

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

Interim financial statements
for the six-month period ended
30 June 2019
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of The Thai Credit Retail Bank Public Company Limited

Opinion

I have audited the interim 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 30 June 2019, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim 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 30 June 2019 and their financial performance and cash flows for the six-month period 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 Interim 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 interim 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.

A.



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

Management is responsible for the preparation and fair presentation of the interim 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 interim consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 Interim Consolidated and the Bank's Financial Statements

My objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 interim 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.

A.



- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank's financial statements, including the disclosures, and whether the interim 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 interim financial information of the entities or business activities within the Group to express an opinion on the interim 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.

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
28 August 2019

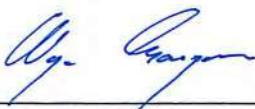
The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of financial position

Assets	Note	Consolidated		The Bank	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		<i>(in thousand Baht)</i>			
Cash		365,979	550,920	365,979	550,920
Interbank and money market items, net	7	4,684,925	4,273,434	4,684,925	4,273,434
Investments, net	8	1,298,736	1,532,422	1,298,736	1,532,422
Investments in subsidiary, net	9	-	-	100,000	100,000
Loans to customers and accrued interest receivables, net	10				
Loans to customers		46,051,265	44,770,044	46,051,265	44,770,044
Accrued interest receivables		240,687	241,881	240,687	241,881
Total loans to customers and accrued interest receivables		46,291,952	45,011,925	46,291,952	45,011,925
Less allowance for doubtful accounts	10.4, 11	(2,118,603)	(2,124,790)	(2,118,603)	(2,124,790)
Less revaluation allowance for debt restructuring	12	(240,018)	(254,542)	(240,018)	(254,542)
Total loans to customers and accrued interest receivables, net		43,933,331	42,632,593	43,933,331	42,632,593
Properties for sale, net	13	70,807	66,801	70,807	66,801
Premises and equipment, net	14	347,251	320,051	347,251	320,051
Intangible assets, net	15	146,961	151,429	141,397	147,555
Deferred tax assets	16	192,393	185,422	191,471	185,276
Other assets, net	17, 27	370,476	320,588	373,508	320,802
Total assets		51,410,859	50,033,660	51,507,405	50,129,854

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

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

	Note	Consolidated		The Bank	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in thousand Baht)</i>					
Liabilities and equity					
Liabilities					
Deposits	18, 27	43,270,956	42,036,743	43,363,955	42,132,879
Interbank and money market items	19	653,244	811,443	653,244	811,443
Liabilities payable on demand		187,841	90,257	187,841	90,257
Provisions	20	104,419	87,876	104,419	87,876
Other liabilities	21, 27	660,242	730,926	660,101	730,401
Total liabilities		44,876,702	43,757,245	44,969,560	43,852,856
Equity					
Share capital	22				
Authorised share capital					
515,625,000 ordinary shares of Baht 10 each		5,256,250	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	5,000,000
Other reserves		35,046	20,745	35,046	20,745
Retained earnings					
Appropriated					
Legal reserve	24	64,787	64,787	64,787	64,787
Unappropriated		1,434,324	1,190,883	1,438,012	1,191,466
Equity attributable to equity holders of the Bank		6,534,157	6,276,415	6,537,845	6,276,998
Total equity		6,534,157	6,276,415	6,537,845	6,276,998
Total liabilities and equity		51,410,859	50,033,660	51,507,405	50,129,854



 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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest income	31	2,756,406	2,353,641	2,756,406	2,353,641
Interest expenses	27, 32	485,813	439,877	485,931	439,923
Net interest income		2,270,593	1,913,764	2,270,475	1,913,718
Fees and service income	27	172,802	147,345	172,802	147,345
Fees and service expenses		119,314	74,637	119,314	74,637
Net fees and service income	33	53,488	72,708	53,488	72,708
Loss on foreign exchange transactions, net		(91)	(139)	(91)	(139)
Gains on investments, net	34	420	1,261	420	1,261
Other operating income	27	43,074	21,722	46,305	21,835
Total operating income		2,367,484	2,009,316	2,370,597	2,009,383
Other operating expenses					
Employee expenses	28	1,024,517	800,696	1,024,517	800,696
Directors' remuneration	28	3,575	3,415	3,575	3,415
Premises and equipment expenses		198,998	157,828	198,998	157,828
Taxes and duties		92,910	78,878	92,910	78,878
Others	27	163,474	84,852	162,706	84,746
Total other operating expenses		1,483,474	1,125,669	1,482,706	1,125,563
Impairment loss on loans and debt securities	35	578,017	476,770	578,017	476,770
Profit from operations before income tax		305,993	406,877	309,874	407,050
Income tax	36	62,552	81,956	63,328	81,956
Profit for the period		243,441	324,921	246,546	325,094
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Losses on remeasuring available-for-sale investments		(87)	(2,439)	(87)	(2,439)
Income tax relating to items that will be reclassified subsequently to profit or loss	36	17	488	17	488
Total items that will be reclassified subsequently to profit or loss		(70)	(1,951)	(70)	(1,951)
Total other comprehensive income for the period, net of income tax		(70)	(1,951)	(70)	(1,951)
Total comprehensive income for the period		243,371	322,970	246,476	323,143

The accompanying notes are an integral part of these interim 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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Profit attributable to:					
Equity holders of the Bank		243,441	324,921	246,546	325,094
Non-controlling interest		-	-	-	-
Profit for the period		243,441	324,921	246,546	325,094
Total comprehensive income attributable to:					
Equity holders of the Bank		243,371	322,970	246,476	323,143
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		243,371	322,970	246,476	323,143
Earnings per share					
	37				
Basic earnings per share <i>(in Baht)</i>		0.49	0.65	0.49	0.65
Diluted earnings per share <i>(in Baht)</i>		0.47	0.63	0.48	0.63

 <hr style="width: 100%;"/> <p>Mr. Winyou Chaiyawan Director</p>		 <hr style="width: 100%;"/> <p>Mr. Roy Agustinus Gunara Director</p>
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The accompanying notes are an integral part of these interim financial statements.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

	Consolidated						
	Other reserves			Retained earnings			Equity attributable to equity holders of the Bank
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	Revaluation surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserves	Legal reserve	Unappropriated	
<i>Note</i>						Total equity	
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2019							
Balance at 1 January 2019	5,000,000	20,535	210	20,745	64,787	1,190,883	6,276,415
Contributions by owners of the Bank							
Share-based payment transactions	-	14,371	-	14,371	-	-	14,371
Total contributions by owners of the Bank	-	14,371	-	14,371	-	-	14,371
Comprehensive income for the period							
Profit for the period	-	-	-	-	-	243,441	243,441
Other comprehensive income	-	-	(70)	(70)	-	-	(70)
Total comprehensive income for the period	-	-	(70)	(70)	-	243,441	243,371
Balance at 30 June 2019	5,000,000	34,906	140	35,046	64,787	1,434,324	6,534,157

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

	Consolidated						
	Other reserves			Retained earnings			
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	Revaluation surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserves	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank
Note							Total equity
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2018							
	5,000,000	18,675	2,388	21,063	2,300	478,611	5,501,974
Balance at 1 January 2018							
Contributions by owners of the Bank							
Share-based payment transactions	-	930	-	930	-	-	930
Total contributions by owners of the Bank		930		930		-	930
Comprehensive income for the period							
Profit for the period	-	-	-	-	-	324,921	324,921
Other comprehensive income	-	-	(1,951)	(1,951)	-	-	(1,951)
Total comprehensive income for the period			(1,951)	(1,951)		324,921	322,970
Transfer to legal reserve	-	-	-	-	23,902	(23,902)	-
Balance at 30 June 2018	5,000,000	19,605	437	20,042	26,202	779,630	5,825,874

