

**TMB Bank Public Company Limited
and its Subsidiaries**

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

Independent Auditor's Report

To the Board of Directors of TMB Bank Public Company Limited

Audit Report

Opinion

I have audited the interim consolidated and the Bank only financial statements of TMB Bank Public Company Limited and its subsidiaries (the "Group"), and of TMB Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 30 June 2019, the consolidated and the Bank only 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 only 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 only 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 are relevant to my audit of the interim consolidated and the Bank only 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the interim consolidated and the Bank only financial statements of the current period. These matters were addressed in the context of my audit of the interim consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers	
For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 3, 11 and 13.	
The key audit matter	How the matter was addressed in the audit
<p>As at 30 June 2019, loans to customers recorded in the interim consolidated and the Bank only financial statements amounted to Baht 679.85 billion and Baht 679.82 billion (approximately 75.56% and 75.86% of total assets), against which allowances for doubtful accounts of Baht 29.03 billion and Baht 29.00 billion, respectively, were provided.</p> <p>The estimation of the allowance involves judgments over both the timing of recognition and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers. The allowance is determined based on the key factors such as historical loss data, expected loss data, credit risk, collateral, economic conditions and management experience. Accordingly, it is considered a Key Audit Matter.</p> <p>Management has established a control framework over the impairment process which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant regulations. Within this framework:</p> <ul style="list-style-type: none"> ▪ Individual assessments are made by management of credit scoring and classification. Collateral valuation estimates are also used in determining allowances. ▪ The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Model methodologies and assumptions such as customer behavior are selected, approved, and applied to the underlying data. 	<p>In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.</p> <p>My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.</p> <p>Credit review procedures were performed for a sample of loans, including a detailed review of the individual credit file and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in the risk assessment.</p> <p>Model assumptions and methodologies were tested, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.</p>

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to note 3 and 5.	
The key audit matter	How the matter was addressed in the audit
As at 30 June 2019, financial assets measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 52.10 billion and Baht 52.10 billion, respectively. Financial liabilities measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 10.39 billion and Baht 10.39 billion, respectively. The entire amount is classified as “level 2” in the fair value hierarchy. Therefore, judgment is applied in the estimation of the fair value. The use of different valuation techniques and assumptions could produce different estimates of fair value.	For financial instruments, I checked for a selection that pricing inputs used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Group’s and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group’s and the Bank’s valuation.

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

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

In preparing the interim consolidated and the Bank only 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 only Financial Statements

My objectives are to obtain reasonable assurance about whether the interim consolidated and the Bank only 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 only 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 only 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 only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank only financial statements, including the disclosures, and whether the interim consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

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

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

Review Report

I have also reviewed the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2019 of the Group and the Bank only, respectively. Management is responsible for the preparation and presentation of these interim consolidated and the Bank only statements of profit or loss and other comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim consolidated and the Bank only statements of profit or loss and other comprehensive income based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2019 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
21 August 2019

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Assets	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash		10,840,253	15,234,235	10,840,240	15,231,053
Interbank and money market items, net	7, 34.2	114,358,853	113,522,391	114,358,853	113,522,391
Derivative assets	8	10,181,244	7,916,452	10,181,244	7,916,452
Investments, net	9	84,264,092	73,476,647	84,264,083	73,476,629
Investments in subsidiaries and associate, net	10	4,712,485	4,577,259	221,942	221,942
Loans to customers and accrued interest receivables, net	11, 34.2				
Loans to customers		679,850,204	685,793,189	679,821,234	685,747,048
Accrued interest receivables		1,293,104	1,308,437	1,293,104	1,308,437
Total loans to customers and accrued interest receivables		681,143,308	687,101,626	681,114,338	687,055,485
Less deferred revenue		(74,763)	(86,234)	(74,763)	(86,234)
Less allowance for doubtful accounts	11.4, 13, 34.2	(29,026,183)	(31,975,862)	(29,004,276)	(31,947,442)
Less revaluation allowance for debt restructuring	11.7	(1,044,589)	(999,484)	(1,044,589)	(999,484)
Total loans to customers and accrued interest receivables, net		650,997,773	654,040,046	650,990,710	654,022,325
Properties for sale, net	14	2,778,687	2,613,771	2,778,687	2,613,771
Premises and equipment, net	15	12,962,138	11,876,263	12,962,122	11,876,236
Goodwill and other intangible assets, net	16	2,645,706	2,592,359	2,645,498	2,592,345
Deferred tax assets	17	706,484	400,882	1,550,917	1,245,983
Other receivables, net	18	1,489,157	1,251,198	1,458,188	1,220,229
Other assets, net	19, 34.2	3,862,763	4,211,807	3,862,669	4,212,122
Total assets		899,799,635	891,713,310	896,115,153	888,151,478

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

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

		Consolidated		Bank only	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
Liabilities and equity	<i>Note</i>				
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	20, 34.2	648,824,420	649,568,443	648,855,538	649,574,715
Interbank and money market items	21, 34.2	49,402,684	64,266,589	49,402,684	64,266,589
Liabilities payable on demand		4,508,859	3,504,740	4,508,859	3,504,740
Financial liabilities designated at fair value through profit or loss	22	407,271	396,560	407,271	396,560
Derivative liabilities	8	9,981,173	7,327,950	9,981,173	7,327,950
Debts issued and borrowings, net	23, 34.2	55,381,447	35,124,014	55,381,447	35,124,014
Provisions for employee benefits	24	1,512,368	1,220,760	1,510,773	1,219,606
Provisions for other liabilities	25	609,329	630,217	609,173	630,061
Deferred revenue	26	17,038,882	17,593,616	17,038,900	17,593,634
Other liabilities	27, 34.2, 34.4	11,695,615	13,301,508	11,668,422	13,271,849
Total liabilities		799,362,048	792,934,397	799,364,240	792,909,718
Equity					
Share capital					
Authorised share capital					
44,108,738,479 ordinary shares of Baht 0.95 each		41,903,302	41,903,302	41,903,302	41,903,302
Issued and paid-up share capital					
43,851,893,110 ordinary shares of Baht 0.95 each	28	41,659,299	41,659,299	41,659,299	41,659,299
Premium on share capital	28	403,596	403,596	403,596	403,596
Other reserves		5,938,482	4,810,560	5,938,489	4,810,560
Retained earnings					
Appropriated					
Legal reserve	30, 31	3,000,000	3,000,000	3,000,000	3,000,000
Unappropriated		49,436,210	48,905,458	45,749,529	45,368,305
Equity attributable to equity holders of the Bank		100,437,587	98,778,913	96,750,913	95,241,760
Non-controlling interest		-	-	-	-
Total equity		100,437,587	98,778,913	96,750,913	95,241,760
Total liabilities and equity		899,799,635	891,713,310	896,115,153	888,151,478

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Prasong Poontaneat
Chairman of the Board

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income (Unaudited)

	<i>Note</i>	Consolidated		Bank only	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Interest income	34.1, 37	9,237,697	8,700,234	9,226,446	8,695,570
Interest expenses	34.1, 38	2,893,728	2,600,368	2,893,733	2,604,717
Net interest income		6,343,969	6,099,866	6,332,713	6,090,853
Fees and service income	34.1, 39	2,624,268	3,341,054	2,626,179	2,986,669
Fees and service expenses	39	715,764	881,045	715,764	798,436
Net fees and service income		1,908,504	2,460,009	1,910,415	2,188,233
Gains on trading and foreign exchange transactions, net	40	307,457	351,685	307,457	351,685
Losses on financial liabilities designated at fair value through profit or loss, net	41	(5,794)	(91)	(5,794)	(91)
Gains on investments, net	42	96,140	96,637	96,140	96,637
Share of profit from investment using equity method		75,202	-	-	-
Other operating income	34.1	166,662	185,430	165,461	180,964
Total operating income		8,892,140	9,193,536	8,806,392	8,908,281
Other operating expenses					
Employee expenses	34.3, 34.4	1,913,387	2,065,347	1,912,459	1,997,829
Directors' remuneration	34.3	22,965	20,937	22,965	20,877
Premises and equipment expenses		747,185	866,833	747,128	851,313
Taxes and duties		329,164	313,865	328,703	313,460
Others	34.1, 43	1,197,192	1,027,143	1,196,227	995,663
Total other operating expenses		4,209,893	4,294,125	4,207,482	4,179,142
Impairment loss on loans and debt securities	34.1, 44	2,490,340	2,380,172	2,494,711	2,385,762
Profit from operations before income tax		2,191,907	2,519,239	2,104,199	2,343,377
Income tax	17	274,588	492,982	272,140	418,122
Profit for the period		1,917,319	2,026,257	1,832,059	1,925,255
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		82,150	(133,485)	82,150	(133,485)
Gains (losses) arising from translating the financial statements of foreign operations		(20,711)	10,128	(20,711)	10,128
Income tax relating to items that will be reclassified subsequently to profit or loss	17	(12,288)	24,671	(12,288)	24,671
		49,151	(98,686)	49,151	(98,686)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		1,361,908	(6,268)	1,361,908	(6,268)
Actuarial gains on post-employment benefit plan	24	71,959	101,871	71,959	108,690
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	(286,773)	(19,121)	(286,773)	(20,484)
		1,147,094	76,482	1,147,094	81,938
Total other comprehensive income for the period, net of income tax		1,196,245	(22,204)	1,196,245	(16,748)
Total comprehensive income for the period		3,113,564	2,004,053	3,028,304	1,908,507

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income (Unaudited)

	Consolidated		Bank only	
	Three-month period ended		Three-month period ended	
	30 June		30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	1,917,319	2,026,257	1,832,059	1,925,255
Non-controlling interest	-	-	-	-
Profit for the period	<u>1,917,319</u>	<u>2,026,257</u>	<u>1,832,059</u>	<u>1,925,255</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	3,113,564	2,004,053	3,028,304	1,908,507
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	<u>3,113,564</u>	<u>2,004,053</u>	<u>3,028,304</u>	<u>1,908,507</u>
Earnings per share				
Basic earnings per share <i>(in Baht)</i>	<u>0.0437</u>	<u>0.0462</u>	<u>0.0418</u>	<u>0.0439</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0437</u>	<u>0.0462</u>	<u>0.0418</u>	<u>0.0439</u>

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Mr. Piti Tantakasem
Chief Executive Officer

Mr. Prasong Poontaneat
Chairman of the Board

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income

	<i>Note</i>	Consolidated		Bank only	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Interest income	34.1, 37	18,288,267	17,244,909	18,275,024	17,229,386
Interest expenses	34.1, 38	5,707,811	5,115,322	5,707,816	5,123,718
Net interest income		12,580,456	12,129,587	12,567,208	12,105,668
Fees and service income	34.1, 39	5,104,059	6,955,535	5,107,541	6,233,012
Fees and service expenses	39	1,473,345	1,754,699	1,473,345	1,583,541
Net fees and service income		3,630,714	5,200,836	3,634,196	4,649,471
Gains on trading and foreign exchange transactions, net	40	670,452	806,725	670,452	806,725
Losses on financial liabilities designated at fair value through profit or loss, net	41	(11,567)	(2,923)	(11,567)	(2,923)
Gains on investments, net	42	99,795	105,904	99,795	105,707
Share of profit from investment using equity method		135,226	-	-	-
Other operating income	34.1	303,676	336,236	301,163	1,127,556
Total operating income		17,408,752	18,576,365	17,261,247	18,792,204
Other operating expenses					
Employee expenses	34.3, 34.4	4,456,510	4,134,384	4,455,015	4,000,231
Directors' remuneration	34.3	31,332	28,597	31,332	28,477
Premises and equipment expenses		1,609,038	1,699,083	1,608,915	1,668,292
Taxes and duties		646,122	618,883	644,930	618,188
Others	34.1, 43	2,204,826	2,077,937	2,202,681	2,011,595
Total other operating expenses		8,947,828	8,558,884	8,942,873	8,326,783
Impairment loss on loans and debt securities	34.1, 44	4,329,306	4,684,839	4,339,696	4,693,133
Profit from operations before income tax		4,131,618	5,332,642	3,978,678	5,772,288
Income tax	17	635,461	1,026,645	632,049	1,034,029
Profit for the period		3,496,157	4,305,997	3,346,629	4,738,259
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		142,530	(133,521)	142,539	(133,301)
Losses arising from translating the financial statements of foreign operations		(31,067)	-	(31,067)	-
Income tax relating to items that will be reclassified subsequently to profit or loss	17	(22,292)	26,704	(22,294)	26,660
		89,171	(106,817)	89,178	(106,641)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		1,356,681	(9,614)	1,356,681	(9,614)
Actuarial gains on post-employment benefit plan	24	71,959	101,871	71,959	108,690
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	(285,728)	(18,451)	(285,728)	(19,815)
		1,142,912	73,806	1,142,912	79,261
Total other comprehensive income for the period, net of income tax		1,232,083	(33,011)	1,232,090	(27,380)
Total comprehensive income for the period		4,728,240	4,272,986	4,578,719	4,710,879

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

TMB Bank Public Company Limited and its subsidiaries

Statements of profit or loss and other comprehensive income

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	3,496,157	4,305,997	3,346,629	4,738,259
Non-controlling interest	-	-	-	-
Profit for the period	<u>3,496,157</u>	<u>4,305,997</u>	<u>3,346,629</u>	<u>4,738,259</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	4,728,240	4,272,986	4,578,719	4,710,879
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	<u>4,728,240</u>	<u>4,272,986</u>	<u>4,578,719</u>	<u>4,710,879</u>
Earnings per share				
Basic earnings per share <i>(in Baht)</i>	<u>0.0797</u>	<u>0.0982</u>	<u>0.0763</u>	<u>0.1081</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0797</u>	<u>0.0982</u>	<u>0.0763</u>	<u>0.1081</u>

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Mr. Piti Tantakasem
Chief Executive Officer

Mr. Prasong Poontaneat
Chairman of the Board

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

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in equity

Note	Consolidated											
	Other reserves						Retained earnings					
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 28)	Revaluation surplus on assets, net (Note 29)	Revaluation surplus on available-for-sale investments, net (Note 9.4)	Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
<i>(in thousand Baht)</i>												
Six-month period ended 30 June 2018												
Balance at 1 January 2018	41,647,866	378,931	35,877	5,007,190	26,672	27,564	5,097,303	2,550,000	40,181,447	89,855,547	-	89,855,547
Comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	4,305,997	4,305,997	-	4,305,997
Other comprehensive income	-	-	-	(7,691)	(106,817)	-	(114,508)	-	81,497	(33,011)	-	(33,011)
Total comprehensive income for the period	-	-	-	(7,691)	(106,817)	-	(114,508)	-	4,387,494	4,272,986	-	4,272,986
Contributions by and distribution to owners of the Bank												
Expenses in relation to share-based payments	28.1, 28.3	-	-	707	-	-	707	-	-	707	-	707
Issue of ordinary shares to employees	28.3	11,433	25,151	(36,584)	-	-	(36,584)	-	-	-	-	-
Expenses in relation to issue of ordinary shares to employees	28.3	-	(486)	-	-	-	-	-	-	(486)	-	(486)
Dividend paid	31	-	-	-	-	-	-	-	(2,630,494)	(2,630,494)	-	(2,630,494)
Total contributions by and distribution to owners of the Bank		11,433	24,665	(35,877)	-	-	(35,877)	-	(2,630,494)	(2,630,273)	-	(2,630,273)
Transfer to retained earnings		-	-	(48,952)	-	-	(48,952)	-	48,952	-	-	-
Balance at 30 June 2018	41,659,299	403,596	-	4,950,547	(80,145)	27,564	4,897,966	2,550,000	41,987,399	91,498,260	-	91,498,260
Six-month period ended 30 June 2019												
Balance at 1 January 2019	41,659,299	403,596	-	4,828,409	(37,311)	19,462	4,810,560	3,000,000	48,905,458	98,778,913	-	98,778,913
Comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	3,496,157	3,496,157	-	3,496,157
Other comprehensive income	-	-	-	1,085,345	114,024	(24,853)	1,174,516	-	57,567	1,232,083	-	1,232,083
Total comprehensive income for the period	-	-	-	1,085,345	114,024	(24,853)	1,174,516	-	3,553,724	4,728,240	-	4,728,240
Contributions by and distribution to owners of the Bank												
Dividend paid	31	-	-	-	-	-	-	-	(3,069,566)	(3,069,566)	-	(3,069,566)
Total contributions by and distribution to owners of the Bank		-	-	-	-	-	-	-	(3,069,566)	(3,069,566)	-	(3,069,566)
Transfer to retained earnings		-	-	(46,594)	-	-	(46,594)	-	46,594	-	-	-
Balance at 30 June 2019	41,659,299	403,596	-	5,867,160	76,713	(5,391)	5,938,482	3,000,000	49,436,210	100,437,587	-	100,437,587

