

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2020
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 2020, 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 2020 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of Bank of Thailand.

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 expected credit loss for loans to customers	
For disclosures related to credit risk, loans to customers and allowance for expected credit loss for loans to customers, refer to notes 7, 16 and 17 the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 30 June 2020, loans to customers represented 73.33% and 57.40% of the total assets of consolidated and the Bank only, respectively, against which an allowances for expected credit losses (“ECL”) of Baht 44,375 million and Baht 25,373 million, respectively were provided. Management’s estimation of ECL on loans to customers measured at amortised cost is based on credit models which are dependent on significant management judgements and estimates including establishing the criteria for determining whether credit risk has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL, selection of models used to measure ECL and consideration for post model adjustments. In particular, the ongoing economic situation and relief program provided to the customer adds further complexity to management’s estimation process. Accordingly, it is considered a Key Audit Matter.	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 other factors which could influence the judgments and estimates. I inspected of the Group and the Bank accounting policies and credit risk policy to determine whether this has been set up in accordance with the requirements of TFRS 9, the relevant Bank of Thailand notification and guidance. My audit procedures included testing the design and operating effectiveness of controls over model monitoring and post model adjustments. I sampled loans as identified in my risk assessment to perform credit review procedures, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. Selected key technical decisions, assumptions and model methodologies were tested, where appropriate, including involvement of my own credit risk specialists to inspect model documentation, model validation report performed by expert engaged by the Group and the Bank’s management and back-testing results. I and my credit specialist assessed assumptions and methodology used by the management in the identification and estimation of post model adjustments. I assessed whether the financial statement disclosures are adequate and appropriately reflect the Bank and its subsidiaries’ exposures to credit risk.

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to notes 8 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
As at 30 June 2020, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 160,194 million and Baht 91,318 million, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 12,036 million and Baht 9,990 million, respectively. Of these amounts, as at 30 June 2020, financial assets and liabilities designated at level 2 and 3 fair value in the consolidated financial statements amounted to Baht 159,198 million and Baht 12,036, million respectively, and in the Bank only financial statements, they amounted to Baht 91,318 million and Baht 9,990 million respectively, for which the fair value is based upon inputs other than quoted prices in active markets or valuation techniques incorporating those inputs. Therefore, judgment is applied in the estimation of fair values. The use of different valuation techniques and assumptions could produce different estimates of fair value. Accordingly, it is considered a Key Audit Matter.	In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied. For financial instruments, I sampled to check for selected pricing inputs that were externally sourced and were correctly input into pricing models. I and my own valuation specialists assessed that the models and assumptions were appropriate and valued a selection of the Group's and the Bank's equity securities, debt securities, and derivative positions and compared their valuation to the Group's and the Bank's valuation on a sample basis. I assessed the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

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 2020 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 and the regulations of Bank of Thailand. 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 2020 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards and the regulations of Bank of Thailand.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
20 August 2020

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

		Consolidated		Bank only	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
Assets	<i>Note</i>				
<i>(in thousand Baht)</i>					
Cash		18,074,243	23,852,593	9,716,085	13,426,535
Interbank and money market items, net	12, 40.2	295,871,143	236,311,431	227,719,490	121,581,398
Financial assets measured at fair value through profit or loss	11	16,503,707	-	9,837,327	-
Derivative assets	13	12,035,313	10,399,080	9,378,181	7,394,611
Investments, net	14	131,603,988	166,264,819	72,102,763	60,507,036
Investments in subsidiaries and associates, net	15	8,655,601	8,953,266	168,151,759	168,062,145
Loans to customers and accrued interest receivables, net	16, 40.2	1,343,925,255	1,348,630,363	653,250,713	647,478,677
Properties for sale, net	18	4,943,155	4,809,518	2,980,829	2,738,073
Premises and equipment, net	19	24,947,779	23,642,382	13,467,112	13,116,145
Goodwill and other intangible assets, net	20	22,367,944	22,363,484	3,140,106	3,000,545
Deferred tax assets	21.1	1,825,567	1,495,622	2,659,950	2,331,399
Other receivables, net	22	1,758,104	4,968,981	1,184,575	1,640,390
Other assets, net	23, 40.2	10,640,543	6,498,736	8,674,884	4,065,994
Total assets		1,893,152,342	1,858,190,275	1,182,263,774	1,045,342,948

Liabilities and equity

Liabilities

Deposits	24, 40.2	1,442,595,504	1,398,111,964	780,097,078	663,558,564
Interbank and money market items	25, 40.2	83,927,849	86,625,985	51,180,370	72,750,828
Liabilities payable on demand		4,946,366	3,382,081	3,268,437	2,361,742
Financial liabilities designated at fair value through profit or loss	26	430,172	417,774	430,172	417,774
Derivative liabilities	13	11,605,889	9,719,225	9,559,617	7,330,647
Debts issued and borrowings	27, 40.2	93,171,054	108,835,439	93,165,896	77,353,190
Provisions for employee benefits	28	4,907,566	5,149,671	2,199,081	1,727,687
Provisions for other liabilities	29	3,046,337	1,855,094	1,503,551	659,369
Deferred tax liabilities	21.1	4,060,882	4,729,838	-	-
Deferred revenue	30	21,486,535	18,186,197	19,845,809	16,450,378
Other liabilities	31, 40.2	21,747,711	26,365,526	8,003,920	11,617,999
Total liabilities		1,691,925,865	1,663,378,794	969,253,931	854,228,178

The accompanying notes form an integral part of the interim financial statements.

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

		Consolidated		Bank only	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
Liabilities and equity	<i>Note</i>				
<i>(in thousand Baht)</i>					
Equity					
Share capital					
Authorised share capital					
106,223,552,373 ordinary shares of Baht 0.95 each	35	100,912,375	100,912,375	100,912,375	100,912,375
Issued and paid-up share capital					
96,359,354,380 ordinary shares of Baht 0.95 each	35	91,541,387	91,541,387	91,541,387	91,541,387
Premium on share capital		43,322,116	43,217,044	43,322,116	43,217,044
Other reserves		5,861,487	6,041,580	6,177,385	6,008,916
Retained earnings					
Appropriated					
Legal reserve	36, 37	3,360,000	3,360,000	3,360,000	3,360,000
Unappropriated		57,105,631	50,616,859	68,608,955	46,987,423
Equity attributable to equity holders of the Bank		201,190,621	194,776,870	213,009,843	191,114,770
Non-controlling interest		35,856	34,611	-	-
Total equity		201,226,477	194,811,481	213,009,843	191,114,770
Total liabilities and equity		1,893,152,342	1,858,190,275	1,182,263,774	1,045,342,948

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

The accompanying notes form an integral part of the interim financial statements.

