

**The Thai Credit Retail Bank Public Company Limited
and its subsidiary**

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of The Thai Credit Retail Bank Public Company Limited

Opinion

I have audited the consolidated and the Bank's financial statements of The Thai Credit Retail Bank Public Company Limited and its subsidiary (the Group), and of The Thai Credit Retail Bank Public Company Limited (the Bank), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2018, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

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 Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and the Bank's 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.

Other matter

The financial statements of the Bank for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 28 February 2018.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank's financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and the Bank's financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank's financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank's financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 consolidated and the Bank's financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2019

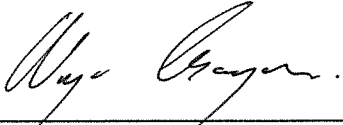
The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of financial position

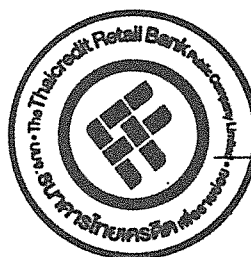
Assets	Note	Consolidated	The Bank	
		31 December 2018	31 December 2018	2017
<i>(in thousand Baht)</i>				
Cash		550,920	550,920	520,849
Interbank and money market items, net	7	4,273,434	4,273,434	4,684,413
Investments, net	8	1,532,422	1,532,422	1,478,957
Investments in subsidiary, net	9	-	100,000	-
Loans to customers and accrued interest receivables, net	10			
Loans to customers		44,770,044	44,770,044	39,497,525
Accrued interest receivables		241,881	241,881	211,445
Total loans to customers and accrued interest receivables		45,011,925	45,011,925	39,708,970
Less allowance for doubtful accounts	10, 11	(2,124,790)	(2,124,790)	(1,745,053)
Less revaluation allowance for debt restructuring	12	(254,542)	(254,542)	(237,655)
Total loans to customers and accrued interest receivables, net		42,632,593	42,632,593	37,726,262
Properties for sale, net	13	66,801	66,801	63,714
Premises and equipment, net	14	320,051	320,051	263,888
Intangible assets, net	15	151,429	147,555	124,906
Deferred tax assets	16	185,422	185,276	132,565
Other assets, net	17, 27	320,588	320,802	234,092
Total assets		50,033,660	50,129,854	45,229,646


The accompanying notes are an integral part of these financial statements.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of financial position

Liabilities and equity	Note	Consolidated	The Bank	
		31 December 2018	31 December 2018	2017
<i>(in thousand Baht)</i>				
Liabilities				
Deposits	18, 27	42,036,743	42,132,879	37,876,754
Interbank and money market items	19	811,443	811,443	1,099,530
Liabilities payable on demand		90,257	90,257	78,272
Provisions	20	87,876	87,876	65,590
Other liabilities	21, 27	730,926	730,401	607,526
Total liabilities		43,757,245	43,852,856	39,727,672
Equity				
Share capital	22			
Authorised share capital				
515,625,000 ordinary shares of Baht 10 each		5,156,250	5,156,250	5,156,250
Issued and paid-up share capital				
500,000,000 ordinary shares of Baht 10 each		5,000,000	5,000,000	5,000,000
Other reserves		20,745	20,745	21,063
Retained earnings				
Appropriated				
Legal reserve	24	64,787	64,787	2,300
Unappropriated		1,190,883	1,191,466	478,611
Equity attributable to equity holders of the Bank		6,276,415	6,276,998	5,501,974
Total equity		6,276,415	6,276,998	5,501,974
Total liabilities and equity		50,033,660	50,129,854	45,229,646


Mr. Winyou Chaiyawan
Director




Mr. Roy Agustinus Gunara
Director

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of profit or loss and other comprehensive income

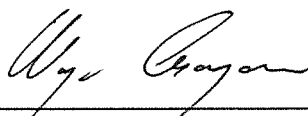
	Note	Consolidated	The Bank	
		For the year ended 31 December 2018	For the years ended 31 December 2018	2017
<i>(in thousand Baht)</i>				
Interest income	31	4,951,102	4,951,102	3,952,523
Interest expenses	27, 32	(900,963)	(901,132)	(805,987)
Net interest income		4,050,139	4,049,970	3,146,536
Fees and service income	27	299,141	299,141	266,513
Fees and service expenses		(175,869)	(175,869)	(120,857)
Net fees and service income	33	123,272	123,272	145,656
Losses on foreign exchange transactions, net		(138)	(138)	-
Gains on investments, net	34	1,735	1,735	6,798
Other operating income	27	58,963	59,303	54,979
Total operating income		4,233,971	4,234,142	3,353,969
Other operating expenses				
Employee expenses	28	1,625,048	1,625,048	1,379,124
Directors' remuneration	28	8,770	8,770	9,713
Premises and equipment expenses		341,566	341,566	290,001
Taxes and duties		162,777	162,777	126,524
Others	27	277,924	277,366	193,556
Total other operating expenses		2,416,085	2,415,527	1,998,918
Impairment loss on loans and debt securities	35	854,155	854,155	693,009
Profit from operations before income tax		963,731	964,460	662,042
Income tax	36	192,621	192,767	130,746
Profit for the year		771,110	771,693	531,296
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Losses (gains) on remeasuring available-for-sale investments		(2,722)	(2,722)	3,030
Income tax relating to items that will be reclassified subsequently to profit or loss	36	544	544	(606)
		(2,178)	(2,178)	2,424
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit obligations		4,561	4,561	705
Income tax relating to items that will not be reclassified to profit or loss	36	(912)	(912)	(141)
		3,649	3,649	564
Total other comprehensive income for the year, net of income tax		1,471	1,471	2,988
Total comprehensive income for the year		772,581	773,164	534,284

The accompanying notes are an integral part of these financial statements.

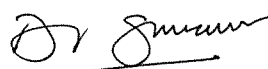
The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of profit or loss and other comprehensive income

	Note	Consolidated	The Bank	
		For the year ended 31 December 2018	For the years ended 31 December 2018	2017
<i>(in thousand Baht)</i>				
Profit attributable to:				
Equity holders of the Bank		771,110	771,693	531,296
Non-controlling interest		-	-	-
Profit for the year		<u>771,110</u>	<u>771,693</u>	<u>531,296</u>
Total comprehensive income attributable to:				
Equity holders of the Bank		772,581	773,164	534,284
Non-controlling interest		-	-	-
Total comprehensive income for the year		<u>772,581</u>	<u>773,164</u>	<u>534,284</u>
Earnings per share				
	37			
Basic earnings per share <i>(in Baht)</i>		<u>1.54</u>	<u>1.54</u>	<u>1.11</u>
Diluted earnings per share <i>(in Baht)</i>		<u>1.50</u>	<u>1.50</u>	<u>1.08</u>



Mr. Winyou Chaiyawan
Director

Mr. Roy Agustinus Gunara
Director

The accompanying notes are an integral part of these financial statements.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of cash flows

	Note	Consolidated	The Bank	
		For the year ended 31 December 2018	For the years ended 31 December 2018	2017
<i>(in thousand Baht)</i>				
<i>Cash flows from operating activities</i>				
Profit from operations before income tax		963,731	964,460	662,042
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation		79,419	79,419	70,894
Impairment losses on loans and debt securities		831,133	831,133	637,701
Impairment losses on other assets		6,135	6,135	8,295
Provision for employee benefits		26,729	26,729	17,335
Provision for decommissioning cost of leasehold improvement		1,861	1,861	2,482
Share-base payment		1,860	1,860	3,263
Losses on troubled debts restructuring		16,887	16,887	47,013
Losses on write-off of premises and equipment		1,421	1,421	1,167
Losses on reclassification of intangible assets		-	-	608
Losses (gains) on sales of properties for sale		80	80	(4,841)
Losses on disposal of premises and equipment		10	10	432
Gains on disposal of investments		(1,735)	(1,735)	(6,798)
Net amortisation of discount on investments		(6,569)	(6,569)	(9,792)
Net interest income		(4,050,139)	(4,049,970)	(3,146,536)
Interest received		4,898,544	4,898,544	3,915,604
Interest paid		(939,490)	(939,659)	(835,013)
Dividend income		(34)	(34)	(26)
Income tax paid		(196,955)	(196,955)	(100,625)
Profit from operations before changes in operating assets and liabilities		1,632,888	1,633,617	1,263,205
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items		411,328	411,328	(2,395,539)
Loans to customers		(5,723,915)	(5,723,915)	(5,327,210)
Properties for sale		(3,167)	(3,167)	(42,906)
Other assets		(97,342)	(97,556)	(19,844)
<i>Increase (decrease) in operating liabilities</i>				
Deposits		4,198,194	4,294,330	4,971,650
Interbank and money market items		(288,087)	(288,087)	(693,130)
Liabilities payable on demand		11,985	11,985	(14,969)
Provision for employee benefits		(1,743)	(1,743)	(4,477)
Other liabilities		69,580	69,181	72,170
Net cash provided by (used in) operating activities		209,721	305,973	(2,191,050)

