br>account<br>Baht'000 |
| Minimum provision according to<br>the BOT's requirement |   |  |                   |  |
| - Normal  | 32,695,693  | 8,827,882  | 1                 | 86,300   |
| - Special mention                                       | 2,496,577   | 537,542  | 2                 | 6,527  |
| - Sub-standard  | 409,315   | 202,906  | 100               | 194,442  |
| - Doubtful  | 556,272   | 296,766  | 100               | 281,013  |
| - Doubtful loss   | 933,796   | 481,338  | 100               | 453,285  |
| <b>Total</b>  | <b>37,091,653</b>   | <b>10,346,434</b>  |                   | <b>1,021,567</b>                                 |
| Surplus reserve   |   |  |                   | 491,781  |
|   |   |  |                   | <b>1,513,348</b>                                 |

9 Loans to customers and accrued interest receivables, net (Cont'd)

9.4 Classified by type of classification (Cont'd)

|   | 31 December 2016  |  |                   | Allowance<br>for doubtful<br>account<br>Baht'000 |
|---|---|--|-------------------|--|
|   | Loans and<br>accrued<br>interest<br>receivables<br>Baht'000 | Outstanding<br>balance<br>use for<br>allowance<br>set up<br>Baht'000 | % of<br>Allowance |  |
| Minimum provision according to<br>the BOT's requirement |   |  |                   |  |
| - Normal  | 30,202,285  | 7,237,441  | 1                 | 71,988   |
| - Special mention                                       | 2,735,279   | 665,625  | 2                 | 7,649  |
| - Sub-standard  | 465,195   | 131,319  | 100               | 121,440  |
| - Doubtful  | 297,788   | 121,281  | 100               | 111,243  |
| - Doubtful loss   | 750,876   | 383,673  | 100               | 363,132  |
| Total   | 34,451,423  | 8,539,339  |                   | 675,452  |
| Surplus reserve   |   |  |                   | 530,581  |
|   |   |  |                   | 1,206,033  |

9.5 Non-performing loans

As at 30 June 2017 and 31 December 2016, the Bank has non-performing loans (NPLs) according to the BOT's Notification No. Sor.Nor.Sor. 5/2559 dated 10 June 2016. Such non-performing loans consist of loans classified as sub-standard, doubtful and doubtful loss under the BOT's guideline details as follows:

|  | 30 June<br>2017<br>Principal | 31 December<br>2016<br>Principal |
|--|------------------------------|----------------------------------|
| NPLs before allowance for doubtful accounts (Baht'000) | 1,899,383                    | 1,513,860                        |
| NPLs as percentage of total loans (%)                  | 5.15                         | 4.42                             |
| NPLs after allowance for doubtful accounts (Baht'000)  | 933,357                      | 889,222                          |
| NPLs as percentage of total loans (%)                  | 2.53                         | 2.59                             |

9.6 Troubled debt restructuring

|   | 30 June 2017        |   | 31 December 2016    |   |
|---|---------------------|---|---------------------|---|
|   | Number<br>of debtor | Outstanding<br>balance<br>before<br>restructuring<br>Baht'000 | Number<br>of debtor | Outstanding<br>balance<br>before<br>restructuring<br>Baht'000 |
| Accounts receivable under troubled<br>debt restructuring agreements | 2,290               | 5,719,799   | 2,034               | 5,059,148   |
| Total accounts receivable   | 57,414              | 36,903,333  | 33,602              | 34,283,858  |

**9 Loans to customers and accrued interest receivables, net (Cont'd)**

**9.6 Troubled debt restructuring (Cont'd)**

Details of customers whose debt have been restructured during the year are as follows:

| Restructuring method                  | 30 June 2017    |   |                           |                                     | 31 December 2016 |   |                           |                                     |
|---------------------------------------|-----------------|---|---------------------------|-------------------------------------|------------------|---|---------------------------|-------------------------------------|
|                                       | Number of loans | Outstanding balance before restructuring Baht | Fair value of assets Baht | Book value after restructuring Baht | Number of loans  | Outstanding balance before restructuring Baht | Fair value of assets Baht | Book value after restructuring Baht |
| Transfer of properties                | 1               | 25,947  | 13,580                    | 11,816                              | -                | -   | -                         | -                                   |
| Modifications of terms of receivables | 2,289           | 5,693,852                                     | -                         | 5,423,452                           | 2,034            | 5,059,148                                     | -                         | 4,820,087                           |
| <b>Total</b>                          | <b>2,290</b>    | <b>5,719,799</b>                              | <b>13,580</b>             | <b>5,435,268</b>                    | <b>2,034</b>     | <b>5,059,148</b>                              | <b>-</b>                  | <b>4,820,087</b>                    |

As at 30 June 2017, the weighted average terms of the above mentioned restructuring is 9.34 years (31 December 2016: 9.68 years).

For the six-month period ended 30 June 2017, the Bank recognises interest income from restructured debts amounting to Baht 112.46 million (2016: Baht 89.57 million).

As at 30 June 2017 and 31 December 2016, the outstanding balances of troubled debt restructuring receivables are classified as follows:

|                 | <b>30 June 2017</b> | <b>31 December 2016</b> |
|-----------------|---------------------|-------------------------|
|                 | <b>Baht'000</b>     | <b>Baht'000</b>         |
| Normal          | 2,687,746           | 2,063,487               |
| Special mention | 1,638,468           | 1,932,343               |
| Sub-standard    | 243,386             | 328,272                 |
| Doubtful        | 411,639             | 195,054                 |
| Doubtful loss   | 454,029             | 300,931                 |
| <b>Total</b>    | <b>5,435,268</b>    | <b>4,820,087</b>        |

For the six-month period ended 30 June 2017 the Bank has losses from trouble debt restructuring amounting to Baht 23.70 million (2016: Baht 33.32 million).