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

	Note	Bank only			
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Interest income	40.1, 43	17,995,531	9,237,697	7,772,184	9,226,446
Interest expenses	40.1, 44	4,950,046	2,893,728	2,622,950	2,893,733
Net interest income		13,045,485	6,343,969	5,149,234	6,332,713
Fees and service income	40.1, 45	3,406,030	2,624,268	1,884,636	2,626,179
Fees and service expenses	40.1, 45	1,248,407	715,764	617,012	715,764
Net fees and service income		2,157,623	1,908,504	1,267,624	1,910,415
Gains on trading and foreign exchange transactions, net	46	-	307,457	-	307,457
Losses on financial liabilities designated at fair value through profit or loss, net	47	-	(5,794)	-	(5,794)
Gains on financial instruments measured at fair value through profit or loss	48	447,393	-	275,530	-
Gains on investments, net	49	445,184	96,140	214,080	96,140
Share of profit from investment using equity method		78,106	75,202	-	-
Other operating income	15.1, 40.1	394,721	166,662	638,369	165,461
Total operating income		16,568,512	8,892,140	7,544,837	8,806,392
Other operating expenses					
Employee expenses	40.3, 40.4	4,392,891	1,913,387	2,137,150	1,912,459
Directors' remuneration	40.3	12,286	22,965	9,513	22,965
Premises and equipment expenses		1,510,662	747,185	864,942	747,128
Taxes and duties		428,858	329,164	272,567	328,703
Others	40.1, 51	1,431,344	1,197,192	817,171	1,196,227
Total other operating expenses		7,776,041	4,209,893	4,101,343	4,207,482
Impairment loss on loans and debt securities	50	-	2,490,340	-	2,494,711
Expected credit loss	50	4,972,427	-	2,563,040	-
Profit from operations before income tax		3,820,044	2,191,907	880,454	2,104,199
Income tax	21	724,324	274,588	96,862	272,140
Profit for the period		3,095,720	1,917,319	783,592	1,832,059
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gains on remeasuring available-for-sale investments		-	82,150	-	82,150
Gains (losses) on investments in debt instruments at fair value through other comprehensive income		(235,834)	-	40,604	-
Gains (losses) on cash flow hedges		46,753	-	(19,003)	-
Losses from translating the financial statements of foreign operations		(31,481)	(20,711)	(31,481)	(20,711)
Income tax relating to items that will be reclassified subsequently to profit or loss	21	44,112	(12,288)	1,976	(12,288)
		(176,450)	49,151	(7,904)	49,151

The accompanying notes form an integral part of the interim financial statements.

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

		Three-month period ended 30 June		Bank only Three-month period ended 30 June	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		(85,904)	1,361,908	(85,904)	1,361,908
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		(16,618)	-	31,921	-
Actuarial gains (losses) on post-employment benefit plan	28	(79,480)	71,959	(32,727)	71,959
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	36,400	(286,773)	17,342	(286,773)
		(145,602)	1,147,094	(69,368)	1,147,094
Total other comprehensive income for the period, net of income tax		(322,052)	1,196,245	(77,272)	1,196,245
Total comprehensive income for the period		2,773,668	3,113,564	706,320	3,028,304
Profit attributable to:					
Equity holders of the Bank		3,094,937	1,917,319	783,592	1,832,059
Non-controlling interest		783	-	-	-
Profit for the period		3,095,720	1,917,319	783,592	1,832,059
Total comprehensive income attributable to:					
Equity holders of the Bank		2,772,944	3,113,564	706,320	3,028,304
Non-controlling interest		724	-	-	-
Total comprehensive income for the period		2,773,668	3,113,564	706,320	3,028,304
Earnings per share					
	52				
Basic earnings per share (in Baht)		0.0321	0.0437	0.0081	0.0418
Diluted earnings per share (in Baht)		0.0321	0.0437	0.0081	0.0418

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

The accompanying notes form an integral part of the interim financial statements.

TMB Bank Public Company Limited and its subsidiaries

Statements of profit or loss and other comprehensive income

	Note	Six-month period ended 30 June		Bank only Six-month period ended 30 June	
		2020	2019	2020	2019
		(in thousand Baht)			
Interest income	40.1, 43	37,600,916	18,288,267	16,448,409	18,275,024
Interest expenses	40.1, 44	10,541,905	5,707,811	5,338,740	5,707,816
Net interest income		27,059,011	12,580,456	11,109,669	12,567,208
Fees and service income	40.1, 45	7,814,409	5,104,059	4,356,461	5,107,541
Fees and service expenses	40.1, 45	2,841,946	1,473,345	1,343,311	1,473,345
Net fees and service income		4,972,463	3,630,714	3,013,150	3,634,196
Gains on trading and foreign exchange transactions, net	46	-	670,452	-	670,452
Losses on financial liabilities designated at fair value through profit or loss, net	47	-	(11,567)	-	(11,567)
Gains on financial instruments measured at fair value through profit or loss	48	890,001	-	648,188	-
Gains on investments, net	49	782,850	99,795	366,228	99,795
Share of profit from investment using equity method		218,658	135,226	-	-
Other operating income	15.1, 40.1	840,695	303,676	21,033,973	301,163
Total operating income		34,763,678	17,408,752	36,171,208	17,261,247
Other operating expenses					
Employee expenses	40.3, 40.4	8,766,851	4,456,510	4,144,003	4,455,015
Directors' remuneration	40.3	23,942	31,332	18,616	31,332
Premises and equipment expenses		3,110,237	1,609,038	1,782,506	1,608,915
Taxes and duties		892,694	646,122	566,849	644,930
Others	40.1, 51	3,313,453	2,204,826	1,801,433	2,202,681
Total other operating expenses		16,107,177	8,947,828	8,313,407	8,942,873
Impairment loss on loans and debt securities	50	-	4,329,306	-	4,339,696
Expected credit loss	50	9,731,931	-	4,989,693	-
Profit from operations before income tax		8,924,570	4,131,618	22,868,108	3,978,678
Income tax	21	1,664,635	635,461	425,443	632,049
Profit for the period		7,259,935	3,496,157	22,442,665	3,346,629
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on remeasuring available-for-sale investments		-	142,530	-	142,539
Gains (losses) on investments in debt instruments at fair value through other comprehensive income		(179,577)	-	119,996	-
Gains (losses) on cash flow hedges		30,110	-	(15,843)	-
Losses 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	21	29,893	(22,292)	(20,830)	(22,294)
		(119,574)	89,171	83,323	89,178

The accompanying notes form an integral part of the interim financial statements.