The accompanying notes are an integral part of these financial statements.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of cash flows

		Consolidated	The Bank	
		For the year ended	For the years ended	
		31 December	31 December	
	<i>Note</i>	2018	2018	2017
		<i>(in thousand Baht)</i>		
<i>Cash flows from investing activities</i>				
Interest received		25,478	25,478	-
Dividend received		34	34	26
Purchase of available-for-sale investments		(2,351,931)	(2,351,931)	(3,124,130)
Purchase of general investments		(113)	(113)	-
Proceeds from sales and redemption of available-for-sale investments		2,304,163	2,304,163	4,570,667
Purchase of investment in subsidiary		-	(100,000)	-
Purchase of premises and equipment		(119,752)	(119,752)	(149,827)
Proceeds from sales of premises and equipment		68	68	306
Purchase of intangible assets		(37,597)	(33,849)	(26,715)
Net cash (used in) provided by investing activities		<u>(179,650)</u>	<u>(275,902)</u>	<u>1,270,327</u>
<i>Cash flows from financing activities</i>				
Proceeds from issue of share	22	-	-	1,000,000
Net cash provided by financing activities		<u>-</u>	<u>-</u>	<u>1,000,000</u>
Net increase in cash		30,071	30,071	79,277
Cash at 1 January		<u>520,849</u>	<u>520,849</u>	<u>441,572</u>
Cash at 31 December		<u><u>550,920</u></u>	<u><u>550,920</u></u>	<u><u>520,849</u></u>
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Increase in properties for sale due to debts settlement	13	36,571	36,571	104,964
(Decrease) increase in other payables - purchases of assets		(4,998)	(5,123)	12,018

The accompanying notes are an integral part of these financial statements.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2018

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The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2019.

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 has been approved by the Ministry of Finance to operate as a retail bank in Thailand effective from 22 December 2006 and commenced its operations on 18 January 2007 onwards. 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 Bank has its registered head office at 123 Thai Life Insurance Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400.

As at 31 December 2018, the ultimate parent company and the immediate parent company were V.C. Sombat Co., Ltd. and VNB Holding Company Limited which were incorporated in Thailand.

The principal business of the Bank are financial services under the scope of retail banking license. Its subsidiary is incorporated as a limited company under Thai laws and has been operating in Thailand. Details of the Bank’s subsidiary as at 31 December 2018 are given in note 9.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (“BoT”) notification number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiary’s accounting policies. These changes has no material effect on the financial statements.

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are not yet effective for current periods. The Bank and its subsidiary have not early adopted these standards in preparing these financial statements. Those new and revised TFRSs that are relevant to the Bank and its subsidiary’s operations are disclosed in note 38.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Notes to the financial statements

For the year ended 31 December 2018

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

Item	Measurement base
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in note 3 (n)

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amount of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 5	Fair value of assets and liabilities
Note 11	Allowance for doubtful accounts
Note 16	Deferred tax assets
Note 20	Provisions

Measurement of fair values

The Bank and its subsidiary's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank and its subsidiary have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Assistant Managing Director, Finance.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2018

When measuring the fair value of an asset or a liability, the Bank and its subsidiary use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 5 Fair value of assets and liabilities.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiary (together referred to as “the Group”).

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiary section, other than those with entities under common control.

The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2018

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiary

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income.

(c) Cash

Cash consist of cash on hand and cash on collection of the Group.

(d) Investments

Investments in subsidiary

Investments in subsidiary in the Bank's financial statements are accounted for using the cost method.

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are stated at fair value, with any resulting gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any allowance for impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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 profit or loss or presented as item an equity, depending on the type of the transferred investments.

Recognition

Purchases and sales of investments are recorded on settlement date.

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(e) Loans to customers

Overdrafts are carried at the principal amounts including accrued interest receivables.

Hire-purchase and financial 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.

(f) 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 Finance 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 profit or loss.

(g) Troubled debt restructuring

The Bank's troubled debt restructuring methodology include the modification of payment schedule, reduction of principal and/or accrued interest receivables and asset transfer.

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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 receivables).

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 profit or loss when debt restructuring incurred.

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

(h) *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 receivables 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 profit or loss.

(i) *Premises and equipment*

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and allowance for impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Any gains or losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss.

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Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

Premises	25 years
Leasehold improvements	3 - 10 years
Furniture, fixtures and equipment	3 - 5 years
Computers and accessories	3 - 5 years
Vehicles	5 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and allowance for impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives are measured at cost less allowance for impairment losses.

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Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Leasehold rights

Leasehold rights are measured at cost less accumulated amortisation and are presented as a part of “other assets” in the statements of financial position.

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

The amortisation is recognised as other operating expenses in profit or loss.

(l) Operating lease

Lease not transferring a significant portion of the risks and rewards of ownership to lessee are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(m) Impairment

The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets’ recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any allowance for impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity investments carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss. For available-for-sale investments that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed in profit or loss as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to certain senior management is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(q) Revenue

Interest income and discount on loans to customers

Interest income is recognised on an accrual basis. The Bank discontinues recognition of overdue 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 BoT's notifications. 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.

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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 notifications. The Bank continues its income recognition on the accrual basis which the entire amount of the principal and overdue interest have been paid.

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 notifications. The Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

Interest income from investment in debt securities

Interest income from investment in debt securities is recognised on an effective interest rates over the holding periods.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Fees and services income

The Bank recognises fees and services income when services have been rendered.

Gains (losses) on sales of properties for sale

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

Gains (losses) on sales of investments

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

Brokerage fee

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. The Group recognises brokerage fee on an accrual basis.

Other income

The Group recognises other income on an accrual basis.

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(r) Expenses

The Group recognises expenses on an accrual basis.

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 profit or loss on an accrual basis.

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 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.

(s) Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to senior management.

(u) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 Risk management

The Bank's activities expose them to a variety of finance 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.

4.1 Credit risk

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, organisational structures, processes, and systems within an appropriated risks stated in the Bank business strategies as well as comply with regulations.

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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.

4.2 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.

As at 31 December 2018 and 2017, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	2018			
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	550,920	550,920
Interbank and money market items, net	-	3,637,320	636,114	4,273,434
Investments, net	-	1,530,589	1,833	1,532,422
Loans to customers, net of deferred revenue	32,179,568	10,038,588	2,551,888	44,770,044
Other financial assets	-	2,468	220,997	223,465
Total financial assets	32,179,568	15,208,965	3,961,752	51,350,285
<i>Financial liabilities</i>				
Deposits	-	41,945,579	91,164	42,036,743
Interbank and money market items	-	811,443	-	811,443
Liabilities payable on demand	-	-	90,257	90,257
Other financial liabilities	-	-	715,188	715,188
Total financial liabilities	-	42,757,022	896,609	43,653,631

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	The Bank			Total
	2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	550,920	550,920
Interbank and money market items, net	-	3,637,320	636,114	4,273,434
Investments, net	-	1,530,589	1,833	1,532,422
Investment in subsidiary, net	-	-	100,000	100,000
Loans to customers, net of deferred revenue	32,179,568	10,038,588	2,551,888	44,770,044
Other financial assets	-	2,468	221,338	223,806
Total financial assets	<u>32,179,568</u>	<u>15,208,965</u>	<u>4,062,093</u>	<u>51,450,626</u>
<i>Financial liabilities</i>				
Deposits	-	41,945,579	187,300	42,132,879
Interbank and money market items	-	811,443	-	811,443
Liabilities payable on demand	-	-	90,257	90,257
Other financial liabilities	-	-	714,664	714,664
Total financial liabilities	<u>-</u>	<u>42,757,022</u>	<u>992,221</u>	<u>43,749,243</u>

	The Bank			Total
	2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	520,849	520,849
Interbank and money market items, net	-	4,051,000	633,413	4,684,413
Investments, net	-	1,476,011	2,946	1,478,957
Loans to customers, net of deferred revenue	27,563,486	9,791,980	2,142,059	39,497,525
Other financial assets	-	2,422	174,616	177,038
Total financial assets	<u>27,563,486</u>	<u>15,321,413</u>	<u>3,473,883</u>	<u>46,358,782</u>
<i>Financial liabilities</i>				
Deposits	-	37,797,643	79,111	37,876,754
Interbank and money market items	-	1,099,530	-	1,099,530
Liabilities payable on demand	-	-	78,272	78,272
Other financial liabilities	-	-	592,852	592,852
Total financial liabilities	<u>-</u>	<u>38,897,173</u>	<u>750,235</u>	<u>39,647,408</u>