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

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in equity

		Bank only								
		Other reserves						Retained earnings		

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	4,131,618	5,332,642	3,978,678	5,772,288
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	770,687	702,502	770,648	697,309
Impairment loss on loans and debt securities	4,329,306	4,684,839	4,339,696	4,693,133
Impairment loss on premises and equipment (reversal of)	(68,526)	3,912	(68,526)	3,912
Impairment loss on properties for sale and other assets	65,389	56,998	65,391	56,986
Provisions for employee benefits and other liabilities	427,532	111,894	427,091	108,209
Impairment losses on investment	-	1,263	-	1,263
Losses on revaluation of trading investments	557	3,632	557	3,632
Losses on written off of intangible assets	14,457	-	14,457	-
Gains on disposal of premises and equipment	(7,343)	(6,265)	(7,343)	(6,258)
Gains on disposal of investments	(99,795)	(107,167)	(99,795)	(106,970)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	11,567	2,923	11,567	2,923
Unrealised losses on exchange on derivatives	388,189	1,023,096	388,189	1,023,096
Unrealised losses (gains) on exchange on debentures and borrowings	(771,932)	217,712	(771,932)	217,712
Gains on buyback of debenture	(5,869)	-	(5,869)	-
Expenses in relation to share-based payments	-	707	-	707
Share of profit from investments accounted for using the equity method	(135,226)	-	-	-
Net interest income	(12,580,456)	(12,129,587)	(12,567,208)	(12,105,668)
Dividend income	(23,170)	(16,456)	(23,170)	(816,456)
Interest received	17,491,300	16,430,939	17,478,057	16,417,453
Interest paid	(5,000,464)	(4,489,301)	(5,000,469)	(4,497,698)
Income tax paid	(1,524,917)	(319,408)	(1,520,060)	(254,804)
Profit from operations before changes in operating assets and liabilities	7,412,904	11,504,875	7,409,959	11,210,769
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(834,500)	7,115,448	(834,500)	6,559,447
Trading investments	(8,689,212)	(2,270,821)	(8,689,212)	(2,270,821)
Loans to customers	(1,316,863)	(15,076,060)	(1,337,910)	(15,084,355)
Properties for sale	(36,594)	(71,689)	(36,594)	(71,689)
Other receivables	(244,207)	558,189	(244,210)	547,706
Other accrued income	20,687	135,230	21,099	151,035
Other assets	284,174	(4,636,297)	284,171	(4,630,850)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(753,399)	20,704,381	(728,552)	23,836,468
Interbank and money market items	(14,863,905)	(15,177,130)	(14,863,905)	(15,177,130)
Liabilities payable on demand	1,004,119	503,503	1,004,119	503,503
Short-term debts issued and borrowings	(856)	-	(856)	-
Provisions for employee benefits	(70,989)	(223,564)	(70,989)	(223,564)
Provisions for other liabilities	(1,045,220)	(21,902)	(1,045,220)	(21,902)
Account payables	(479,181)	(88,421)	(477,062)	(88,396)
Other accrued expenses	(1,106,369)	(920,907)	(1,106,609)	(955,597)
Deferred revenue	(675,967)	(664,870)	(675,967)	(632,409)
Other liabilities	1,487,558	(3,742,516)	1,487,365	(3,706,639)
Net cash used in operating activities	(19,907,820)	(2,372,551)	(19,904,873)	(54,424)

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

TMB Bank Public Company Limited and its subsidiaries
Statements of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	801,368	645,221	801,368	640,805
Dividend received	23,170	16,456	23,170	816,456
Purchase of available-for-sale investments	(27,216,138)	(18,586,025)	(27,216,138)	(18,586,025)
Proceeds from sales of available-for-sale investments	36,361,849	20,095,376	36,361,849	16,970,013
Purchase of held to maturity debt securities	(18,455,734)	(4,621,132)	(18,455,734)	(4,621,132)
Proceeds from redemption of held to maturity debt securities	7,491,798	4,309,204	7,491,798	4,309,204
Purchase of general investments	(30,000)	-	(30,000)	-
Proceeds from sales of general investments	-	102,226	-	102,226
Purchase of premises and equipment	(282,384)	(181,588)	(282,376)	(176,255)
Purchase of leasehold rights	(2,284)	(1,015)	(2,284)	(1,015)
Purchase of intangible assets	(386,312)	(422,009)	(386,098)	(416,034)
Proceeds from disposals of premises and equipment	51,085	18,032	51,085	18,027
Net cash provided by (used in) investing activities	(1,643,582)	1,374,746	(1,643,360)	(943,730)
<i>Cash flows from financing activities</i>				
Proceeds from long-term borrowings	20,000	-	20,000	-
Repayment of long-term borrowings	(6,513)	(6,273)	(6,513)	(6,273)
Interest paid on long-term debts issued and borrowings	(777,288)	(648,973)	(777,288)	(648,973)
Cash receipts on debentures issued	30,000,000	1,917,000	30,000,000	1,917,000
Cash paid for redemption of debentures	(8,978,146)	(3,008,880)	(8,978,146)	(3,008,880)
Expenses in relation to issue of ordinary shares to employees	-	(486)	-	(486)
Dividends paid to equity holders of the Bank	(3,069,566)	(2,630,494)	(3,069,566)	(2,630,494)
Net cash provided by (used in) financing activities	17,188,487	(4,378,106)	17,188,487	(4,378,106)
Change in translation adjustments of foreign operations	(31,067)	-	(31,067)	-
Net decrease in cash	(4,393,982)	(5,375,911)	(4,390,813)	(5,376,260)
Cash at 1 January	15,234,235	17,871,736	15,231,053	17,871,549
Cash at 30 June	10,840,253	12,495,825	10,840,240	12,495,289

Supplementary disclosures of cash flow information
Non-cash transactions:

Issue of ordinary shares to employees	-	36,584	-	36,584
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TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 21 August 2019.

1 General information

TMB Bank Public Company Limited, (“the Bank”), is incorporated in Thailand and has its registered office at 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. A subsidiary is incorporated as limited company under Thai laws and has been operating in Thailand, with its core business being provisions of asset management. Details of the Bank’s subsidiaries and associate as at 30 June 2019 and 31 December 2018 are given in note 10.

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 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (“BoT”) Notification Number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

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

Under TFRS 15, the Bank and its subsidiaries recognise revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Bank and its subsidiaries expect 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 Bank and its subsidiaries recognise revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognise 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 is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Bank and its subsidiaries have not early adopted a number of new and revised TFRSs which are not yet effective for current period in preparing these interim financial statements before the effective date. Those new and revised TFRSs that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 47.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

(b) *Basis of measurement*

The interim financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value in the statements of financial position.

- Derivative financial instruments (trading book)
- Trading and available-for-sale investments
- Financial liabilities designated at fair value through profit or loss
- Land and buildings

(c) *Functional and presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand and in the notes to financial statements to the nearest million 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.

Information about significant areas of estimation uncertainties is included in the following notes:

Note 8	Derivatives
Note 13	Allowance for doubtful accounts

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 subsidiaries (together referred to as "the Group").

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as described in subsidiaries section, other than those with entities under common control.

The Bank 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 acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

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

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

Acquisitions from entities under common control

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

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

Subsidiaries

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

The subsidiaries' financial statements are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

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

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

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Loss of control

When the Bank 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 from loss of control over a subsidiary 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

Significant 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 the 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 rates announced by the Bank of Thailand 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.

Foreign operations

The assets and liabilities of foreign operations, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the branch's business, except for the Cayman Islands Branch, for which the foreign exchange differences arising on translation are recognised in profit or loss.

(c) Cash

Cash includes cash in hand and cash on collection.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

(d) *Securities purchased under resale agreements/Securities sold under repurchase agreements*

The Bank enters into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of “Interbank and money market items, net (assets)” or “Loans to customers”, depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of “Interbank and money market items (liabilities)” or “Debt issued and borrowings, net”, depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

(e) *Investments*

Investments in subsidiaries and associate

Investments in subsidiaries and associate as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses, (if any). Impairment losses are recorded as expenses in profit or loss. Investment in assisociate in the consolitdated financial statements are accounted for using equity method.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively, since they intend to hold such investment temporarily. Such investments are classified as general investments and stated at cost less allowance for impairment losses (if any).

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission. Such investments are classified as general investments and stated at cost less allowance for impairment losses (if any).

Investments in other debt and equity securities

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

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

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.

Investments in (a) non-marketable equity securities, (b) investment units with conditions regarding the return on the investments similar to those of debt securities, (c) equity securities that were received as a result of debt restructuring, or (d) mutual funds, which are not classified as investments in subsidiaries or associate, are classified as general investments and stated at cost less allowance for impairment losses (if any).

Recognition

Purchases and sales of investments in debt securities are recorded on settlement dates.

Purchases and sales of investments in equity securities are recorded on trade dates.

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.

For debt and equity securities, cost of both investments sold and those still held are determined using the weighted average method.

(f) Loans to customers

Loans to customers are presented exclusive of accrued interest receivable (except for overdrafts, which are presented inclusive of accrued interest receivable). Unearned discounts received in advance on loans to customers are presented as deductions from the loans.

(g) Bill purchased, trade finance and factoring

The Bank classifies bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank has its legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank recognises the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against "Loans to customers" or "Interbank and money market items, net (assets)" as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

(h) *Allowance for doubtful accounts*

Allowance for doubtful accounts is determined based on relevant BoT's criteria and regulations. The allowance for doubtful accounts includes (a) an allowance determined at the minimum percentage as specified in the BoT's notifications, (b) an allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported and (c) an additional provision following its business plan and management of non-performing loans. The allowance for doubtful accounts is calculated based on the shortfall between the carrying value of the outstanding debts and the present value of future cash flows expected to be collected from debtors or from the disposal of the underlying collateral, which is determined in accordance with the BoT's notifications.

The allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported is determined, taking into accounts the relevant factors such as the types of lendings, historical loss, the debtor's credit risk, management's experience and so on. The additional provision is determined, taking into accounts the debtor's payment ability, the expected amount to be collected from the underlying collateral and debt management plan etc.

Any additional allowances for doubtful accounts are charged to expense in each accounting period. The Bank and its subsidiaries write off bad debts against the allowance for doubtful accounts for uncollectible amounts and bad debts recovered (principal portion) are credited to the allowance for doubtful accounts.

(i) *Troubled debt restructuring*

Foreclosed assets transferred as a result of troubled debt restructuring are recorded at the net realisable value of the assets, to the extent that this does not exceed the book value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Where restructuring a loan involves modification of its terms, the present value of the future cash flows expected to be collected from the debtor is calculated by using a discount rate. The difference between the then-determined present value and the outstanding balances of loans to customers and accrued interest receivables is recorded as a revaluation allowance on debt restructuring in the statements of financial position. Such revaluation allowance is reviewed using the present value of the projected expected cash to be received over the remaining terms.

For debt restructuring agreements made before 1 January 2014, the present value of the future cash flows expected to be collected from the debtor is determined using the market rates at the restructuring dates as the discount rates. For debt restructuring agreements made since 1 January 2014 onwards, the Bank used the effective interest rates under the original loan agreements, except for SME debtors used the market rates at the restructuring dates as the discount rates.

(j) *Properties for sale*

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

Cost of properties for sale as a result of settlement from a debtor is stated at fair value less estimated direct cost to sell, to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties for sale through a public auction process is the purchase price plus transfer costs and less estimated direct cost to sell.

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The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

(k) Premises and equipment

Land is measured at revalued amount less allowance for impairment losses (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment losses (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment losses (if any).

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

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 Bank and its subsidiaries, 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 assets are recognised in profit or loss as incurred.

The Bank, thereafter, arranges to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank recognises surplus/deficit arising as a result of revaluation of their assets as follows:

- (1) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in other reserve under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank used to recognise such revaluation decrease as an expense in profit or loss, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- (2) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss.

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Leases in terms of which the Bank and its subsidiaries substantially assumes all the risks and rewards of ownership are classified as finance leases. Premises and equipment recognised by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50 years)
Leasehold improvement	6 years
Equipment	3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss when the asset is derecognised.

(l) Leasehold rights

Leasehold rights are measured at cost less accumulated amortisation and allowance for impairment losses and are presented as a part of "other assets" in the statements of financial position. Leasehold rights are amortised and recognised as the expenses, using a straight-line method, over the lease periods.

(m) 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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(n) Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for 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, including expenditure on internally generated goodwill and brands, 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, other than goodwill, 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	Average at 5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(o) Impairment

The carrying amounts of the Bank and its subsidiaries' 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.

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 adjusted. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any allowance for impairment loss on that financial asset previously recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of held-to-maturity securities 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 loans to customers and accrued interest receivables is calculated as described in note 3 from item (f) to (i).

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, general investments and investments in subsidiaries and associate, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. 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.

(p) Hybrid instruments

The Bank records financial liabilities that are created in the form of hybrid instruments with reference to the BoT's Notification, which requires the Bank to apply International Accounting Standard No.39 (IAS 39) in relation to financial liabilities whereby it has an option to classify financial liabilities as "Financial liabilities designated at fair value through profit or loss" when one of the following criteria is met:

1. To reduce a mismatch in profit or loss that would otherwise arise from different accounting recognition between financial assets and financial liabilities; or
2. For management and evaluation of a group of financial assets or financial liabilities under a documented risk management or investment strategy policy as approved by the Board of Directors of the Bank; or
3. It is a financial instrument containing an embedded derivative.

The fair value of financial liabilities designated at fair value through profit or loss is calculated based on a valuation model, using market data obtained from reliable sources. Changes in the fair value are recorded as income or expense in profit or loss.

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If the Bank opts not to classify the hybrid instrument liabilities as “Financial liabilities designated at fair value through profit or loss” or the criteria for classifying them are not met, the Bank is to classify and account for hybrid instrument liabilities in accordance with IAS 39 regarding hybrid instruments, taken into consideration all of the following criteria:

1. The hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The economic characteristics and risks of the embedded derivative and the host contract are not closely related.

If all 3 conditions are met, the Bank will account for the host contract at cost or amortised cost and measure the embedded derivative separately from the host contract at fair value with changes in the fair value of the embedded derivative recognised as income or expense in profit or loss. If any of the 3 conditions is not met, the Bank will recognise the hybrid instrument at cost or amortised cost.

(q) Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gains or losses on measurement of derivatives is recognised as income or expenses in profit or loss.

Derivatives, entered for the banking book purpose, with interest components are recognised on an accrual basis, in the same manner as the hedged assets and liabilities. That is, the interest income or interest expense is recognised over the term of the contracts. Derivatives with foreign exchange components are recognised based on exchange rates ruling on the reporting period-end date. Unrealised gain or loss on exchange rate is recognised in profit or loss and the difference between the forward rate and the spot rate at the contract date is recognised as income or expense by amortisation using the straight-line basis over the contract periods.

(r) Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post employment benefits and other long-term employee benefits

Defined contribution plan

The Bank, its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Bank and its subsidiaries' contributions are recognised as expenses when incurred.

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Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the Bank and its subsidiaries for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss.

Share-based payments

The cost of the TMB Performance Share Bonus Project (“Share-based payment plan”) is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expense in profit or loss with a corresponding increase in “Other reserve - share-based payments” in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expense, which involves the Bank’s management best estimate of number of ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expense or reversal of expense for a period represented the movement in cumulative expense recognised as at the beginning and at the end of the reporting period.

(s) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have 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.

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank provides provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank was claimed against, using the same criteria and methods applied to allowance for doubtful accounts that are described in note 3 (h).

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(t) Income

Interest income

The Bank and its subsidiaries recognise interest income on loans on an accrual basis, except for loans on which interest has been accrued longer than 3 months, or loans classified as sub-standard, doubtful and doubtful of loss in accordance with the BoT regulations. Interest on these loans is then recognised when received and the Bank and its subsidiaries will reverse all interest income previously accrued for these loans. Interest on these loans will be recognised on an accrual basis once they are restructured and meet all of the following conditions:

1. The loans are qualified to be classified as “pass”.
2. There is no interest receivable and present value loss on debt restructuring outstanding.

Interest income on investment in debt securities is recognised as revenue based on the effective interest rates over the holding periods.

Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided and conditions in the contract. Fee received in advance is recorded as “Deferred revenue” in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The amount is recorded as “Deferred revenue” in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

Dividend income

Dividend income is recognised in profit or losses on the date that the Bank and its subsidiaries’ right to receive payments is established.

(u) Expenses

Interest expenses

The Bank and its subsidiaries recognise interest expenses on an accrual basis.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses on an accrual basis.

(v) 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.

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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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries' 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 Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their 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 Bank and its subsidiaries to change their 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.

(w) *Earnings per share*

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TMB Performance Share Bonus Scheme.

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(x) *Segment reporting*

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

(y) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries 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

Risk management approach

The Bank has set up its risk management structure in order to efficiently manage its core risks, i.e. credit, market, operational, liquidity, reputational and strategic risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Bank and its subsidiaries.