TMB Bank Public Company Limited and its Subsidiaries

Statements of profit or loss and other comprehensive income

		Six-month period ended 30 June		Bank only Six-month period ended 30 June	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		(90,280)	1,356,681	(90,280)	1,356,681
Gains (losses) on investments in equity instruments designated at fair value through other comprehensive income		(104,900)	-	31,996	-
Actuarial gains (losses) on post-employment benefit plan	28	(79,480)	71,959	(32,727)	71,959
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	54,932	(285,728)	18,202	(285,728)
		(219,728)	1,142,912	(72,809)	1,142,912
Total other comprehensive income for the period, net of income tax		(339,302)	1,232,083	10,514	1,232,090
Total comprehensive income for the period		6,920,633	4,728,240	22,453,179	4,578,719
Profit attributable to:					
Equity holders of the Bank		7,258,398	3,496,157	22,442,665	3,346,629
Non-controlling interest		1,537	-	-	-
Profit for the period		7,259,935	3,496,157	22,442,665	3,346,629
Total comprehensive income attributable to:					
Equity holders of the Bank		6,919,180	4,728,240	22,453,179	4,578,719
Non-controlling interest		1,453	-	-	-
Total comprehensive income for the period		6,920,633	4,728,240	22,453,179	4,578,719
Earnings per share	52				
Basic earnings per share (in Baht)		0.0753	0.0797	0.2329	0.0763
Diluted earnings per share (in Baht)		0.0752	0.0797	0.2325	0.0763

Mr. Piti Tantakasem
Chief Executive Officer

Mr. Ekniti Nitithanprapas
Chairman of the Board

The accompanying notes form an integral part of the interim 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	Revaluation surplus on assets, net	Revaluation surplus (deficit) on investments, net	Cash flow hedge reserve (effective portion)	Translation adjustment arising from translating the financial statements of foreign operations, net (in thousand Baht)	Total other reserve	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
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
Transactions with owners, recorded directly in equity													
Distribution to owners of the bank													
Dividend paid	37	-	-	-	-	-	-	-	-	(3,069,566)	(3,069,566)	-	(3,069,566)
Total distribution to owners of the bank		-	-	-	-	-	-	-	-	(3,069,566)	(3,069,566)	-	(3,069,566)
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
Transfer to retained earnings		-	-	-	(46,594)	-	-	(46,594)	-	46,594	-	-	-
Balance as 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
Six-month period ended 30 June 2020													
Balance at 1 January 2020 - as reported		91,541,387	43,217,044	-	5,754,014	301,241	-	(13,675)	6,041,580	3,360,000	50,616,859	194,776,870	194,811,481
Impact of changes in accounting policies	3	-	-	-	-	172,504	(16,995)	155,509	-	105,180	260,689	(90)	260,599
Balance at 1 January 2020 - restated		91,541,387	43,217,044	-	5,754,014	473,745	(16,995)	(13,675)	6,197,089	3,360,000	50,722,039	195,037,559	195,072,080
Transactions with owners, recorded directly in equity													
Contributions by and distribution to owners of the bank													
Issue of ordinary shares	35	-	105,072	97,228	-	-	-	97,228	-	-	202,300	-	202,300
Dividend paid	37	-	-	-	-	-	-	-	-	(968,418)	(968,418)	-	(968,418)
Total contributions by and distribution to owners of the bank		-	105,072	97,228	-	-	-	97,228	-	(968,418)	(766,118)	-	(766,118)
Change in ownership interests in subsidiary													
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	-	(118)	(118)
Total change in ownership interests in subsidiary		-	-	-	-	-	-	-	-	-	-	(118)	(118)
Comprehensive income for the period													
Profit for the period		-	-	-	-	-	-	-	-	7,258,398	7,258,398	1,537	7,259,935
Other comprehensive income		-	-	-	(72,224)	(227,498)	24,079	(275,643)	-	(63,575)	(339,218)	(84)	(339,302)
Total comprehensive income for the period		-	-	-	(72,224)	(227,498)	24,079	(275,643)	-	7,194,823	6,919,180	1,453	6,920,633
Transfer to retained earnings		-	-	-	(157,187)	-	-	(157,187)	-	157,187	-	-	-
Balance as at 30 June 2020		91,541,387	43,322,116	97,228	5,524,603	246,247	7,084	(13,675)	5,861,487	3,360,000	57,105,631	201,190,621	201,226,477

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

Note	Bank only										
	Other reserves							Retained earnings			
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation surplus (deficit) on investments, net	Cash flow hedge reserve (effective portion)	Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Total equity
<i>(in thousand Baht)</i>											
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	45,368,305	95,241,760
Transactions with owners, recorded directly in equity											
Distribution to owners of the bank											
Dividend paid	37	-	-	-	-	-	-	-	-	(3,069,566)	(3,069,566)
Total distribution to owners of the bank		-	-	-	-	-	-	-	-	(3,069,566)	(3,069,566)
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	-	-	3,346,629	3,346,629
Other comprehensive income		-	-	-	1,085,345	114,031	(24,853)	1,174,523	-	57,567	1,232,090
Total comprehensive income for the period		-	-	-	1,085,345	114,031	(24,853)	1,174,523	-	3,404,196	4,578,719
Transfer to retained earnings		-	-	-	(46,594)	-	-	(46,594)	-	46,594	-
Balance as at 30 June 2019		41,659,299	403,596	-	5,867,160	76,720	(5,391)	5,938,489	3,000,000	45,749,529	96,750,913
Six-month period ended 30 June 2020											
Balance at 1 January 2020 - as reported		91,541,387	43,217,044	-	5,767,838	254,753	-	(13,675)	6,008,916	3,360,000	191,114,770
Impact of changes in accounting policies	3	-	-	-	-	195,053	(79,195)	-	115,858	-	203,169
Balance at 1 January 2020 - restated		91,541,387	43,217,044	-	5,767,838	449,806	(79,195)	(13,675)	6,124,774	3,360,000	191,317,939
Transactions with owners, recorded directly in equity											
Contributions by and distribution to owners of the bank											
Issue of ordinary shares	35	-	105,072	97,228	-	-	-	97,228	-	-	202,300
Dividend paid	37	-	-	-	-	-	-	-	-	(963,575)	(963,575)
Total contributions by and distribution to owners of the bank		-	105,072	97,228	-	-	-	97,228	-	(963,575)	(761,275)
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	-	-	22,442,665	22,442,665
Other comprehensive income		-	-	-	(72,224)	121,594	(12,675)	36,695	-	(26,181)	10,514
Total comprehensive income for the period		-	-	-	(72,224)	121,594	(12,675)	36,695	-	22,416,484	22,453,179
Transfer to retained earnings		-	-	-	(81,312)	-	-	(81,312)	-	81,312	-
Balance as at 30 June 2020		91,541,387	43,322,116	97,228	5,614,302	571,400	(91,870)	6,177,385	3,360,000	68,608,955	213,009,843

The accompanying notes form an integral part of the interim financial statements.