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**9 Loans to customers and accrued interest receivables, net (Cont'd)**

**9.7 Hire-purchase contract and finance lease contract receivables**

|   | 30 June 2017                               |                         |                          |                   |
|---|--|-------------------------|--------------------------|-------------------|
|   | Amounts due under finance lease agreements |                         |                          |                   |
|   | Less than 1 year<br>Baht'000               | 1 - 5 years<br>Baht'000 | Over 5 years<br>Baht'000 | Total<br>Baht'000 |
| Gross receivables                                       | 972,764                                    | 1,078,075               | 8,856                    | 2,059,695         |
| <u>Less</u> Unearned interest income                    | -  | -                       | -                        | -                 |
| Present value of minimum lease payments receivable      | 972,764                                    | 1,078,075               | 8,856                    | 2,059,695         |
| <u>Less</u> Allowance for doubtful accounts             |  |                         |                          | (133,247)         |
| Hire-purchase contract and finance lease contracts, net |  |                         |                          | <u>1,926,448</u>  |
|   | 31 December 2016                           |                         |                          |                   |
|   | Amounts due under finance lease agreements |                         |                          |                   |
|   | Less than 1 year<br>Baht'000               | 1 - 5 years<br>Baht'000 | Over 5 years<br>Baht'000 | Total<br>Baht'000 |
| Gross receivables                                       | 1,154,790                                  | 1,244,391               | 10,101                   | 2,409,282         |
| <u>Less</u> Unearned interest income                    | -  | -                       | -                        | -                 |
| Present value of minimum lease payments receivable      | 1,154,790                                  | 1,244,391               | 10,101                   | 2,409,282         |
| <u>Less</u> Allowance for doubtful accounts             |  |                         |                          | (91,451)          |
| Hire-purchase contract and finance lease contracts, net |  |                         |                          | <u>2,317,831</u>  |

**10 Allowance for doubtful accounts**

|                              | 30 June 2017       |                                |                              |                      |                              |                                |                   |
|------------------------------|--------------------|--------------------------------|------------------------------|----------------------|------------------------------|--------------------------------|-------------------|
|                              | Normal<br>Baht'000 | Special<br>mention<br>Baht'000 | Sub-<br>standard<br>Baht'000 | Doubtful<br>Baht'000 | Doubtful<br>loss<br>Baht'000 | Surplus<br>reserve<br>Baht'000 | Total<br>Baht'000 |
| Beginning balance            | 71,988             | 7,649                          | 121,440                      | 111,243              | 363,132                      | 530,581                        | 1,206,033         |
| Doubtful accounts (reversal) | 14,341             | (1,122)                        | 73,002                       | 169,770              | 90,185                       | 8,000                          | 354,176           |
| Bad debt written-off         | (29)               | -                              | -                            | -                    | (32)                         | -                              | (61)              |
| Transferred out              | -                  | -                              | -                            | -                    | -                            | (46,800)                       | (46,800)          |
| Ending balance               | <u>86,300</u>      | <u>6,527</u>                   | <u>194,442</u>               | <u>281,013</u>       | <u>453,285</u>               | <u>491,781</u>                 | <u>1,513,348</u>  |
|                              | 31 December 2016   |                                |                              |                      |                              |                                |                   |
|                              | Normal<br>Baht'000 | Special<br>mention<br>Baht'000 | Sub-<br>standard<br>Baht'000 | Doubtful<br>Baht'000 | Doubtful<br>loss<br>Baht'000 | Surplus<br>reserve<br>Baht'000 | Total<br>Baht'000 |
| Beginning balance            | 62,400             | 7,210                          | 112,945                      | 71,805               | 261,056                      | 360,731                        | 876,147           |
| Doubtful accounts (reversal) | 9,727              | 2,761                          | 8,653                        | 39,438               | 148,902                      | 169,850                        | 379,331           |
| Bad debt written-off         | (139)              | (4)                            | (158)                        | -                    | (221)                        | -                              | (522)             |
| Transferred out              | -                  | -                              | -                            | -                    | 28                           | -                              | 28                |
| Account receivable sold out  | -                  | (2,318)                        | -                            | -                    | (46,633)                     | -                              | (48,951)          |
| Ending balance               | <u>71,988</u>      | <u>7,649</u>                   | <u>121,440</u>               | <u>111,243</u>       | <u>363,132</u>               | <u>530,581</u>                 | <u>1,206,033</u>  |

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**11 Revaluation allowance for debts restructuring**

|                          | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|--------------------------|--------------------------------------|--|
| Beginning balance        | 190,642                              | 136,999                                  |
| Increase during the year | 23,702                               | 53,643                                   |
| Ending balance           | <u>214,344</u>                       | <u>190,642</u>                           |

**12 Properties for sale, net**

|                                      | <b>30 June 2017</b>                                 |                               |                               | <b>Balance<br/>as at<br/>30 June<br/>Baht'000</b>     |
|--------------------------------------|---|-------------------------------|-------------------------------|---|
|                                      | <b>Balance<br/>as at<br/>1 January<br/>Baht'000</b> | <b>Additions<br/>Baht'000</b> | <b>Disposals<br/>Baht'000</b> |   |
| <b>Type of properties for sale</b>   |   |                               |                               |   |
| Assets from settlement of debts      |   |                               |                               |   |
| Immovable assets                     | 13,646  | 25,708                        | -                             | 39,354  |
| Movable assets                       | 2,501   | 16,872                        | (17,923)                      | 1,450   |
| Total                                | 16,147  | 42,580                        | (17,923)                      | 40,804  |
| <u>Less</u> Allowance for impairment | (180)   | -                             | -                             | (180)   |
| Total properties for sale, net       | <u>15,967</u>                                       | <u>42,580</u>                 | <u>(17,923)</u>               | <u>40,624</u>   |
|                                      |   |                               |                               |   |
|                                      | <b>31 December 2016</b>                             |                               |                               | <b>Balance<br/>as at<br/>31 December<br/>Baht'000</b> |
|                                      | <b>Balance<br/>as at<br/>1 January<br/>Baht'000</b> | <b>Additions<br/>Baht'000</b> | <b>Disposals<br/>Baht'000</b> |   |
| <b>Type of properties for sale</b>   |   |                               |                               |   |
| Assets from settlement of debts      |   |                               |                               |   |
| Immovable assets                     | 10,959  | 4,919                         | (2,232)                       | 13,646  |
| Movable assets                       | 2,555   | 75,225                        | (75,279)                      | 2,501   |
| Total                                | 13,514  | 80,144                        | (77,511)                      | 16,147  |
| <u>Less</u> Allowance for impairment | (180)   | -                             | -                             | (180)   |
| Total properties for sale, net       | <u>13,334</u>                                       | <u>80,144</u>                 | <u>(77,511)</u>               | <u>15,967</u>   |

As at 30 June 2017 and 31 December 2016, the value of all immovable assets from debt repayment of the Bank was appraised by external appraisers.