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As at 31 December 2018 and 2017, the financial assets and liabilities classified by maturity of interest repricing periods are as follows:

	Consolidated 2018						Total
	Repricing periods						
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- performing assets	Non- interest bearing	
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	3,637,320	-	-	-	-	636,114	4,273,434
Investments, net	769,881	679,803	80,905	-	-	1,833	1,532,422
Loans to customers, net of deferred revenue	33,500,190	2,223,267	5,518,841	975,858	2,551,888	-	44,770,044
Other financial assets	2,468	-	-	-	-	220,997	223,465
Total financial assets	37,909,859	2,903,070	5,599,746	975,858	2,551,888	1,409,864	51,350,285
<i>Financial liabilities</i>							
Deposits	31,416,948	7,454,797	3,073,834	-	-	91,164	42,036,743
Interbank and money market items	690,782	34,017	86,644	-	-	-	811,443
Liabilities payable on demand	-	-	-	-	-	90,257	90,257
Other financial liabilities	-	-	-	-	-	715,188	715,188
Total financial liabilities	32,107,730	7,488,814	3,160,478	-	-	896,609	43,653,631
	The Bank 2018						
	Repricing periods						
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- performing assets	Non- interest bearing	Total
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	3,637,320	-	-	-	-	636,114	4,273,434
Investments, net	769,881	679,803	80,905	-	-	1,833	1,532,422
Investments in subsidiary, net	-	-	-	-	-	100,000	100,000
Loans to customers, net deferred revenue	33,500,190	2,223,267	5,518,841	975,858	2,551,888	-	44,770,044
Other financial assets	2,468	-	-	-	-	221,338	223,806
Total financial assets	37,909,859	2,903,070	5,599,746	975,858	2,551,888	1,510,205	51,450,626
<i>Financial liabilities</i>							
Deposits	31,416,948	7,454,797	3,073,834	-	-	187,300	42,132,879
Interbank and money market items	690,782	34,017	86,644	-	-	-	811,443
Liabilities payable on demand	-	-	-	-	-	90,257	90,257
Other financial liabilities	-	-	-	-	-	714,664	714,664
Total financial liabilities	32,107,730	7,488,814	3,160,478	-	-	992,221	43,749,243

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	The Bank 2017						Total
	Repricing periods				Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	520,849	520,849
Interbank and money market items, net	4,051,000	-	-	-	-	633,413	4,684,413
Investments, net	685,938	687,978	101,033	1,062	-	2,946	1,478,957
Loans to customers, net of deferred revenue	29,631,780	1,611,095	4,525,632	1,586,959	2,142,059	-	39,497,525
Other financial assets	-	2,422	-	-	-	174,616	177,038
Total financial assets	34,368,718	2,301,495	4,626,665	1,588,021	2,142,059	1,331,824	46,358,782
<i>Financial liabilities</i>							
Deposits	27,828,698	7,456,715	2,512,230	-	-	79,111	37,876,754
Interbank and money market items	915,594	68,675	115,261	-	-	-	1,099,530
Liabilities payable on demand	-	-	-	-	-	78,272	78,272
Other financial liabilities	-	-	-	-	-	592,852	592,852
Total financial liabilities	28,744,292	7,525,390	2,627,491	-	-	750,235	39,647,408

The Bank and its subsidiary have 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 years ended 31 December 2018 and 2017 were as follows:

	Consolidated 2018		
	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>
<i>Earning financial assets</i>			
Interbank and money market items	3,656,161	68,628	1.88
Investments	1,416,170	21,773	1.54
Loans to customers	42,303,714	4,860,701	11.49
Total	47,376,045	4,951,102	
<i>Interest-bearing financial liabilities</i>			
Deposits	40,084,292	896,880	2.24
Interbank and money market items	907,715	4,083	0.45
Total	40,992,007	900,963	

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	The Bank					
	2018		2017			
	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>
<i>Earning financial assets</i>						
Interbank and money market items	3,656,161	68,628	1.88	3,059,345	46,207	1.51
Investments	1,416,170	21,773	1.54	2,323,422	37,632	1.62
Loans to customers	<u>42,303,714</u>	<u>4,860,701</u>	11.49	<u>36,645,876</u>	<u>3,868,684</u>	10.56
Total	<u>47,376,045</u>	<u>4,951,102</u>		<u>42,028,643</u>	<u>3,952,523</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	40,152,089	897,049	2.23	35,063,593	801,900	2.29
Interbank and money market items	<u>907,715</u>	<u>4,083</u>	0.45	<u>1,341,783</u>	<u>4,087</u>	0.30
Total	<u>41,059,804</u>	<u>901,132</u>		<u>36,405,376</u>	<u>805,987</u>	

4.3 Foreign exchange rate risk

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

The Bank and its subsidiary have no material foreign currency transactions or balances.

4.4 Equity price risk

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

Such investments in equity securities are not marketable securities. They are presented in the statements of financial positions at cost net of valuation allowance for impairment. Loss on impairment of such investments is recognised in profit or loss.

4.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations when they are due. This risk arises from an inability to convert their assets into cash or acquire adequate funds at the appropriate 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 Bank will disclose Liquidity Coverage Ratio (LCR) information for the Bank as at 31 December 2018 through the Bank's website at www.tcrbank.com within April 2019.

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The following tables present the Bank and its subsidiary's and the Bank's maturities of financial assets and liabilities as at 31 December 2018 and 2017.

	Consolidated 2018					Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	Over 5 years	
Financial assets						
Cash	-	-	-	-	-	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,532,422
Loans to customers, net of deferred revenue	619,278	1,614,652	912,791	13,842,267	27,781,056	44,770,044
Other financial assets	-	168,593	41	-	44,017	223,465
Total financial assets	1,253,916	6,191,922	1,592,635	13,923,172	27,825,073	51,350,285
Financial liabilities						
Deposits	28,537,749	2,970,363	7,454,797	3,073,834	-	42,036,743
Interbank and money market items	526,572	164,210	34,017	86,644	-	811,443
Liabilities payable on demand	90,257	-	-	-	-	90,257
Other financial liabilities	-	71,184	619,029	23,133	-	715,188
Total financial liabilities	29,154,578	3,205,757	8,107,843	3,183,611	-	43,653,631
Net liquidity gap	(27,900,662)	2,986,165	(6,515,208)	10,739,561	27,825,073	7,696,654

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	The Bank 2018					Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	Over 5 years	
Financial assets						
Cash	-	-	-	-	-	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,532,422
Investments in subsidiary, net	-	-	-	-	-	100,000
Loans to customers, net of deferred revenue	619,278	1,614,652	912,791	13,842,267	27,781,056	44,770,044
Other financial assets	-	168,934	41	-	44,017	223,806
Total financial assets	1,253,916	6,192,263	1,592,635	13,923,172	27,825,073	51,450,626
Financial liabilities						
Deposits	28,633,885	2,970,363	7,454,797	3,073,834	-	42,132,879
Interbank and money market items	526,572	164,210	34,017	86,644	-	811,443
Liabilities payable on demand	90,257	-	-	-	-	90,257
Other financial liabilities	-	71,184	618,505	23,133	-	714,664
Total financial liabilities	29,250,714	3,205,757	8,107,319	3,183,611	1,842	43,749,243
Net liquidity gap	(27,996,798)	2,986,506	(6,514,684)	10,739,561	27,825,073	7,701,383

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	The Bank 2017						Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (<i>in thousand Baht</i>)	Over 5 years	No maturity	
Financial assets							
Cash	-	-	-	-	-	520,849	520,849
Interbank and money market items, net	631,961	4,052,452	-	-	-	-	4,684,413
Investments, net	-	687,164	687,978	101,033	1,062	1,720	1,478,957
Loans to customers, net of deferred revenue	841,506	2,129,753	699,911	10,085,737	25,740,618	-	39,497,525
Other financial assets	-	45,647	38,171	36,760	-	56,460	177,038
Total financial assets	1,473,467	6,915,016	1,426,060	10,223,530	25,741,680	579,029	46,358,782
Financial liabilities							
Deposits	25,038,290	2,869,519	7,456,715	2,512,230	-	-	37,876,754
Interbank and money market items	690,464	225,130	68,675	115,261	-	-	1,099,530
Liabilities payable on demand	78,272	-	-	-	-	-	78,272
Other financial liabilities	185	87,528	490,644	10,609	-	3,886	592,852
Total financial liabilities	25,807,211	3,182,177	8,016,034	2,638,100	-	3,886	39,647,408
Net liquidity gap	(24,333,744)	3,732,839	(6,589,974)	7,585,430	25,741,680	575,143	6,711,374

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5 Fair value of assets and liabilities

5.1 Financial assets and liabilities measured at fair value

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated and the Bank			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
31 December 2018				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,530,589	-	1,530,589

	The Bank			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
31 December 2017				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,477,237	-	1,477,237

Fair values of available-for-sale debt investments are Level 2. The fair values are based on the bid prices at The ThaiBMA or other financial institutions at the last business day of the period.