TMB Bank Public Company Limited and its Subsidiaries

Statements of cash flows

	Six-month periods ended		Bank only	
	30 June		30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax	8,924,570	4,131,618	22,868,108	3,978,678
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	2,358,840	770,687	1,153,277	770,648
Impairment loss on loans and debt securities	-	4,329,306	-	4,339,696
Expected credit loss	9,731,931	-	4,989,693	-
Impairment loss on premises and equipment (reversal of)	2,083	(68,526)	2,083	(68,526)
Impairment loss on properties for sale and other assets (reversal of)	(108,221)	65,389	33,030	65,391
Reversal of Impairment loss on intangible assets	(30,365)	-	-	-
Provisions for liabilities	273,691	427,532	261,207	427,091
Losses (gains) on revaluation of investments measured at FVTPL	(26,065)	-	822	-
Losses on revaluation of investments	-	557	-	557
Losses on disposal of intangible assets	4,852	14,457	-	14,457
Losses (gains) on disposal of premises and equipment	9,109	(7,343)	(9,195)	(7,343)
Gains on disposal of investments	(798,593)	(99,795)	(366,227)	(99,795)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	-	11,567	-	11,567
Unrealised losses (gains) on exchange	821,418	(383,743)	973,368	(383,743)
Gains on buyback of debenture	-	(5,869)	-	(5,869)
Expenses in relation to share-based payments	97,228	-	97,228	-
Share of profit from investments using the equity method	(218,658)	(135,226)	-	-
Deferred revenue	(1,336,358)	(675,967)	(1,002,629)	(675,967)
Net interest income	(27,059,011)	(12,580,456)	(11,109,669)	(12,567,208)
Dividend income	(65,579)	(23,170)	(20,603,269)	(23,170)
Interest received	33,098,035	17,491,300	12,524,864	17,478,057
Interest paid	(12,199,855)	(5,000,464)	(4,951,208)	(5,000,469)
Income tax paid	(1,788,532)	(1,524,917)	(1,681,610)	(1,520,060)
Profit from operations before changes in operating assets and liabilities	11,690,520	6,736,937	3,179,873	6,733,992
Decrease (increase) operating assets				
Interbank and money market items	(59,474,083)	(834,500)	(106,095,062)	(834,500)
Financial assets measured at fair value through profit or loss	(12,129,888)	-	(4,784,989)	-
Trading investments	-	(8,689,212)	-	(8,689,212)
Loans to customers	(2,683,989)	(1,316,863)	(6,797,022)	(1,337,910)
Properties for sale	3,155,546	(36,594)	(675,627)	(36,594)
Other assets	2,155,134	60,654	1,163,872	61,060
Increase (decrease) in operating liabilities				
Deposits	44,558,414	(753,399)	116,533,445	(728,552)
Interbank and money market items	(2,698,136)	(14,863,905)	(21,570,458)	(14,863,905)
Liabilities payable on demand	1,564,285	1,004,119	906,695	1,004,119
Short-term debts issued and borrowings	-	(856)	-	(856)
Provisions for liabilities	(913,162)	(1,116,209)	(369,693)	(1,116,209)
Other accrued expenses	(720,858)	(1,106,369)	(1,267,787)	(1,106,609)
Other liabilities	(3,922,888)	1,008,377	(1,132,707)	1,010,303
Net cash used in operating activities	(19,419,105)	(19,907,820)	(20,909,460)	(19,904,873)

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

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

	Six-month periods ended		Bank only	
	30 June		30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Interest received	1,217,607	801,368	415,775	801,368
Dividend received	581,902	23,170	20,603,270	23,170
Purchase of investments measured at FVOCI	(274,602,771)	-	(237,873,474)	-
Proceeds from investments measured at FVOCI	306,260,363	-	221,968,067	-
Purchase of available-for-sale investments	-	(27,216,138)	-	(27,216,138)
Proceeds from sales of available-for-sale investments	-	36,361,849	-	36,361,849
Purchase of held to maturity debt securities	-	(18,455,734)	-	(18,455,734)
Proceeds from redemption of matured held to maturity debt securities	-	7,491,798	-	7,491,798
Purchase of general investments	-	(30,000)	-	(30,000)
Purchase of investments in subsidiaries	(859,445)	-	(859,445)	-
Purchase of premises and equipment	(370,242)	(282,384)	(296,388)	(282,376)
Purchase of intangible assets	(710,122)	(388,596)	(548,754)	(388,382)
Proceeds from disposals of premises and equipment	797,838	51,085	797,187	51,085
Net cash provided by (used in) investing activities	32,315,130	(1,643,582)	4,206,238	(1,643,360)
<i>Cash flows from financing activities</i>				
Proceeds from long-term borrowings	12,741	20,000	12,741	20,000
Repayment of long-term borrowings	(4,828)	(6,513)	(4,828)	(6,513)
Interest paid on long-term debts issued and borrowings	(1,264,140)	(777,288)	(1,101,836)	(777,288)
Cash receipts on debenture issued	14,945,198	30,000,000	14,945,198	30,000,000
Cash paid for redemption of debenture	(31,500,000)	(8,978,146)	-	(8,978,146)
Increase in issued and fully paid-up - ordinary shares	105,072	-	105,072	-
Dividend paid to equity holders of the Bank	(968,418)	(3,069,566)	(963,575)	(3,069,566)
Net cash provided by (used in) financing activities	(18,674,375)	17,188,487	12,992,772	17,188,487
Change in translation adjustments of foreign operations	-	(31,067)	-	(31,067)
Net decrease in cash	(5,778,350)	(4,393,982)	(3,710,450)	(4,390,813)
Cash at 1 January	23,852,593	15,234,235	13,426,535	15,231,053
Cash at 30 June	18,074,243	10,840,253	9,716,085	10,840,240

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Impact of COVID-19
6	Acquisition of subsidiary
7	Risk management
8	Fair value of financial assets and financial liabilities
9	Maintenance of capital fund
10	Classification of financial assets and financial liabilities
11	Financial assets measured at fair value through profit or loss
12	Interbank and money market items, net (assets)
13	Derivatives
14	Investments, net
15	Investments in subsidiaries and associate, net
16	Loans to customers and accrued interest receivables, net
17	Allowance for expected credit loss and doubtful accounts
18	Properties for sale, net
19	Premises and equipment, net
20	Goodwill and other intangible assets, net
21	Deferred tax and income tax
22	Other receivables, net
23	Other assets, net
24	Deposits
25	Interbank and money market items (liabilities)
26	Financial liabilities designated at fair value through profit or loss
27	Debts issued and borrowings, net
28	Provisions for employee benefits
29	Provisions for other liabilities
30	Deferred revenue
31	Other liabilities
32	Offsetting of financial assets and financial liabilities
33	Share-based payments - TMB Stock Retention Program
34	Revaluation surplus on assets
35	Share capital
36	Legal reserve
37	Appropriation of profit and dividend payment
38	Assets pledged as collateral and under restriction
39	Commitments and contingent liabilities
40	Related parties
41	Segment information
42	Financial position and results of operations classified by domestic and foreign business
43	Interest income
44	Interest expenses
45	Net fees and service income
46	Gains on trading and foreign exchange transactions, net
47	Losses on financial liabilities designated at fair value through profit or loss, net

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Note	Contents
48	Net gain (loss) on financial instruments measured at fair value through profit or loss
49	Gains on investments, net
50	Expected credit loss
51	Other operating expenses
52	Earnings per share
53	Events after the reporting period

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (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 20 August 2020.