The Bank manages its risks under the following key principles: Core risks must be identified, measured, monitored, reported, analysed and controlled; and business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank's overall risk management, the Risk Oversight Committee (ROC), which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Bank and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels. Other senior management risk committees that oversee specific risk areas include the Risk Policy Committee (RPC), the Bank Non-financial Risk Committee (BNFRC), the Asset and Liability Management Committee (ALCO), the Portfolio Monitoring Committee (PoMoCo) and the Financial Markets Control Committee (FMCC). Audit Committee holds the responsibility to assure that the internal control and internal audits are appropriate and effective.

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the following dedicated risk management related functions are under the stewardship of the Chief Risk Officer (CRO): Credit Risk Management, Credit Risk Intelligence, Market Risk Management, Corporate Operational Risk Management, Compliance and Legal. Under the Credit Risk Management unit, sub-functions including Corporate Credit Underwriting, Small Enterprise and Retail Credit Underwriting, Credit Restructuring, Small Enterprise Portfolio Monitoring, Retail Collections and Credit Policy and Risk Control are set in order to manage credit risk of each portfolio. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategies and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

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4.1 Credit risk

Credit risk is the risk to the Bank as a result of borrowers and/or counterparties failing to meet their financial or contractual obligations in accordance with agreed terms. It arises principally from granting loans and undertaking contingent liabilities, and also from certain off-balance sheet items products such as guarantees and derivatives, etc.

The maximum credit risk exposure is the carrying values of the financial assets after deducting allowance for losses as presented in the statements of financial position, and the provision for contingent liabilities arising as a result of loan guarantees and other guarantees.

Credit policies/Framework

The Bank's credit risk appetite and strategy are approved by the Board of Directors (BOD). To properly manage credit risk, the Bank has put in place the Core Credit Risk Policies (CCRP) and frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All relevant business units and support units are required to formulate their own specific policies and supplementary policies under the CCRP. The Bank has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk on a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk. Additionally, the Bank's Stress Testing Policy ensures a consistent framework to assess the Bank's ability to withstand extreme but plausible adverse changes to economic conditions.

Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Bank demands the placement of adequate collateral by customers in various forms including, for example, land and building, bank deposits, securities, and personal/corporate guarantees, etc.

The Bank has contingent liabilities by issuing loan payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Bank also makes a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit review

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) team, under the Compliance unit, performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

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4.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets, liabilities, and off-balance sheet items.

The ALCO holds the responsibility to assist the BOD and the ROC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank classifies the overall market risk management into two parts: trading book and banking book. The Bank has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank has established the Market Risk Management: Trading Book Policy to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Bank's risk appetite.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from the Bank's both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

The Bank has established the Market Risk Management: Banking Book Policy, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank's risk appetite.

The Bank also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

(a) Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank's and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

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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:

	Consolidated 30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	10,840	10,840
Interbank and money market items net of deferred revenue	42,542	66,514	5,337	114,393
Investments, net	4,148	79,849	267	84,264
Investment in subsidiaries and associate, net	-	-	4,712	4,712
Loans to customers net of deferred revenue	456,461	213,641	9,673	679,775
Other financial assets	573	-	3,593	4,166
Total financial assets	503,724	360,004	34,422	898,150
<i>Financial liabilities</i>				
Deposits	555,568	67,885	25,371	648,824
Interbank and money market items	5,495	42,785	1,123	49,403
Liabilities payable on demand	-	-	4,509	4,509
Financial liabilities designated at fair value through profit or loss	299	-	-	299
Debts issued and borrowings	4,612	50,747	22	55,381
Other financial liabilities	3,328	-	8,285	11,613
Total financial liabilities	569,302	161,417	39,310	770,029

	Consolidated 31 December 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	4,577	4,577
Loans to customers net of deferred revenue	442,718	233,148	9,841	685,707
Other financial assets	719	-	3,751	4,470
Total financial assets	486,821	369,000	41,202	897,023
<i>Financial liabilities</i>				
Deposits	549,950	75,074	24,544	649,568
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,167	13,228
Total financial liabilities	562,720	162,812	40,458	765,990

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For the three-month period ended 30 June 2019 (Unaudited)

	Bank only 30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	10,840	10,840
Interbank and money market items net of deferred revenue	42,542	66,514	5,337	114,393
Investments, net	4,148	79,849	267	84,264
Investment in subsidiaries and associate, net	-	-	222	222
Loans to customers net of deferred revenue	456,432	213,641	9,673	679,746
Other financial assets	573	-	3,562	4,135
Total financial assets	503,695	360,004	29,901	893,600
<i>Financial liabilities</i>				
Deposits	555,596	67,885	25,375	648,856
Interbank and money market items	5,495	42,785	1,123	49,403
Liabilities payable on demand	-	-	4,509	4,509
Financial liabilities designated at fair value through profit or loss	299	-	-	299
Debts issued and borrowings	4,612	50,747	22	55,381
Other financial liabilities	3,328	-	8,258	11,586
Total financial liabilities	569,330	161,417	39,287	770,034

	Bank only 31 December 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	15,231	15,231
Interbank and money market items net of deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	222	222
Loans to customers net of deferred revenue	442,672	233,148	9,841	685,661
Other financial assets	719	-	3,721	4,440
Total financial assets	486,775	369,000	36,814	892,589
<i>Financial liabilities</i>				
Deposits	549,956	75,074	24,545	649,575
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,138	13,199
Total financial liabilities	562,726	162,812	40,430	765,968

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As at 30 June 2019 and 31 December 2018, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 30 June 2019					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year			
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	10,840	10,840
Interbank and money market items net of deferred revenue	107,863	1,193	-	-	5,337	114,393
Investments, net	20,067	10,653	53,277	-	267	84,264
Investments in subsidiaries and associate, net	-	-	-	-	4,712	4,712
Loans to customers net of deferred revenue	478,288	76,145	94,246	21,423	9,673	679,775
Other financial assets	573	-	-	-	3,593	4,166
Total financial assets	606,791	87,991	147,523	21,423	34,422	898,150
Financial liabilities						
Deposits	582,711	36,383	4,359	-	25,371	648,824
Interbank and money market items	46,810	1,102	368	-	1,123	49,403
Liabilities payable on demand	-	-	-	-	4,509	4,509
Financial liabilities designated at fair value through profit or loss	299	-	-	-	-	299
Debts issued and borrowings	6,021	4,617	44,721	-	22	55,381
Other financial liabilities	3,328	-	-	-	8,285	11,613
Total financial liabilities	639,169	42,102	49,448	-	39,310	770,029
	Consolidated 31 December 2018					Total
	Repricing periods			Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year			
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and associate, net	-	-	-	-	4,577	4,577
Loans to customers net of deferred revenue	451,245	77,987	124,914	21,720	9,841	685,707
Other financial assets	719	-	-	-	3,751	4,470
Total financial assets	566,312	101,745	166,044	21,720	41,202	897,023
Financial liabilities						
Deposits	581,935	38,871	4,218	-	24,544	649,568
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,167	13,228
Total financial liabilities	645,699	59,896	19,937	-	40,458	765,990

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	Bank only 30 June 2019					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	10,840	10,840
Interbank and money market items net of deferred revenue	107,863	1,193	-	-	5,337	114,393
Investments, net	20,067	10,653	53,277	-	267	84,264
Investments in subsidiaries and associate, net	-	-	-	-	222	222
Loans to customers net of deferred revenue	478,288	76,145	94,246	21,394	9,673	679,746
Other financial assets	573	-	-	-	3,562	4,135
Total financial assets	606,791	87,991	147,523	21,394	29,901	893,600
Financial liabilities						
Deposits	582,739	36,383	4,359	-	25,375	648,856
Interbank and money market items	46,810	1,102	368	-	1,123	49,403
Liabilities payable on demand	-	-	-	-	4,509	4,509
Financial liabilities designated at fair value through profit or loss	299	-	-	-	-	299
Debts issued and borrowings	6,021	4,617	44,721	-	22	55,381
Other financial liabilities	3,328	-	-	-	8,258	11,586
Total financial liabilities	639,197	42,102	49,448	-	39,287	770,034

	Bank only 31 December 2018					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,231	15,231
Interbank and money market items net of deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and associate, net	-	-	-	-	222	222
Loans to customers net of deferred revenue	451,245	77,987	124,914	21,674	9,841	685,661
Other financial assets	719	-	-	-	3,721	4,440
Total financial assets	566,312	101,745	166,044	21,674	36,814	892,589
Financial liabilities						
Deposits	581,941	38,871	4,218	-	24,545	649,575
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,138	13,199
Total financial liabilities	645,705	59,896	19,937	-	40,430	765,968

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The Bank and its subsidiaries' average interest-bearing financial assets and financial liabilities, together with the average interest rates were as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	94,076	910	1.94	106,831	1,761	1.65
Investments and trading transactions and investments in debt securities	83,214	868	2.09	62,744	1,275	2.03
Loans to customers net from deferred revenue	679,984	16,497	4.85	649,104	32,082	4.94
Total	857,274	18,275		818,679	35,118	
Interest-bearing financial liabilities						
Deposits	626,572	4,530	1.45	605,191	8,589	1.42
Interbank and money market items	51,188	433	1.69	47,737	686	1.44
Debts issued and borrowings	34,636	745	4.30	31,617	1,295	4.10
Total	712,396	5,708		684,545	10,570	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

	Bank only					
	30 June 2019			31 December 2018		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	94,076	910	1.94	106,193	1,752	1.65
Investments and trading transactions and investments in debt securities	83,214	868	2.09	62,484	1,271	2.03
Loans to customers net from deferred revenue	679,945	16,484	4.85	649,058	32,064	4.94
Total	857,235	18,262		817,735	35,087	
Interest-bearing financial liabilities						
Deposits	626,581	4,530	1.45	606,548	8,617	1.42
Interbank and money market items	51,188	433	1.69	47,737	686	1.44
Debts issued and borrowings	34,636	745	4.30	31,617	1,295	4.10
Total	712,405	5,708		685,902	10,598	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

(b) Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 30 June 2019 and 31 December 2018, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

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For the three-month period ended 30 June 2019 (Unaudited)

	Bank only					
	30 June 2019			31 December 2018		
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
	<i>(in USD million)</i>					
Spot	(56)	8	27	(29)	5	15
Forward	32	(11)	(27)	4	(7)	(16)
Net position	(24)	(3)	-	(25)	(2)	(1)

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

(c) *Equity price risk*

Equity price risk is the risk that the Bank's earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank is managed by specific units depending on the strategy, the types of business of the issuers, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and/or the Chief Executive Committee (CEC). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of risk factors such as credit, market, and liquidity risks. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

4.3 Liquidity risk

Liquidity risk refers to the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the ROC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations, and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management unit is responsible for overall liquidity management and the Financial Markets and International Transaction Banking unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management Unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management Unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank continually monitors its funding sources and access to capital markets. The Bank recognizes the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

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Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. The Bank sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank's ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

As at 30 June 2019, the Bank Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 104.76% (*31 December 2018: 105.56%*).

The Bank will disclose Liquidity Coverage Ratio (LCR) information on the Bank's website (www.tmbbank.com/ir/capital_funds/basel3) within October 2019.

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The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 30 June 2019 and 31 December 2018 were summarised as follows:

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Consolidated 30 June 2019 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	10,840	-	-	-	-	-	10,840
Interbank and money market items net of deferred revenue	59,856	52,883	929	725	-	-	114,393
Investments, net							
Trading securities and general investments	-	13	6,702	3,075	192	265 ⁽²⁾	10,247
Available-for-sale securities	-	5,937	14,486	8,008	3,503	2 ⁽²⁾	31,936
Held-to-maturity debt securities	-	-	315	21,823	19,943	-	42,081
Investments in subsidiaries and associate, net	-	-	-	-	-	4,712 ⁽²⁾	4,712
Loans to customers net of deferred revenue	119,120	131,935	86,635	141,836	178,826	21,423 ⁽³⁾	679,775
Other financial assets	628	448	-	-	219	2,871	4,166
Total financial assets	190,444	191,216	109,067	175,467	202,683	29,273	898,150
<i>Financial liabilities</i>							
Deposits	580,947	27,073	36,427	4,377	-	-	648,824
Interbank and money market items	13,918	34,015	1,102	358	10	-	49,403
Liabilities payable on demand	4,509	-	-	-	-	-	4,509
Financial liabilities designated at fair value through profit or loss	-	-	-	299	-	-	299
Debts issued and borrowings	5	6,018	9	44,693	4,656	-	55,381
Other financial liabilities	1,481	3,060	-	-	354	6,718	11,613
Total financial liabilities	600,860	70,166	37,538	49,727	5,020	6,718	770,029
Net liquidity gap	(410,416)	121,050	71,529	125,740	197,663	22,555	128,121
Net cash flow on derivatives	8	(62)	405	(148)	(20)	-	183

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Consolidated 31 December 2018 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	15,234	-	-	-	-	-	15,234
Interbank and money market items net of deferred revenue	8,403	104,511	296	348	-	-	113,558
Investments, net							
Trading securities and general investments	-	-	4	1,198	91	235 ⁽²⁾	1,528
Available-for-sale securities	-	3,058	17,098	16,438	4,234	2 ⁽²⁾	40,830
Held-to-maturity debt securities	-	500	6,016	17,355	7,248	-	31,119
Investments in subsidiaries and associate, net	-	-	-	-	-	4,577 ⁽²⁾	4,577
Loans to customers net of deferred revenue	122,537	141,981	86,237	146,083	167,149	21,720 ⁽³⁾	685,707
Other financial assets	1,503	479	-	-	212	2,276	4,470
Total financial assets	147,677	250,529	109,651	181,422	178,934	28,810	897,023
<i>Financial liabilities</i>							
Deposits	574,593	31,796	38,920	4,259	-	-	649,568
Interbank and money market items	6,780	55,856	1,150	458	23	-	64,267
Liabilities payable on demand	3,505	-	-	-	-	-	3,505
Financial liabilities designated at fair value through profit or loss	-	-	-	298	-	-	298
Debts issued and borrowings	5	2	15,010	15,190	4,917	-	35,124
Other financial liabilities	2,174	1,975	-	-	459	8,620	13,228
Total financial liabilities	587,057	89,629	55,080	20,205	5,399	8,620	765,990
Net liquidity gap	(439,380)	160,900	54,571	161,217	173,535	20,190	131,033
Net cash flow on derivatives	-	68	536	(322)	21	-	303

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Bank only 30 June 2019 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	10,840	-	-	-	-	-	10,840
Interbank and money market items net of deferred revenue	59,856	52,883	929	725	-	-	114,393
Investments, net							
Trading securities and general investments	-	13	6,702	3,075	192	265 ⁽²⁾	10,247
Available-for-sale securities	-	5,937	14,486	8,008	3,503	2 ⁽²⁾	31,936
Held-to-maturity debt securities	-	-	315	21,823	19,943	-	42,081
Investments in subsidiaries and associate, net	-	-	-	-	-	222 ⁽²⁾	222
Loans to customers net of deferred revenue	119,120	131,935	86,635	141,836	178,826	21,394 ⁽³⁾	679,746
Other financial assets	628	448	-	-	219	2,840	4,135
Total financial assets	190,444	191,216	109,067	175,467	202,683	24,273	893,600
<i>Financial liabilities</i>							
Deposits	580,979	27,073	36,427	4,377	-	-	648,856
Interbank and money market items	13,918	34,015	1,102	358	10	-	49,403
Liabilities payable on demand	4,509	-	-	-	-	-	4,509
Financial liabilities designated at fair value through profit or loss	-	-	-	299	-	-	299
Debts issued and borrowings	5	6,018	9	44,693	4,656	-	55,381
Other financial liabilities	1,481	3,060	-	-	354	6,691	11,586
Total financial liabilities	600,892	70,166	37,538	49,727	5,020	6,691	770,034
Net liquidity gap	(410,448)	121,050	71,529	125,740	197,663	18,032	123,566
Net cash flow on derivatives	8	(62)	405	(148)	(20)	-	183

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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For the six-month period ended 30 June 2019
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	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Bank only 31 December 2018 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	15,231	-	-	-	-	-	15,231
Interbank and money market items net of deferred revenue	8,403	104,511	296	348	-	-	113,558
Investments, net							
Trading securities and general investments	-	-	4	1,198	91	235 ⁽²⁾	1,528
Available-for-sale securities	-	3,058	17,098	16,438	4,234	2 ⁽²⁾	40,830
Held-to-maturity debt securities	-	500	6,016	17,355	7,248	-	31,119
Investments in subsidiaries and associate, net	-	-	-	-	-	222 ⁽²⁾	222
Loans to customers net of deferred revenue	122,537	141,981	86,237	146,083	167,149	21,674 ⁽³⁾	685,661
Other financial assets	1,503	479	-	-	212	2,246	4,440
Total financial assets	147,674	250,529	109,651	181,422	178,934	24,379	892,589
<i>Financial liabilities</i>							
Deposits	574,600	31,796	38,920	4,259	-	-	649,575
Interbank and money market items	6,780	55,856	1,150	458	23	-	64,267
Liabilities payable on demand	3,505	-	-	-	-	-	3,505
Financial liabilities designated at fair value through profit or loss	-	-	-	298	-	-	298
Debts issued and borrowings	5	2	15,010	15,190	4,917	-	35,124
Other financial liabilities	2,174	1,975	-	-	459	8,591	13,199
Total financial liabilities	587,064	89,629	55,080	20,205	5,399	8,591	765,968
Net liquidity gap	(439,390)	160,900	54,571	161,217	173,535	15,788	126,621
Net cash flow on derivatives	-	68	536	(322)	21	-	303

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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5 Fair value of assets and liabilities

5.1 Financial assets and liabilities

The significant different of fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated			
	30 June 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Derivatives assets	10,181	10,224	7,917	7,937
Investments, net	84,264	85,267	73,477	73,784
Total financial assets	94,445	95,491	81,394	81,721
<i>Financial liabilities</i>				
Deposits	648,824	648,834	649,568	649,586
Derivatives liabilities	9,981	10,057	7,328	7,677
Debts issued and borrowings	55,381	57,580	35,124	35,005
Total financial liabilities	714,186	716,471	692,020	692,268

	Bank only			
	30 June 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Derivatives assets	10,181	10,224	7,917	7,937
Investments, net	84,264	85,267	73,477	73,784
Total financial assets	94,445	95,491	81,394	81,721
<i>Financial liabilities</i>				
Deposits	648,856	648,866	649,575	649,592
Derivatives liabilities	9,981	10,057	7,328	7,677
Debts issued and borrowings	55,381	57,580	35,124	35,005
Total financial liabilities	714,218	716,503	692,027	692,274

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

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying value of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

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- Investments:

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association (“ThaiBMA”). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA’s yield rates adjusted by appropriate risk factors.