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

	The Bank						Total equity
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	Other reserves	Retained earnings	Legal reserve	Unappropriated	
Note			Revaluation surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserves			
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2019							
Balance at 1 January 2019	5,000,000	20,535	210	20,745	64,787	1,191,466	6,276,998
Contributions by owners of the Bank							
Share-based payment transactions	-	14,371	-	14,371	-	-	14,371
Total contributions by owners of the Bank	-	14,371	-	14,371	-	-	14,371
Comprehensive income for the period							
Profit for the period	-	-	-	-	-	246,546	246,546
Other comprehensive income	-	-	(70)	(70)	-	-	(70)
Total comprehensive income for the period	-	-	(70)	(70)	-	246,546	246,476
Balance at 30 June 2019	5,000,000	34,906	140	35,046	64,787	1,438,012	6,537,845

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

		The Bank					
		Other reserves			Retained earnings		
		Revaluation					
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserves	Legal reserve	Unappropriated	Total equity
Note							
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2018							
	5,000,000	18,675	2,388	21,063	2,300	478,611	5,501,974
	-	930	-	930	-	-	930
23	-	930	-	930	-	-	930
Total contributions by owners of the Bank							
Comprehensive income for the period							
	-	-	-	-	-	325,094	325,094
	-	-	(1,951)	(1,951)	-	-	(1,951)
	-	-	(1,951)	(1,951)	-	325,094	323,143
24	-	-	-	-	23,902	(23,902)	-
	5,000,000	19,605	437	20,042	26,202	779,803	5,826,047
	5,000,000	19,605	437	20,042	26,202	779,803	5,826,047

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of cash flows

	<i>Note</i>	Consolidated		The Bank	
		Six-month periods ended 30 June		Six-month periods ended 30 June	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>					
Profit from operations before income tax		305,993	406,877	309,874	407,050
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>					
Depreciation and amortisation		47,345	35,538	47,345	35,538
Impairment losses on loans		585,748	437,477	585,748	437,477
Impairment losses on other assets		6,793	4,709	6,793	4,709
Provision for employee benefits		21,365	18,051	21,365	18,051
Provision for decommissioning cost of leasehold improvement		1,595	1,205	1,595	1,205
Share-base payment		14,371	930	14,371	930
Losses on troubled debts restructuring		6,082	34,584	6,082	34,584
Reversal of revaluation allowance for debts restructuring of the disposal debt		(20,606)	-	(20,606)	-
Losses (gains) on sales of properties for sale		65	(1,278)	65	(1,278)
Losses on disposal of premises and equipment		2	-	2	-
Gains on disposal of investments		(420)	(1,261)	(420)	(1,261)
Net amortisation of discount on investments		(8,555)	-	(8,555)	-
Net interest income		(2,270,644)	(1,913,764)	(2,270,475)	(1,913,718)
Interest received		2,747,856	2,328,512	2,747,856	2,328,512
Interest paid		(440,932)	(492,657)	(441,101)	(492,703)
Dividend income		(43)	(34)	(43)	(34)
Income tax paid		(142,812)	(96,559)	(142,812)	(96,559)
Profit from operations before changes in operating assets and liabilities		853,203	762,330	857,084	762,503
<i>Decrease (increase) in operating assets</i>					
Interbank and money market items		(412,375)	50,795	(412,375)	50,795
Loans to customers		(1,873,156)	(3,113,528)	(1,873,156)	(3,113,528)
Properties for sale		(4,071)	(3,815)	(4,071)	(3,815)
Other assets		(55,186)	(108,068)	(58,345)	(108,180)
<i>Increase (decrease) in operating liabilities</i>					
Deposits		1,118,715	2,371,397	1,211,714	2,471,419
Interbank and money market items		(158,199)	(354,127)	(158,199)	(354,127)
Liabilities payable on demand		97,584	75,168	97,584	75,168
Employee Benefits		(6,417)	-	(6,417)	-
Other liabilities		(24,426)	(15,732)	(23,701)	(15,815)
Net cash used in operating activities		(464,328)	(335,580)	(369,882)	(235,580)

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of cash flows

	Note	Consolidated		The Bank	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash flows from investing activities					
Interest received		10,210	10,490	10,210	10,490
Dividend received		43	34	43	34
Purchase of available-for-sale investments		(1,442,533)	(990,767)	(1,442,533)	(990,767)
Purchase of general investments		-	(113)	-	(113)
Proceeds from sales and redemption of available-for-sale investments		1,685,106	1,260,997	1,685,106	1,260,997
Purchase of investment in subsidiary		-	-	-	(100,000)
Purchase of equipment		(65,561)	(56,477)	(65,561)	(56,477)
Purchase of intangible assets		(4,014)	(21,614)	(2,324)	(21,614)
Net cash provided by investing activities		183,251	202,550	184,941	102,550
Net decrease in cash		(281,077)	(133,030)	(184,941)	(133,030)
Cash at 1 January		647,056	520,849	550,920	520,849
Cash at 30 June		365,979	387,819	365,979	387,819
Supplementary disclosures of cash flow information					
Non-cash transactions:					
Losses on remeasuring available-for-sale investments		(87)	(2,439)	(87)	(2,439)
Increase in properties for sale due to debts settlement	13	19,546	24,645	19,546	24,695
Decrease in other payables - purchases of assets		(7,387)	(8,108)	(7,387)	(8,108)

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2019

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The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2019

These notes form an integral part of the interim financial statements.

The interim 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 28 August 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.

The ultimate parent company and the immediate parent company during the financial period were V.C. Property 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 30 June 2019 are given in note 9.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions; 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”.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Group’s accounting policies. These changes has no material effect on the interim financial statements.

The primary change is that the Group has initially adopted TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”), which replaced TAS 18 *Revenue* (“TAS 18”), and related interpretations.

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Under TFRS 15, the Group recognises service income in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the interim financial statements.

In addition, the Group has not early adopted a number of new TFRSs which are not yet effective for current period in preparing these interim financial statements. Those new TFRSs that are relevant to the Group's operations are disclosed in note 39.

(b) Basis of measurement

The interim 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 interim financial statements are prepared and presented in Thai Baht, which is the Group'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 interim 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 recognised in the interim financial statements 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

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Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has 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.

When measuring the fair value of an asset or a liability, the Group 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 interim financial statements.

(a) Basis of consolidation

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

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 subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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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.

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.

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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 any 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 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.

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 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.

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(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 8 May 2019 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 includes the modification of payment schedule, reduction of principal and/or accrued interest receivables and asset transfer.

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.

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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 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.

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.

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(j) Intangible assets

Intangible assets

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

Intangible assets that are acquired by the Group and have indefinite useful lives are measured at cost less accumulated impairment losses.

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.

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(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.

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 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.

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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.

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.

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(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.

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 a customer obtains control of the services in an amount that reflects the consideration to which the Bank expects to be entitled to.

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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.

(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 periods.

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.

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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.

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 number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the 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.

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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 Oversight Committee and the Risk Management 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 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.

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.