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. The subsidiaries are incorporated under Thai laws and has been operating in Thailand, with its core business being commercial banking and provision of asset management. Details of the Bank’s subsidiaries and associates as at 30 June 2020 and 31 December 2019 are given in note 15.

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared in accordance with Thai Financial Reporting Standards (TAS) No. 34 (revised 2019) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions and; applicable rules and regulations of the Thai Securities and Exchange Commission and the Bank of Thailand (“BoT”) notification number Sor Nor Sor 21/2561, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group*; and the following BOT circular:

- BoT. ForNorSor. (23) Wor.276/2563 dated 28 Feb 2020, regarding “Debt relief programs for debtors affected by situations having adverse impacts to Thai economy” which details are given in note 5.

The Bank and its subsidiaries have initially applied TFRS 9 *Financial Instruments* (“TFRS 9”) and its relevant financial instruments accounting standards including TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

2.2 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.

2.3 Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the application of accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.3.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Note 7 Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL), selection and approval of models used to measure ECL and consideration for post model adjustments.

2.3.2 Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial period is included in the following notes:

Note 7 Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; and
Note 8 Measurement of the fair value of financial instruments with significant unobservable inputs.

3 Changes in accounting policies

From 1 January 2020, the Bank and its subsidiaries have initially applied TFRS Financial Instruments standards which comprise TFRS 9 and relevant standards and interpretations, and TFRS 16. The Bank and its subsidiaries adopted TFRS - Financial instruments standards except for the debtors under relief program as mentioned in note 5.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Impact of changes in accounting policies to the consolidated and Bank only statements of financial position as at 1 January 2020 were as follows.

		Consolidated		
	31 December	TFRS -		1 January
	2019 -	Financial	TFRS 16	2020 -
	as reported	instruments	Leases	as restated
		standards		
		<i>(in million Baht)</i>		
Assets				
Cash	23,853	-	-	23,853
Interbank and money market items, net	236,311	146	-	236,457
Financial assets measured at fair value through profit or loss	-	7,291	-	7,291
Derivative assets	10,399	(70)	-	10,329
Investments, net	166,265	(6,956)	-	159,309
Investments in subsidiaries and associates, net	8,953	-	-	8,953
Loans to customers and accrued interest receivable, net	1,348,630	590	-	1,349,220
Properties for sales, net	4,810	-	-	4,810
Premises and equipment, net	23,642	-	3,145	26,787
Goodwill and other intangible assets, net	22,363	-	112	22,475
Deferred tax assets	1,496	885	-	2,381
Other receivables, net	4,969	(3)	-	4,966
Other assets, net	6,499	304	-	6,803
Total assets	1,858,190	2,187	3,257	1,863,634
Liabilities				
Deposits	1,398,112	-	-	1,398,112
Interbank and money market items	86,626	-	-	86,626
Liabilities payable on demand	3,382	-	-	3,382
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Derivative liabilities	9,719	(34)	-	9,685
Debts issued and borrowings	108,835	50	-	108,885
Provisions for employee benefits	5,150	-	-	5,150
Provisions for other liabilities	1,855	1,151	-	3,006
Deferred tax liabilities	4,730	(55)	-	4,675
Deferred revenue	18,186	-	-	18,186
Other liabilities	26,366	814	3,257	30,437
Total liabilities	1,663,379	1,926	3,257	1,668,562
Equity				
Issued and paid-up share capital	91,541	-	-	91,541
Premium on share capital	43,217	-	-	43,217
Other reserves	6,041	156	-	6,197
Retained earnings - legal reserve	3,360	-	-	3,360
Retained earnings - unappropriated	50,617	105	-	50,722
Non-controlling interest	35	-	-	35
Total equity	194,811	261	-	195,072
Total liabilities and equity	1,858,190	2,187	3,257	1,863,634

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

		Bank only		
	31 December	TFRS -		1 January
	2019 -	Financial	TFRS 16	2020 -
	as reported	instruments	Leases	as restated
		standards		
		<i>(in million Baht)</i>		
Assets				
Cash	13,427	-	-	13,427
Interbank and money market items, net	121,581	23	-	121,604
Financial assets measured at fair value through profit or loss	-	5,026	-	5,026
Derivative assets	7,395	(68)	-	7,327
Investments, net	60,507	(4,705)	-	55,802
Investments in subsidiaries and associates, net	168,062	-	-	168,062
Loans to customers and accrued interest receivable, net	647,479	645	-	648,124
Properties for sales, net	2,738	-	-	2,738
Premises and equipment, net	13,116	-	1,131	14,247
Goodwill and other intangible assets, net	3,001	-	112	3,113
Deferred tax assets	2,331	885	-	3,216
Other receivables, net	1,640	(3)	-	1,637
Other assets, net	4,066	123	-	4,189
Total assets	1,045,343	1,926	1,243	1,048,512
Liabilities				
Deposits	663,559	-	-	663,559
Interbank and money market items	72,751	-	-	72,751
Liabilities payable on demand	2,362	-	-	2,362
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Derivative liabilities	7,331	(8)	-	7,323
Debts issued and borrowings	77,353	75	-	77,428
Provisions for employee benefits	1,728	-	-	1,728
Provisions for other liabilities	659	765	-	1,424
Deferred revenue	16,450	-	-	16,450
Other liabilities	11,618	891	1,243	13,752
Total liabilities	854,229	1,723	1,243	857,195
Equity				
Issued and paid-up share capital	91,541	-	-	91,541
Premium on share capital	43,217	-	-	43,217
Other reserves	6,009	116	-	6,125
Retained earnings - legal reserve	3,360	-	-	3,360
Retained earnings - unappropriated	46,987	87	-	47,074
Total equity	191,114	203	-	191,317
Total liabilities and equity	1,045,343	1,926	1,243	1,048,512

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

3.1 TFRS - Financial instruments standards

The Bank and its subsidiaries have adopted TFRS 9 *Financial Instruments* and relevant financial instruments standards using the cumulative effect, taking into account the effect of initially applying this standard only to financial instruments that were not derecognised before 1 January 2020 as an adjustment to retained earnings or other reserves at 1 January 2020. Therefore, the Bank and its subsidiaries have not restated the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4.