The Bank and its subsidiary recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2018 and 2017.

5.2 Financial assets and liabilities not measured at fair value

The following table shows financial assets and liabilities not measured at fair value at the reporting date. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

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	Carrying amount	Consolidated Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2018					
Financial assets					
Investments					
- General investments	1,833	-	-	1,985	1,985
Loans to customers and accrued interest receivables, net	42,632,593	-	-	43,073,097	43,073,097
Financial liabilities					
Deposits	42,036,743	-	42,090,566	-	42,090,566
Interbank and money market items	811,443	-	811,065	-	811,065

	Carrying amount	The Bank Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2018					
Financial assets					
Investments					
- General investments	1,833	-	-	1,985	1,985
Loans to customers and accrued interest receivables, net	42,632,593	-	-	43,037,097	43,037,097
Financial liabilities					
Deposits	42,132,879	-	42,186,702	-	42,186,702
Interbank and money market items	811,443	-	811,065	-	811,065

31 December 2017					
Financial assets					
Investments					
- General investments	1,720	-	-	1,815	1,815
Loans to customers and accrued interest receivables, net	37,762,262	-	-	37,769,216	37,769,216
Financial liabilities					
Deposits	37,876,754	-	37,885,499	-	37,855,499
Interbank and money market items	1,099,530	-	1,098,670	-	1,098,670

The following methods and assumptions were used by the Bank and its subsidiary in estimating the fair value of financial assets and liabilities not measured at fair value as disclosed herein.

Interbank and money market items (assets and liabilities)

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. Accordingly, their carrying amount is a reasonable approximation of fair value.

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The interbank and money market items (liabilities) are deposits and borrowing from the BoT and other financial institutions. Some are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value. Whereas deposits and borrowing from other financial institutions with longer than 1-year maturity, the fair values are estimated using discounted cash flow by current effective interest rates of similar remaining maturities.

Held-to-maturity debt securities

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

General investments

Fair values are determined mainly based on the net asset value of the investee company.

Loans to customers

For floating-rate loans, the fair value is equal to the carrying amount.

Fair fixed rate loans which are classified as normal or special mention, the fair value is equal to the present value of future cash flows discounted by the contractual rate of loans.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

Deposits

Deposits are saving deposits, current accounts, fixed or certificate of deposits. These deposits are typically short-term or at call 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 effective interest 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.

Other financial instruments

The fair value of other financial instruments approximate the carrying value at which they are stated on the statement of financial position.

6 Maintenance of capital fund

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.

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Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. As at 31 December 2018 and 2017, the Bank's total capital funds could be categorised as follows:

	The Bank	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Tier 1 Capital</i>		
Paid-up share capital	5,000,000	5,000,000
Warrants	20,535	18,675
Legal reserve	64,787	2,300
Net profits after appropriation	741,218	128,977
Other reserves	210	1,910
Less Capital deduction items on CET1	<u>(332,832)</u>	<u>(232,490)</u>
Total Tier 1 Capital	<u>5,493,918</u>	<u>4,919,372</u>
<i>Tier 2 Capital</i>		
Allowance for classified assets of "pass" category	<u>412,148</u>	<u>358,357</u>
Total Tier 2 Capital	<u>412,148</u>	<u>358,357</u>
Total Capital funds	<u>5,906,066</u>	<u>5,277,729</u>
Total Risk-Weighted Assets	<u>39,027,081</u>	<u>33,263,456</u>

	The BoT's regulation minimum requirement	2018	The BoT's regulation minimum requirement (%)	2017
Capital Adequacy Ratio/Total Risk-Weighted Asset	10.375	15.13	9.75	15.87
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.875	14.08	7.25	14.79
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.375	14.08	5.75	14.79

According to BoT's notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose CET1 after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2018 and 2017, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy and capital risk exposure information for the Bank as at 31 December 2018 through the Bank's website at www.tcrbank.com within April 2019.

Capital management

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.

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7 Interbank and money market items, net (assets)

	Consolidated and the Bank			The Bank		
	At call	2018 Term	Total	At call	2017 Term	Total
			(in thousand Baht)			
<i>Domestic</i>						
Bank of Thailand	496,559	37,000	533,559	582,155	351,000	933,155
Commercial banks	138,074	2,400,000	2,538,074	49,806	2,100,000	2,149,806
Specialised financial institutions	-	1,200,000	1,200,000	-	1,600,000	1,600,000
Total	634,633	3,637,000	4,271,633	631,961	4,051,000	4,682,961
<i>Add</i> accrued interest receivables	-	1,801	1,801	-	1,452	1,452
Total domestic	634,633	3,638,801	4,273,434	631,961	4,052,452	4,684,413

8 Investments, net

8.1 Classified by type of investments

	Consolidated and the Bank	The Bank
	2018	2017
	(in thousand Baht)	
<i>Available-for-sale investments - Fair value</i>		
Government and state enterprise securities	1,455,545	1,172,400
Private enterprises debt securities	75,044	304,837
Total	1,530,589	1,477,237
<i>General investment - Cost</i>		
Domestic non-marketable equity securities	1,833	1,720
Total	1,833	1,720
Total investments	1,532,422	1,478,957

As at 31 December 2018 and 2017, the Bank and its subsidiary had some investments in securities pledged as collateral as disclosed in note 25.

As at 31 December 2018 and 2017, the Bank and its subsidiary did not have investment in any entity in which the Bank and its subsidiary held 10% or more of the paid up share capital of the investee company.

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8.2 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2018 and 2017, revaluation surplus (deficit) on investments is summarised as follows:

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
<i>Debt securities</i>		
Revaluation surplus on investments	229	1,227
Revaluation deficit on investments	(457)	(1)
Surplus on reclassification	490	1,760
Net revaluation surplus on investments	262	2,986
Less deferred tax	(52)	(598)
Net	210	2,388

During the year ended 31 December 2017, the Bank reclassified some held-to-maturity debt securities to available-for-sale investments with carrying amortised cost of Baht 205.33 million. The Bank recognised unrealised gains from the reclassification amounting of Baht 7.94 million and gains from sales of such investments for amounting of Baht 6.18 million.

There was no reclassification of investments during the year ended 31 December 2018.

8.3 Classified by the remaining periods to maturity of the debt securities

	Consolidated and the Bank 2018				The Bank 2017			
	Remaining periods				Remaining periods			
	Within 1 year	Over 1 year to 5 years	Over 5 years	Total	Within 1 year	Over 1 year to 5 years	Over 5 years	Total
<i>Available-for-sale investments</i>								
Government and state enterprises securities	1,394,522	61,177	-	1,455,699	1,089,410	81,033	1,062	1,171,505
Private enterprise debt securities	55,119	20,000	-	75,119	284,506	20,000	-	304,506
Total	1,449,641	81,177	-	1,530,818	1,373,916	101,033	1,062	1,476,011
Add/less allowance for revaluation	43	(272)	-	(229)	751	449	26	1,226
Total	1,449,684	80,905	-	1,530,589	1,374,667	101,482	1,088	1,477,237

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9 Investments in subsidiary, net

Company	Type of business	The Bank		Cost 2018 <i>(in thousand Baht)</i>	Dividend income for the year ended 2018
		Type of share	Percentage of ownership interest 2018 (%)		
Subsidiary					
Thai Micro Digital Solutions Co., Ltd.	Financial services	Ordinary	100.0	100,000	-
Total				100,000	-

10 Loans to customers and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Overdrafts	347,699	451,746
Loans	41,098,783	35,283,143
Notes	1,624,339	1,952,980
Hire-purchase receivables	1,699,223	1,809,656
Loans to customers net of deferred revenue	44,770,044	39,497,525
Add accrued interest receivables	241,881	211,445
Total loans to customers net of deferred revenue and accrued interest receivables	45,011,925	39,708,970
Less allowance for doubtful accounts		
- Minimum provision according to the BoT's requirement	(1,426,809)	(1,232,072)
- Excess provision	(697,981)	(512,981)
Less revaluation allowance for debt restructuring	(254,542)	(237,655)
Loans to customers and accrued interest receivables, net	42,632,593	37,726,262

As at 31 December 2018, there were non-performing loans amounting to Baht 2,551.89 million for which the Bank has ceased recognition of interest income on accrual basis (2017: Baht 2,142.06 million).