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As at 30 June 2019 and 31 December 2018, financial assets and liabilities classified by types of interest rates were as follows:

	Floating interest rate	Consolidated 30 June 2019		Total
		Fixed interest rate <i>(in thousand Baht)</i>	Non-interest bearing	
Financial assets				
Cash	-	-	365,979	365,979
Interbank and money market items, net	-	4,001,268	683,657	4,684,925
Investments, net	-	1,296,903	1,833	1,298,736
Loans to customers, net of deferred revenue	33,189,065	10,397,911	2,464,289	46,051,265
Other financial assets	-	-	225,732	225,732
Total financial assets	33,189,065	15,696,082	3,741,490	52,626,637
Financial liabilities				
Deposits	-	42,987,886	283,070	43,270,956
Interbank and money market items	-	653,244	-	653,244
Liabilities payable on demand	-	-	187,841	187,841
Other financial liabilities	-	-	628,818	628,818
Total financial liabilities	-	43,641,130	1,099,729	44,740,859
	Floating interest rate	Consolidated 31 December 2018		Total
		Fixed interest rate <i>(in thousand Baht)</i>	Non-interest bearing	
Financial assets				
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
Financial liabilities				
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
	30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	365,979	365,979
Interbank and money market items, net	-	4,001,268	683,657	4,684,925
Investments, net	-	1,296,903	1,833	1,298,736
Investments in subsidiary, net	-	-	100,000	100,000
Loans to customers, net of deferred revenue	33,189,065	10,397,911	2,464,289	46,051,265
Other financial assets	-	-	228,774	228,774
Total financial assets	33,189,065	15,696,082	3,844,532	52,729,679
<i>Financial liabilities</i>				
Deposits	-	42,987,886	376,069	43,363,955
Interbank and money market items	-	653,244	-	653,244
Liabilities payable on demand	-	-	187,841	187,841
Other financial liabilities	-	-	628,957	628,957
Total financial liabilities	-	43,641,130	1,192,867	44,833,997

	The Bank			Total
	31 December 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
Investments 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	32,179,568	15,208,965	4,062,093	51,450,626
<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	-	42,757,022	992,221	43,749,243

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As at 30 June 2019 and 31 December 2018, the financial assets and liabilities classified by maturity of interest repricing periods are as follows:

	Consolidated 30 June 2019						
	Repricing periods				Non- performing assets	Non- interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	<i>(in thousand Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	365,979	365,979
Interbank and money market items, net	4,001,268	-	-	-	-	683,657	4,684,925
Investments, net	599,783	680,982	16,138	-	-	1,833	1,298,736
Loans to customers, net of deferred revenue	34,452,176	2,719,406	5,612,438	802,956	2,464,289	-	46,051,265
Other financial assets	-	-	-	-	-	225,732	225,732
Total financial assets	39,053,227	3,400,388	5,628,576	802,956	2,464,289	1,277,201	52,626,637
Financial liabilities							
Deposits	30,927,556	8,914,260	3,146,070	-	-	283,070	43,270,956
Interbank and money market items	569,136	18,035	66,073	-	-	-	653,244
Liabilities payable on demand	-	-	-	-	-	187,841	187,841
Other financial liabilities	-	-	-	-	-	628,818	628,818
Total financial liabilities	31,496,692	8,932,295	3,212,143	-	-	1,099,729	44,740,859
	Consolidated 31 December 2018						
	Repricing periods				Non- performing assets	Non- interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	<i>(in thousand Baht)</i>						
Financial assets							
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
Financial liabilities							
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

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	The Bank 30 June 2019						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>						
Financial assets							
Cash	-	-	-	-	-	365,979	365,979
Interbank and money market items, net	4,001,268	-	-	-	-	683,657	4,684,925
Investments, net	599,783	680,982	16,138	-	-	1,833	1,298,736
Investments in subsidiary, net	-	-	-	-	-	100,000	100,000
Loans to customers, net of deferred revenue	34,452,176	2,719,406	5,612,438	802,956	2,464,289	-	46,051,265
Other financial assets	-	-	-	-	-	228,774	228,774
Total financial assets	39,053,227	3,400,388	5,628,576	802,956	2,464,289	1,380,243	52,729,679
Financial liabilities							
Deposits	30,927,556	8,914,260	3,146,070	-	-	376,069	43,363,955
Interbank and money market items	569,136	18,035	66,073	-	-	-	653,244
Liabilities payable on demand	-	-	-	-	-	187,841	187,841
Other financial liabilities	-	-	-	-	-	628,957	628,957
Total financial liabilities	31,496,692	8,932,295	3,212,143	-	-	1,192,867	44,833,997

	The Bank 31 December 2018						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>						
Financial assets							
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
Financial liabilities							
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 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 six-month period ended 30 June 2019 and for the year ended 31 December 2018 were as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	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	4,121,662	42,454	2.06	3,656,161	68,628	1.88
Investments	1,348,915	10,628	1.58	1,416,170	21,773	1.54
Loans to customers	<u>45,850,756</u>	<u>2,703,324</u>	11.79	<u>42,303,714</u>	<u>4,860,701</u>	11.49
Total	<u>51,321,333</u>	<u>2,765,406</u>		<u>47,376,045</u>	<u>4,951,102</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	43,017,548	484,102	2.25	40,084,292	896,880	2.24
Interbank and money market items	<u>742,848</u>	<u>1,711</u>	0.46	<u>907,715</u>	<u>4,083</u>	0.45
Total	<u>43,760,396</u>	<u>485,813</u>		<u>40,992,007</u>	<u>900,963</u>	

	The Bank					
	30 June 2019			31 December 2018		
	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	4,121,662	42,454	2.06	3,656,161	68,628	1.88
Investments	1,348,915	10,628	1.58	1,416,170	21,773	1.54
Loans to customers	<u>45,850,756</u>	<u>2,703,324</u>	11.79	<u>42,303,714</u>	<u>4,860,701</u>	11.49
Total	<u>51,321,333</u>	<u>2,756,406</u>		<u>47,376,045</u>	<u>4,951,102</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	43,112,410	484,220	2.25	40,152,089	897,049	2.23
Interbank and money market items	<u>742,848</u>	<u>1,711</u>	0.46	<u>907,715</u>	<u>4,083</u>	0.45
Total	<u>43,855,258</u>	<u>485,931</u>		<u>41,059,804</u>	<u>901,132</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 income or expenses 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.

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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 30 June 2019 through the Bank's website at www.tcrbank.com within October 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 30 June 2019 and 31 December 2018.

	At call	Within 3 months	Over 3 months to 1 year	Consolidated 30 June 2019 Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	365,979	365,979
Interbank and money market items, net	684,008	4,000,917	-	-	-	-	4,684,925
Investments, net	-	599,783	680,982	16,138	-	1,833	1,298,736
Loans to customers, net of deferred revenue	291,549	1,561,369	798,707	15,700,415	27,699,225	-	46,051,265
Other financial assets	-	165,231	259	-	49,428	10,814	225,732
Total financial assets	975,557	6,327,300	1,479,948	15,716,553	27,748,653	378,626	52,626,637
Financial liabilities							
Deposits	27,993,101	3,217,525	8,914,260	3,146,070	-	-	43,270,956
Interbank and money market items	393,136	176,000	18,035	66,073	-	-	653,244
Liabilities payable on demand	187,841	-	-	-	-	-	187,841
Other financial liabilities	-	89,582	519,229	18,394	-	1,613	628,818
Total financial liabilities	28,574,078	3,483,107	9,451,524	3,230,537	-	1,613	44,740,859
Net liquidity gap	(27,598,521)	2,844,193	(7,971,576)	12,486,016	27,748,653	377,013	7,885,778