**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**13 Premises and equipment, net**

|  | Premises<br>Baht'000 | Leasehold<br>improvement<br>Baht'000 | Leasehold<br>Improvement<br>Decommissioning<br>Baht'000 | Furniture<br>and office<br>equipment<br>Baht'000 | Computers<br>and<br>accessories<br>Baht'000 | Total<br>Baht'000 |
|--|----------------------|--------------------------------------|---|--|---|-------------------|
| <b>At 1 January 2016</b>                               |                      |                                      |   |  |   |                   |
| Cost   | -                    | 133,592                              | -   | 124,181  | 130,696                                     | 388,469           |
| <u>Less</u> Accumulated depreciation                   | -                    | (40,023)                             | -   | (85,410)   | (90,536)                                    | (215,969)         |
| Net book amount  | -                    | 93,569                               | -   | 38,771   | 40,160                                      | 172,500           |
| <b>For the year ended<br/>31 December 2016</b>         |                      |                                      |   |  |   |                   |
| Opening net book amount                                | -                    | 93,569                               | -   | 38,771   | 40,160                                      | 172,500           |
| Additions  | -                    | 12,021                               | 6,091   | 13,582   | 6,424                                       | 38,118            |
| Disposals, net   | -                    | -                                    | -   | (36)   | -   | (36)              |
| Write-off, net   | -                    | (5,026)                              | -   | (167)  | -   | (5,193)           |
| Reclassification, net                                  | -                    | (166)                                | -   | 166  | -   | -                 |
| Depreciation charge                                    | -                    | (13,465)                             | (1,100)   | (14,340)   | (12,638)                                    | (41,543)          |
| Closing net book amount                                | -                    | 86,933                               | 4,991   | 37,976   | 33,946                                      | 163,846           |
| <b>At 31 December 2016</b>                             |                      |                                      |   |  |   |                   |
| Cost   | -                    | 134,713                              | 6,091   | 137,372  | 137,119                                     | 415,295           |
| <u>Less</u> Accumulated depreciation                   | -                    | (47,780)                             | (1,100)   | (99,396)   | (103,173)                                   | (251,449)         |
| Net book amount  | -                    | 86,933                               | 4,991   | 37,976   | 33,946                                      | 163,846           |
| <b>For the six-month period ended<br/>30 June 2017</b> |                      |                                      |   |  |   |                   |
| Opening net book amount                                | -                    | 86,933                               | 4,991   | 37,976   | 33,946                                      | 163,846           |
| Additions  | 66,090               | 13,303                               | 1,738   | 17,501   | 12,041                                      | 110,673           |
| Depreciation charge                                    | (522)                | (7,095)                              | (331)   | (8,076)  | (6,606)                                     | (22,630)          |
| Closing net book amount                                | 65,568               | 93,141                               | 6,398   | 47,401   | 39,381                                      | 251,889           |
| <b>At 30 June 2017</b>                                 |                      |                                      |   |  |   |                   |
| Cost   | 66,090               | 148,016                              | 7,829   | 154,873  | 149,160                                     | 525,968           |
| <u>Less</u> Accumulated depreciation                   | (522)                | (54,875)                             | (1,431)   | (107,472)  | (109,779)                                   | (274,079)         |
| Net book amount  | 65,568               | 93,141                               | 6,398   | 47,401   | 39,381                                      | 251,889           |

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**14 Other intangible assets, net**

|  | Leasehold<br>computer<br>software<br>Baht'000 | Initial<br>service<br>fee of ITMX<br>Baht'000 | Leasehold<br>computer<br>software<br>during<br>development<br>Baht'000 | Total<br>Baht'000 |
|--|---|---|--|-------------------|
| <b>At 1 January 2016</b>                           |   |   |  |                   |
| Cost   | 98,692  | 32,621  | 43,573   | 174,886           |
| <u>Less</u> Accumulated amortisation               | (66,896)                                      | -   | -  | (66,896)          |
| Net book amount                                    | <u>31,796</u>                                 | <u>32,621</u>                                 | <u>43,573</u>  | <u>107,990</u>    |
| <b>For the year ended 31 December 2016</b>         |   |   |  |                   |
| Opening net book amount                            | 31,796  | 32,621  | 43,573   | 107,990           |
| Additions  | 6,095   | -   | 5,985  | 12,080            |
| Disposals, net                                     | 3,154   | -   | (3,154)  | -                 |
| Amortisation charge                                | (8,453)                                       | -   | -  | (8,453)           |
| Closing net book amount                            | <u>32,592</u>                                 | <u>32,621</u>                                 | <u>46,404</u>  | <u>111,617</u>    |
| <b>At 31 December 2016</b>                         |   |   |  |                   |
| Cost   | 107,941                                       | 32,621  | 46,404   | 186,966           |
| <u>Less</u> Accumulated amortisation               | (75,349)                                      | -   | -  | (75,349)          |
| Net book amount                                    | <u>32,592</u>                                 | <u>32,621</u>                                 | <u>46,404</u>  | <u>111,617</u>    |
| <b>For the six-month period ended 30 June 2017</b> |   |   |  |                   |
| Opening net book amount                            | 32,592  | 32,621  | 46,404   | 111,617           |
| Additions  | 3,743   | -   | 118  | 3,861             |
| Reclassification, net                              | 44,716  | -   | (44,884)   | (168)             |
| Amortisation charge                                | (10,175)                                      | -   | -  | (10,175)          |
| Closing net book amount                            | <u>70,876</u>                                 | <u>32,621</u>                                 | <u>1,638</u>   | <u>105,135</u>    |
| <b>At 30 June 2017</b>                             |   |   |  |                   |
| Cost   | 156,400                                       | 32,621  | 1,638  | 190,659           |
| <u>Less</u> Accumulated amortisation               | (85,524)                                      | -   | -  | (85,524)          |
| Net book amount                                    | <u>70,876</u>                                 | <u>32,621</u>                                 | <u>1,638</u>   | <u>105,135</u>    |

The Bank needs to be a member of the National ITMX services in order to facilitate the Bank's and its customers. Initial service fee of ITMX provides the right of utilising the national ITMX services without having limited useful life.