For the year ended 31 December 2018, the Bank sold a part of its loans to customers to a third party at the price of Baht 261.94 million (2017: Baht 90.82 million). The Bank had already received the full payment in July 2018. (2017: November 2017).

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10.2 Classified by currency and residency of debtors

	Consolidated and the Bank 2018 Domestic (in thousand Baht)	The Bank 2017 Domestic (in thousand Baht)
Baht	44,770,044	39,497,525
Total*	<u>44,770,044</u>	<u>39,497,525</u>

* Loans to customers net of deferred revenue

10.3 Classified by business type and quality of loan classification

	Consolidated and the Bank 2018					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	624,460	33,993	11,339	12,069	1,076	682,937
Manufacturing and commerce	19,237,216	1,670,495	413,862	491,783	829,511	22,642,867
Property development and construction	4,095,592	359,539	41,089	48,458	55,915	4,600,593
Infrastructure and services	6,620,572	411,728	65,452	64,066	124,661	7,286,479
Housing loans	2,598,334	387,928	59,641	88,822	72,069	3,206,794
Others	5,861,933	316,366	28,460	40,901	102,714	6,350,374
Total*	<u>39,038,107</u>	<u>3,180,049</u>	<u>619,843</u>	<u>746,099</u>	<u>1,185,946</u>	<u>44,770,044</u>

	The Bank 2017					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	589,669	23,900	2,079	623	4,064	620,335
Manufacturing and commerce	16,434,868	1,150,863	263,377	421,324	594,581	18,865,013
Property development and construction	4,039,819	205,798	20,231	30,121	51,461	4,347,430
Infrastructure and services	6,172,148	327,880	53,973	88,259	178,888	6,821,148
Housing loans	2,887,084	413,529	73,220	57,101	133,694	3,564,628
Others	4,713,823	396,086	41,239	47,848	79,975	5,278,971
Total*	<u>34,837,411</u>	<u>2,518,056</u>	<u>454,119</u>	<u>645,276</u>	<u>1,042,663</u>	<u>39,497,525</u>

* Loans to customers net of deferred revenue.

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10.4 Classified by loan classification

Consolidated and the Bank				
2018				
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum provision according to the BoT's requirement				
Pass	39,249,603	12,739,501	1	123,572
Special mention	3,210,434	799,052	2	12,249
Sub-standard	619,843	358,091	100	350,301
Doubtful	746,099	449,426	100	431,923
Doubtful of loss	1,185,946	534,037	100	508,764
Total*	<u>45,011,925</u>	<u>14,880,107</u>		<u>1,426,809</u>
Excess provision				697,981
Total				<u><u>2,124,790</u></u>
The Bank				
2017				
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum provision according to the BoT's requirement				
Pass	35,025,380	10,607,956	1	102,290
Special mention	2,541,532	563,072	2	7,212
Sub-standard	454,120	217,305	100	212,261
Doubtful	645,275	330,041	100	320,905
Doubtful of loss	1,042,663	608,186	100	589,404
Total*	<u>39,708,970</u>	<u>12,326,560</u>		<u>1,232,072</u>
Excess provision				512,981
Total				<u><u>1,745,053</u></u>

* Loans to customers net of deferred revenue add accrued interest receivables

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10.5 Non-performing loans

As at 31 December 2018 and 2017, the Bank and its subsidiary had non-performing loans (NPLs) according to the BoT's regulations. Such non-performing loans consisted of loans classified as sub-standard, doubtful and doubtful of loss under the BoT's regulations, as follows:

	Consolidated and the Bank 2018	The Bank 2017
Net NPLs (principal net of allowance for doubtful accounts)		
NPLs after allowance for doubtful accounts on NPLs (<i>in thousand Baht</i>)	1,260,900	1,019,488
Total loans after allowance for doubtful accounts on NPLs (<i>in thousand Baht</i>)	43,479,056	38,374,955
Percentage of net NPLs (%)	2.90	2.66
NPLs (principal)		
NPLs (<i>in thousand Baht</i>)	2,551,888	2,142,058
Total loans (<i>in thousand Baht</i>)	44,770,044	39,497,525
Percentage of NPLs (%)	5.70	5.42

10.6 Troubled debt restructuring

Detail of customers whose debts have been restructured as at 31 December 2018 and 2017 compared with the total customers, in the financial statements, were as follows:

	Consolidated and the Bank 2018		The Bank 2017	
	Number of loans (<i>items</i>)	Outstanding balance after restructuring (<i>in thousand Baht</i>)	Number of loans (<i>items</i>)	Outstanding balance after restructuring (<i>in thousand Baht</i>)
Restructured debts	2,917	7,151,710	2,489	5,873,027
Total customers	144,347	44,770,044	82,883	39,497,525

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Details of customers whose debts have been restructured during the year ended 31 December 2018 and 2017 were as follows:

<i>For the year ended 31 December</i>	Consolidated and the Bank				The Bank			
	2018				2017			
	Number of loans (items)	Outstanding balance before restructuring	Fair value of assets (in thousand Baht)	Outstanding balance after restructuring	Number of loans (items)	Outstanding balance before restructuring	Fair value of assets (in thousand Baht)	Outstanding balance after restructuring
Restructuring method								
Transfer of properties	-	-	-	-	1	25,947	13,580	11,816
Modifications of terms of receivables	428	1,438,288	-	1,278,683	454	1,197,594	-	1,041,124
Total	428	1,438,288	-	1,278,683	455	1,223,541	13,580	1,052,940

Most of the assets transferred for settlement are land and buildings.

As at 31 December 2018 and 2017, the weighted average terms of the above mentioned restructuring were 9.48 years and 9.11 years, respectively.

For the year ended 31 December 2018 and 2017, the Bank and its subsidiary recognised losses from troubled debt restructuring amounting to Baht 16.89 million and Baht 47.01 million, respectively in the consolidated profit or loss and the profit or loss. The Bank and its subsidiary also recognised interest income from the restructured loans amounting to Baht 336.33 million and Baht 267.44 million, respectively in the consolidated profit or loss and the profit or loss.

As at 31 December 2018 and 2017, the outstanding balances of troubled debt restructuring receivables were classified as follows:

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Pass	3,662,885	3,056,574
Special mention	2,177,232	1,620,496
Sub-standard	244,127	152,569
Doubtful	322,107	424,521
Doubtful loss	745,359	618,867
Total	7,151,710	5,873,027

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10.7 Hire-purchase receivables

	Consolidated and the Bank			Total
	2018			
	Portion due within 1 year	Portion due over 1 year but within 5 years <i>(in thousand Baht)</i>	Portion due over 5 years	
Hire-purchase receivables	727,099	966,812	5,312	1,699,223
<i>Less</i> unearned interest income	-	-	-	-
Present value of minimum lease payments receivable	727,099	966,812	5,312	1,699,223
<i>Less</i> allowance for doubtful accounts				<u>(110,283)</u>
Hire-purchase receivables, net				<u>1,588,940</u>

	The Bank			Total
	2017			
	Portion due within 1 year	Portion due over 1 year but within 5 years <i>(in thousand Baht)</i>	Portion due over 5 years	
Hire-purchase receivables	821,432	984,215	4,009	1,809,656
<i>Less</i> unearned interest income	-	-	-	-
Present value of minimum lease payments receivable	821,432	984,215	4,009	1,809,656
<i>Less</i> allowance for doubtful accounts				<u>(110,236)</u>
Hire-purchase receivables, net				<u>1,699,420</u>

11 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the year were as follow:

	Consolidated and the Bank						Total
	2018						
	Minimum provision according to the BoT's requirement					Excess	
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	provision	
	<i>(in thousand Baht)</i>						
At 1 January	102,290	7,212	212,261	320,905	589,404	512,981	1,745,053
Allowance for doubtful accounts	21,680	21,526	138,072	132,746	323,619	185,000	822,643
Bad debt written-off	(53)	(16,489)	-	(5,285)	(9,497)	-	(31,324)
Allowance for doubtful accounts of the disposed debt	(345)	-	(32)	(16,443)	(394,762)	-	(411,582)
At 31 December	<u>123,572</u>	<u>12,249</u>	<u>350,301</u>	<u>431,923</u>	<u>508,764</u>	<u>697,981</u>	<u>2,124,790</u>

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	The Bank						Total
	2017						
	Minimum provision according to the BoT's requirement						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	
	<i>(in thousand Baht)</i>						
At 1 January	71,988	7,649	121,440	111,243	363,132	530,581	1,206,033
Allowance for doubtful accounts (reversal)	30,388	(437)	91,573	215,997	304,403	(17,600)	624,324
Bad debt written-off	(66)	-	-	-	(57,463)	-	(57,529)
Transferred out	-	-	-	(348)	(242)	-	(590)
Allowance for doubtful accounts of the disposed debt	(20)	-	(752)	(5,987)	(20,426)	-	(27,185)
At 31 December	102,290	7,212	212,261	320,905	589,404	512,981	1,745,053