The fair value of marketable equity securities held for trading and as available-for-sale is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date. The fair value of non-marketable equity securities is determined mainly based on the net asset value of the investee company.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying value of loans to customers and accrued interest receivable net of deferred revenue and allowance for doubtful accounts as most loans are floating rate loans or fixed rate loans with repricing periods of less than 1 year.

- Other financial assets:

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying value of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities designated at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying value, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

- Other financial liabilities:

The fair value is approximated based on its carrying value.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

- Derivatives:

In cases where there is an active market, the Bank uses the market value as the fair value of derivatives. For simple over-the-counter derivative, fair values are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer 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.

5.1.1 Financial assets and liabilities measured at fair value

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This is to ensure that prudent revaluation principles and proper internal control procedures are in place.

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.

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For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in million Baht)</i>			
30 June 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	7,769	-	7,769
- Interest rate related	-	2,409	-	2,409
Investments				
- Trading investments	-	9,982	-	9,982
- Available-for-sale investments	-	31,936	-	31,936
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	407	-	407
Derivatives (trading book)				
- Foreign currency related	-	7,642	-	7,642
- Interest rate related	-	2,338	-	2,338
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Bank only Fair value			Total
	Level 1	Level 2	Level 3	
		(in million Baht)		
30 June 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	7,769	-	7,769
- Interest rate related	-	2,409	-	2,409
Investments				
- Trading investments	-	9,982	-	9,982
- Available-for-sale investments	-	31,936	-	31,936
<i>Financial liabilities</i>				
Financial liabilities designated at fair value				
through profit or loss	-	407	-	407
Derivatives (trading book)				
- Foreign currency related	-	7,642	-	7,642
- Interest rate related	-	2,338	-	2,338
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value				
through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

5.1.2 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 value is reasonable approximation of fair value.

	Carrying value	Consolidated Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 June 2019					
Financial assets					
Derivatives (banking book)	3	-	46	-	46
Investments					
- Held-to-maturity debt securities	42,081	-	42,765	-	42,765
- General investments	265	-	-	584	584
Financial liabilities					
Deposits	648,824	-	648,834	-	648,834
Derivatives (banking book)	1	-	77	-	77
Debts issued and borrowings	55,381	-	57,580	-	57,580
31 December 2018					
Financial assets					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
Financial liabilities					
Deposits	649,568	-	649,586	-	649,586
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005

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For the three-month period ended 30 June 2019 (Unaudited)

	Carrying value	Bank only Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2018					
<i>Financial assets</i>					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
<i>Financial liabilities</i>					
Deposits	649,575	-	649,592	-	649,592
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005

5.2 Non-financial assets measured at fair value

The following table analyses non-financial assets carried 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 Bank only			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
30 June 2019					
<i>Non-financial assets</i>					
Premises, net	10,903	-	-	10,903	10,903
31 December 2018					
<i>Non-financial assets</i>					
Premises, net	9,679	-	-	9,679	9,679

The fair value of premises were determined by external, independent property appraisers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of premises were determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for buildings.

The independent appraisers provided the fair value of the Bank's premises on a regular basis such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

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For the three-month period ended 30 June 2019 (Unaudited)

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Beginning balance	9,679	9,983
Acquisitions	218	551
Incremental revaluation	1,382	-
Disposals/written-off/transfers out	(305)	(555)
Depreciation	(142)	(298)
Reversal (loss) on impairment during the period/year	71	(2)
Ending balance	10,903	9,679

6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 30 June 2019 and 31 December 2018, the consolidated supervision and the Bank only's total capital funds could be summarised as follows:

	Consolidated supervision	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,659	41,659
Share premium	404	404
Legal reserve	3,000	3,000
Net profits after appropriation	45,836	40,841
Other comprehensive income	4,582	4,650
Capital adjustment items on CET1	(62)	(57)
Capital deduction items on CET1	(4,837)	(4,196)
Total Tier 1 Capital	90,582	86,301
Tier 2 Capital		
Allowance for classified assets of "pass" category	3,392	3,665
Subordinated debentures	41,446	20,430
Total Tier 2 Capital	44,838	24,095
Total Capital funds	135,420	110,396
Total Risk-Weighted Assets	632,269	637,628

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For the three-month period ended 30 June 2019 (Unaudited)

	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	11.0	21.42	10.375	17.31
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	14.33	7.875	13.53
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	14.33	6.375	13.53

Bank only

30 June 2019 31 December 2018
(in million Baht)

Tier 1 capital

Common Equity Tier 1 capital (CET1)

Paid-up share capital	41,659	41,659
Share premium	404	404
Legal reserve	3,000	3,000
Net profits after appropriation	42,299	40,514
Other comprehensive income	4,582	4,650
Capital adjustment items on CET1	(62)	(57)
Capital deduction items on CET1	(5,681)	(5,041)

Total Tier 1 Capital

86,201	85,129
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Tier 2 capital

Allowance for classified assets of “pass” category
Subordinated debentures

3,392	3,665
41,446	20,430

Total Tier 2 Capital

44,838	24,095
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Total Capital funds

131,039	109,224
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Total Risk-Weighted Assets

619,985	625,456
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	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	11.0	21.14	10.375	17.46
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	13.90	7.875	13.61
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	13.90	6.375	13.61

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

According to the Bank of Thailand'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.

TMB Bank Public Company Limited and its Subsidiaries

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For the three-month period ended 30 June 2019 (Unaudited)

According to the Bank of Thailand's notification number Sor Nor Sor 4/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks" and the Bank of Thailand's notification number Sor Nor Sor 5/2556, dated 2 May 2013, titled "The Disclosure of Capital Requirements of Commercial Banks on Consolidated Basis", the Bank will disclose capital adequacy information for the Bank and the full consolidated financial institutions as at 30 June 2019 through the Bank's website at www.tmbbank.com/ir/capital_funds/basel3 within October 2019.

Capital management

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

7 Interbank and money market items, net (assets)

	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	3,580	77,869	81,449	5,749	62,024	67,773
Commercial banks	-	10,512	10,512	-	17,315	17,315
Specialised financial institutions	-	-	-	-	5,740	5,740
Other financial institutions	1	11,408	11,409	1	14,615	14,616
Total	3,581	99,789	103,370	5,750	99,694	105,444
Add accrued interest receivable	-	42	42	-	52	52
Less allowance for doubtful accounts	-	(55)	(55)	-	(73)	(73)
Total domestic, net	3,581	99,776	103,357	5,750	99,673	105,423
Foreign						
US Dollar	7,429	2,457	9,886	1,752	5,229	6,981
Japanese Yen	227	-	227	233	-	233
Euro	126	-	126	151	-	151
Other currencies	589	200	789	502	248	750
Total	8,371	2,657	11,028	2,638	5,477	8,115
Add accrued interest receivable	-	9	9	-	3	3
Less deferred revenues	-	(5)	(5)	-	(1)	(1)
allowance for doubtful accounts	-	(30)	(30)	-	(18)	(18)
Total foreign, net	8,371	2,631	11,002	2,638	5,461	8,099
Total domestic and foreign, net	11,952	102,407	114,359	8,388	105,134	113,522

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

8 Derivatives

As at 30 June 2019 and 31 December 2018, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

Type of risks	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	Fair value/Readjustment based on an accrual basis		Notional amount	Fair value/Readjustment based on an accrual basis		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign currency related						
- Trading Book	7,769	7,642	500,312	5,625	5,171	696,768
- Banking Book	3	1	906	1	5	561
Interest rate related						
- Trading Book	2,409	2,338	337,382	2,291	2,152	375,459
- Banking Book ⁽¹⁾	60	69	20,653	83	102	25,165
Total	10,241	10,050	859,253	8,000	7,430	1,097,953

⁽¹⁾ Readjustment made on an accrual basis at the end of period/year for interest rate swap contracts held for banking book are adjustments of accrued interest receivable or payable or interest paid or received in advance based on the contracts. As at 30 June 2019, accrued interest receivable and interest paid in advance amounting to Baht 60 million (*31 December 2018: Baht 83 million*) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 69 million (*31 December 2018: Baht 102 million*) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 30 June 2019 and 31 December 2018, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(%)</i>	
Financial institutions	74.49	72.50
Other parties	25.51	27.50
Total	100.00	100.00

TMB Bank Public Company Limited and its Subsidiaries

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For the three-month period ended 30 June 2019 (Unaudited)

9 Investments, net

9.1 Classified by type of investments

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Trading securities - Fair value		
Government and state enterprise securities	9,982	1,293
Total	9,982	1,293
Available-for-sale securities - Fair value		
Government and state enterprise securities	31,934	40,828
Domestic marketable equity securities	2	2
Total	31,936	40,830
Held-to-maturity debt securities- Cost/Amortised cost		
Government and state enterprise securities	42,081	31,119
Total	42,081	31,119
General investments - Cost		
Domestic non-marketable equity securities	1,054	1,024
Foreign non-marketable equity securities	2	2
Total	1,056	1,026
Less allowance for impairment losses	(791)	(791)
Net	265	235
Total investments, net	84,264	73,477

As at 30 June 2019, the Bank had purchase and sales of investment in debt securities with net sales amounting to Baht 296 million (31 December 2018: net sales amounting to Baht 718 million), for which the settlement was not due at the reporting date.

9.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 30 June 2019 and 31 December 2018, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	47	47
Others	11	11
Total	106	106
Less allowance for impairment losses	(41)	(41)
Investments, net	65	65

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Interest in unconsolidated structured entity arising in the normal business

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions. Investment in unit trusts is recognised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as others counterparties.

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

9.3 Investments in companies with problems in their financial position and operating results

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	30 June 2019				Consolidated and Bank only			
				Allowance for Impairment losses	31 December 2018			Allowance for Impairment losses
	No. of Com- panies	Cost value/ book value	Fair value		No. of Com- panies	Cost value/ book value	Fair value	
			(in million Baht)				(in million Baht)	
- Listed companies under delisting conditions / defaulted debt securities	2	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	730	-	(730)	11	730	-	(730)
Total	13	792	-	(792)	13	792	-	(792)

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

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

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
<i>Revaluation surplus on investments</i>		
Debt securities	107	22
Total	107	22
<i>Revaluation deficit on investments</i>		
Debt securities	(11)	(68)
Total	(11)	(68)
Total revaluation surplus (deficit) on investments	96	(46)
Add (less) deferred tax	(19)	9
Net	77	(37)

For the three-month period ended 30 June 2019 (Unaudited)

10.1 Detail of investments in subsidiaries and associate, net

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Entire Business Transfer of a Subsidiary

- (a) On 22 November 2018, the Bank has registered Phahonyothin Asset Management Company Limited, which is a new subsidiary, with the Department of Business Development, Ministry of Commerce, to conduct the asset management business, with a registered and paid-up capital of Baht 5 million initially and Baht 20 million on 4 December 2018. The total registered and paid-up capital is Baht 25 million, divided into 2.5 million ordinary shares with a par value of 10 Baht per share. The Bank holds 100% of the registered and paid up capital.
- (b) On 6 December 2018, the Extra-ordinary Shareholders meeting of Phayathai Asset Management Company Limited (“Transferor”) unanimously approved to transfer the entire business to Phahonyothin Asset Management Company Limited (“Transferee”) in accordance with the resolution of the Board of Directors held on 20 November 2018. The Transferor, agreed to sell, convey, assign, transfer, and deliver to the Transferee, and the Transferee agreed to purchase and acquire from the Transferor, all of the Transferor’s assets, liabilities, rights, title, and interest in and to any and all of the entire business and the Transferee agreed to assume the liabilities subject to and in accordance with the terms and conditions as specified in the entire business transfer agreement. The consideration for the transfer of the entire business was the net asset value. The shareholders approved to perform the entire business transfer on 26 December 2018. This agreement is considered as a business combination under common control.

The Bank, the parent company of the Transferor and Transferee, had the objective of the entire business transfer from the Transferor to the Transferee, to restructure the business process as well as to manage the financial business group’s benefit. The entire business transfer was under the tax exemption scheme of the Revenue Code for the Transferor, the Transferee, and the shareholders.

- (c) On 23 November 2018, the Board of Directors of Phahonyothin Asset Management Company Limited passed a resolution to approve the entire business transfer from Phayathai Asset Management Company Limited, in accordance with the above business transfer agreement.
- (d) On 26 December 2018, the Transferor entered into the entire business transfer agreement with the Transferee. The Transferor had transferred the net asset and registered the Company’s dissolution with the Department of Business Development, Ministry of Commerce on 26 December 2018 and returned the capital to the Bank on the same day.
- (e) Assets and liabilities of Phayathai Asset Management Company Limited which were transferred to Phahonyothin Asset Management Company Limited as at the entire business transfer date were as follows:

	Carrying amounts (in million Baht)
Intercompany and money market items	3,201
Loans to customers, net	18
Other accounts receivable	31
Other assets	1
Other liabilities	(29)
Provision for employee benefit	(1)
Net asset value	3,221

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10.2 Disclosure of the statement of cash flows of the asset management company

	Statement of cash flows	
	Phahonyothin Assets Management Co., Ltd.	Phayathai Assets Management Co., Ltd.
	Six-month periods ended 30 June 2019	2018
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	18	28
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>		
Reversal of impairment loss on loans and debt securities	(6)	(3)
Provisions for employee benefits and other liabilities	1	-
Net interest income	(19)	(29)
Interest received	19	21
Income tax paid	(5)	(4)
Profit from operations before changes in operating assets and liabilities	8	13
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(25)	(3,156)
Loans to customers	17	3
Receivables from Legal Execution Department	-	10
<i>Increase (decrease) in operating liabilities</i>		
Accrued expenses	(3)	-
Net cash used in operating activities	(3)	(3,130)
<i>Cash flows from investing activities</i>		
Proceeds from sales of available-for-sale investments	-	3,125
Interest received	-	5
Net cash provided by investing activities	-	3,130
Net decrease in cash	(3)	-
Cash at 1 January	3	-
Cash at 30 June	-	-

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For the three-month period ended 30 June 2019 (Unaudited)

11 Loans to customers and accrued interest receivables, net

11.1 Classified by loan type

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Overdrafts	107,836	110,833	107,836	110,833
Loans	417,512	409,053	417,483	409,007
Bills	154,479	165,891	154,479	165,891
Others	23	16	23	16
Less deferred revenue	(75)	(86)	(75)	(86)
Loans to customers net of deferred revenue	679,775	685,707	679,746	685,661
Add accrued interest receivables	1,293	1,308	1,293	1,308
Total loans to customers net of deferred revenue and accrued interest receivables	681,068	687,015	681,039	686,969
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(17,456)	(18,576)	(17,434)	(18,547)
- Provision in excess of BoT's minimum rates required	(11,570)	(13,400)	(11,570)	(13,400)
Less revaluation allowance for debt restructuring	(1,044)	(999)	(1,044)	(999)
Loans to customers and accrued interest receivables, net	650,998	654,040	650,991	654,023

11.2 Classified by currency and residency of debtors

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	663,701	2,664	666,365	663,989	2,950	666,939
US Dollars	12,003	331	12,334	17,603	381	17,984
Other currencies	1,041	35	1,076	742	42	784
Total*	676,745	3,030	679,775	682,334	3,373	685,707

	Bank only					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	663,672	2,664	666,336	663,943	2,950	666,893
US Dollars	12,003	331	12,334	17,603	381	17,984
Other currencies	1,041	35	1,076	742	42	784
Total*	676,716	3,030	679,746	682,288	3,373	685,661

* Loans to customers net of deferred revenue.