3.1.1 Classification and measurement of financial assets and financial liabilities

Under TFRS 9, financial assets are classified into three categories: measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Bank and its subsidiaries may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

The following table and the accompanying notes below explain the original measurement categories and the new measurement categories under TFRS 9 for each class of the Bank and its subsidiaries' financial assets and financial liabilities as at 1 January 2020.

Consolidated				
	Classification at 31 December 2019	Classification under TFRS9	Carrying amount at 31 December 2019	Carrying amount under TFRS 9 at 1 January 2020
			<i>(in million Baht)</i>	
Financial assets				
Cash	-	Amortised cost	23,853	23,853
Interbank and money market items	-	Amortised cost	236,447	236,447
Derivative assets - trading book	FVTPL	FVTPL	9,614	9,614
Derivative assets - banking book	Accrual basis	FVTPL	785	715
Investment securities - debt	Held-for-trading	FVTPL	6,576	6,576
Investment securities - debt	Available- for-sale	FVOCI	157,264	157,264
Investment securities - debt	Held-to- maturity	Amortised cost	683	683
Investment securities - equity	Available- for-sale	FVTPL - debt	453	453
Investment securities - equity	Available- for-sale	FVTPL	2	2
Investment securities - equity	Available- for-sale	FVOCI	674	674
Investment securities - equity	Cost	FVTPL	259	260
Investment securities - equity	Cost	FVOCI	354	688
Loan to customers and accrued interest receivables	-	Amortised cost	1,392,225	1,391,761
Other financial assets	-	Amortised cost	9,970	10,277
Total financial assets			1,839,159	1,839,267

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Consolidated				Carrying amount under TFRS 9 at 1 January 2020
	Classification at 31 December 2019	Classification under TFRS9	Carrying amount at 31 December 2019	
<i>(in million Baht)</i>				
Financial liabilities				
Deposits	-	Amortised cost	1,398,112	1,398,112
Interbank and money market items	-	Amortised cost	86,626	86,626
Liabilities payable on demand	-	Amortised cost	3,382	3,382
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	418	418
Derivative liabilities - trading book	FVTPL	FVTPL	9,615	9,615
Derivative liabilities - banking book	Accrual basis	FVTPL	104	70
Debts issued and borrowings	-	Amortised cost	108,835	108,885
Other financial liabilities	-	Amortised cost	26,157	25,955
Total financial liabilities			1,633,249	1,633,063
Bank only				
	Classification at 31 December 2019	Classification under TFRS9	Carrying amount at 31 December 2019	Carrying amount under TFRS 9 at 1 January 2020
<i>(in million Baht)</i>				
Financial assets				
Cash	-	Amortised cost	13,427	13,427
Interbank and money market items	-	Amortised cost	121,594	121,594
Derivative assets - trading book	FVTPL	FVTPL	7,309	7,309
Derivative assets - banking book	Accrual basis	FVTPL	86	18
Investment securities - debt	Held-for-trading	FVTPL	4,868	4,868
Investment securities - debt	Available-for-sale	FVOCI	55,375	55,375
Investment securities - equity	Available-for-sale	FVTPL	2	2
Investment securities - equity	Cost	FVTPL	82	156
Investment securities - equity	Cost	FVOCI	180	427
Loan to customers and accrued interest receivables	-	Amortised cost	671,603	671,480
Other financial assets	-	Amortised cost	4,600	4,723
Total financial assets			879,126	879,379
Financial liabilities				
Deposits	-	Amortised cost	663,559	663,559
Interbank and money market items	-	Amortised cost	72,751	72,751
Liabilities payable on demand	-	Amortised cost	2,362	2,362
Financial liabilities designated at fair value through profit or loss	FVTPL	FVTPL	418	418
Derivative liabilities - trading book	FVTPL	FVTPL	7,281	7,281
Derivative liabilities - banking book	Accrual basis	FVTPL	50	42
Debts issued and borrowings	-	Amortised cost	77,353	77,428
Other financial liabilities	-	Amortised cost	11,523	11,481
Total financial liabilities			835,297	835,322

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The following table reconciles the carrying amounts as previously reported to the carrying amounts under TFRS 9 on 1 January 2020.

	Carrying amount 31 December 2019	Consolidated		Carrying amount 1 January 2020
		Reclassification	Remeasurement	
		<i>(in million Baht)</i>		
Financial assets				
<i>Amortised cost</i>				
Cash	23,853	-	-	23,853
Interbank and money market items	236,447	-	-	236,447
Investment securities	683	-	-	683
Loan to customers and accrued interest receivables	1,392,225	-	(464)	1,391,761
Other financial assets	9,970	-	307	10,277
Total amortised cost	1,663,178	-	(157)	1,663,021
<i>Available-for-sale</i>				
Investment securities:				
Brought forward	158,393	-	-	-
To FVOCI - debt	-	(157,264)	-	-
To FVOCI - equity	-	(674)	-	-
To FVTPL	-	(455)	-	-
Carried forward	-	-	-	-
<i>General investments</i>				
Investment securities:				
Brought forward	613	-	-	-
To FVOCI - equity	-	(354)	-	-
To FVTPL	-	(259)	-	-
Carried forward	-	-	-	-
<i>FVOCI - debt</i>				
Investment securities:				
Brought forward	-	-	-	-
From available-for-sale	-	157,264	-	-
Carried forward	-	-	-	157,264
<i>FVOCI - equity</i>				
Investment securities:				
Brought forward	-	-	-	-
From available-for-sale	-	674	-	-
From general investments	-	354	334	-
Carried forward	-	-	-	1,362
Total FVOCI	159,006	(714)	334	158,626