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**15 Deferred tax assets and liabilities**

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

|   | <b>30 June 2017</b>                     |   |  |   |
|---|---|---|--|---|
|   | <b>Balance as at 1 January Baht'000</b> | <b>Recognised in profit and loss income (expenses) Baht'000</b> | <b>Recognised in other comprehensive income Baht'000</b> | <b>Balance as at 30 June Baht'000</b>     |
| <b>Deferred tax assets</b>                          |   |   |  |   |
| Loans to customers and accrued interest receivables | 116,956                                 | (6,270)   | -  | 110,686                                   |
| Properties for sale                                 | 36                                      | -   | -  | 36  |
| Properties, plant and equipment                     | -                                       | -   | -  | -   |
| Provisions  | 10,191                                  | 2,497   | -  | 12,688                                    |
| Reserve for share based payment                     | 3,083                                   | 467   | -  | 3,550                                     |
| Others  | 161                                     | -   | (160)  | 1   |
| <b>Total</b>  | <b>130,427</b>                          | <b>(3,306)</b>  | <b>(160)</b>   | <b>126,961</b>                            |
| <b>Deferred tax liabilities</b>                     |   |   |  |   |
| Loans to customers and accrued interest receivables | (547)                                   | 276   | -  | (271)                                     |
| Properties, plant and equipment                     | (998)                                   | (282)   | -  | (1,280)                                   |
| Others  | (152)                                   | -   | (494)  | (646)                                     |
| <b>Total</b>  | <b>(1,697)</b>                          | <b>(6)</b>  | <b>(494)</b>   | <b>(2,197)</b>                            |
| <b>Deferred tax assets, net</b>                     | <b>128,730</b>                          |   |  | <b>124,764</b>                            |
| <b>31 December 2016</b>                             |   |   |  |   |
|   | <b>Balance as at 1 January Baht'000</b> | <b>Recognised in profit and loss income (expenses) Baht'000</b> | <b>Recognised in other comprehensive income Baht'000</b> | <b>Balance as at 31 December Baht'000</b> |
| <b>Deferred tax assets</b>                          |   |   |  |   |
| Loans to customers and accrued interest receivables | 80,801                                  | 36,155  | -  | 116,956                                   |
| Properties for sale                                 | 36                                      | -   | -  | 36  |
| Properties, plant and equipment                     | 10                                      | (10)  | -  | -   |
| Provisions  | 6,762                                   | 3,153   | 276  | 10,191                                    |
| Reserve for share based payment                     | 2,398                                   | 685   | -  | 3,083                                     |
| Others  | 23                                      | -   | 138  | 161                                       |
| <b>Total</b>  | <b>90,030</b>                           | <b>39,983</b>   | <b>414</b>   | <b>130,427</b>                            |
| <b>Deferred tax liabilities</b>                     |   |   |  |   |
| Loans to customers and accrued interest receivables | (1,650)                                 | 1,103   | -  | (547)                                     |
| Properties, plant and equipment                     | -                                       | (998)   | -  | (998)                                     |
| Others  | (777)                                   | -   | 625  | (152)                                     |
| <b>Total</b>  | <b>(2,427)</b>                          | <b>105</b>  | <b>625</b>   | <b>(1,697)</b>                            |
| <b>Deferred tax assets, net</b>                     | <b>87,603</b>                           |   |  | <b>128,730</b>                            |

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**16 Other assets, net**

|                                       | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|---------------------------------------|--------------------------------------|--|
| Deferred leasehold rights             | 9,217                                | 9,720                                    |
| Interest and income receivables       | 31,017                               | 34,951                                   |
| Prepaid expenses                      | 85,659                               | 60,855                                   |
| Supplies                              | 1,428                                | 1,435                                    |
| Deposits and guarantee                | 36,025                               | 36,941                                   |
| Account receivables - Counter service | 1,716                                | 5,216                                    |
| Other receivables                     | 19,812                               | 43,891                                   |
| Advance to customers, net             | 17,554                               | 15,197                                   |
| Others                                | 15,939                               | 14,927                                   |
| <b>Total</b>                          | <b>218,367</b>                       | <b>223,133</b>                           |

**17 Deposits**

**17.1 Classified by products**

|                   | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|-------------------|--------------------------------------|--|
| Payable on demand | 98,095                               | 150,706                                  |
| Saving deposits   | 24,150,195                           | 22,171,716                               |
| Time deposits     | 10,504,374                           | 10,582,682                               |
| <b>Total</b>      | <b>34,752,664</b>                    | <b>32,905,104</b>                        |

**17.2 Classified by currency and customer's residence**

|              | <b>30 June 2017</b>          |                             |                           | <b>31 December 2016</b>      |                             |                           |
|--------------|------------------------------|-----------------------------|---------------------------|------------------------------|-----------------------------|---------------------------|
|              | <b>Domestic<br/>Baht'000</b> | <b>Foreign<br/>Baht'000</b> | <b>Total<br/>Baht'000</b> | <b>Domestic<br/>Baht'000</b> | <b>Foreign<br/>Baht'000</b> | <b>Total<br/>Baht'000</b> |
| Thai Baht    | 34,752,664                   | -                           | 34,752,664                | 32,905,104                   | -                           | 32,905,104                |
| <b>Total</b> | <b>34,752,664</b>            | <b>-</b>                    | <b>34,752,664</b>         | <b>32,905,104</b>            | <b>-</b>                    | <b>32,905,104</b>         |