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	At call	Within 3 months	Over 3 months to 1 year	Consolidated 31 December 2018 Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,833	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	10,814	223,465
Total financial assets	1,253,916	6,191,922	1,592,635	13,923,172	27,825,073	563,567	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	-	1,842	715,188
Total financial liabilities	29,154,578	3,205,757	8,107,843	3,183,611	-	1,842	43,653,631
Net liquidity gap	(27,900,662)	2,986,165	(6,515,208)	10,739,561	27,825,073	561,725	7,696,654

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	At call	Within 3 months	Over 3 months to 1 year	The Bank 30 June 2019 Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	365,979	365,979
Interbank and money market items, net	684,008	4,000,917	-	-	-	-	4,684,925
Investments, net	-	599,783	680,982	16,138	-	1,833	1,298,736
Investments in subsidiary, net	-	-	-	-	-	100,000	100,000
Loans to customers, net of deferred revenue	291,549	1,561,369	798,707	15,700,415	27,699,225	-	46,051,265
Other financial assets	-	168,273	259	-	49,428	10,814	228,774
Total financial assets	975,557	6,330,342	1,479,948	15,716,553	27,748,653	478,626	52,729,679
Financial liabilities							
Deposits	28,086,100	3,217,525	8,914,260	3,146,070	-	-	43,363,955
Interbank and money market items	393,136	176,000	18,035	66,073	-	-	653,244
Liabilities payable on demand	187,841	-	-	-	-	-	187,841
Other financial liabilities	-	89,582	519,368	18,394	-	1,613	628,957
Total financial liabilities	28,667,077	3,483,107	9,451,663	3,230,537	-	1,613	44,833,997
Net liquidity gap	(27,691,520)	2,847,235	(7,971,715)	12,486,016	27,748,653	477,013	7,895,682

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	The Bank						
	31 December 2018						
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
	<i>(in thousand Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,833	1,532,422
Investments in subsidiary, net	-	-	-	-	-	100,000	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	10,814	223,806
Total financial assets	1,253,916	6,192,263	1,592,635	13,923,172	27,825,073	663,567	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	-	1,842	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	661,725	7,701,383

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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>			
30 June 2019				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,296,903	-	1,296,903
31 December 2018				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,530,589	-	1,530,589

Fair values of available-for-sale debt investments are Level 2. The fair values are based on the quoted 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 six-month period ended 30 June 2019 and the year ended 31 December 2018.

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.

	Carrying amount	Consolidated			
		Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in thousand Baht)</i>			
30 June 2019					
<i>Financial assets</i>					
Investments					
- General investments	1,833	-	-	2,053	2,053
Loans to customers and accrued interest receivables, net	43,933,331	-	-	44,509,995	44,509,995
<i>Financial liabilities</i>					
Deposits	43,270,956	-	43,370,011	-	43,370,011
Interbank and money market items	653,244	-	652,961	-	652,961

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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	
30 June 2019					
Financial assets					
Investments					
- General investments	1,833	-	-	2,053	2,053
Loans to customers and accrued interest receivables, net	43,933,331	-	-	44,509,995	44,509,995
Financial liabilities					
Deposits	43,363,955	-	43,463,010	-	43,463,010
Interbank and money market items	653,244	-	652,961	-	652,961

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

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.

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.

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Available-for-sale investments

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.

For 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 30 June 2019 and 31 December 2018, the Bank's total capital funds could be categorised as follows:

	The Bank			
	30 June 2019	31 December 2018		
	<i>(in thousand Baht)</i>			
<i>Tier 1 Capital</i>				
Paid-up share capital	5,000,000	5,000,000		
Warrants	34,906	20,535		
Legal reserve	64,787	64,787		
Net profits after appropriation	1,191,466	741,218		
Other reserves	140	210		
<i>Less Capital deduction items on CET1</i>	<u>(332,869)</u>	<u>(332,832)</u>		
Total Tier 1 Capital	<u>5,958,430</u>	<u>5,493,918</u>		
<i>Tier 2 Capital</i>				
Allowance for classified assets of "pass" category	424,923	412,148		
Total Tier 2 Capital	<u>424,923</u>	<u>412,148</u>		
Total Capital funds	<u>6,383,353</u>	<u>5,906,066</u>		
Total Risk-Weighted Assets	<u>40,812,236</u>	<u>39,027,081</u>		
	The BoT's regulation minimum requirement	30 June 2019	The BoT's regulation minimum requirement (%)	31 December 2018
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.00	15.64	10.375	15.13
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.50	14.60	7.875	14.08
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.00	14.60	6.375	14.08

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 30 June 2019 and 31 December 2018, 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 30 June 2019 through the Bank's website at www.tcrbank.com within October 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					
	30 June 2019		31 December 2018			Total
	At call	Term	Total	At call	Term	
	<i>(in thousand Baht)</i>					
Domestic						
Bank of Thailand	507,373	-	507,373	496,559	37,000	533,559
Commercial banks	176,635	2,400,000	2,576,635	138,074	2,400,000	2,538,074
Specialised financial institutions	-	1,600,000	1,600,000	-	1,200,000	1,200,000
Total	684,008	4,000,000	4,684,008	634,633	3,637,000	4,271,633
<i>Add</i> accrued interest receivables	-	917	917	-	1,801	1,801
Total domestic	684,008	4,000,917	4,684,925	634,633	3,638,801	4,273,434

8 Investments, net

8.1 Classified by type of investments

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Available-for-sale investments - Fair value		
Government and state enterprise securities	1,129,534	1,455,545
Private enterprises debt securities	167,369	75,044
Total	1,296,903	1,530,589
General investment - Cost		
Domestic non-marketable equity securities	1,833	1,833
Total	1,833	1,833
Total investments	1,298,736	1,532,422

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiary had some investments in securities pledged as collateral as disclosed in note 25.

As at 30 June 2019 and 31 December 2018, 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 30 June 2019 and 31 December 2018, revaluation surplus (deficit) on investments is summarised as follows:

	Consolidated and the Bank	
	30 June 2019	31 December 2018
<i>(in thousand Baht)</i>		
<i>Debt securities</i>		
Revaluation surplus on investments	240	229
Revaluation deficit on investments	(155)	(457)
Surplus on reclassification	90	490
Net revaluation surplus on investments	175	262
Less deferred tax	(35)	(52)
Net	140	210

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

	Consolidated and the Bank					
	30 June 2019			31 December 2018		
	Remaining periods			Remaining periods		
	Within 1 year	Over 1 year to 5 years	Total	Within 1 year	Over 1 year to 5 years	Total
<i>Available-for-sale investments</i>						
Government and state enterprises securities	1,128,485	1,047	1,129,532	1,394,522	61,177	1,455,699
Private enterprise debt securities	152,286	15,000	167,286	55,119	20,000	75,119
Total	1,280,771	16,047	1,296,818	1,449,641	81,177	1,530,818
<i>(Less)/add allowance for revaluation</i>	<i>(6)</i>	<i>91</i>	<i>85</i>	<i>43</i>	<i>(272)</i>	<i>(229)</i>
Total	1,280,765	16,138	1,296,903	1,449,684	80,905	1,530,589

9 Investments in subsidiary, net

Company	Type of business	Type of share	The Bank		Cost		Dividend income	
			Percentage of ownership interest		30 June		Six-month periods ended	
			30 June 2019	31 December 2018	2019	2018	2019	2018
			(%)		<i>(in thousand Baht)</i>			
Subsidiary								
Thai Micro Digital Solutions Co., Ltd.	Financial services	Ordinary	100.00	100.00	100,000	100,000	-	-
Total					100,000	100,000	-	-

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10 Loans to customers and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Overdrafts	289,291	347,699
Loans	42,542,006	41,098,783
Notes	1,519,432	1,624,339
Hire-purchase receivables	1,700,536	1,699,223
Loans to customers net of deferred revenue	46,051,265	44,770,044
Add accrued interest receivables	240,687	241,881
Total loans to customers net of deferred revenue and accrued interest receivables	46,291,952	45,011,925
Less allowance for doubtful accounts		
- Minimum provision according to the BoT's requirement	(1,420,622)	(1,426,809)
- Excess provision	(697,981)	(697,981)
Less revaluation allowance for debt restructuring	(240,018)	(254,542)
Loans to customers and accrued interest receivables, net	43,933,331	42,632,593

As at 30 June 2019, there were non-performing loans amounting to Baht 2,464.29 million for which the Bank has ceased recognition of interest income on accrual basis (31 December 2018: Baht 2,551.89 million).