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Carrying amount 31 December 2019	Consolidated		Carrying amount 1 January 2020
		Reclassification	Remeasurement	
		<i>(in million Baht)</i>		
<i>FVTPL</i>				
Derivative assets	10,399	-	(70)	10,329
Investment securities:				
Brought forward	6,576	-	-	-
From available-for-sale	-	455	-	-
From general investments	-	259	1	-
Carried forward	-	-	-	7,291
Total FVTPL	16,975	714	(69)	17,620
Total financial assets	1,839,159	-	108	1,839,267
Financial liabilities				
<i>Amortised cost</i>				
Deposits	1,398,112	-	-	1,398,112
Interbank and money market items	86,626	-	-	86,626
Liabilities payable on demand	3,382	-	-	3,382
Debts issued and borrowings	108,835	-	50	108,885
Other financial liabilities	26,157	-	(202)	25,955
Total amortised cost	1,623,112	-	(152)	1,622,960
<i>FVTPL</i>				
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Derivative liabilities	9,719	-	(34)	9,685
Total FVTPL	10,137	-	(34)	10,103
Total financial liabilities	1,633,249	-	(186)	1,633,063
		Bank only		
	Carrying amount 31 December 2019			Carrying amount 1 January 2020
		Reclassification	Remeasurement	
		<i>(in million Baht)</i>		
Financial assets				
<i>Amortised cost</i>				
Cash	13,427	-	-	13,427
Interbank and money market items	121,594	-	-	121,594
Loan to customers and accrued interest receivables	671,603	-	(123)	671,480
Other financial assets	4,600	-	123	4,723
Total amortised cost	811,224	-	-	811,224
<i>Available-for-sale</i>				
Investment securities:				
Brought forward	55,377	-	-	-
To FVOCI - debt	-	(55,375)	-	-
To FVTPL	-	(2)	-	-
Carried forward	-	-	-	-

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Carrying amount 31 December 2019	Bank only		Carrying amount 1 January 2020
		Reclassification	Remeasurement	
		<i>(in million Baht)</i>		
General investments				
Investment securities:				
Brought forward	262	-	-	-
To FVTPL	-	(82)	-	-
To FVOCI - equity	-	(180)	-	-
Carried forward	-	-	-	-
FVOCI - debt				
Investment securities:				
Brought forward	-	-	-	-
From available-for-sale	-	55,375	-	-
Carried forward	-	-	-	55,375
FVOCI - equity				
Investment securities:				
Brought forward	-	-	-	-
From available-for-sale	-	-	-	-
From general investments	-	180	247	-
Carried forward	-	-	-	427
Total FVOCI	55,639	(84)	247	55,802
FVTPL				
Derivative assets	7,395	-	(68)	7,327
Investment securities:				
Brought forward	4,868	-	-	-
From available-for-sale	-	2	-	-
From general investments	-	82	74	-
Carried forward	-	-	-	5,026
Total FVTPL	12,263	84	6	12,353
Total financial assets	879,126	-	253	879,379
Financial liabilities				
Amortised cost				
Deposits	663,559	-	-	663,559
Interbank and money market items	72,751	-	-	72,751
Liabilities payable on demand	2,362	-	-	2,362
Debts issued and borrowings	77,353	-	75	77,428
Other financial liabilities	11,523	-	(42)	11,481
Total amortised cost	827,548	-	33	827,581
FVTPL				
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Derivative liabilities	7,331	-	(8)	7,323
Total FVTPL	7,749	-	(8)	7,741
Total financial liabilities	835,297	-	25	835,322

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

3.1.2 Impairment

TFRS 9 introduces lifetime expected credit loss (ECL) model whereas previously the Bank and its subsidiaries estimates allowance for doubtful accounts by analysing payment histories, future expectation of customer payment and compliance with the minimum allowance for doubtful accounts required based on the BoT's guideline. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets that are not measured at FVTPL consisted with financial assets that are debt instrument, lease receivables, financial guarantee and loan commitment issued except for investments in equity instruments.

	31 December 2019	Consolidated Remeasure- ment (in million Baht)	1 January 2020
<i>Financial assets under scope of TFRS 9's impairment</i>			
Interbank and money market items	210	(146)	64
Investments in debt instruments measured at FVOCI and amortised cost	53	58	111
Loans to customers and accrued interest receivables	45,477	(1,054)	44,423
Other financial assets	354	(9)	345
Loan commitments and financial guarantee	338	1,151	1,489
Total	46,432	-	46,432
		Bank only	
	31 December 2019	Remeasure- ment (in million Baht)	1 January 2020
<i>Financial assets under scope of TFRS 9's impairment</i>			
Interbank and money market items	61	(23)	38
Investments in debt instruments measured at FVOCI	53	20	73
Loans to customers and accrued interest receivables	25,409	(768)	24,641
Other financial assets	299	6	305
Loan commitments and financial guarantee	338	765	1,103
Total	26,160	-	26,160

3.2 TFRS 16 Leases

From 1 January 2020, the Bank and its subsidiaries have initially adopted TFRS 16 *Leases* ("TFRS 16") on contracts previously identified as leases according to TAS 17 *Leases* ("TAS 17") and TFRIC 4 *Determining whether an arrangement contains a lease* ("TFRIC 4") using the modified retrospective approach.

Previously, the Bank and its subsidiaries, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Bank and its subsidiaries assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank and its subsidiaries allocate the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Bank and its subsidiaries recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Bank and its subsidiaries recognised depreciation of right-of-use assets and interest expense on lease liabilities.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The following table shows the measurement of lease liability as at 1 January 2020.

	Consolidated	Bank only
	<i>(in million Baht)</i>	
Operating lease commitments disclosed as at 31 December 2019	3,429	1,272
Recognition exemption for short-term leases	(40)	-
Recognition exemption for leases of low-value assets	(77)	-
Extension and termination options reasonably certain to be exercised	20	-
	<u>3,332</u>	<u>1,272</u>
Discounting using the incremental borrowing rate as at 1 January 2020	(75)	(29)
Lease liabilities recognised as at 1 January 2020	<u>3,257</u>	<u>1,243</u>
Weighted-average incremental borrowing rate (<i>% per annum</i>)	<u>1.71</u>	<u>1.68</u>

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as stated in note 3.

4.1 Basis of consolidation

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

Business combinations

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

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (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 and its subsidiaries to the previous owners of the acquiree, and equity interests issued by the Bank and its subsidiaries. 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 and its subsidiaries incur 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 recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment or dissolution of the businesses acquired.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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 and its subsidiaries 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 and its subsidiaries measure any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

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

Loss of control

When the Bank and its subsidiaries lose 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.

Interests in equity-accounted investees

The Bank and its subsidiaries' interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

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. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank and its subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

4.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate announced by the Bank of Thailand at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Equity investments that has been elected to be measured at FVOCI (from 1 January 2020)
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (from 1 January 2020)
- Qualifying cash flow hedges to the extent that the hedge is effective (from 1 January 2020)

Foreign operations

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at 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 are recognised in other comprehensive income until dissolution of the branch's business.

4.3 Cash

Cash includes cash in hand and cash on collection.

4.4 Financial instruments

4.4.1 Accounting policies applicable from 1 January 2020

Financial instruments in the statements of financial position include cash, interbank and money market items (assets), derivatives, debt investment, equity investment, loan to customers, deposits, interbank and money market (liabilities), liabilities payable on demand, debts issued and borrowings and other financial assets and liabilities.