**18 Interbank and money market items, net (liabilities)**

|  | <b>30 June 2017</b>         |                          |                           | <b>31 December 2016</b>     |                          |                           |
|--|-----------------------------|--------------------------|---------------------------|-----------------------------|--------------------------|---------------------------|
|  | <b>At call<br/>Baht'000</b> | <b>Term<br/>Baht'000</b> | <b>Total<br/>Baht'000</b> | <b>At call<br/>Baht'000</b> | <b>Term<br/>Baht'000</b> | <b>Total<br/>Baht'000</b> |
| Domestic:                              |                             |                          |                           |                             |                          |                           |
| Bank of Thailand                       | -                           | 359,483                  | 359,483                   | -                           | 429,204                  | 429,204                   |
| Special purpose financial institutions | -                           | 449,505                  | 449,505                   | -                           | 529,333                  | 529,333                   |
| Other financial                        | 703,073                     | 8,000                    | 711,073                   | 726,123                     | 108,000                  | 834,123                   |
| <b>Total</b>                           | <b>703,073</b>              | <b>816,988</b>           | <b>1,520,061</b>          | <b>726,123</b>              | <b>1,066,537</b>         | <b>1,792,660</b>          |

**19 Provisions**

|   | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|---|--------------------------------------|--|
| Provision for post-employment benefit                       | 55,289                               | 44,622                                   |
| Provision for decommissioning cost of leasehold improvement | 8,153                                | 6,334                                    |
| <b>Total provisions</b>                                     | <b>63,442</b>                        | <b>50,956</b>                            |

Provision for employee benefits

The Bank has post-employment benefit plans in accordance with the Labor Protection Law which are unfunded defined benefit plans and presented as provision on the statements of financial positions.

The reconciliation of the present value of defined benefit obligations are as follows:

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--|
| Beginning balance of defined benefit obligations     | 44,622                               | 33,803                                   |
| Current service costs                                | 10,221                               | 8,272                                    |
| Interest costs                                       | 446                                  | 1,163                                    |
| Amount paid under defined benefit plan               | -                                    | -  |
| Remeasurements:                                      |                                      |  |
| (Gain)/loss from change in demographic assumptions   | -                                    | (1,746)                                  |
| (Gain)/loss from change in financial assumptions     | -                                    | 3,949                                    |
| Experience (gain)/(loss)                             | -                                    | (819)                                    |
| <b>Ending balance of defined benefit obligations</b> | <b>55,289</b>                        | <b>44,622</b>                            |

Employee benefits under defined benefit plans authorised in the statements of profit or loss and other comprehensive income are as follows:

|                       | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|-----------------------|--------------------------------------|--------------------------------------|
| Current service costs | 10,221                               | 7,296                                |
| Interest costs        | 446                                  | 434                                  |
| <b>Total</b>          | <b>10,667</b>                        | <b>7,730</b>                         |

Principal actuarial assumptions used to calculate the defined benefit obligations as at 30 June 2017 and 31 December 2016, are as follows:

|                                      | <b>30 June<br/>2017</b> | <b>31 December<br/>2016</b> |
|--------------------------------------|-------------------------|-----------------------------|
| Discount rates (%)                   | 2.00                    | 2.00                        |
| Average rate of salary increases (%) | 5.00                    | 5.00                        |

**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**19 Provisions (Cont'd)**

|                    | Change in assumption        |                                 | Impact on defined benefit obligation |                                 |                             |                                 |
|--------------------|-----------------------------|---------------------------------|--------------------------------------|---------------------------------|-----------------------------|---------------------------------|
|                    |                             |                                 | Increase in assumption               |                                 | Decrease in assumption      |                                 |
|                    | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 | 30 June<br>2017<br>Baht'000          | 31 December<br>2016<br>Baht'000 | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
| Discount rate      | 1%                          | 1%                              | Decrease by<br>6.18%                 | Decrease by<br>6.04%            | Increase by<br>6.96%        | Increase by<br>6.82%            |
| Salary growth rate | 1%                          | 1%                              | Increase by<br>6.81%                 | Increase by<br>6.20%            | Decrease by<br>6.16%        | Decrease by<br>5.62%            |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 7.42 years (31 December 2016: 7.42 years).

Expected maturity analysis of undiscounted retirement benefits:

|                     | Less than<br>a year<br>Baht'000 | Between<br>1 - 2 years<br>Baht'000 | Between<br>2 - 5 years<br>Baht'000 | Over<br>5 years<br>Baht'000 | Total<br>Baht'000 |
|---------------------|---------------------------------|------------------------------------|------------------------------------|-----------------------------|-------------------|
| At 30 June 2017     |                                 |                                    |                                    |                             |                   |
| Retirement benefits | 1,347                           | 31,514                             | 12,482                             | 1,653,229                   | 1,698,572         |
| Total               | 1,347                           | 31,514                             | 12,482                             | 1,653,229                   | 1,698,572         |
| At 31 December 2016 |                                 |                                    |                                    |                             |                   |
| Retirement benefits | 2,658                           | 5,966                              | 35,757                             | 1,656,849                   | 1,701,230         |
| Total               | 2,658                           | 5,966                              | 35,757                             | 1,656,849                   | 1,701,230         |

**20 Other liabilities**

|                                       | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|---------------------------------------|-----------------------------|---------------------------------|
| The Revenue Department payable        | 4,242                       | 4,631                           |
| Account payables - purchase of assets | 1,182                       | 5,886                           |
| Accrued interest expenses             | 98,504                      | 126,536                         |
| Other payables                        | 54,134                      | 13,544                          |
| Accrued fee and service expenses      | 238,301                     | 282,604                         |
| Withholding tax payable               | 9,225                       | 10,864                          |
| Accrued specific business tax         | 9,800                       | 8,799                           |
| Corporate income tax                  | 41,150                      | 67,274                          |
| Others                                | 5,053                       | 7,835                           |
| Total                                 | 461,591                     | 527,973                         |

## 21 Reserve for share-based payment

### Stock options

The Bank awards the stock options of the Bank to certain senior management.