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11.3 Classified by business type and quality of loan classification

	Consolidated 30 June 2019					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9,663	218	-	-	190	10,071
Manufacturing and commerce	299,441	17,585	773	350	15,174	333,323
Property development and construction	22,038	398	40	-	334	22,810
Infrastructure and services	68,295	1,352	91	21	724	70,483
Housing loans	168,039	4,821	1,071	895	942	175,768
Others	64,777	1,725	575	89	154	67,320
Total*	632,253	26,099	2,550	1,355	17,518	679,775

	Consolidated 31 December 2018					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	11,686	215	1	15	218	12,135
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	384	21,580
Infrastructure and services	66,594	1,203	62	62	578	68,499
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total*	635,893	28,094	2,073	1,927	17,720	685,707

	Bank only 30 June 2019					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9,663	218	-	-	182	10,063
Manufacturing and commerce	299,441	17,585	773	350	15,174	333,323
Property development and construction	22,038	398	40	-	313	22,789
Infrastructure and services	68,295	1,352	91	21	724	70,483
Housing loans	168,039	4,821	1,071	895	942	175,768
Others	64,777	1,725	575	89	154	67,320
Total*	632,253	26,099	2,550	1,355	17,489	679,746

	Bank only 31 December 2018					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	11,686	215	1	15	210	12,127
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	363	21,559
Infrastructure and services	66,594	1,203	62	62	561	68,482
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total*	635,893	28,094	2,073	1,927	17,674	685,661

* Loans to customers net of deferred revenue.

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11.4 Classified by loan classification

The Bank and its subsidiaries have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BoT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

Consolidated				
30 June 2019				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	633,482	566,118	1	6,116
Special mention	26,163	13,424	2	383
Sub-standard	2,550	1,168	100	1,393
Doubtful	1,355	529	100	545
Doubtful of loss	17,518	5,900	100	9,019
Total*	<u>681,068</u>	<u>587,139</u>		<u>17,456</u>
Provision in excess of BoT's minimum rates required				<u>11,570 ⁽³⁾</u>
Total				<u>29,026</u>

Consolidated				
31 December 2018				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,720	6,717	100	9,715
Total*	<u>687,015</u>	<u>594,786</u>		<u>18,576</u>
Provision in excess of BoT's minimum rates required				<u>13,400 ⁽³⁾</u>
Total				<u>31,976</u>

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Bank only				
30 June 2019				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	633,482	566,118	1	6,116
Special mention	26,163	13,424	2	383
Sub-standard	2,550	1,168	100	1,393
Doubtful	1,355	529	100	545
Doubtful of loss	17,489	5,878	100	8,997
Total*	<u>681,039</u>	<u>587,117</u>		<u>17,434</u>
Provision in excess of BoT's minimum rates required				<u>11,570 ⁽³⁾</u>
Total				<u>29,004</u>

Bank only				
31 December 2018				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,674	6,689	100	9,686
Total*	<u>686,969</u>	<u>594,758</u>		<u>18,547</u>
Provision in excess of BoT's minimum rates required				<u>13,400 ⁽³⁾</u>
Total				<u>31,947</u>

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

⁽¹⁾ Net amount used to set the allowance for doubtful account: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful accounts on loans guaranteed by Thai Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Thai Credit Guarantee Corporation.

⁽³⁾ As at 30 June 2019, this included provision of Baht 1,405 million (31 December 2018: Baht 971 million) provided for non-performing loans.

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For the year ended 31 December 2018, the Bank set aside additional provision of approximately Baht 5,000 million (presented as a part of “Provision in excess of BOT’s minimum rates required” in anticipation of strengthening regulatory measures on certain credit risk factors and to be more prudent.

11.5 Non-performing loans

NPLs per BoT’s regulations refer to all sub-standard, doubtful, doubtful of loss and loss loans.

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiary’s NPLs (including interbank and money market items) were summarised as follows:

	30 June 2019			
	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	9,052	7	-	9,059
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	768,923	7	-	768,930
Percentage of net NPLs (%)	1.18	100.00		1.18
NPLs (principal)				
NPLs (<i>in million Baht</i>)	21,394	29	-	21,423
Total loans (<i>in million Baht</i>)	781,266	29	-	781,295
Percentage of NPLs (%)	2.74	100.00		2.74
	31 December 2018			
	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	8,696	18	-	8,714
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	773,474	18	-	773,492
Percentage of net NPLs (%)	1.12	100.00		1.13
NPLs (principal)				
NPLs (<i>in million Baht</i>)	21,674	46	-	21,720
Total loans (<i>in million Baht</i>)	786,451	46	-	786,497
Percentage of NPLs (%)	2.76	100.00		2.76

For the six-month periods ended 30 June 2019 and 2018, the Bank sold non-performing loans, with principal totaling approximately Baht 2,400 million and Baht 1,000 million, respectively, to Asset Management Company. The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from “Impairment loss on loans and debt securities” in the statement of profit or loss and other comprehensive income.

As at 30 June 2019, the Bank had loans to customers, amounting to Baht 55,329 million (*31 December 2018: Baht 57,502 million*) on which it ceased recognition of interest income on an accrual basis.

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11.6 Troubled debt restructuring

During the six-month periods ended 30 June 2019 and 2018, the Bank and its subsidiary entered into contracts for troubled debt restructuring, (only the account where debtor has present value loss/losses on debt structuring is presented), which could be summarised as follows:

Consolidated and Bank only				
Six-month period ended 30 June 2019				
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	After restructuring	Asset acquired Fair value (in million Baht)
Modification of terms of payments	3,246	6,891	6,891	-
Total	3,246	6,891	6,891	-
Term of debt restructuring agreements				
Not over 5 years	535	296	296	
Over 5 - 10 years	1,929	912	912	
Over 10 years	782	5,683	5,683	
Total	3,246	6,891	6,891	

Consolidated and Bank only				
Six-month period ended 30 June 2018				
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	After restructuring	Asset acquired Fair value (in million Baht)
Transfer of asset	1	3	-	Land and building 3
Modification of terms of payments	3,449	11,063	11,063	-
Combination of methods	2	27	20	Land and building 7
Total	3,452	11,093	11,083	10
Term of debt restructuring agreements				
Not over 5 years	466	47	45	
Over 5 - 10 years	1,958	857	852	
Over 10 years	1,028	10,189	10,186	
Total	3,452	11,093	11,083	

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Supplemental information relating to restructuring debtors for the six-month periods ended 30 June 2019 and 2018 was as follows:

	Consolidated		Bank only	
	Six-month periods ended 30 June		Six-month periods ended 30 June	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interest income on restructured debts, which is recognised during the periods	271	137	271	136
Cash settlement by debtors	988	537	988	537
Losses on debt restructuring, net	45	425	45	425

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiary had the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	30 June 2019		31 December 2018		30 June 2019		31 December 2018	
	Number of debtors	Outstanding balance <i>(in million Baht)</i>	Number of debtors	Outstanding balance <i>(in million Baht)</i>	Number of debtors	Outstanding balance <i>(in million Baht)</i>	Number of debtors	Outstanding balance <i>(in million Baht)</i>
Troubled debt restructuring debtors	8,967	15,160	8,469	15,783	8,966	15,151	8,468	15,774

11.7 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Beginning balance	999	330
Increase during the period / year	45	669
Ending balance	1,044	999

11.8 Loans to customers having problems with financial position and operating results

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiary had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

	Consolidated and Bank only							
	30 June 2019				31 December 2018			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
Listed companies under delisting conditions in SET	1	3	-	-	3	3	-	-

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12 Classified assets

As at 30 June 2019 and 31 December 2018, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries and associate), loans to customers and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

Consolidated						
30 June 2019						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	735,052	-	-	-	735,052
Special mention	-	26,163	-	-	-	26,163
Sub-standard	-	2,550	-	-	8	2,558
Doubtful	-	1,355	-	-	1	1,356
Doubtful of loss	857	17,518	132	164	516	19,187
Total	857	782,638	132	164	525	784,316

Consolidated						
31 December 2018						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	914	17,720	150	265	500	19,549
Total	914	787,860	150	265	507	789,696

Bank only						
30 June 2019						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	735,052	-	-	-	735,052
Special mention	-	26,163	-	-	-	26,163
Sub-standard	-	2,550	-	-	8	2,558
Doubtful	-	1,355	-	-	1	1,356
Doubtful of loss	1,507	17,489	132	164	515	19,807
Total	1,507	782,609	132	164	524	784,936

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Bank only 31 December 2018

	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	1,563	17,674	150	265	499	20,151
Total	1,563	787,814	150	265	506	790,298

13 Allowance for doubtful accounts

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

Consolidated Six-month period ended 30 June 2019

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	(in million Baht)						
Beginning balance	6,142	419	1,235	1,065	9,715	13,400	31,976
Allowance for doubtful accounts	(26)	(36)	158	(520)	6,327	(1,830)	4,073
Bad debt recovery	-	-	-	-	513	-	513
Bad debt written-off	-	-	-	-	(6,269)	-	(6,269)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,267)	-	(1,267)
Ending balance	6,116	383	1,393	545	9,019	11,570	29,026

Consolidated Year ended 31 December 2018

	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	(in million Baht)						
Beginning balance	5,747	457	1,238	470	7,137	9,590	24,639
Allowance for doubtful accounts	395	(38)	(3)	595	10,601	3,810	15,360
Bad debt recovery	-	-	-	-	915	-	915
Bad debt written-off	-	-	-	-	(7,503)	-	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	-	(1,435)
Ending balance	6,142	419	1,235	1,065	9,715	13,400	31,976

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Bank only							
Six-month period ended 30 June 2019							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	(in million Baht)						
Beginning balance	6,142	419	1,235	1,065	9,686	13,400	31,947
Allowance for doubtful accounts	(26)	(36)	158	(520)	6,338	(1,830)	4,084
Bad debt recovery	-	-	-	-	509	-	509
Bad debt written-off	-	-	-	-	(6,269)	-	(6,269)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,267)	-	(1,267)
Ending balance	6,116	383	1,393	545	8,997	11,570	29,004

Bank only							
Year ended 31 December 2018							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	(in million Baht)						
Beginning balance	5,747	457	1,238	470	7,107	9,590	24,609
Allowance for doubtful accounts	395	(38)	(3)	595	10,615	3,810	15,374
Bad debt recovery	-	-	-	-	902	-	902
Bad debt written-off	-	-	-	-	(7,503)	-	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	-	(1,435)
Ending balance	6,142	419	1,235	1,065	9,686	13,400	31,947

14 Properties for sale, net

As at 30 June 2019 and 31 December 2018, changes to the properties for sale, net were as follows:

Consolidated and Bank only				
	30 June 2019			Ending balance
	Beginning balance	Additions	Disposals/Decrease	
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
- Immovable assets	2,306	138	(102)	2,342
Assets for sales	458	159	(48)	569
Total	2,764	297	(150)	2,911
Add (less) allowance for impairment losses	(150)	(5)	23	(132)
Net	2,614	292	(127)	2,779

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For the three-month period ended 30 June 2019 (Unaudited)

	Beginning balance	Consolidated and Bank only 31 December 2018		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	1,931	492	(117)	2,306
Assets for sales	436	180	(158)	458
Total	2,367	672	(275)	2,764
Add (less) allowance for impairment losses	(153)	(19)	22	(150)
Net	2,214	653	(253)	2,614

As at 30 June 2019 and 31 December 2018, the Bank had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 633 million and Baht 633 million, respectively.

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

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Assets foreclosed in settlement of debts		
Immovable assets		
- Appraised by external appraisers	2,337	2,294
- Appraised by internal appraisers	5	12
Total	2,342	2,306

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15 Premises and equipment, net

As at 30 June 2019 and 31 December 2018, changes in premises and equipment were as follows:

	Cost					Consolidated 30 June 2019 Accumulated depreciation				Allowance for impairment losses				Net book value as at 30 June 2019
	Net book value as at 1 January 2019	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss on) impairment during the period	Disposals/ written-off/ transfers out	Ending balance	
							<i>(in million Baht)</i>							
Land														
- Cost	1,834	2,058	-	(20)	2,038	-	-	-	-	(224)	62	-	(162)	1,876
- Incremental revaluation*	4,079	4,079	820	(99)	4,800	-	-	-	-	-	-	-	-	4,800
Building under construction	60	60	99	(114)	45	-	-	-	-	-	-	-	-	45
Building														
- Cost	1,949	5,234	119	(90)	5,263	(3,244)	(97)	39	(3,302)	(41)	9	30	(2)	1,959
- Incremental revaluation*	1,757	3,586	2,281	(172)	5,695	(1,829)	(45)	(1,598)	(3,472)	-	-	-	-	2,223
Leasehold improvements	367	1,362	33	(14)	1,381	(995)	(56)	12	(1,039)	-	(2)	2	-	342
Equipment under construction and installation	382	382	183	(351)	214	-	-	-	-	-	-	-	-	214
Equipment	1,448	6,203	349	(163)	6,389	(4,755)	(245)	114	(4,886)	-	-	-	-	1,503
Total	11,876	22,964	3,884	(1,023)	25,825	(10,823)	(443)	(1,433)	(12,699)	(265)	69	32	(164)	12,962

* The Bank's revaluation has been performed in 2019.

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Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Cost					Consolidated 31 December 2018 Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2018
	Net book value as at 1 January 2018	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss on) impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
Land														
- Cost	1,900	2,144	-	(86)	2,058	-	-	-	-	(244)	-	20	(224)	1,834
- Incremental revaluation*	4,149	4,149	-	(70)	4,079	-	-	-	-	-	-	-	-	4,079
Building under construction	117	117	268	(325)	60	-	-	-	-	-	-	-	-	60
Building														
- Cost	1,912	5,064	283	(113)	5,234	(3,111)	(209)	76	(3,244)	(41)	(2)	2	(41)	1,949
- Incremental revaluation*	1,905	3,734	-	(148)	3,586	(1,829)	(89)	89	(1,829)	-	-	-	-	1,757
Leasehold improvements	351	1,309	137	(84)	1,362	(958)	(113)	76	(995)	-	(8)	8	-	367
Equipment under construction and installation	154	154	792	(564)	382	-	-	-	-	-	-	-	-	382
Equipment	1,583	6,287	540	(624)	6,203	(4,704)	(498)	447	(4,755)	-	-	-	-	1,448
Total	12,071	22,958	2,020	(2,014)	22,964	(10,602)	(909)	688	(10,823)	(285)	(10)	30	(265)	11,876

* The Bank's revaluation has been performed in 2016.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 30 June 2019 amounted to Baht 3,698 million (31 December 2018: Baht 3,591 million).

Depreciation presented in the consolidated profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 443 million and Baht 464 million, respectively.

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Cost					Bank only 30 June 2019 Accumulated depreciation				Allowance for impairment losses				Net book value as at 30 June 2019
	Net book value as at 1 January 2019	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss on) impairment during the period	Disposals/ written-off/ transfers out	Ending balance	
							<i>(in million Baht)</i>							
Land														
- Cost	1,834	2,058	-	(20)	2,038	-	-	-	-	(224)	62	-	(162)	1,876
- Incremental revaluation*	4,079	4,079	820	(99)	4,800	-	-	-	-	-	-	-	-	4,800
Building under construction	60	60	99	(114)	45	-	-	-	-	-	-	-	-	45
Building														
- Cost	1,949	5,234	119	(90)	5,263	(3,244)	(97)	39	(3,302)	(41)	9	30	(2)	1,959
- Incremental revaluation*	1,757	3,586	2,281	(172)	5,695	(1,829)	(45)	(1,598)	(3,472)	-	-	-	-	2,223
Leasehold improvements	367	1,362	33	(14)	1,381	(995)	(56)	12	(1,039)	-	(2)	2	-	342
Equipment under construction and installation	382	382	183	(351)	214	-	-	-	-	-	-	-	-	214
Equipment	1,448	6,202	349	(163)	6,388	(4,754)	(245)	114	(4,885)	-	-	-	-	1,503
Total	11,876	22,963	3,884	(1,023)	25,824	(10,822)	(443)	(1,433)	(12,698)	(265)	69	32	(164)	12,962

* The Bank's revaluation has been performed in 2019

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Cost					Bank only 31 December 2018 Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2018
	Net book value as at 1 January 2018	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss on) impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
							<i>(in million Baht)</i>							
Land														
- Cost	1,900	2,144	-	(86)	2,058	-	-	-	-	(244)	-	20	(224)	1,834
- Incremental revaluation*	4,149	4,149	-	(70)	4,079	-	-	-	-	-	-	-	-	4,079
Building under construction	117	117	268	(325)	60	-	-	-	-	-	-	-	-	60
Building														
- Cost	1,912	5,064	283	(113)	5,234	(3,111)	(209)	76	(3,244)	(41)	(2)	2	(41)	1,949
- Incremental revaluation*	1,905	3,734	-	(148)	3,586	(1,829)	(89)	89	(1,829)	-	-	-	-	1,757
Leasehold improvements	351	1,309	137	(84)	1,362	(958)	(113)	76	(995)	-	(8)	8	-	367
Equipment under construction and installation	154	154	792	(564)	382	-	-	-	-	-	-	-	-	382
Equipment	1,557	6,171	531	(500)	6,202	(4,614)	(491)	351	(4,754)	-	-	-	-	1,448
Total	12,045	22,842	2,011	(1,890)	22,963	(10,512)	(902)	592	(10,822)	(285)	(10)	30	(265)	11,876

* The Bank's revaluation has been performed in 2016.