12 Revaluation allowance for debt restructuring

	Consolidated and the Bank	The Bank
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	237,655	190,642
Increase during the year	16,887	47,013
At 31 December	254,542	237,655

13 Properties for sale, net

During the years 2018 and 2017, changes to the properties for sale, net were as follows:

	At 1 January 2018	Consolidated and the Bank		At 31 December 2018
		Additions	Disposals	
	<i>(in thousand Baht)</i>			
Assets from settlement of debts				
- Immovable assets	60,183	6,353	-	66,536
- Movable asset	3,711	30,218	(33,484)	445
Total	63,894	36,571	(33,484)	66,981
Less allowance for impairment losses	(180)	-	-	(180)
Net	63,714	36,571	(33,484)	66,801
	At 1 January 2017	The Bank		At 31 December 2017
		Additions	Disposals	
	<i>(in thousand Baht)</i>			
Assets from settlement of debts				
- Immovable assets	13,646	61,050	(14,513)	60,183
- Movable asset	2,501	43,914	(42,704)	3,711
Total	16,147	104,964	(57,217)	63,894
Less allowance for impairment losses	(180)	-	-	(180)
Net	15,967	104,964	(57,217)	63,714

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As at 31 December 2018 and 2017, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	37,124	30,771
- Appraised by internal appraisers	29,412	29,412
Total	66,536	60,183

14 Premises and equipment, net

During the years 2018 and 2017, changes in premises and equipment were as follows:

	Premises	Leasehold improvement	Furniture, fixtures and equipment	Computers and accessories	Others	Total
	<i>(in thousand Baht)</i>					
Cost						
At 1 January 2018	66,090	179,779	159,265	141,849	467	547,450
Additions	-	41,321	33,039	32,233	13,994	120,587
Transfers in (out)	-	5,610	58	-	(5,668)	-
Disposals	-	-	(1,828)	-	-	(1,828)
Write-off	-	(4,045)	(1,866)	(2,632)	(467)	(9,010)
At 31 December 2018	66,090	222,665	188,668	171,450	8,326	657,199
Accumulated depreciation and allowance for impairment losses						
At 1 January 2018	(1,854)	(62,099)	(113,076)	(106,531)	(2)	(283,562)
Depreciation charge for the year	(2,644)	(22,140)	(20,628)	(17,485)	(28)	(62,925)
Disposals	-	-	1,750	-	-	1,750
Write-off	-	3,242	1,703	2,615	29	7,589
At 31 December 2018	(4,498)	(80,997)	(130,251)	(121,401)	(1)	(337,148)
Net book value						
At 1 January 2018	64,236	117,680	46,189	35,318	465	263,888
At 31 December 2018	61,592	141,668	58,417	50,049	8,325	320,051

The gross amount of the Bank and its subsidiary's fully depreciated premises and equipment that were still in use as at 31 December 2018 amounted to Baht 151.51 million.

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2018 amounted to Baht 62.93 million.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
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	The Bank					Total
	Premises	Leasehold improvement	Furniture, fixtures and equipment <i>(in thousand Baht)</i>	Computers and accessories	Others	
<i>Cost</i>						
At 1 January 2017	-	140,804	137,372	137,119	-	415,295
Additions	66,090	38,162	25,332	15,443	6,125	151,152
Transfers in (out)	-	5,658	-	-	(5,658)	-
Disposals	-	(755)	(3,268)	(10,713)	-	(14,736)
Write-off	-	(4,090)	(171)	-	-	(4,261)
At 31 December 2017 and 1 January 2018	66,090	179,779	159,265	141,849	467	547,450
Additions	-	41,321	33,039	32,233	13,994	120,587
Transfers in (out)	-	5,610	58	-	(5,668)	-
Disposals	-	-	(1,828)	-	-	(1,828)
Write-off	-	(4,045)	(1,866)	(2,632)	(467)	(9,010)
At 31 December 2018	66,090	222,665	188,668	171,450	8,326	657,199
<i>Accumulated depreciation and allowance for impairment losses</i>						
At 1 January 2017	-	(48,880)	(99,396)	(103,173)	-	(251,449)
Depreciation charge for the year	(1,854)	(16,383)	(16,973)	(13,992)	(2)	(49,204)
Disposal	-	227	3,137	10,634	-	13,998
Write-off	-	2,937	156	-	-	3,093
At 31 December 2017 and 1 January 2018	(1,854)	(62,099)	(113,076)	(106,531)	(2)	(283,562)
Depreciation charge for the year	(2,644)	(22,140)	(20,628)	(17,485)	(28)	(62,925)
Disposals	-	-	1,750	-	-	1,750
Write-off	-	3,242	1,703	2,615	29	7,589
At 31 December 2018	(4,498)	(80,997)	(130,251)	(121,401)	(1)	(337,148)
<i>Net book value</i>						
At 1 January 2017	-	91,924	37,976	33,946	-	163,846
At 31 December 2017 and 1 January 2018	64,236	117,680	46,189	35,318	465	263,888
At 31 December 2018	61,592	141,668	58,417	50,049	8,325	320,051

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2018 amounted to Baht 151.51 million (2017: Baht 135.88 million).

Depreciation presented in the profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 62.93 million and Baht 49.20 million, respectively.

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15 Intangible assets, net

During the years 2018 and 2017, changes in intangible assets were as follows:

	Consolidated			Total
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	
Cost				
At 1 January 2018	166,920	32,621	21,399	220,940
Additions	16,811	-	25,200	42,011
Transfers in (out)	6,623	-	(6,623)	-
At 31 December 2018	190,354	32,621	39,976	262,951
Accumulated amortisation and allowance for impairment losses				
At 1 January 2018	(96,034)	-	-	(96,034)
Amortisation for the year	(15,488)	-	-	(15,488)
At 31 December 2018	(111,522)	-	-	(111,522)
Net book value				
At 1 January 2018	70,886	32,621	21,399	124,906
At 31 December 2018	78,832	32,621	39,976	151,429

The gross amount of the Bank and its subsidiary's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 67.28 million.

Amortisation presented in the consolidated profit or loss for the year ended 31 December 2018 amounted to Baht 15.49 million.

	The Bank			Total
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	
Cost				
At 1 January 2017	107,941	32,621	46,404	186,966
Additions	13,770	-	20,980	34,750
Transfers in (out)	45,209	-	(45,209)	-
Adjustment	-	-	(776)	(776)
At 31 December 2017 and 1 January 2018	166,920	32,621	21,399	220,940
Additions	16,811	-	21,326	38,137
Transfers in (out)	6,623	-	(6,623)	-
At 31 December 2018	190,354	32,621	36,102	259,077

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	The Bank			Total
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	
<i>Accumulated amortisation and allowance for impairment losses</i>				
At 1 January 2017	(75,349)	-	-	(75,349)
Amortisation for the year	(20,685)	-	-	(20,685)
At 31 December 2017 and 1 January 2018	(96,034)	-	-	(96,034)
Amortisation for the year	(15,488)	-	-	(15,488)
At 31 December 2018	(111,522)	-	-	(111,522)
<i>Net book value</i>				
At 1 January 2017	<u>32,592</u>	<u>32,621</u>	<u>46,404</u>	<u>111,617</u>
At 31 December 2017 and 1 January 2018	<u>70,886</u>	<u>32,621</u>	<u>21,399</u>	<u>124,906</u>
At 31 December 2018	<u>78,832</u>	<u>32,621</u>	<u>36,102</u>	<u>147,555</u>

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 67.28 million (2017: Baht 49.22 million).

Amortisation presented in the profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 15.49 million and Baht 20.69 million respectively.