The Extraordinary General Shareholders' Meeting dated 28 February 2017 passed a resolution to issue the second program of warrants for certain senior management of the Bank to purchase an additional registered ordinary share capital of The Thai Credit Retail Bank Public Company Limited at par value of Baht 10 each in total amount of 3.13 million shares. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price Baht 10 per ordinary share.

The Annual General Shareholders' Meeting dated 27 March 2014 passed a resolution to issue the warrants for certain senior management of the Bank to purchase an additional registered ordinary share capital of The Thai Credit Retail Bank Public Company Limited at par value of Baht 10 each in total amount of 12.5 million shares. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price Baht 10 per ordinary share.

All of these awards contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances.

Management has estimated the fair value using the Binomial valuation model by engaging the valuation specialist. The weighted-average option price as at 28 February 2017 is Baht 1.24 per option and the weighted-average option price as at 27 March 2014 is Baht 1.37 per option. The risk-free interest rate is the implied yield on zero-coupon Thailand government bonds, with a remaining life equal to the expected life of the option. The expected volatility is estimated for giving consideration to, amongst other things, the historical volatility of pass listed in the Stock Exchange of Thailand for the period that commensurate with the expected life of the option. The 0% dividend yield assumption has been adopted for valuation.

The remaining contractual life of the total 15.63 million options is 1.75 years.

For the six-month periods ended 30 June 2017, the Bank has stock options expense recognised during the year amounting to Baht 2.33 million (2016: Baht 1.71 million).

## 22 Share capital

|                     | <b>Number of<br/>shares<br/>Shares</b> | <b>Ordinary<br/>Shares<br/>Baht</b> | <b>Total<br/>Baht</b> |
|---------------------|--|-------------------------------------|-----------------------|
| At 1 January 2016   | 400,000,000                            | 4,000,000,000                       | 4,000,000,000         |
| Issue of shares     | -                                      | -                                   | -                     |
| At 31 December 2016 | 400,000,000                            | 4,000,000,000                       | 4,000,000,000         |
| Issue of shares     | 100,000,000                            | 1,000,000,000                       | 1,000,000,000         |
| At 30 June 2017     | <u>500,000,000</u>                     | <u>5,000,000,000</u>                | <u>5,000,000,000</u>  |

On 28 February 2017, the shareholders at the Bank's extraordinary shareholders' meeting passed a resolution to approve increase the authorised share capital from 412.5 million ordinary shares with a par value of Baht 10 per share to 515.63 million ordinary shares with a par value of Baht 10 per share. The Bank registered the increased share capital with the Ministry of Commerce on 7 March 2017. On 21 March 2017, the Bank received subscription of 100 additional million shares at Baht 10 par value in the total of Baht 1,000 million already.

**23 Legal reserve**

Under the Public Limited Company Act., B.E. 2535, the Bank is required to set aside a legal reserve at least 5% of its net income for the year after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered share capital. The legal reserve is not available for dividend distribution.

**24 Assets with obligations and restrictions**

As at 30 June 2017 and 31 December 2016, the Bank has investment in securities under obligations and restrictions as follows:

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--|
| Pledged as collateral for private REPO under the BOT | 221,000                              | 250,000                                  |
| Pledged as other collaterals                         | 834                                  | 1,012                                    |
| Total  | <u>221,834</u>                       | <u>251,012</u>                           |

**Contingent liabilities**

As at 30 June 2017 and 31 December 2016, contingent liabilities are as follows:

|                                      | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|--------------------------------------|--------------------------------------|--|
| Aval                                 | 35,633                               | 43,648                                   |
| Other contingencies                  |                                      |  |
| - Other guarantees                   | 191,955                              | 123,234                                  |
| - Unused overdraft credit facilities | 243,782                              | 255,010                                  |
| Total                                | <u>471,370</u>                       | <u>421,892</u>                           |



**The Thai Credit Retail Bank Public Company Limited**  
**Notes to the Interim Financial Statements**  
**For the six-month period ended 30 June 2017**

**25 Capital funds**

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551. The capital funds comprise:

|   | <b>30 June<br/>2017<br/>Baht'000</b>     | <b>Total capital<br/>to risk assets<br/>%</b> |
|---|--|---|
| <b>Tier I</b>                                   |  |   |
| Issued and paid up share capital                | 5,000,000                                |   |
| Warrants  | 17,745                                   |   |
| Statutory reserve                               | 2,300                                    |   |
| Deficit after appropriation                     | (53,249)                                 |   |
| Other reserves                                  | 2,066                                    |   |
| <b>Less</b> Deduction items from Tier 1 capital |  |   |
| Intangible assets                               | (84,108)                                 |   |
| Deferred tax assets                             | (124,764)                                |   |
| <b>Total Tier I capital fund</b>                | <b>4,759,990</b>                         | <b>15.42</b>                                  |
| <b>Tier II</b>                                  |  |   |
| Reserve for loan classified as pass             | 336,725                                  |   |
| <b>Total Tier II capital fund</b>               | <b>336,725</b>                           | <b>1.09</b>                                   |
| <b>Total capital funds</b>                      | <b>5,096,715</b>                         | <b>16.52</b>                                  |
|   | <b>31 December<br/>2016<br/>Baht'000</b> | <b>Total capital<br/>to risk assets<br/>%</b> |
| <b>Tier I</b>                                   |  |   |
| Issued and paid up share capital                | 4,000,000                                |   |
| Warrants  | 15,413                                   |   |
| Statutory reserve                               | 2,300                                    |   |
| Deficit after appropriation                     | (209,129)                                |   |
| Other reserves                                  | (22)                                     |   |
| <b>Less</b> Deduction items from Tier 1 capital |  |   |
| Intangible assets                               | (66,970)                                 |   |
| Deferred tax assets                             | (128,730)                                |   |
| <b>Total Tier I capital fund</b>                | <b>3,612,862</b>                         | <b>12.70</b>                                  |
| <b>Tier II</b>                                  |  |   |
| Reserve for loan classified as pass             | 313,160                                  |   |
| <b>Total Tier II capital fund</b>               | <b>313,160</b>                           | <b>1.10</b>                                   |
| <b>Total capital funds</b>                      | <b>3,926,022</b>                         | <b>13.80</b>                                  |

The Bank will disclose capital maintenance information as at 30 June 2017 in accordance with the Notification of the Bank of Thailand RE: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision on its website at [www.tcrbank.com](http://www.tcrbank.com) within four months after the statements of financial position date.