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 30 June 2019 amounted to Baht 3,698 million (31 December 2018: Baht 3,591 million).

Depreciation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 443 million and Baht 459 million, respectively.

In June 2019, the Bank had the land and buildings re-appraised by independent valuers, in accordance with the BoT regulations. The surplus from revaluation was credited to other reserves under the heading "Revaluation surplus on assets" totalling Baht 1,382 million, and reversing allowance for impairment of assets in the statement of profit or loss and other comprehensive income amounting to Baht 72 million. It's under consideration for the incremental revaluation amount to be included as part of Common Equity Tier 1 Capital.

TMB Bank Public Company Limited and its Subsidiaries

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For the three-month period ended 30 June 2019 (Unaudited)

16 Goodwill and other intangible assets, net

As at 30 June 2019 and 31 December 2018, changes in goodwill and other intangible assets were as follows:

Consolidated 30 June 2019											
	Cost						Accumulated amortisation				
	Net book value as at 1 January 2019	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the period	Accumulated amortisation on transfer out	Ending balance	Net book value as at 30 June 2019
	(in million Baht)										
Computer software	2,171	6,881	20	(42)	204	7,063	(4,710)	(320)	28	(5,002)	2,061
Computer software under development	421	421	367	-	(203)	585	-	-	-	-	585
Total	2,592	7,302	387	(42)	1	7,648	(4,710)	(320)	28	(5,002)	2,646

Consolidated 31 December 2018											
	Cost						Accumulated amortisation				
	Net book value as at 1 January 2018	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2018
	(in million Baht)										
Goodwill	60	60	-	-	(60)	-	-	-	-	-	-
Computer software	1,730	5,997	65	-	819	6,881	(4,267)	(502)	59	(4,710)	2,171
Computer software under development	342	342	948	-	(869)	421	-	-	-	-	421
Total	2,132	6,399	1,013	-	(110)	7,302	(4,267)	(502)	59	(4,710)	2,592

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2019 amounted to Baht 3,610 million (31 December 2018: Baht 3,460 million).

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 320 million and Baht 233 million, respectively.

	Bank only 30 June 2019										
	Cost					Accumulated amortisation					
	Net book value as at 1 January 2019	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the period	Accumulated amortisation on transfer out	Ending balance	Net book value as at 30 June 2019
	<i>(in million Baht)</i>										
Computer software	2,171	6,876	19	(42)	204	7,057	(4,705)	(320)	28	(4,997)	2,060
Computer software under development	421	421	367	-	(203)	585	-	-	-	-	585
Total	2,592	7,297	386	(42)	1	7,642	(4,705)	(320)	28	(4,997)	2,645

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For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

	Bank only										
	31 December 2018										
	Cost					Accumulated amortisation					
	Net book value as at 1 January 2018	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2018
	(in million Baht)										
Computer software	1,727	5,930	60	-	886	6,876	(4,203)	(502)	-	(4,705)	2,171
Computer software under development	343	343	945	-	(867)	421	-	-	-	-	421
Total	2,070	6,273	1,005	-	19	7,297	(4,203)	(502)	-	(4,705)	2,592

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 30 June 2019 amounted to Baht 3,605 million (*31 December 2018: Baht 3,455 million*).

Amortisation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 320 million and Baht 232 million, respectively.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

17 Deferred tax and income tax

17.1 Deferred tax

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 (note 17.2) (in million Baht)	Other comprehensive income	
Deferred tax assets				
Investments	179	120	(9)	290
Loans to customers and accrued interest receivables	1,160	505	-	1,665
Properties for sale	46	(3)	-	43
Premises and equipment	58	(25)	-	33
Provisions for employee benefits	244	73	(15)	302
Provisions for other liabilities	126	(3)	-	123
Deferred revenue and other liabilities	295	(125)	-	170
Others	381	70	-	451
Total	2,489	612	(24)	3,077
Deferred tax liabilities				
Investments	845	-	20	865
Premises and equipment	1,207	(12)	271	1,466
Others	36	10	(7)	39
Total	2,088	(2)	284	2,370
Net	401	614	(308)	707

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 30 June 2018
		Profit or loss (note 17.2) (in million Baht)	Other comprehensive income	
Deferred tax assets				
Investments	169	1	21	191
Loans to customers and accrued interest receivables	747	74	-	821
Properties for sale	43	(3)	-	40
Premises and equipment	62	-	-	62
Provisions for employee benefits	260	(6)	(20)	234
Provisions for other liabilities	111	(7)	-	104
Deferred revenue and other liabilities	327	(138)	-	189
Others	261	47	-	308
Total	1,980	(32)	1	1,949

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated (Charged) / Credited to:			
	At 1 January 2018	Profit or loss (note 17.2) (in million Baht)	Other comprehensive income	At 30 June 2018
<i>Deferred tax liabilities</i>				
Investments	6	-	(5)	1
Premises and equipment	1,253	(12)	(2)	1,239
Others	38	(2)	-	36
Total	1,297	(14)	(7)	1,276
Net	683	(18)	8	673
	At 1 January 2019	Profit or loss (note 17.2) (in million Baht)	Other comprehensive income	At 30 June 2019
<i>Deferred tax assets</i>				
Investments	179	120	(9)	290
Loans to customers and accrued interest receivables	1,160	505	-	1,665
Properties for sale	46	(3)	-	43
Premises and equipment	58	(25)	-	33
Provisions for employee benefits	244	73	(15)	302
Provisions for other liabilities	126	(4)	-	122
Deferred revenue and other liabilities	295	(125)	-	170
Others	381	70	-	451
Total	2,489	611	(24)	3,076
<i>Deferred tax liabilities</i>				
Investments	-	-	20	20
Premises and equipment	1,207	(12)	271	1,466
Others	36	10	(7)	39
Total	1,243	(2)	284	1,525
Net	1,246	613	(308)	1,551

TMB Bank Public Company Limited and its Subsidiaries

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	At 1 January 2018	Bank only (Charged) / Credited to:		At 30 June 2018
		Profit or loss	Other comprehensive income	
		(note 17.2) (in million Baht)		
Deferred tax assets				
Investments	169	1	21	191
Loans to customers and accrued interest receivables	735	75	-	810
Properties for sale	43	(3)	-	40
Premises and equipment	62	-	-	62
Provisions for employee benefits	254	(7)	(22)	225
Provisions for other liabilities	108	(7)	-	101
Deferred revenue and other liabilities	327	(138)	-	189
Others	265	49	-	314
Total	1,963	(30)	(1)	1,932
Deferred tax liabilities				
Investments	6	-	(5)	1
Premises and equipment	1,252	(13)	(2)	1,237
Others	38	(2)	-	36
Total	1,296	(15)	(7)	1,274
Net	667	(15)	6	658

As at 30 June 2019, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 649 million, for which deferred tax assets have been recognised because certain recognition criteria were met (as at 31 December 2018, the certain recognition criteria were not met).

17.2 Income tax

Income tax recognised in profit or loss

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Current tax expense				
Current period	715	553	712	479
Under (over) provided in prior years	(2)	8	(2)	8
	713	561	710	487
Deferred tax expense				
Movements in temporary differences	(439)	(68)	(438)	(69)
	(439)	(68)	(438)	(69)
Total	274	493	272	418

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>Six-month periods ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2019	2018	2019	2018
		<i>(in million Baht)</i>			
Current tax expense					
Current period		1,251	1,001	1,247	1,011
Under (over) provided in prior years		(2)	8	(2)	8
		<u>1,249</u>	<u>1,009</u>	<u>1,245</u>	<u>1,019</u>
Deferred tax expense					
Movements in temporary differences	<i>17.1</i>	(614)	18	(613)	15
		<u>(614)</u>	<u>18</u>	<u>(613)</u>	<u>15</u>
Total		635	1,027	632	1,034

Income tax recognised in other comprehensive income

<i>Three-month periods ended 30 June</i>	Consolidated					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Investments	83	(17)	66	(134)	26	(108)
Premises and equipment	1,361	(272)	1,089	(5)	1	(4)
Provisions for employee benefits	72	(15)	57	102	(20)	82
Others	(21)	5	(16)	10	(2)	8
Total	<u>1,495</u>	<u>(299)</u>	<u>1,196</u>	<u>(27)</u>	<u>5</u>	<u>(22)</u>

<i>Three-month periods ended 30 June</i>	Bank only					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Investments	83	(17)	66	(133)	26	(107)
Premises and equipment	1,361	(272)	1,089	(5)	1	(4)
Provisions for employee benefits	72	(15)	57	109	(22)	87
Others	(21)	5	(16)	10	(2)	8
Total	<u>1,495</u>	<u>(299)</u>	<u>1,196</u>	<u>(19)</u>	<u>3</u>	<u>(16)</u>

<i>Six-month periods ended 30 June</i>	Consolidated					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Investments	143	(29)	114	(134)	26	(108)
Premises and equipment	1,356	(271)	1,085	(9)	2	(7)
Provisions for employee benefits	72	(15)	57	102	(20)	82
Others	(31)	7	(24)	-	-	-
Total	<u>1,540</u>	<u>(308)</u>	<u>1,232</u>	<u>(41)</u>	<u>8</u>	<u>(33)</u>

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For the three-month period ended 30 June 2019 (Unaudited)

<i>Six-month periods ended 30 June</i>	Bank only					
	Before tax	2019 Tax (expense) benefit	Net of tax	Before tax	2018 Tax (expense) benefit	Net of tax
			<i>(in million Baht)</i>			
Investments	143	(29)	114	(133)	26	(107)
Premises and equipment	1,356	(271)	1,085	(9)	2	(7)
Provisions for employee benefits	72	(15)	57	109	(22)	87
Others	(31)	7	(24)	-	-	-
Total	1,540	(308)	1,232	(33)	6	(27)

Reconciliation of effective tax rate

<i>Three-month periods ended 30 June</i>	Consolidated			
	2019 Rate (%)	(in million Baht)	2018 Rate (%)	(in million Baht)
Profit before income tax		2,192		2,520
Income tax using the Thai corporation tax rate	20	438	20	504
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(7)	(144)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	1	12	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(30)	(1)	(19)
Under (over) provided in prior periods	-	(2)	-	8
Total	13	274	19	493

<i>Three-month periods ended 30 June</i>	Bank only			
	2019 Rate (%)	(in million Baht)	2018 Rate (%)	(in million Baht)
Profit before income tax		2,105		2,343
Income tax using the Thai corporation tax rate	20	421	20	469
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(7)	(144)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	1	12	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(15)	(3)	(59)
Under (over) provided in prior periods	-	(2)	-	8
Total	13	272	17	418

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For the three-month period ended 30 June 2019 (Unaudited)

<i>Six-month periods ended 30 June</i>	Consolidated			
	2019		2018	
	<i>Rate</i>	<i>(in million</i>	<i>Rate</i>	<i>(in million</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit before income tax		4,132		5,333
Income tax using the Thai corporation tax rate	20	826	20	1,067
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(4)	(144)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	-	12	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(57)	(1)	(48)
Under (over) provided in prior periods	-	(2)	-	8
Total	15	635	19	1,027

<i>Six-month periods ended 30 June</i>	Bank only			
	2019		2018	
	<i>Rate</i>	<i>(in million</i>	<i>Rate</i>	<i>(in million</i>
	<i>(%)</i>	<i>Baht)</i>	<i>(%)</i>	<i>Baht)</i>
Profit before income tax		3,979		5,772
Income tax using the Thai corporation tax rate	20	796	20	1,155
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(3)	(144)	-	-
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the period	-	12	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(30)	(2)	(129)
Under (over) provided in prior periods	-	(2)	-	8
Total	16	632	18	1,034

18 Other receivables, net

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Receivables from Legal Execution Department	675	581	643	549
Other receivables	1,096	939	1,096	939
Total	1,771	1,520	1,739	1,488
<i>Less allowance for impairment losses</i>	<i>(282)</i>	<i>(269)</i>	<i>(281)</i>	<i>(268)</i>
Net	1,489	1,251	1,458	1,220

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For the three-month period ended 30 June 2019 (Unaudited)

19 Other assets, net

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Accrued income	696	710
Collateral on derivative transactions	560	599
Suspense account - debtors	588	1,408
Prepaid expenses	619	365
Others	1,643	1,369
Total	4,106	4,451
Less allowance for impairment losses	(243)	(239)
Net	3,863	4,212

20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Current	53,908	58,482	53,911	58,483
Savings	526,932	515,908	526,961	515,914
Term	68,077	75,281	68,077	75,281
Total	648,917	649,671	648,949	649,678
Less prepaid interest expense	(93)	(103)	(93)	(103)
Total	648,824	649,568	648,856	649,575

20.2 Classified by currency and residency of depositors

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	635,395	5,658	641,053	636,088	5,613	641,701
US Dollar	4,564	2,717	7,281	5,659	1,726	7,385
Other currencies	474	16	490	467	15	482
Total	640,433	8,391	648,824	642,214	7,354	649,568

	Bank only					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	635,426	5,659	641,085	636,095	5,613	641,708
US Dollar	4,564	2,717	7,281	5,659	1,726	7,385
Other currencies	474	16	490	466	16	482
Total	640,464	8,392	648,856	642,220	7,355	649,575

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21 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	1,850	1,850
Commercial banks	261	36,000	36,261	379	32,700	33,079
Specialised financial institutions	61	6,723	6,784	59	22,881	22,940
Other financial institutions	5,121	62	5,183	5,298	56	5,354
Total domestic	5,443	42,785	48,228	5,736	57,487	63,223
Foreign						
US Dollar	275	-	275	405	-	405
Other currencies	900	-	900	639	-	639
Total foreign	1,175	-	1,175	1,044	-	1,044
Total domestic and foreign	6,618	42,785	49,403	6,780	57,487	64,267

22 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Debt issued	407	397
Total	407	397

Proportion of transactions classified by the contract parties based on the amount of the contract as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(%)</i>	
Contract parties		
Financial institutions	100.00	100.00
Total	100.00	100.00

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23 Debts issued and borrowings, net

	Consolidated and Bank only							
	Interest rates		30 June 2019			31 December 2018		
	as at	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	30 June 2019							
	(%)		(in million Baht)					
Subordinated debentures ⁽¹⁾	3.50 and 4.00	2019 ⁽²⁾ and 2022 ⁽²⁾						
	and 5.50	and 2024 ⁽²⁾	41,446	-	41,446	20,430	-	20,430
Senior debentures	3.108 and							
	6mLibor+1.05	2021 and 2025	-	13,835	13,835	-	14,602	14,602
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	5	-	5
Other borrowings	0.00 - 0.75	2019 - 2031	22	73	95	6	81	87
Total			41,473	13,908	55,381	20,441	14,683	35,124

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 6)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

23.1 Subordinated debentures

23.1.1 On 29 August 2014, the Bank issued the Subordinated Debenture No.1/2557 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 15,000 million, which has a 10-year maturity period and carries a fixed interest rate of 5.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2557 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

On 20 June 2019, the Bank proposed to buy back these Subordinated Debenture No.1/2557 from investors amounting to Baht 8,984 million. The outstanding balance remained at Baht 6,016 million. Such buy back has already been approved by the Bank of Thailand.

23.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

23.1.3 On 28 June 2019, the Bank issued the Subordinated Debenture No.1/2562 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 30,000 million, which has a 10-year maturity period and carries a fixed interest rate of 4.00% per annum, payable quarterly in March, June, September and December of every year. The Bank can early redeem the Subordinated Debenture No.1/2562 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

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23.2 Senior debentures

- 23.2.1 On 1 April 2016, the Bank issued unsecured senior debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.
- 23.2.2 On 5 June 2018, the Bank issued unsecured senior debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor +1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.
- 23.2.3 On 17 December 2018, the Bank issued unsecured senior debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

23.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 30 June 2019 and 31 December 2018 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		30 June 2019		31 December 2018	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 22 million	22	Baht 6 million	6
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	73	EUR 2 million	81
Total			95		87

24 Provision for employee benefits

24.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 15% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 5 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the six-month periods ended 30 June 2019 and 2018, the Bank and its subsidiaries contributed Baht 197 million and Baht 202 million, respectively, to the funds (Bank only: Baht 197 million and Baht 196 million, respectively).