For the six-month period ended 30 June 2019, the Bank sold a part of its loans to customers to a third party at the price of Baht 405.29 million (For the year ended 31 December 2018: Baht 261.94 million). The Bank had already received payment in June and July 2019 as amount of Baht 398.35 million and Baht 6.94 million, respectively (For the year ended 31 December 2018: received payment in July 2018 as amount of Baht 261.94 million).

10.2 Classified by currency and residency of debtors

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Baht	46,051,265	44,770,044
Total*	46,051,265	44,770,044

* Loans to customers net of deferred revenue

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10.3 Classified by business type and quality of loan classification

	Consolidated and the Bank					Total
	30 June 2019					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	659,722	35,910	4,688	6,729	10,611	717,660
Manufacturing and commerce	19,928,763	1,410,319	706,854	525,142	599,768	23,170,846
Property development and construction	4,239,324	328,246	70,711	36,524	33,163	4,707,968
Infrastructure and services	6,678,248	396,316	85,030	67,538	27,971	7,255,103
Housing loans	2,684,871	399,953	45,479	49,864	57,575	3,237,742
Others	6,572,052	253,252	24,712	27,138	84,792	6,961,946
Total*	40,762,980	2,823,996	937,474	712,935	813,880	46,051,265

	Consolidated and the Bank					Total
	31 December 2018					
	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*	39,038,107	3,180,049	619,843	746,099	1,185,946	44,770,044

* Loans to customers net of deferred revenue.

10.4 Classified by loan classification

	Consolidated and the Bank			
	30 June 2019			
	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 (%)	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum provision according to the BoT's requirement				
Pass	40,974,755	13,889,814	1	134,925
Special mention	2,852,908	615,440	2	8,620
Sub-standard	937,474	542,241	100	532,190
Doubtful	712,935	412,769	100	402,397
Doubtful of loss	813,880	357,839	100	342,490
Total*	46,291,952	15,818,103		1,420,622
Excess provision				697,981
Total				2,118,603

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	Consolidated and the Bank			
	31 December 2018			
Minimum provision according to the BoT's requirement	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>
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>2,124,790</u>

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

10.5 Non-performing loans

As at 30 June 2019 and 31 December 2018, 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	
	30 June 2019	31 December 2018
Net NPLs (principal net of allowance for doubtful accounts)		
NPLs after allowance for doubtful accounts on NPLs <i>(in thousand Baht)</i>	1,187,212	1,260,900
Total loans after allowance for doubtful accounts on NPLs <i>(in thousand Baht)</i>	44,774,188	43,479,056
Percentage of net NPLs (%)	2.65	2.90
NPLs (principal)		
NPLs <i>(in thousand Baht)</i>	2,464,289	2,551,888
Total loans <i>(in thousand Baht)</i>	46,051,265	44,770,044
Percentage of NPLs (%)	5.35	5.70

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10.6 Troubled debt restructuring

Detail of customers whose debts have been restructured as at 30 June 2019 and 31 December 2018 compared with the total customers, in the financial statements, were as follows:

	Consolidated and the Bank			
	30 June 2019		31 December 2018	
	Number of loans (items)	Outstanding balance after restructuring (in thousand Baht)	Number of loans (items)	Outstanding balance after restructuring (in thousand Baht)
Restructured debts	2,953	7,050,585	2,917	7,151,710
Total customers	167,643	46,051,265	144,347	44,770,044

Details of customers whose debts have been restructured during the six-month periods ended 30 June 2019 and 2018 were as follows:

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank					
		2019		2018		
Restructuring method	Number of loans (items)	Outstanding balance before restructuring (in thousand Baht)	Outstanding balance after restructuring	Number of loans (items)	Outstanding balance before restructuring (in thousand Baht)	Outstanding balance after restructuring
Modifications of terms of receivables	271	748,340	742,258	304	774,438	739,854
Total	271	748,340	742,258	304	774,438	739,854

As at 30 June 2019 and 31 December 2018, the weighted average terms of the above mentioned restructuring were 9.15 years and 9.48 years, respectively.

For the six-month periods ended 30 June 2019 and 2018, the Bank and its subsidiary recognised losses from troubled debt restructuring amounting to Baht 6.08 million and Baht 34.58 million, respectively in the consolidated profit or loss and the Bank's profit or loss. The Bank and its subsidiary also recognised interest income from the restructured loans amounting to Baht 196.14 million and Baht 156.19 million, respectively in the consolidated profit or loss and the Bank's profit or loss.

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As at 30 June 2019 and 31 December 2018, the outstanding balances of troubled debt restructuring receivables were classified as follows:

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Pass	3,923,511	3,662,885
Special mention	1,946,294	2,177,232
Sub-standard	521,030	244,127
Doubtful	234,250	322,107
Doubtful loss	425,500	745,359
Total	<u>7,050,585</u>	<u>7,151,710</u>

10.7 Hire-purchase receivables

	Consolidated and the Bank			Total
	30 June 2019			
	Portion due within 1 year	Portion due over 1 year but within 5 years	Portion due over 5 years	
	<i>(in thousand Baht)</i>			
Hire-purchase receivables	708,974	979,175	12,387	1,700,536
Less unearned interest income	-	-	-	-
Present value of minimum lease payments receivables	<u>708,974</u>	<u>979,175</u>	<u>12,387</u>	1,700,536
Less allowance for doubtful accounts				(76,564)
Hire-purchase receivables, net				<u>1,623,972</u>

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

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11 Allowance for doubtful accounts

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

	Consolidated and the Bank						Total
	Six-month period ended 30 June 2019						
	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	123,572	12,249	350,301	431,923	508,764	697,981	2,124,790
Allowance for doubtful accounts	11,455	(3,629)	217,685	101,294	250,692	-	577,497
Bad debt written-off	(102)	-	-	(1,735)	(3,333)	-	(5,170)
Allowance for doubtful accounts of the disposed debt	-	-	(35,796)	(129,085)	(413,633)	-	(578,514)
At 30 June	134,925	8,620	532,190	402,397	342,490	697,981	2,118,603

	Consolidated and the Bank						Total
	Year ended 31 December 2018						
	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	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	131,647	304,576	185,000	802,501
Bad debt written-off	(53)	(16,489)	-	(5,285)	(9,497)	-	(31,324)
Allowance for doubtful accounts of the disposed debt	(345)	-	(32)	(15,344)	(375,719)	-	(391,440)
At 31 December	123,572	12,249	350,301	431,923	508,764	697,981	2,124,790

12 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Beginning balance	254,542	237,655
Increase during the period / year	6,082	16,887
Reversal of revaluation allowance for debt restructuring of the disposed debt	(20,606)	-
Ending balance	240,018	254,542