16 Deferred tax assets

Movements in deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income <i>(note 36)</i> <i>(in thousand Baht)</i>	
<i>Deferred tax assets</i>				
Loans to customers and accrued interest receivables	117,696	47,339	-	165,035
Properties for sale	36	-	-	36
Provisions	13,117	5,370	(912)	17,575
Reserve for share-based payment	3,736	372	-	4,108
Others	-	146	-	146
Total	134,585	53,227	(912)	186,900

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	At 1 January 2018	Consolidated (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
			(note 36)	
		(in thousand Baht)		
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	114	-	-
Premises and equipment	(1,308)	(116)	-	(1,424)
Others	(598)	-	544	(54)
Total	(2,020)	(2)	544	(1,478)
Net	132,565	53,225	(368)	185,422

	At 1 January 2018	The Bank (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
			(note 36)	
		(in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	117,696	47,339	-	165,035
Properties for sale	36	-	-	36
Provisions	13,117	5,370	(912)	17,575
Reserve for share-based payment	3,736	372	-	4,108
Others	-	-	-	-
Total	134,585	53,081	(912)	186,754
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	114	-	-
Premises and equipment	(1,308)	(116)	-	(1,424)
Others	(598)	-	544	(54)
Total	(2,020)	(2)	544	(1,478)
Net	132,565	53,079	(368)	185,276

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	At 1 January 2017	The Bank (Charged) / Credited to:		At 31 December 2017
		Profit or loss <i>(note 36)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax assets</i>				
Loans to customers and accrued interest receivables	116,956	740	-	117,696
Properties for sale	36	-	-	36
Provisions	10,191	496	2,430	13,117
Reserve for share-based payment	3,083	653	-	3,736
Others	161	-	(161)	-
Total	130,427	1,889	2,269	134,585
<i>Deferred tax liabilities</i>				
Loans to customers and accrued interest receivables	(547)	433	-	(114)
Premises and equipment	(998)	(310)	-	(1,308)
Others	(152)	-	(446)	(598)
Total	(1,697)	123	(446)	(2,020)
Net	128,730	2,012	1,823	132,565

17 Other assets, net

	Consolidated	The Bank	
	2018	2018	2017
		<i>(in thousand Baht)</i>	
Deferred leasehold rights	7,709	7,709	8,715
Accrued fee income	38,069	38,069	29,866
Accrued interest income	2,175	2,175	5,880
Prepaid expenses	110,888	110,770	75,827
Supplies	3,678	3,678	1,997
Deposits and guarantee	44,017	44,017	36,759
Accounts receivable - counter service	38,192	38,192	7,739
Other receivables, net	12,297	12,297	27,413
Advance to customers	28,917	28,917	21,170
Others	34,646	34,978	18,726
Total	320,588	320,802	234,092

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18 Deposits

18.1 Classified by type of deposits

	Consolidated	The Bank	
	2018	2018	2017
	<i>(in thousand Baht)</i>		
Current	91,164	187,300	79,111
Savings	28,446,585	28,446,585	24,959,179
Term	13,498,994	13,498,994	12,838,464
Total	<u>42,036,743</u>	<u>42,132,879</u>	<u>37,876,754</u>

18.2 Classified by currency and residency of depositors

	Consolidated	The Bank	
	2018	2018	2017
	Domestic	Domestic	
	<i>(in thousand Baht)</i>		
Thai Baht	42,036,743	42,132,879	37,876,754
Total	<u>42,036,743</u>	<u>42,132,879</u>	<u>37,876,754</u>

19 Interbank and money market items (liabilities)

	Consolidated and the Bank			The Bank		
	At call	2018 Term	Total	At call	2017 Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Bank of Thailand	-	-	-	-	3,598	3,598
Specialised financial institutions	-	281,823	281,823	-	386,438	386,438
Other financial institutions	526,572	3,048	529,620	690,464	19,030	709,494
Total domestic	<u>526,572</u>	<u>284,871</u>	<u>811,443</u>	<u>690,464</u>	<u>409,066</u>	<u>1,099,530</u>

20 Provisions

	Consolidated and the Bank	The Bank
	2018	2017
	<i>(in thousand Baht)</i>	
Provision for post-employment benefits	77,199	56,774
Provision for decommissioning cost of leasehold improvement	10,677	8,816
Total	<u>87,876</u>	<u>65,590</u>

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Provision for post-employment benefits

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for		
Post-employment benefits		
Defined benefit plan	77,199	56,774
Total	<u>77,199</u>	<u>56,774</u>

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Statement of profit or loss and other comprehensive income

Recognised in profit or loss

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Post-employment benefits		
Defined benefit plan	26,729	17,334
	<u>26,729</u>	<u>17,334</u>

Recognised in other comprehensive income

Actuarial gains recognised in the year	(4,561)	(705)
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The Bank and its subsidiary operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
At 1 January	56,774	44,622
Include in profit or loss		
Current service cost	25,394	16,442
Interest on obligation	1,335	892
	<u>26,729</u>	<u>17,334</u>
Included in other comprehensive income		
Actuarial gains	(4,561)	(705)
	<u>(4,561)</u>	<u>(705)</u>
Other		
Benefit paid	(1,743)	(4,477)
	<u>(1,743)</u>	<u>(4,477)</u>
At 31 December	<u>77,199</u>	<u>56,774</u>

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Actuarial (gains) losses recognised in other comprehensive income arising from:

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Demographic assumptions	1,216	3,229
Financial assumptions	(537)	(911)
Experience adjustment	(5,240)	(3,023)
Total	(4,561)	(705)

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and the Bank 2018	The Bank 2017
	<i>(% per annum)</i>	
Discount rate	2.33	2.22
Future salary growth	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 7.14 years (2017: 7.94 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 31 December 2018				
Discount rate (1% movement)	(4,637)	5,198	(4,637)	5,198
Future salary growth (1% movement)	4,710	(4,293)	4,710	(4,293)
At 31 December 2017				
Discount rate (1% movement)	-	-	(3,622)	4,079
Future salary growth (1% movement)	-	-	3,710	(3,368)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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21 Other liabilities

	Consolidated	The Bank	
	2018	2018	2017
		<i>(in thousand Baht)</i>	
Value added tax payable	4,502	4,502	5,445
Other payables - purchase of assets	7,725	7,725	12,848
Accrued interest expenses	97,189	97,189	97,510
Other payables	25,385	25,385	13,523
Accrued fee and service expenses	425,137	424,622	356,590
Withholding tax payable	11,245	11,235	9,229
Accrued specific business tax	14,288	14,288	11,877
Corporate income tax	141,862	141,862	94,492
Others	3,593	3,593	6,012
Total	<u>730,926</u>	<u>730,401</u>	<u>607,526</u>

22 Share capital

	Par value per share <i>(in Baht)</i>	2018		2017	
		Number	Amount	Number	Amount
		<i>(in thousand shares / thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	10	515,625	5,156,250	412,500	4,125,000
Increase of ordinary share	10	-	-	103,125	1,031,250
At 31 December					
- ordinary shares	10	<u>515,625</u>	<u>5,156,250</u>	<u>515,625</u>	<u>5,156,250</u>
Issued and paid-up					
At 1 January					
- ordinary shares	10	500,000	5,000,000	400,000	4,000,000
Increase of ordinary share	10	-	-	100,000	1,000,000
At 31 December					
- ordinary shares	10	<u>500,000</u>	<u>5,000,000</u>	<u>500,000</u>	<u>5,000,000</u>

On 28 February 2017, the shareholders at the Bank's extraordinary shareholders' meeting passed a resolution to increase the authorised share capital from 412.50 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 per share in the total of Baht 1,000 million already.

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23 Share-based payments

Stock options

The Bank awards 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 additional registered ordinary share capital of The Thai Credit Retail Bank Public Company Limited at par value of Baht 10 each in the total amount of 3.13 million shares. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price of 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 additional registered ordinary share capital of The Thai Credit Retail Bank Public Company Limited at par value of Baht 10 each in the total amount of 12.5 million shares. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price of Baht 10 per ordinary share.

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

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted – average exercise price (Baht/share)	Number of options (million shares)
At 1 January 2017	10	12.50
Granted	10	3.13
At 31 December 2017 and 1 January 2018	10	15.63
At 31 December 2018	10	15.63

As at 31 December 2018 and 2017, share options outstanding and its expiry date and exercise prices were as follow:

	Exercise price (Baht/share)	2018 (million shares)	2017 (million shares)
Expired date:			
27 March 2019	10	15.63	15.63

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.

As at 31 December 2018, the remaining contractual life of the total 15.63 million options (2017: 15.63 million options) was 0.25 years (2017: 1.25 years).

For the years ended 31 December 2018 and 2017, the Bank had stock options expense recognised during the year amounting to Baht 1.86 million and Baht 3.26 million, respectively.