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24.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Post-employment benefit plans	1,503	1,212	1,502	1,211
Other long-term employee benefit plans	9	9	9	9
Total	1,512	1,221	1,511	1,220

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Beginning balance	1,212	1,291	1,211	1,261
Included in profit or loss:				
Current service cost	103	259	103	254
Loss on benefit settlement	2	-	2	-
Past service cost	312	-	312	-
Interest on obligation	17	29	17	28
	434	288	434	282
Included in other comprehensive income				
Actuarial gains	(72)	(79)	(72)	(86)
Others				
Benefits paid	(71)	(246)	(71)	(246)
Provision reversed from the loss of control of a subsidiary	-	(42)	-	-
	(71)	(288)	(71)	(246)
Ending balance	1,503	1,212	1,502	1,211

During the six-month period ended 30 June 2019, the Bank and its subsidiary recognised the past service cost in accordance with the changes in the Labor Protection Act which was amended that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate.

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Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Demographic assumptions	(24)	(23)	(24)	(25)
Financial assumptions	42	25	42	20
Experience adjustments	(90)	(81)	(90)	(81)
Total	(72)	(79)	(72)	(86)

c) Actuarial assumptions of post-employment benefit obligations

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

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(%)</i>			
Discount rate	2.37	2.71	2.37	2.71
Future salary growth	4.50	4.50	4.50	4.50
Staff turnover rates	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00

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

(d) Sensitivity analysis of post-employment benefit obligations

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

	Change (+) in assumption	Consolidated 30 June 2019		Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
		Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	
Discount rate	+1%	-1%	145	
Future salary growth	+1%	-1%	(123)	
Turnover rate	+1%	-1%	32	
Future mortality	+1 year	-1 year	(7)	

	Change (+) in assumption	Consolidated 31 December 2018		Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>
		Change (-) in assumption	Post-employment benefit obligations increase (decrease) <i>(in million Baht)</i>	
Discount rate	+1%	-1%	111	
Future salary growth	+1%	-1%	(93)	
Turnover rate	+1%	-1%	25	
Future mortality	+1 year	-1 year	(6)	

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For the three-month period ended 30 June 2019 (Unaudited)

Bank only 30 June 2019				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(128)	-1%	145
Future salary growth	+1%	136	-1%	(123)
Turnover rate	+1%	(136)	-1%	32
Future mortality	+1 year	7	-1 year	(7)

Bank only 31 December 2018				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(97)	-1%	111
Future salary growth	+ 1%	104	-1%	(93)
Turnover rate	+ 1%	(104)	-1%	25
Future mortality	+ 1 year	6	-1 year	(6)

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.

25 Provision for other liabilities

The movement in provision for other liabilities during the period/year was as follows:

Consolidated and Bank only Six-month period ended 30 June 2019				
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 33.2) (in million Baht)	Others	Total
Beginning balance	304	44	282	630
Provisions increase (decrease)	(8)	(13)	1,045	1,024
Paid during the period	-	(16)	(1,029)	(1,045)
Ending balance	296	15	298	609

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Consolidated				
Year ended 31 December 2018				
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 33.2) (in million Baht)	Others	Total
Beginning balance	328	165	51	544
Provisions increase (decrease)	(24)	(109)	270	137
Paid during the year	-	(12)	(39)	(51)
Ending balance	304	44	282	630

Bank only				
Year ended 31 December 2018				
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 33.2) (in million Baht)	Others	Total
Beginning balance	328	163	51	542
Provisions increase (decrease)	(24)	(107)	270	139
Paid during the year	-	(12)	(39)	(51)
Ending balance	304	44	282	630

26 Deferred revenue

Consolidated and Bank only		
	30 June 2019	31 December 2018
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	16,755	17,431
- Credit card	158	158
- Others	126	5
Total	17,039	17,594

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated		Bank only	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	(in million Baht)			
Accrued expenses	4,287	5,644	4,280	5,635
Accrued interest expenses	354	459	353	459
Deposits and guarantees received	199	198	199	198
Collateral on derivative transactions	3,328	1,943	3,328	1,943
Suspense accounts electronic money and money transferred	1,713	2,761	1,713	2,761
Suspense accounts - others	699	580	684	565
Other payables	780	1,259	776	1,253
Others	336	458	335	458
Total	11,696	13,302	11,668	13,272

On 24 June 2010, the Extraordinary General Meeting of Shareholders No.1/2553 approved the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010 scheme) which will offer newly issued ordinary shares of the Bank to its employees (including employees who hold a position of director of the Bank) who have qualifications under TMB PSBP 2010. The employees under TMB PSBP 2010 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB PSBP 2010 with mandatory participation of top management but optional participation of staff at other levels.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TMB PSBP 2010 Project at the price equivalent to the par value of the ordinary shares of the Bank.

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Condition of subscription for the newly issued shares:

The employees under TMB PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

28.2 The offering of new ordinary shares

The offering of new ordinary shares	Par value	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾	Ordinary shares not to be issued	Balance of new ordinary shares unissued as at 30 June 2019
		(Baht/share)			(shares)	
The first offering, 2011	0.95	2.25	68,393,400	(61,556,286)	(6,837,114)	-
The second offering, 2012	0.95	1.67	101,795,300	(88,262,936)	(13,532,364)	-
The third offering, 2013	0.95	2.28	78,634,700	(66,598,950)	(12,035,750)	-
The fourth offering, 2014	0.95	2.30	85,191,700	(64,686,616)	(20,505,084)	-
The fifth offering, 2015	0.95	3.04	53,599,400	(42,049,843)	(11,549,557)	-
Total			387,614,500	(323,154,631)	(64,459,869)	-

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

28.3 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - shared-based payments

	Consolidated and Bank only			Other reserve - share-based payments
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	
At 1 January 2018	43,839,858,871	41,647,865,927	378,930,710	35,876,140
Issued ordinary shares to employees	12,034,239	11,432,527	25,151,560	(36,584,087)
Expenses in relation to issue of ordinary shares to employees	-	-	(486,024)	-
Expenses in relation to share-based payments	-	-	-	707,947
At 31 December 2018				
/30 June 2019	43,851,893,110	41,659,298,454	403,596,246	-

29 Revaluation surplus on assets

This represents surplus arising from revaluation of land and buildings. The revaluation surplus can neither be offset against deficit nor used for dividend distribution.

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The movements in revaluation surplus on assets during the period/year were as follows:

	Consolidated and Bank only	
	Six-month period ended 30 June 2019	Year ended 31 December 2018
	<i>(in million Baht)</i>	
Beginning balance	6,035	6,259
Revalued during the period/year	1,383	-
Amortised during the period/year	(45)	(89)
Derecognised during the period/year	(13)	(86)
Transferred out during the period/year	(26)	(49)
Ending balance	7,334	6,035
Less deferred tax	(1,467)	(1,207)
Ending balance, net of deferred tax	5,867	4,828

30 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

31 Appropriation of profit and dividend payment

(a) On 12 April 2019, the 2019 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2018 operating profit and dividend payment:

- (1) Appropriation of net profit of Baht 450 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.07 per share from the 2018 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 9 May 2019.

(b) On 12 April 2018, the 2018 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2017 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 430 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2017 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 9 May 2018.

32 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Interbank and money market items		
- Deposit under restriction of oversea branch	5	10
Investments in securities		
- Pledged as collateral against repurchase transactions	21,748	17,446
Total	21,753	17,456

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33 Commitments and contingent liabilities

33.1 Commitments

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Avals to bills ⁽¹⁾	743	319
Guarantees of loans	37	-
Liability under unmaturing import bills	2,885	2,722
Letters of credit	14,239	15,772
Other commitments		
- Other guarantees	63,935	65,584
- Amount of unused bank overdrafts	83,232	81,632
- Committed line	4,892	3,882
- Others ⁽²⁾	19,129	30,069
Total	189,092	199,980

⁽¹⁾ As at 30 June 2019, this included bank acceptance amounting to Baht 1 million (31 December 2018: Baht 5 million)

⁽²⁾ As at 30 June 2019, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 18,211 million (31 December 2018: 29,375 million). The Bank is obliged to return those securities in equivalent amount.

As at 30 June 2019 and 31 December 2018, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

33.2 Litigation

(a) As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 58 cases and 63 cases, respectively (Bank only: claims for 55 cases and 60 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 521 million ⁽¹⁾ and Baht 468 million ⁽¹⁾, respectively (Bank only: Baht 312 million ⁽¹⁾ and Baht 259 million ⁽¹⁾, respectively).

(b) As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 15 million and Baht 44 million, respectively (Bank only: Baht 15 million and Baht 44 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as at 30 June 2019 and 31 December 2018 of Baht 1,830 million and Baht 1,789 million, respectively (Bank only: Baht 1,307 million and Baht 1,266 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

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33.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
<i>Future minimum lease payments</i>				
Within one year	451	503	451	503
After one year but within five years	574	743	573	743
Total	1,025	1,246	1,024	1,246

	Consolidated		Bank only	
<i>Three-month periods ended 30 June</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Amount recognised in profit or loss</i>				
Lease expenses	158	178	158	174

	Consolidated		Bank only	
<i>Six-month periods ended 30 June</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Amount recognised in profit or loss</i>				
Lease expenses	311	340	311	332

34 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank 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 Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Entities with joint control or significant influence over the entity are
 - 2.1 Related companies of major shareholders
 - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 2.3 Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries and associate)
3. Subsidiaries
4. Associate

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5. Key management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance.
6. Other related parties are
 - 6.1 Close family members of key management personnel
 - 6.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 6.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

The additional information on investments in subsidiaries and associate are disclosed in note 10.

Relationships with key management and other related parties were as follows:

Name of entity/Personnel	Country of incorporation/ Nationality	Nature of relationship
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank’s paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, currently on the liquidation process.
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Associate, 35% shareholding, less than 50% of directors are representatives of the Bank

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

Transactions

Interest rates of loans

Fee and service income

Interest rate on deposits and borrowings

Fee and services income for other types of services

Branch office rental and related service

Sale of non-performing assets to a subsidiary

Pricing policies

Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.

Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its subsidiary/associate are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units.

Based on market rate

Based on market price

Based on market rate

Based on market price

34.1 Significant related parties transactions with key management and other related parties

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

	Consolidated						
	Three-month period ended 30 June 2019						
	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	4	-
2. Entities with joint control or significant influence over the entity	78	41	2	-	18	53	-
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	432	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	6	-	-	-	-	-	7

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For the three-month period ended 30 June 2019 (Unaudited)

Consolidated

Three-month period ended 30 June 2018

	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	1	-
2. Entities with joint control or significant influence over the entity	90	58	3	-	9	57	5
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	-	-	-	-	-	-

Consolidated

Six-month period ended 30 June 2019

	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	5	-
2. Entities with joint control or significant influence over the entity	156	125	4	-	18	96	16
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	802	-	-	-	-
5. Key management personnel of the Bank	-	2	-	-	-	-	-
6. Other related parties	6	1	-	-	-	4	7

Consolidated

Six-month period ended 30 June 2018

	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	4	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	181	112	(1)	-	9	111	(18)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	2	-	-	-	-	-
6. Other related parties	-	-	-	-	-	8	-

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Bank only							
Three-month period ended 30 June 2019							
	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	4	-
2. Entities with joint control or significant influence over the entity	78	41	2	-	18	53	-
3. Subsidiaries	-	-	2	-	-	-	-
4. Associate	-	-	432	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	6	-	-	-	-	-	7

Bank only							
Three-month period ended 30 June 2018							
	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	1	-
2. Entities with joint control or significant influence over the entity	89	58	3	-	9	57	5
3. Subsidiaries	-	4	606	-	117	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	1	-	-	-	-	-
6. Other related parties	-	-	-	-	-	-	-

Bank only							
Six-month period ended 30 June 2019							
	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	-	-	-	-	5	-
2. Entities with joint control or significant influence over the entity	156	125	4	-	18	96	16
3. Subsidiaries	-	-	4	-	-	-	-
4. Associate	-	-	802	-	-	-	-
5. Key management personnel of the Bank	-	2	-	-	-	-	-
6. Other related parties	6	1	-	-	-	4	7

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For the three-month period ended 30 June 2019 (Unaudited)

Bank only							
Six-month period ended 30 June 2018							
	Interest income	Interest expenses	Fees and service income (reversal of)	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	-	4	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	177	112	(1)	-	9	111	(18)
3. Subsidiaries	-	8	1,501	-	800	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	-	2	-	-	-	-	-
6. Other related parties	-	-	-	-	-	8	-

34.2 Outstanding balances with related parties

As at 30 June 2019 and 31 December 2018, significant outstanding balances with related persons or parties were as follows:

34.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 30 June 2019 and 31 December 2018 were as follows:

Consolidated and Bank only		
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Deposits (including interbank and money market items - liabilities)		
ING Bank N.V.	10	12
Commitments - Derivatives ⁽¹⁾		
ING Bank N.V.	4,612	4,867
⁽¹⁾ Presented in notional amount		
Other commitments		
ING Bank N.V.	15	16

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For the three-month period ended 30 June 2019 (Unaudited)

34.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Interbank and money market items - assets and loans to customers and accrued interest receivables		
Entities whose shares are owned or controlled by the Ministry of Finance	10,262	14,351
Allowance for doubtful accounts		
Entities whose shares are owned or controlled by the Ministry of Finance	103	87
Other assets		
Entities whose shares are owned or controlled by the Ministry of Finance	3	-
Deposits (including interbank and money market items - liabilities)		
Entities whose shares are owned or controlled by the Ministry of Finance	13,971	11,789
TMB Property Development Co., Ltd.	4	4
Total	13,975	11,793
Debts issued and borrowings (including interbank and money market items - liabilities)		
Entities whose shares are owned or controlled by the Ministry of Finance	9,823	22,881
Other liabilities		
Entities whose shares are owned or controlled by the Ministry of Finance	9	12
Commitments - Derivatives ⁽¹⁾		
Entities whose shares are owned or controlled by the Ministry of Finance	95,965	105,161
⁽¹⁾ Presented in notional amount		
Other commitments		
Entities whose shares are owned or controlled by the Ministry of Finance	990	854

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For the three-month period ended 30 June 2019 (Unaudited)

34.2.3 Significant balances between the Bank and its subsidiaries and associate as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Other assets				
Phahonyothin Asset Management Co., Ltd.	-	-	-	1
TMB Asset Management Co., Ltd.	156	124	156	124
Total	156	124	156	125
Deposits				
Phahonyothin Asset Management Co., Ltd.	-	-	31	6
TMB Asset Management Co., Ltd.	99	50	99	50
Total	99	50	130	56

34.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables	5	10
Welfare loans	26	28
Deposits	249	223

34.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables	768	1
Allowance for doubtful accounts	7	-
Deposits	275	126
Other commitments	111	1

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For the three-month period ended 30 June 2019 (Unaudited)

34.3 Senior management personnel compensation

For the three-month and six-month periods ended 30 June 2019 and 2018, senior management personnel compensation, included in profit or loss, was classified as follows:

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	23	21	23	21
Short-term employee benefits - management	212	229	212	218
Post-employment benefits	10	13	10	11
Total	245	263	245	250

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	31	28	31	28
Short-term employee benefits - management	418	454	418	434
Post-employment benefits	20	23	20	19
Share-based payments (performance share bonus)	-	2	-	2
Total	469	507	469	483

Senior management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

34.4 Other benefits payable to the senior management personnel

The Bank’s senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in note 34.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank’s executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank’s business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

35 Segment information

For management purposes, the Bank’s businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

- 1.1 Wholesale Banking: These are customers who operate business with annual revenues of Baht 100 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

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For the three-month period ended 30 June 2019 (Unaudited)

1.2 Small Enterprise: These are customers who operate business with annual revenues of less than Baht 100 million. The main products and services are corporate loans, deposits and bancassurance.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing and personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities base, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

Information about reportable segments:

Three-month period ended
30 June 2019

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,338	2,494	512	-	6,344
Net fees and service income	508	1,389	11	-	1,908
Other operating income	372	51	210	-	633
Total operating income	4,218	3,934	733	-	8,885
Operating expenses	(1,978)	(2,210)	23	-	(4,165)
Profits from operation	2,240	1,724	756	-	4,720
Provision for doubtful accounts on loans and loan-related transactions					(2,529)
Profit before income tax					2,191
Income tax					(274)
Profit for the period					1,917
Depreciation and amortisation	50	193	146	-	389
Source of operating income breakdown by operating segments					
Third party	5,947	2,825	113	-	8,885
Inter - segment	(1,729)	1,109	620	-	-
Total operating income	4,218	3,934	733	-	8,885