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13 Properties for sale, net

During the six-month period ended 30 June 2019 and the year ended 31 December 2018, changes to the properties for sale, net were as follows:

	At 1 January 2019	Consolidated and the Bank		At 30 June 2019
		Additions	Disposals	
		<i>(in thousand Baht)</i>		
Assets from settlement of debts				
- Immovable assets	66,536	1,755	-	68,291
- Movable asset	445	17,791	(15,540)	2,696
Total	66,981	19,546	(15,540)	70,987
Less allowance for impairment losses	(180)	-	-	(180)
Net	66,801	19,546	(15,540)	70,807

	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

As at 30 June 2019 and 31 December 2018, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	38,879	37,124
- Appraised by internal appraisers	29,412	29,412
Total	68,291	66,536

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14 Premises and equipment, net

During the six-month period ended 30 June 2019 and the year ended 31 December 2018, changes in premises and equipment were as follows:

	Consolidated and the Bank					Total
	Premises	Leasehold improvement	Furniture fixtures and equipment	Computers and accessories	Others	
	<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 and 1 January 2019	66,090	222,665	188,668	171,450	8,326	657,199
Additions	-	31,573	16,084	15,465	2,439	65,561
Transfers in (out)	-	7,930	-	-	(7,930)	-
Disposals	-	-	(10)	-	-	(10)
Write-off	-	-	(65)	-	-	(65)
At 30 June 2019	66,090	262,168	204,677	186,915	2,835	722,685
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 and 1 January 2019	(4,498)	(80,997)	(130,251)	(121,401)	(1)	(337,148)
Depreciation charge for the period	(1,311)	(15,462)	(11,932)	(9,654)	-	(38,359)
Disposals	-	-	8	-	-	8
Write-off	-	-	65	-	-	65
At 30 June 2019	(5,809)	(96,459)	(142,110)	(131,055)	(1)	(375,434)
Net book value						
At 1 January 2018	64,236	117,680	46,189	35,318	465	263,888
At 31 December 2018 and 1 January 2019	61,592	141,668	58,417	50,049	8,325	320,051
At 30 June 2019	60,281	165,709	62,567	55,860	2,834	347,251

The gross amount of the Group and the Bank's fully depreciated premises and equipment that was still in use at 30 June 2019 amounted to Baht 204.81 million (31 December 2018: Baht 151.51 million).

Depreciation presented in the consolidated profit or loss and the Bank's profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 38.36 million and Baht 28.01 million, respectively.

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15 Intangible assets, net

During the six-month period ended 30 June 2019 and the year ended 31 December 2018, changes in intangible assets were as follows:

	Consolidated			
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software during developments	Total
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 and 1 January 2019	190,354	32,621	39,976	262,951
Additions	477	-	3,538	4,015
Transfers in (out)	1,111	-	(1,111)	-
At 30 June 2019	191,942	32,621	42,403	266,966
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 and 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the period	(8,483)	-	-	(8,483)
At 30 June 2019	(120,005)	-	-	(120,005)
Net book value				
At 1 January 2018	70,886	32,621	21,399	124,906
At 31 December 2018 and 1 January 2019	78,832	32,621	39,976	151,429
At 30 June 2019	71,937	32,621	42,403	146,961

The gross amount of the Bank and its subsidiary's fully amortised intangible assets that was still in use as at 30 June 2019 amounted to Baht 72.80 million (31 December 2018: Baht 67.28 million).

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 8.48 million and Baht 7.03 million, respectively.

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	The Bank			Total
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	
<i>Cost</i>				
At 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 and 1 January 2019	190,354	32,621	36,102	259,077
Additions	477	-	1,848	2,325
Transfers in (out)	1,111	-	(1,111)	-
At 30 June 2019	191,942	32,621	36,839	261,402
<i>Accumulated amortisation and allowance for impairment losses</i>				
At 1 January 2018	(96,034)	-	-	(96,034)
Amortisation for the year	(15,488)	-	-	(15,488)
At 31 December 2018 and 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the period	(8,483)	-	-	(8,483)
At 30 June 2019	(120,005)	-	-	(120,005)
<i>Net book value</i>				
At 1 January 2018	70,886	32,621	21,399	124,906
At 31 December 2018 and 1 January 2019	78,832	32,621	36,102	147,555
At 30 June 2019	71,937	32,621	36,839	141,397

The gross amount of the Bank's fully amortised intangible assets that was still in use as at 30 June 2019 amounted to Baht 72.80 million (31 December 2018: Baht 67.28 million).

Amortisation presented in the profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 8.48 million and Baht 7.03 million, respectively.

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16 Deferred tax assets

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2019 and 2018 were as follows:

	At 1 January 2019	Consolidated (Charged) / Credited to:		At 30 June 2019
		Profit or loss	Other comprehensive income	
		(note 36) (in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	147	-	165,182
Properties for sale	36	-	-	36
Provisions	17,575	3,309	-	20,884
Reserve for share-based payments	4,108	2,873	-	6,981
Others	146	776	-	922
Total	186,900	7,105	-	194,005
Deferred tax liabilities				
Loans to customers and accrued interest receivables	-	-	-	-
Premises and equipment	(1,424)	(153)	-	(1,577)
Others	(54)	2	17	(35)
Total	(1,478)	(151)	17	(1,612)
Net	185,422	6,954	17	192,393
		(note 36) (in thousand Baht)		
	At 1 January 2018	Profit or loss	Other comprehensive income	At 30 June 2018
Deferred tax assets				
Loans to customers and accrued interest receivables	117,696	17,954	-	135,650
Properties for sale	36	-	-	36
Provisions	13,117	3,714	-	16,831
Reserve for share-based payments	3,736	185	-	3,921
Others	-	-	99	99
Total	134,585	21,853	99	156,537
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	74	-	(40)
Premises and equipment	(1,308)	(144)	-	(1,452)
Others	(598)	-	389	(209)
Total	(2,020)	(70)	389	(1,701)
Net	132,565	21,783	488	154,836

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	At 1 January 2019	The Bank (Charged) / Credited to:		At 30 June 2019
		Profit or loss	Other comprehensive income	
		<i>(note 36)</i> <i>(in thousand Baht)</i>		
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	147	-	165,182
Properties for sale	36	-	-	36
Provisions	17,575	3,309	-	20,884
Reserve for share-based payments	4,108	2,873	-	6,981
Others	-	-	-	-
Total	186,754	6,329	-	193,083
Deferred tax liabilities				
Loans to customers and accrued interest receivables	-	-	-	-
Premises and equipment	(1,424)	(153)	-	(1,577)
Others	(54)	2	17	(35)
Total	(1,478)	(151)	17	(1,612)
Net	185,276	6,178	17	191,471

	At 1 January 2018	The Bank (Charged) / Credited to:		At 30 June 2018
		Profit or loss	Other comprehensive income	
		<i>(note 36)</i> <i>(in thousand Baht)</i>		
Deferred tax assets				
Loans to customers and accrued interest receivables	117,696	17,954	-	135,650
Properties for sale	36	-	-	36
Provisions	13,117	3,714	-	16,831
Reserve for share-based payments	3,736	185	-	3,921
Others	-	-	99	99
Total	134,585	21,853	99	156,537
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	74	-	(40)
Premises and equipment	(1,308)	(144)	-	(1,452)
Others	(598)	-	389	(209)
Total	(2,020)	(70)	389	(1,701)
Net	132,565	21,783	488	154,836