**26 The position and the results of operation by domestic and foreign operations**

The Bank has been operating in a single segment, which is banking business carrying out in Thailand only. As a result, most revenues, expenses, profit, assets and liabilities as reflected in the financial statements pertaining to the aforementioned industry and geographic area.

**27 Interest income**

|                                  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|----------------------------------|--------------------------------------|--------------------------------------|
| Interbank and money market items | 19,876                               | 9,652                                |
| Investments in debt securities   | 22,085                               | 25,611                               |
| Loans to customers               | 1,652,560                            | 1,206,634                            |
| Hire-purchase and finance lease  | 88,496                               | 128,059                              |
| Total interest income            | <u>1,783,017</u>                     | <u>1,369,956</u>                     |

**28 Interest expenses**

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--------------------------------------|
| Deposits   | 307,794                              | 296,105                              |
| Interbank and money market items   | 1,658                                | 1,760                                |
| Contributions to the Deposit Protection agency and the Financial Institution | 81,083                               | 64,995                               |
| Total interest expense   | <u>390,535</u>                       | <u>362,860</u>                       |

**29 Fees and service income, net**

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--------------------------------------|
| <b>Fees and service income</b>             |                                      |                                      |
| Acceptances, aval and guarantees of loans  | 1,567                                | 432                                  |
| Brokerage fee                              | 105,304                              | 96,363                               |
| Registration fee                           | 1,266                                | 2,277                                |
| Others                                     | 23,923                               | 18,479                               |
| Total fees and service income              | <u>132,060</u>                       | <u>117,551</u>                       |
| <b>Fees and service expenses</b>           |                                      |                                      |
| Fee and service expenses on ATM            | 5,053                                | 5,455                                |
| Registration fee and services expenses     | 802                                  | 1,272                                |
| Others commission fee and service expenses | 47,914                               | 14,122                               |
| Total fees and service expenses            | <u>53,769</u>                        | <u>20,849</u>                        |
| Fees and service income, net               | <u>78,291</u>                        | <u>96,702</u>                        |

**30 Net gains on investments**

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--------------------------------------|
| Gains on sales of available-for-sales securities | 6,182                                | 2,219                                |
| <b>Net gains on investments</b>                  | <b>6,182</b>                         | <b>2,219</b>                         |

**31 Bad debts, doubtful accounts and impairment loss**

|   | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|---|--------------------------------------|--------------------------------------|
| Interbank and money market items (reveral)                    | -                                    | (213)                                |
| Loans to customers  | 312,441                              | 157,127                              |
| Other receivable  | 5,185                                | -                                    |
| Loss on troubled debt restructuring                           | 23,702                               | 33,317                               |
| <b>Total bad debts, doubtful accounts and impairment loss</b> | <b>341,328</b>                       | <b>190,231</b>                       |

**32 Income tax**

|                                  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|----------------------------------|--------------------------------------|--------------------------------------|
| Current tax                      | 40,983                               | 52,050                               |
| Deferred tax income              | 3,312                                | (11,681)                             |
| <b>Total income tax expenses</b> | <b>44,295</b>                        | <b>40,369</b>                        |

Reconciliation of effective tax rates for the six-month periods ended 30 June 2017 and 2016 are follows:

|  | <b>30 June 2017</b> |           | <b>30 June 2016</b> |           |
|--|---------------------|-----------|---------------------|-----------|
|  | <b>Baht'000</b>     | <b>%</b>  | <b>Baht'000</b>     | <b>%</b>  |
| Accounting gain from operating before income tax expenses                | 226,521             |           | 210,910             |           |
| Tax expenses   |                     |           |                     |           |
| Income tax calculated at statutory tax rate                              | 45,304              | 20        | 42,182              | 20        |
| Tax effect of income or expenses that are not taxable income or expenses | (1,009)             |           | (1,813)             |           |
| <b>Total income tax expenses</b>   | <b>44,295</b>       | <b>20</b> | <b>40,369</b>       | <b>19</b> |

The weighted average applicable tax rate was 20% (2016: 19%).

**32 Income tax (Cont'd)**

The tax (charge)/credit relating to component of other comprehensive income is as follows:

|                                    | 30 June 2017           |                                       |                       | 30 June 2016           |                                       |                       |
|------------------------------------|------------------------|---------------------------------------|-----------------------|------------------------|---------------------------------------|-----------------------|
|                                    | Before tax<br>Baht'000 | Tax<br>(charge)<br>credit<br>Baht'000 | After tax<br>Baht'000 | Before tax<br>Baht'000 | Tax<br>(charge)<br>credit<br>Baht'000 | After tax<br>Baht'000 |
| Fair value gains:                  |                        |                                       |                       |                        |                                       |                       |
| Available-for-sale financial asset | 3,273                  | (655)                                 | 2,618                 | (1,839)                | 368                                   | (1,471)               |
| <b>Other comprehensive income</b>  | <b>3,273</b>           | <b>(655)</b>                          | <b>2,618</b>          | <b>(1,839)</b>         | <b>368</b>                            | <b>(1,471)</b>        |
| Current tax                        |                        | 40,983                                |                       |                        | 52,050                                |                       |
| Deferred tax income                |                        | 3,312                                 |                       |                        | (11,681)                              |                       |
| <b>Total income tax expenses</b>   |                        | <b>44,295</b>                         |                       |                        | <b>40,369</b>                         |                       |

**33 Commitments**

**i) Contingent liabilities**

As at 30 June 2017, the Bank has capital expenditure contract relating to installation the computer system, software development and implement for the International Financial Reporting Standard No. 9 Financial Instruments but does not recognised in the interim financial statements. The Bank is obligated to pay Baht 27.13 million further under contract agreements. Moreover, the Bank has commitments to pay for the branch offices interior decoration for Baht 5.37 million.