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24 Reserve

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

25 Assets pledged as collateral and under restriction

As at 31 December 2018 and 2017, the Bank and its subsidiary had investments in securities under obligations and restrictions were as follow:

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Investments in securities		
- Pledged as collateral for private repo under the BoT	261,000	150,000
- Pledged as other collaterals	50	834
Total	<u>261,050</u>	<u>150,834</u>

26 Contingent liabilities and commitments

26.1 Contingent liabilities

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Avals to bills	3,963	18,680
Other contingencies		
- Other guarantees	140,740	169,911
- Amount of unused bank overdrafts	183,106	183,898
Total	<u>327,809</u>	<u>372,489</u>

As at 31 December 2018 and 2017, the Bank and its subsidiary had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

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26.2 Commitments

As at 31 December 2018 and 2017, the Bank and its subsidiary had commitments resulted by entering into a number of contracts of installation and computer software development as follow:

	Consolidated 2018	The Bank 2018	2017
	<i>(in thousand Baht)</i>		
Capital commitments			
<i>Contracted but not provided for:</i>			
Intangible assets	24,775	17,763	20,260
Total	24,775	17,763	20,260
Other commitments			
Other agreements	20,078	19,882	-
Total	20,078	19,882	-

27 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiary are described in note 9. As at 31 December 2018, relationships with key management and other related parties were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thai and other nationalities	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiary, directly or indirectly, including any director of the Bank and its subsidiary.
V.C. Sombat Co., Ltd.	Thailand	The ultimate parent company of the Bank
VNB Holding Company Limited	Thailand	The parent company of the Bank owning 59.97% of the Bank's paid-up share capital.
Thai Life Insurance Public Company Limited	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital.
Polaris Capital Investment Limited	Hong Kong	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital.
Thai Micro Digital Solutions Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Thai Health Insurance Public Company Limited	Thailand	Entity in the same group company
Thai Paiboon Insurance Public Company Limited	Thailand	Entity in the same group company
Thachaisri Co., Ltd.	Thailand	Entity in the same group company
Piam Anan Co., Ltd.	Thailand	Entity in the same group company
Pathum Thani Jutemill Co., Ltd.	Thailand	Entity in the same group company

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Name of entity	Country of incorporation/ nationality	Nature of relationship
C.Laing Co., Ltd.	Thailand	Entity in the same group company
Sakhorn Liquor Co., Ltd.	Thailand	Entity in the same group company
V.One Asset Co., Ltd.	Thailand	Entity in the same group company
Chaiyawan Co., Ltd.	Thailand	Entity in the same group company
Yad Sampan Co., Ltd.	Thailand	Entity in the same group company
Thaikhum Co.,Ltd.	Thailand	Entity in the same group company
V.73 Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
C.12 Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Thunchai Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Siengkong Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Chai Brothers Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders

The pricing policies for particular types of transactions were explained further below:

Transactions	Pricing policies
Interest expenses	Market rate
Fee and service income	Contractually agreed price
Other operating income	Contractually agreed price
Other operating expenses	Contractually agreed price

Significant related parties transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

For the years ended 31 December	Consolidated	The Bank	
	2018	2018	2017
		<i>(in thousand Baht)</i>	
Interest expenses			
Parent company	4	4	-
Subsidiary	-	169	-
Major shareholders	1,221	1,221	1,396
Other related parties	2,711	2,711	3,026
Key management personnel of the Bank	803	803	700
Fees and service income			
Major shareholders	185,389	185,389	184,648
Other related parties	85,938	85,938	64,000
Other operating income			
Parent company	113	113	-
Subsidiary	-	340	-
Other operating expenses			
Major shareholders	8,199	8,199	8,325
Other related parties	30,421	30,421	28,593

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Balances as at 31 December 2018 and 2017 with related parties were as follows:

	Consolidated	The Bank	
	2018	2018	2017
		<i>(in thousand Baht)</i>	
Other assets			
Parent company	113	113	-
Subsidiary	-	340	-
Major shareholders	19,795	19,795	17,258
Other related parties	27,667	27,667	21,089
Deposits			
Parent company	37	37	-
Subsidiary	-	96,136	-
Major shareholders	369,537	369,537	453,153
Other related parties	178,608	178,608	150,846
Key management personnel of the Bank	67,298	67,298	72,865
Other liabilities			
Major shareholders	22	22	27
Other related parties	93	93	699
Key management personnel of the Bank	60	60	62

Significant agreements with related parties

The Bank has office rental agreements with the parent and the subsidiary for a period of 3 years. The Bank receives the rental fee as specified in the agreements.

Commitment with related parties

The Bank has served as a shared service agreement with the parent and the subsidiary. The scope of services comprises of Accounting, Information technology, Human resource, Compliance and internal audit, Legal, Operational risk management, Operations, General administration, Financial analysis and strategic planning and Product development and digital product development. The Bank receives the service fee as agreed.

28 Other benefits to directors and persons with managing authority

For the years ended 31 December 2018 and 2017, benefits to key management personnel were as follows:

	Consolidated and	
	the Bank	The Bank
<i>For the years ended 31 December</i>	2018	2017
	<i>(in thousand Baht)</i>	
Short-term benefits	95,171	127,072
Post-employment benefits	4,926	10,375
Reserve for share based payment	1,860	3,263
Total	101,957	140,710

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29 Operating leases

The Bank and its subsidiary have entered into a number of lease agreements and service agreements. The future payments from the dates on the statements of financial position were summarised as follows:

Future minimum lease payment

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Within 1 year	186,866	161,419
Over 1 year but within 5 years	181,948	233,189
Over 5 years	154	141
Total	368,968	394,749

Amounted recognised in profit or loss

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>		
Lease expense	198,310	176,598

30 Financial position and results of operations classified by domestic and foreign business

The Bank and its subsidiary operates in a single segment, which is banking business carrying out in Thailand only. Most revenues, expenses, profit, assets and liabilities are as reflected in the financial statements pertaining to the aforementioned industry and geographic area.

31 Interest income

	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>		
Interbank and money market items	68,628	46,207
Investments in debt securities	21,773	37,632
Loans to customers	4,716,836	3,700,257
Hire-purchase	143,865	168,427
Total	4,951,102	3,952,523

32 Interest expenses

	Consolidated 2018	The Bank	
		2018	2017
		<i>(in thousand Baht)</i>	
<i>For the years ended 31 December</i>			
Deposits	705,497	705,666	634,328
Interbank and money market items	4,083	4,083	4,087
Contribution to Deposit Protection Agency and BoT	191,383	191,383	167,572
Total	900,963	901,132	805,987

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33 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	2,925	2,626
- Management fee	51,732	46,760
- Brokerage fee	236,357	208,493
- Others	8,127	8,634
Total	299,141	266,513
Fees and service expenses		
- Fee and service expenses on ATM	(10,191)	(10,023)
- Loan guarantee commission expenses	(128,716)	(87,288)
- Others	(36,962)	(23,546)
Total	(175,869)	(120,857)
Net	123,272	145,656

34 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale investments	1,735	6,798
Total	1,735	6,798

35 Impairment loss on loans and debt securities

<i>For the years ended 31 December</i>	Consolidated and the Bank 2018	The Bank 2017
	<i>(in thousand Baht)</i>	
Bad debts and doubtful accounts		
- Loans to customers	831,133	637,701
- Other receivables	6,135	8,295
Loss on debt restructuring	16,887	47,013
Total	854,155	693,009

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37 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding during the years as follows:

<i>For the years ended 31 December</i>	Consolidated	The Bank	
	2018	2018	2017
	<i>(in thousand Baht / thousand shares)</i>		
Profit attributable to ordinary shareholders of the Bank (basic)	<u>771,110</u>	<u>771,693</u>	<u>531,296</u>
Number of ordinary shares outstanding at 1 January	500,000	500,000	400,000
Effect of shares issued on 21 March 2017	-	-	78,082
Weighted average number of ordinary shares outstanding (basic)	<u>500,000</u>	<u>500,000</u>	<u>478,082</u>
Earnings per share (basic) (in Baht)	<u>1.54</u>	<u>1.54</u>	<u>1.11</u>

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Bank and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the years ended 31 December</i>	Consolidated	The Bank	
	2018	2018	2017
	<i>(in thousand Baht / thousand shares)</i>		
Profit attributable to ordinary shareholders of the Bank (diluted)	<u>771,110</u>	<u>771,693</u>	<u>531,296</u>
Weighted average number of ordinary shares outstanding (basic)	500,000	500,000	478,082
Effect of exercise of share options	15,625	15,625	15,120
Weighted average number of ordinary shares outstanding (diluted)	<u>515,625</u>	<u>515,625</u>	<u>493,202</u>
Earnings per share (diluted) (in Baht)	<u>1.50</u>	<u>1.50</u>	<u>1.08</u>

38 Thai Financial reporting standards (TFRs) not yet adopted

A number of new and revised TFRSs which relevant to the Group's operations are expected to have significant impact on the consolidate and the Bank's financial statements on the date of initial application. Those TFRSs become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

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(a) *IFRS 15 Revenue from Contracts with Customers*

Rendering of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

The Bank and its subsidiary has completed assessment of the potential initial impact on the consolidated and the Bank's financial statements of IFRS 15 and expects that there will be no material impact on the financial statements in the period of initial application.

(b) *IFRS - Financial instruments standards*

These IFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying IFRS - Financial instruments standards on the consolidated and the Bank's financial statements.