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17 Other assets, net

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Deferred leasehold rights	7,206	7,709	7,206	7,709
Accrued fee income	31,179	38,069	31,179	38,069
Accrued interest income	2,593	2,175	2,593	2,175
Prepaid expenses	147,722	110,888	147,722	110,770
Supplies	4,003	3,678	4,003	3,678
Deposits and guarantee	49,428	44,017	49,428	44,017
Accounts receivable - counter service	47,579	38,192	47,579	38,192
Other receivables, net	33,195	12,297	33,195	12,297
Advance to customers	34,611	28,917	34,611	28,917
Others	12,960	34,646	15,992	34,978
Total	370,476	320,588	373,508	320,802

18 Deposits

18.1 Classified by type of deposits

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Current	283,070	91,164	376,069	187,300
Savings	27,710,031	28,446,585	27,710,031	28,446,585
Term	15,277,855	13,498,994	15,277,855	13,498,994
Total	43,270,956	42,036,743	43,363,955	42,132,879

18.2 Classified by currency and residency of depositors

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Domestic		Domestic	
	<i>(in thousand Baht)</i>			
Thai Baht	43,270,956	42,036,743	43,363,955	42,132,879
Total	43,270,956	42,036,743	43,363,955	42,132,879

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19 Interbank and money market items (liabilities)

	Consolidated and the Bank					
	30 June 2019		31 December 2018			
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Specialised financial institutions	-	257,073	257,073	-	281,823	281,823
Other financial institutions	393,136	3,035	396,171	526,572	3,048	529,620
Total domestic	393,136	260,108	653,244	526,572	284,871	811,443

20 Provisions

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Provision for post-employment benefits	92,147	77,199
Provision for decommissioning cost of leasehold improvement	12,272	10,677
Total	104,419	87,876

Provision for post-employment benefits

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for		
Post-employment benefits		
Defined benefit plan	92,147	77,199
Total	92,147	77,199

Six-month periods ended 30 June

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Statement of profit or loss and other comprehensive income		
Recognised in profit or loss		
Post-employment benefits		
Defined benefit plan	21,365	18,051
	21,365	18,051

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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 2562 (2019) 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	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Beginning balance	77,199	56,774
Include in profit or loss		
Current service cost	16,785	25,394
Interest on obligation	4,580	1,335
	<u>21,365</u>	<u>26,729</u>
Included in other comprehensive income		
Actuarial gains	-	(4,561)
	-	<u>(4,561)</u>
Other		
Benefit paid	(6,417)	(1,743)
	<u>(6,417)</u>	<u>(1,743)</u>
Ending balance	<u>92,147</u>	<u>77,199</u>

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

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	1,216
Financial assumptions	-	(537)
Experience adjustment	-	(5,240)
Total	<u>-</u>	<u>(4,561)</u>

Actuarial assumptions

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

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(% per annum)</i>	
Discount rate	2.33	2.33
Future salary growth	5.00	5.00

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

At 30 June 2019, the weighted-average duration of the defined benefit obligation was 7.14 years (31 December 2018: 7.14 years).

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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 and the Bank	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 30 June 2019		
Discount rate (1% movement)	(5,360)	6,002
Future salary growth (1% movement)	5,840	(5,312)
At 31 December 2018		
Discount rate (1% movement)	(4,637)	5,198
Future salary growth (1% movement)	4,710	(4,293)

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.

21 Other liabilities

	Consolidated		The Bank	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Value added tax payable	3,381	4,502	3,381	4,502
Other payables - purchase of assets	338	7,725	338	7,725
Accrued interest expenses	122,658	97,189	122,658	97,189
Other payables	32,781	25,385	32,778	25,385
Accrued expenses	398,580	425,137	398,477	424,622
Withholding tax payable	12,723	11,245	12,688	11,235
Accrued specific business tax	14,540	14,288	14,540	14,288
Corporate income tax	69,794	141,862	69,794	141,862
Others	5,447	3,593	5,447	3,593
Total	660,242	730,926	660,101	730,401

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22 Share capital

	Par value per share (in Baht)	Consolidated and the Bank			
		30 June 2019		31 December 2018	
		Number	Amount	Number	Amount
		(in thousand shares / thousand Baht)			
<i>Authorised</i>					
Beginning balance					
- ordinary shares	10	515,625	5,156,250	515,625	5,156,250
Ending balance					
- ordinary shares	10	<u>515,625</u>	<u>5,156,250</u>	<u>515,625</u>	<u>5,156,250</u>
<i>Issued and paid-up</i>					
Beginning balance					
- ordinary shares	10	500,000	5,000,000	500,000	5,000,000
Ending balance					
- ordinary shares	10	<u>500,000</u>	<u>5,000,000</u>	<u>500,000</u>	<u>5,000,000</u>

23 Share-based payments

Stock options

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

The Extraordinary General Meeting held on 22 March 2019 passed a resolution to modify the first program of the warrant which was issued and approved by the Annual General Meeting held on 27 March 2014 and the second program of the warrant which the Extraordinary General Meeting held on 28 February 2017, in the total amount of 15.625 million warrants. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price of Baht 10 per ordinary share. The expiration date was modified from 27 March 2019 to 31 March 2022. The incremental fair value is Baht 0.89 per warrant.

Management has estimated the fair value using the Binomial valuation model by engaging the valuation specialist. The weighted average option price as at 31 December 2018 is Baht 3.44 per option. The Bank expects that there will be no material impact from using data as at 31 December 2018 for the valuation, compared with modification date. 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. In addition, the effects of early exercise is included.

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 warrants (million warrants)
At 1 January 2018	10	15.625
At 31 December 2018 and 1 January 2019	10	15.625
At 30 June 2019	10	15.625

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As at 30 June 2019 and 31 December 2018, share options outstanding and its expired date and exercise prices were as follow:

	Exercise price (Baht / share)	30 June 2019 (million warrants)	31 December 2018
Expired date:			
27 March 2019	10	-	15.625
31 March 2022	10	15.625	-

As at 30 June 2019, the remaining contractual life of the total 15.625 million warrants (31 December 2018: 15.625 million warrants) was 2.76 years (31 December 2018: 0.25 years).

For the six-month periods ended 30 June 2019 and 2018, the Bank had stock options expense amounting to Baht 14.37 million and Baht 0.93 million recognised as employee expenses in profit or loss, respectively.

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 30 June 2019 and 31 December 2018, the Bank and its subsidiary had investments in securities under obligations and restrictions were as follow:

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Investments in securities		
- Pledged as collateral for private repo under the BoT	261,000	261,000
- Pledged as other collaterals	50	50
Total	261,050	261,050

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26 Contingent liabilities and commitments

26.1 Contingent liabilities

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Avals to bills	-	3,963
Other contingencies		
- Other guarantees	162,312	140,740
- Amount of unused bank overdrafts	187,575	183,106
Total	349,887	327,809

As at 30 June 2019 and 31 December 2018, 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.

26.2 Commitments

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiary had commitments resulted by entering into a number of contracts and agreements as follow:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
Intangible assets	12,958	24,775	9,301	17,763
Total	12,958	24,775	9,301	17,763
Other commitments				
Other agreements	293,999	187,090	290,679	186,894
Total	293,999	187,090	290,679	186,894

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.