**ii) Operating lease commitments**

The Bank has entered into a number of lease agreements and series agreements. The future payments from the dates on the statements of financial position are summarised as follows:

|                                    | 30 June<br>2017<br>Baht'000 | 31 December<br>2016<br>Baht'000 |
|------------------------------------|-----------------------------|---------------------------------|
| Within 1 year                      | 141,370                     | 147,519                         |
| More than 1 year and up to 5 years | 146,944                     | 109,824                         |
| Over 5 years                       | 160                         | 141                             |
|                                    | <b>288,474</b>              | <b>257,484</b>                  |

**34 Related parties 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 companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the six-month period ended 30 June 2017, the Bank provided services to related parties on agreed-upon contractual basis.

Information with respect to major shareholder and related parties is as follows:

**Major shareholder**

Thai Life Insurance Public Co., Ltd.

**Related parties**

**Relationship**

|   |  |
|---|--|
| V.One Asset Co., Ltd.                   | Common directors                         |
| Chaiyawan Co., Ltd.                     | Common directors                         |
| Yad Sampan Co., Ltd.                    | Common directors                         |
| SBI Thai Online Securities Co. Ltd.     | Common directors                         |
| Sukhothai Assets Management Co., Ltd.   | Common shareholder                       |
| Insure and Beyond Broker Co., Ltd.      | Shares held by management related person |
| VC.Sombat Co., Ltd.                     | Common directors                         |
| Thai Health Insurance Public Co., Ltd.  | Common shareholder                       |
| Thai Paiboon Insurance Public Co., Ltd. | Common shareholder                       |
| V.73 Co., Ltd.                          | Common shareholder                       |
| C.12 Co., Ltd.                          | Common shareholder                       |
| Thunchai Co.,Ltd.                       | Common shareholder                       |
| Siengkong Co., Ltd.                     | Common shareholder                       |
| Thachaisri Co., Ltd.                    | Shares held by management related person |
| CN Liquor Co., Ltd.                     | Shares held by management related person |
| Piam Anan Co., Ltd                      | Shares held by management related person |
| Pathum Thani Jutemill Co., Ltd.         | Shares held by management related person |
| C. Laing Co., Ltd.                      | Shares held by management related person |
| Sakhorn Liquor Co., Ltd.                | Shares held by management related person |

**34 Related parties transactions (Cont'd)**

The Bank has a portion of assets, liabilities, income and expenses which were transactions with related parties. The accompanying financial statements reflect the effects of these transactions in the normal course of business on an arm's-length basis, with details as follows:

Balances with related parties as at 30 June 2017 and 31 December 2016, are as follows:

|  | <b>30 June<br/>2017<br/>Baht'000</b> | <b>31 December<br/>2016<br/>Baht'000</b> |
|--|--------------------------------------|--|
| <b>Deposits and retentions</b>                           |                                      |  |
| Major shareholder  | 2,060                                | 2,060                                    |
| Related parties  | 7,054                                | 6,858                                    |
| <b>Deposits</b>  |                                      |  |
| Major shareholder  | 378,896                              | 526,569                                  |
| Related parties  | 178,111                              | 153,042                                  |
| Director level upward including<br>their related persons | 77,448                               | 48,483                                   |
| <b>Accrued interest payable - deposits</b>               |                                      |  |
| Major shareholder  | 16                                   | 34                                       |
| Related parties  | 639                                  | 615                                      |
| Director level upward including<br>their related persons | 53                                   | 114                                      |

Income and expenses with related parties for the six-month periods ended 30 June 2017 and 2016 are as follows:

|   | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Interest expense - deposits</b>                    |                                      |                                      |
| Major shareholder                                     | 745                                  | 928                                  |
| Related parties                                       | 1,625                                | 2,058                                |
| Director level upward including their related persons | 337                                  | 414                                  |
| <b>Office rental expense</b>                          |                                      |                                      |
| Major shareholder                                     | 1,688                                | 1,670                                |
| Related parties                                       | 14,134                               | 13,528                               |
| <b>Service expenses</b>                               |                                      |                                      |
| Major shareholder                                     | 2,475                                | 2,475                                |
| <b>Fees and services income</b>                       |                                      |                                      |
| Major shareholder                                     | 98,903                               | 91,222                               |
| Related parties                                       | 18,149                               | 10,113                               |

Pricing policies

Transactions between the Bank and related parties have been priced as follows:

- Interests on loan and deposit are based on market price
- Rental and service income are based on rates specified in rental and services contracts

**35 Other benefits to directors and persons with managing authority**

For the six-month periods ended 30 June 2017 and 2016, benefits to key management personnel are as follows:

|                                 | <b>30 June<br/>2017<br/>Baht'000</b> | <b>30 June<br/>2016<br/>Baht'000</b> |
|---------------------------------|--------------------------------------|--------------------------------------|
| Short-term benefits             | 81,248                               | 49,543                               |
| Post - employment benefits      | 2,113                                | 1,435                                |
| Reserve for share based payment | 2,333                                | 1,713                                |
| <b>Total</b>                    | <b>85,694</b>                        | <b>52,691</b>                        |

**36 Profit per share**

Profit per share as presented in the statements of comprehensive income are calculated by dividing net profit for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the period.

There are no potential dilutive ordinary shares in issue for the six-month periods ended 30 June 2017 and 2016.

|   | <b>30 June<br/>2017</b> | <b>30 June<br/>2016</b> |
|---|-------------------------|-------------------------|
| Net profit for the period (Baht'000)                                    | 182,226                 | 170,541                 |
| Weighted average number of ordinary shares held by shareholder (shares) | 455,801,105             | 400,000,000             |
| Basic earnings per share (Baht)   | 0.40                    | 0.43                    |