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For the three-month period ended 30 June 2019 (Unaudited)

Three-month period ended 30 June 2018

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,394	2,176	632	-	6,202
Net fees and service income	563	1,623	286	(12)	2,460
Other operating income	330	53	145	(2)	526
Total operating income	4,287	3,852	1,063	(14)	9,188
Operating expenses	(2,007)	(2,270)	(55)	14	(4,318)
Profits from operation	2,280	1,582	1,008	-	4,870
Provision for doubtful accounts on loans and loan-related transactions					(2,351)
Profit before income tax					2,519
Income tax					(493)
Profit for the period					2,026
Depreciation and amortisation	49	184	118	-	351
Source of operating income breakdown by operating segments					
Third party	5,965	2,208	1,015	-	9,188
Inter - segment	(1,678)	1,644	48	(14)	-
Total operating income	4,287	3,852	1,063	(14)	9,188

Six-month period ended 30 June 2019

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	6,602	4,919	1,059	-	12,580
Net fees and service income	966	2,636	35	-	3,637
Other operating income	698	114	363	-	1,175
Total operating income	8,266	7,669	1,457	-	17,392
Operating expenses	(4,007)	(4,674)	(201)	-	(8,882)
Profits from operation	4,259	2,995	1,256	-	8,510
Provision for doubtful accounts on loans and loan-related transactions					(4,379)
Profit before income tax					4,131
Income tax					(635)
Profit for the period					3,496
Depreciation and amortisation	100	382	289	-	771
Source of operating income breakdown by operating segments					
Third party	11,749	5,427	216	-	17,392
Inter - segment	(3,483)	2,242	1,241	-	-
Total operating income	8,266	7,669	1,457	-	17,392

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For the three-month period ended 30 June 2019 (Unaudited)

Six-month period ended 30 June 2018

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	6,709	4,358	1,156	-	12,223
Net fees and service income	1,040	3,581	612	(32)	5,201
Other operating income	772	116	263	-	1,151
Total operating income	8,521	8,055	2,031	(32)	18,575
Operating expenses	(4,038)	(4,545)	(45)	32	(8,596)
Profits from operation	4,483	3,510	1,986	-	9,979
Provision for doubtful accounts on loans and loan-related transactions					(4,646)
Profit before income tax					5,333
Income tax					(1,027)
Profit for the period					4,306
Depreciation and amortisation	95	359	249	-	703
Source of operating income breakdown by operating segments					
Third party	11,868	4,495	2,212	-	18,575
Inter - segment	(3,347)	3,560	(181)	(32)	-
Total operating income	8,521	8,055	2,031	(32)	18,575

Reconciliation of reportable segment profit or loss

Three-month period ended 30 June 2019

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	6,344	1,908	633	(4,165)	(2,529)
Bad debts, doubtful accounts and impairment losses	-	-	(1)	(38)	39
Others	-	-	7	(7)	-
Consolidated financial statements	6,344	1,908	639	(4,210)	(2,490)

Three-month period ended 30 June 2018

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	6,202	2,460	526	(4,318)	(2,351)
Bad debts, doubtful accounts and impairment losses	-	-	3	26	(29)
Others	(102)	-	104	(2)	-
Consolidated financial statements	6,100	2,460	633	(4,294)	(2,380)

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For the three-month period ended 30 June 2019 (Unaudited)

Six-month period ended 30 June 2019

	Net interest income	Net fees and service income	Other operating income <i>(in million Baht)</i>	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	12,580	3,637	1,175	(8,882)	(4,379)
Bad debts, doubtful accounts and impairment losses	-	-	2	(52)	50
Others	-	(6)	20	(14)	-
Consolidated financial statements	12,580	3,631	1,197	(8,948)	(4,329)

Six-month period ended 30 June 2018

	Net interest income	Net fees and service income	Other operating income <i>(in million Baht)</i>	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	12,223	5,201	1,151	(8,596)	(4,646)
Bad debts, doubtful accounts and impairment losses	-	-	7	32	(39)
Others	(93)	-	88	5	-
Consolidated financial statements	12,130	5,201	1,246	(8,559)	(4,685)

	Commercial Banking	Retail Banking	Other segments <i>(in million Baht)</i>	Elimination	Total
Assets	574,495	225,367	96,324	3,614	899,800
Liabilities and equity	241,957	454,176	200,053	3,614	899,800

	Commercial Banking	Retail Banking	Other segments <i>(in million Baht)</i>	Elimination	Total
Assets	592,967	211,987	83,256	3,503	891,713
Liabilities and equity	260,939	450,747	176,524	3,503	891,713

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For the three-month period ended 30 June 2019 (Unaudited)

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

36.1 As at 30 June 2019 and 31 December 2018, the financial position classified by domestic and foreign business was as follows:

	30 June 2019		Consolidated			
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	899,233	567	899,800	891,039	674	891,713
Interbank and money market items, net (assets)	113,854	505	114,359	112,925	597	113,522
Investments, net	84,264	-	84,264	73,477	-	73,477
Investments in subsidiaries and associate, net	4,712	-	4,712	4,577	-	4,577
Loans to customers and accrued interest receivables, net	650,963	35	650,998	653,998	42	654,040
Deposits	648,773	51	648,824	649,466	102	649,568
Interbank and money market items (liabilities)	49,238	165	49,403	64,102	165	64,267
Debts issued and borrowings, net	46,158	9,223	55,381	25,389	9,735	35,124

36.2 The results of operations classified by domestic and foreign business for the three-month and six-month periods ended 30 June 2019 and 2018 were as follows:

<i>Three-month periods ended 30 June</i>	2019		Consolidated			
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	9,235	3	9,238	8,696	4	8,700
Interest expenses	2,817	77	2,894	2,519	81	2,600
Net interest income (expenses)	6,418	(74)	6,344	6,177	(77)	6,100
Net fees and service income	1,908	-	1,908	2,460	-	2,460
Total other operating income	639	-	639	633	-	633
Total other operating expenses	4,207	3	4,210	4,291	3	4,294
Impairment loss on loans and debt securities	2,490	-	2,490	2,380	-	2,380
Profit (loss) from operations before income tax	2,268	(77)	2,191	2,599	(80)	2,519

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For the three-month period ended 30 June 2019 (Unaudited)

Six-month periods ended 30 June

	Consolidated					
	Domestic business	2019 Foreign business	Total	Domestic business	2018 Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	18,282	6	18,288	17,236	9	17,245
Interest expenses	5,555	153	5,708	4,900	215	5,115
Net interest income (expenses)	12,727	(147)	12,580	12,336	(206)	12,130
Net fees and service income	3,631	-	3,631	5,201	-	5,201
Total other operating income	1,197	-	1,197	1,246	-	1,246
Total other operating expenses	8,942	6	8,948	8,553	6	8,559
Impairment loss on loans and debt securities	4,329	-	4,329	4,685	-	4,685
Profit (loss) from operations before income tax	4,284	(153)	4,131	5,545	(212)	5,333

37 Interest income

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items	449	439	449	437
Investments and trading transactions	22	12	22	12
Investments in debt securities	443	258	443	258
Loans to customers	8,317	7,989	8,305	7,987
Others	7	2	7	2
Total	9,238	8,700	9,226	8,696

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items	910	883	910	876
Investments and trading transactions	37	16	37	16
Investments in debt securities	831	546	831	541
Loans to customers	16,497	15,795	16,484	15,791
Others	13	5	13	5
Total	18,288	17,245	18,275	17,229

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For the three-month period ended 30 June 2019 (Unaudited)

38 Interest expenses

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deposits	1,522	1,384	1,522	1,388
Interbank and money market items	229	139	229	139
Contribution to Deposits Protection Agency and BoT	767	742	767	742
Debts issued				
- Debentures and subordinated debentures	251	228	251	228
- Others	120	79	120	79
Borrowings	5	4	5	4
Others	-	24	-	24
Total	2,894	2,600	2,894	2,604

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deposits	3,003	2,689	3,003	2,698
Interbank and money market items	433	320	433	320
Contribution to Deposits Protection Agency and BoT	1,527	1,463	1,527	1,463
Debts issued				
- Debentures and subordinated debentures	496	436	496	436
- Others	240	168	240	168
Borrowings	8	9	8	9
Others	1	30	1	30
Total	5,708	5,115	5,708	5,124

39 Net fees and service income

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	86	112	86	112
- ATM, Debit card, Credit card and other banking electronic	807	792	807	792
- Funds and Bancassurance	1,378	2,087	1,378	1,698
- Others	353	350	355	385
Total	2,624	3,341	2,626	2,987
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(542)	(581)	(542)	(581)
- Others	(174)	(300)	(174)	(218)
Total	(716)	(881)	(716)	(799)
Net	1,908	2,460	1,910	2,188

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	140	225	140	225
- ATM, Debit card, Credit card and other banking electronic	1,610	1,581	1,610	1,581
- Funds and Bancassurance	2,660	4,491	2,660	3,697
- Others	694	659	697	730
Total	5,104	6,956	5,107	6,233
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(1,073)	(1,177)	(1,073)	(1,177)
- Others	(400)	(578)	(400)	(407)
Total	(1,473)	(1,755)	(1,473)	(1,584)
Net	3,631	5,201	3,634	4,649

The Bank and its subsidiaries recognised fee and service income at a point in time or over the stage of completion. For access fee income from Bancassurance, the Bank recognizes fee income over the initial contract term of 15 years. The remaining balance included in deferred revenue.

40 Gains on trading and foreign exchange transactions, net

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	314	310
- Derivatives on interest rates	(16)	62
- Debt securities	9	(20)
Total	307	352
<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Gains (losses) on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	693	551
- Derivatives on interest rates	(36)	279
- Debt securities	14	(23)
Total	671	807

TMB Bank Public Company Limited and its Subsidiaries

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

41 Losses on financial liabilities designated at fair value through profit or loss, net

Losses on financial liabilities designated at fair value through profit or loss, net for the three-month and six-month periods ended 30 June 2019 and 2018 were as follows:

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Net change in fair value	(6)	-
Losses on financial liabilities designated at fair value through profit or loss, net	(6)	-

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Net change in fair value	(12)	(3)
Losses on financial liabilities designated at fair value through profit or loss, net	(12)	(3)

42 Gains on investments, net

<i>Three-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Gains on sales		
- Available-for-sale investments	92	2
- Held to maturity	4	96
Total	96	98
Reversal of (losses on) impairment		
- Available-for-sale investments	-	(1)
Total	-	(1)
Net	96	97

<i>Six-month periods ended 30 June</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Gains on sales		
- Available-for-sale investments	96	10
- Held to maturity	4	96
- General investments	-	1
Total	100	107
Reversal of (losses on) impairment		
- Available-for-sale investments	-	(1)
Total	-	(1)
Net	100	106

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

43 Other operating expenses

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	282	295	282	270
Communication expenses	90	82	90	82
Amortisation of intangible assets	160	117	160	117
Losses on impairment of properties foreclosed and other assets	43	28	43	28
Others	622	505	621	499
Total	1,197	1,027	1,196	996

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	499	626	499	571
Communication expenses	177	172	177	172
Amortisation of intangible assets	320	233	320	232
Losses on impairment of properties foreclosed and other assets	65	57	65	57
Others	1,144	990	1,142	980
Total	2,205	2,078	2,203	2,012

44 Impairment loss on loans and debt securities

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts (reversal of)				
- Interbank and money market items	(6)	43	(6)	43
- Loans to customers	2,477	2,149	2,482	2,155
Allowance for debt restructuring on loans to customers	19	188	19	188
Total	2,490	2,380	2,495	2,386

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts (reversal of)				
- Interbank and money market items	(6)	38	(6)	38
- Loans to customers	4,290	4,222	4,301	4,230
Allowance for debt restructuring on loans to customers	45	425	45	425
Total	4,329	4,685	4,340	4,693

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

45 Earnings per share

Basic earnings per share

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

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	<u>1,917</u>	<u>2,026</u>	<u>1,832</u>	<u>1,925</u>
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	<u>43,852</u>	<u>43,851</u>	<u>43,852</u>	<u>43,851</u>
Basic earnings per share (<i>in Baht</i>)	<u>0.0437</u>	<u>0.0462</u>	<u>0.0418</u>	<u>0.0439</u>
<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	<u>3,496</u>	<u>4,306</u>	<u>3,347</u>	<u>4,738</u>
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	<u>43,852</u>	<u>43,845</u>	<u>43,852</u>	<u>43,845</u>
Basic earnings per share (<i>in Baht</i>)	<u>0.0797</u>	<u>0.0982</u>	<u>0.0763</u>	<u>0.1081</u>

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 2019 and 2018 were based on the profit for the periods attributable to equity holders 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>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	<u>1,917</u>	<u>2,026</u>	<u>1,832</u>	<u>1,925</u>
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	<u>43,852</u>	<u>43,851</u>	<u>43,852</u>	<u>43,851</u>
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme (<i>in million shares</i>)	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Weighted average number of diluted ordinary shares outstanding (<i>in million shares</i>)	<u>43,852</u>	<u>43,852</u>	<u>43,852</u>	<u>43,852</u>
Diluted earnings per share (<i>in Baht</i>)	<u>0.0437</u>	<u>0.0462</u>	<u>0.0418</u>	<u>0.0439</u>

TMB Bank Public Company Limited and its Subsidiaries

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For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
Profit for the periods attributable to equity holders of the Bank (<i>in million Baht</i>)	<u>3,496</u>	<u>4,306</u>	<u>3,347</u>	<u>4,738</u>
Weighted average number of ordinary shares outstanding (<i>in million shares</i>)	43,852	43,845	43,852	43,845
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme (<i>in million shares</i>)	<u>-</u>	<u>7</u>	<u>-</u>	<u>7</u>
Weighted average number of diluted ordinary shares outstanding (<i>in million shares</i>)	<u>43,852</u>	<u>43,852</u>	<u>43,852</u>	<u>43,852</u>
Diluted earnings per share (<i>in Baht</i>)	<u>0.0797</u>	<u>0.0982</u>	<u>0.0763</u>	<u>0.1081</u>

46 Events after the reporting period

- On 7 August 2019, the meeting of the Board of Directors No. Special 4/2562 resolved to approve, in principle, the entry into a share purchase agreement in relation to the acquisition of shares in Thanachart Bank Public Company Limited (TBANK) and authorise the management of the Bank to negotiate, agree and execute the share purchase agreement with Thanachart Capital Public Company Limited (TCAP) and Scotia Netherlands Holding B.V. (BNS), which is a company in a group of the Bank of Nova Scotia, under the terms and conditions therein.
- On 8 August 2019, the Bank and two major shareholders of TBANK, namely TCAP and BNS, entered into a share purchase agreement (the SPA). Under the SPA, the Bank agrees to purchase 6,062,438,397 shares in TBANK (accounting for approximately 99.96% of the total issued and outstanding shares in TBANK) from the said major shareholders and will proceed to offer to purchase the remaining 2,423,773 shares (accounting for approximately 0.04% of the total issued and outstanding shares in TBANK) from all other minority shareholders of TBANK. Closing is subject to meeting conditions including obtaining regulatory approvals.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

47 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRSs which are relevant to the Bank and its subsidiaries' operations are expected to have significant impact on the consolidated and bank only financial statements on the date of initial application. Those TFRSs which 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. These TFRSs replaced the following standards:

TAS 101	<i>Doubtful accounts and bad debts</i>
TAS 104	<i>Troubled Debt Restructuring</i>
TAS 105	<i>Accounting for investments in Debt and Equity Securities</i>
TAS 106	<i>Accounting for Investment Companies</i>
TAS 107	<i>Financial Instruments: Disclosure and Presentation</i>

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing TAS 105 categories of held to maturity debt securities, available for sale, trading and general investment. The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current Bank's accounting policy on recognising both finance cost and finance income by contract rate.

(iii) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries determine allowance for doubtful account based on relevant BoT's criteria and regulations. TFRS 9 will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

(iv) Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of with two principal classification categories: amortised cost and FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Under TFRS 9, fair value changes for financial liabilities classified as FVTPL are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

(v) Hedge accounting

TFRS 9 provides guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank and its subsidiaries are required to ensure that hedge accounting relationships are aligned with the Bank and its subsidiaries' risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank and its subsidiaries had derivative, entering for the banking book purpose, with interest components which are recognised on an accrual basis and foreign exchange components which are recognised based on exchange rate ruling on the reporting period-end date.

However, TFRS 9 had option to apply the hedge accounting for any transaction that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and bank only financial statements.

(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. This standard replaced existing lease standards as follows:

TAS 17	<i>Leases</i>
TFRIC 4	<i>Determining whether an Arrangement contains a Lease</i>
TSIC 15	<i>Operating Leases-Incentives</i>
TSIC 27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>

Currently, the Bank and its subsidiaries recognise payments made under operating leases in profit or loss on a straight line basis over the term of the lease.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the consolidated and bank only financial statements.