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Relationships with subsidiary are described in note 9. As at 30 June 2019, 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. Property 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, 100.00% 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
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
Sukhothai Assets Management 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

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Significant related parties transactions for the six-month periods ended 30 June 2019 and 2018 with related parties were as follows:

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Interest expenses				
Parent company	4	3	4	3
Subsidiary	-	-	118	46
Major shareholders	626	655	626	655
Other related parties	1,283	1,587	1,283	1,587
Key management personnel of the Bank	587	414	587	414
Fees and service income				
Subsidiary	-	-	3,000	-
Major shareholders	99,128	99,044	99,128	99,044
Other related parties	51,179	33,721	51,179	33,721
Other operating income				
Parent company	76	38	76	38
Subsidiary	-	-	231	112
Other operating expenses				
Major shareholders	4,073	4,100	4,073	4,100
Other related parties	15,401	15,776	15,401	15,776

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Other assets				
Parent company	13	113	13	113
Subsidiary	-	-	42	340
Major shareholders	20,697	19,795	20,697	19,795
Other related parties	19,569	27,667	19,569	27,667
Deposits				
Parent company	4,033	37	4,033	37
Subsidiary	-	-	92,999	96,136
Major shareholders	322,765	369,537	322,765	369,537
Other related parties	358,328	178,608	358,328	178,608
Key management personnel of the Bank	82,518	67,298	82,518	67,298
Other liabilities				
Major shareholders	11	22	11	22
Other related parties	81	93	81	93
Key management personnel of the Bank	255	60	255	60

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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 six-month periods ended 30 June 2019 and 2018, benefits to key management personnel were as follows:

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Short-term benefits	108,481	85,773
Post-employment benefits	3,511	2,009
Reserve for share based payments	14,371	930
Total	126,363	88,712

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		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Within 1 year	108,109	110,179	108,109	110,179
Over 1 year but within 5 years	99,439	91,622	99,439	91,622
Over 5 years	83	154	83	154
Total	207,631	201,955	207,631	201,955

Amounted recognised in profit or loss

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Lease expense	68,493	57,245	68,493	57,245

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

The Bank and its subsidiary mainly 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

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Interbank and money market items	42,454	36,673
Investments in debt securities	10,628	10,518
Loans to customers	2,635,505	2,234,597
Hire-purchase	67,819	71,853
Total	2,756,406	2,353,641

32 Interest expenses

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deposits	381,438	343,581	381,556	343,627
Interbank and money market items	1,711	2,328	1,711	2,328
Contribution to Deposit Protection Agency and BoT	102,664	93,968	102,664	93,968
Total	485,813	439,877	485,931	439,923

33 Net fees and service income

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Fees and service income		
- Acceptances, aval and guarantees	1,171	1,437
- Management fee	30,435	23,938
- Brokerage fee	136,720	118,120
- Others	4,476	3,850
Total	172,802	147,345
Fees and service expenses		
- Fee and service expenses on ATM	(5,472)	(5,063)
- Loan guarantee commission expenses	(88,838)	(55,754)
- Others	(25,004)	(13,820)
Total	(119,314)	(74,637)
Net	53,488	72,708

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34 Gains on investments, net

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale investments	420	1,261
Total	<u>420</u>	<u>1,261</u>

35 Impairment loss on loans and debt securities

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Bad debts and doubtful accounts		
- Loans to customers	585,748	437,477
- Other receivables	6,793	4,709
Loss on debt restructuring	6,082	34,584
Reversal of revaluation allowance for debt restructuring of the disposed debt	(20,606)	-
Total	<u>587,017</u>	<u>476,770</u>

36 Income tax expense

Income tax recognised in profit or loss

<i>Six-month periods ended 30 June</i>	<i>Note</i>	Consolidated		The Bank	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current tax					
Current period		69,794	102,117	69,794	102,117
(Over) under provided in prior periods		(288)	1,622	(288)	1,622
		<u>69,506</u>	<u>103,739</u>	<u>69,506</u>	<u>103,739</u>
Deferred tax					
Movements in temporary differences	16	(6,954)	(21,783)	(6,178)	(21,783)
Total		<u>62,552</u>	<u>81,956</u>	<u>63,328</u>	<u>81,956</u>

Income tax recognised in other comprehensive income

<i>Six-month periods ended 30 June</i>	Consolidated and the Bank					
	Before tax	2019 Tax benefit	Net of tax	Before tax	2018 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Available-for-sale investments	(87)	17	(70)	(2,439)	488	(1,951)
Total	<u>(87)</u>	<u>17</u>	<u>(70)</u>	<u>(2,439)</u>	<u>488</u>	<u>(1,951)</u>

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Reconciliation of effective tax rate

<i>Six-month periods ended 30 June</i>	Consolidated			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		305,993		406,877
Income tax using the Thai corporation tax rate	20.00	61,199	20.00	81,375
Tax effect of income or expenses that are not taxable income or expenses	0.54	1,641	(0.25)	(1,041)
(Over) under provided in prior periods	(0.10)	(288)	0.39	1,622
Total	20.44	62,552	20.14	81,956

<i>Six-month periods ended 30 June</i>	The Bank			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		309,874		407,050
Income tax using the Thai corporation tax rate	20.00	61,975	20.00	81,410
Tax effect of income or expenses that are not taxable income or expenses	0.53	1,641	(0.26)	(1,076)
(Over) under provided in prior periods	(0.09)	(288)	0.39	1,622
Total	20.44	63,328	20.13	81,956

37 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Bank and the number of ordinary shares outstanding during the periods as follows:

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Bank (basic)	243,441	324,921	246,546	325,094
Number of ordinary shares outstanding (basic)	500,000	500,000	500,000	500,000
Earnings per share (basic) <i>(in Baht)</i>	0.49	0.65	0.49	0.65

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Diluted earnings per share

The calculations of diluted earnings per share for the six-month periods ended 30 June 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Bank and the number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Bank (diluted)	243,441	324,921	246,546	325,094
Number of ordinary shares outstanding (basic)	500,000	500,000	500,000	500,000
Effect of exercise of share options	15,625	15,625	15,625	15,625
Weighted average number of ordinary shares outstanding (diluted)	515,625	515,625	515,625	515,625
Earnings per share (diluted) (in Baht)	0.47	0.63	0.48	0.63

38 Events after the reporting period

1. On 8 July 2019, the major shareholder of the Bank, Polaris Capital Investment Limited, owning over 10% of the Bank's paid-up share capital had sold its entire interest in the Bank to OCA Investment Holdings I Pte. Ltd. The Bank has registered such change of shareholder with Ministry of Commerce on the same day.
2. At the Extraordinary General Meeting of the shareholder of the subsidiary (Thai Micro Digital Solutions Co., Ltd.) held on 26 July 2019, the shareholder have resolutions to increase the authorised share capital of that Company amounted of Baht 50 million. On 30 July 2019, the Bank paid share subscription of Baht 49.99 million to the subsidiary.

39 Thai Financial reporting standards (TFRSs) not yet adopted

A number of new 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 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying TFRSs on the consolidated and the Bank's financial statements.

40 Reclassification of accounts

Certain accounts in statements of profit or loss and other comprehensive income for the six-month period ended 30 June 2018 have been reclassified to conform to the presentation in the 2019 interim financial statements. Significant reclassifications were as follows:

	Consolidated and the Bank		
	Before reclassification	Reclassification <i>(in thousand Baht)</i>	After reclassification
<i>Statements of profit or loss and other comprehensive income</i>			
<i>For the six-month period ended</i>			
<i>30 June 2018</i>			
Employee expenses	799,766	930	800,696
Directors' remuneration	4,345	<u>(930)</u>	3,415
		<u> -</u>	

The reclassifications have been made because, in the opinion of management, the new reclassifications are more appropriate to the Group's business.