4.4.1.1 Recognition and initial measurement

The Bank and its subsidiaries initially recognise financial instruments (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become a party to the contractual provisions of the instrument except for investment in debt instruments which are recognised on the settlement date.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

4.4.1.2 Derecognition

Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and its subsidiaries neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank and its subsidiaries are recognised as a separate asset or liability.

Disposal of investments

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

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled or expire.

4.4.1.3 Classification and measurement of financial instruments

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets - debt instruments

Classification of debt instruments included loan and investments in debt securities depend on Business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

Business model assessment

The Bank and its subsidiaries make an assessment of the objective of a business model in which an asset is held. The information considered includes:

- the stated policies and objectives for the financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the financial asset is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries' stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Assessment of whether contractual cash flows are solely payments of principle and interest

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank and its subsidiaries consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank and its subsidiaries' claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Based on business model and the contractual term of cash flows assessment, there are three categories into which the Bank and subsidiaries classify and measure debt instruments:

Amortised cost

Debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Debt instrument measured at amortised cost is initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Fair value through Other Comprehensive income (FVOCI)

Debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Fair value through Profit or loss (FVTPL)

Unless debt instruments are classified as measured at amortised cost or FVOCI, debt instruments are classified as measured at FVTPL.

On initial recognition, the Bank and subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Equity instruments

All equity instruments included equity investment measured at fair value.

On initial recognition of an equity investment that is not held for trading, the Bank and subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Unless equity investments are elected to present subsequent changes in fair value in OCI, equity instruments are classified as measured at FVTPL.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change its business model for managing financial assets.

Classification of financial liabilities

The Bank and its subsidiaries classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

The Bank and its subsidiaries have designated certain financial liabilities as at FVTPL in either of the following circumstances:

- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.4.1.4 Interest recognition

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.4.1.5 Modifications of financial assets and financial liabilities

Modifications of financial assets

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate whether the cash flows of the modified asset are substantially different.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

4.4.1.6 Impairment of financial assets

The Bank and its subsidiaries recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL and no impairment loss is recognised on equity investments.

Measurement of ECL

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows in accordance with the contract and the cash flows that the Bank and its subsidiaries expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and its subsidiaries if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

- Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

Improvement in credit risk

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

Financial asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

Loss allowances for ECL are presented in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision; and
- financial assets measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, expected credit loss is recognised in profit or loss.

4.4.1.7 Derivative held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The Bank and its subsidiaries designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank and its subsidiaries formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank and its subsidiaries makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is(are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Bank and its subsidiaries make an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

These hedging relationships are discussed below.

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassifies the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then The Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

Hedge of derivative which not measured at fair value

The Bank and its subsidiaries recognise hedge transactions on an accrual basis. Hedge instrument is recognised on an accrual basis.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Bank and its subsidiaries accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship.

4.4.2 Accounting policies applicable before 1 January 2020

4.4.2.1 Loans

Overdrafts are stated at the principal amounts including accrued interest receivables. Certain overdrafts for which special notice has been served on the borrower and other loans are stated at the principal amount. Unearned discounts received in advance are presented as a deduction from the loans.

Hire purchase and finance lease receivables are stated at the outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the contracts.

4.4.2.2 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.

Subsidiary operating banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

4.4.2.3 Troubled debt restructuring

Troubled debt restructuring can involve any one of the following: modification of repayment terms, a reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap.

As for modification of repayment terms, the Bank complies the Bank of Thailand's regulations, whereby the Bank is required to use the collateral method to calculate loss and/or the current value of expected future cash flow. Fair value is calculated based on the market interest rate on the troubled debt restructuring date. Losses from troubled debt restructuring are recognised in profit or loss on the date of restructuring.

A reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap may result in a loss from lower principal and accrued interest receivables. The Bank recognises this directly in profit or loss.

For asset transfers and debt to equity swaps, the Bank recognises the asset or transferred equity interests at fair value, less estimated selling expenses. However, the amount must not exceed the pending principal plus interest that the creditor is legally entitled to. Resultant gains or losses are recognised in profit or loss on the transfer date. This is in accordance with TAS 104 (revised 2016)

Subsequent to the troubled debt restructuring, the Bank recalculates the fair value of restructured debt based on the aforementioned discount rates as of the date of the financial statements and makes an adjustment to the valuation of the restructured debt, if the fair value has changed, in accordance with the BOT's criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed its value.

4.4.2.4 Derivatives

Recognition of derivatives is as follows:

Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Derivatives for hedging: gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:

- Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
- Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

4.4.2.5 Investments in 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 2020
For the three-month period ended 30 June 2020 (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

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

4.4.2.6 Interest

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 hire purchase and investment in debt securities is recognised as revenue based on the effective interest rates over the holding periods.

Interest expenses

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

4.5 *Securities purchased under resale agreements/Securities sold under repurchase agreements*

The Bank and its subsidiaries enter 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.

4.6 *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 associate in the consolidated 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.

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.

4.7 *Bill purchased, trade finance and factoring*

The Bank and its subsidiaries classify 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 and its subsidiaries have their legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank and its subsidiaries 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 and its subsidiaries recognise 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.

4.8 *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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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.

4.9 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 and its subsidiaries thereafter, arrange 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 and its subsidiaries recognise 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 and its subsidiaries 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.

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 - 20 years
Equipment	3 - 10 years

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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.

4.10 Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Bank and its subsidiaries assess whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Bank and its subsidiaries apply TFRS 15 to allocate the consideration in the contract.

The Bank and its subsidiaries recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank and its subsidiaries' incremental borrowing rate and subsequently at amortised cost using the effective interest method.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank and its subsidiaries present right-of-use assets in premises and equipment/intangible assets and lease liabilities in 'other liabilities' in the statement of financial position.

Accounting policies applicable before 1 January 2020

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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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.

4.11 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 4.1 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.

Other intangible assets include car dealer relationship. These intangible assets were acquired in a business combination. These intangible assets are initially measured at their fair value at the date of acquisition and subsequently stated at cost less accumulated amortisation and allowance for impairment losses.

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 of computer software and car dealer relationship for the current and comparative years are 3 - 14 years.

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

4.12 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Reversal of impairment

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.

4.13 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 and its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by 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.

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 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 Stock Retention Program 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 and its subsidiaries' 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 year.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

4.14 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 and its subsidiaries provide 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 and its subsidiaries were claimed against, using the same criteria and methods applied to allowance for doubtful accounts that are described in note 4.4.2.2 and 4.4.1.6.

4.15 Measurement of fair values

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

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

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

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

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 at the end of the reporting period during which the change has occurred.

4.16 Fee and commission

Accounting Policy applicable from 1 January 2020

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Fees which are not integral to the effective interest rate on a financial asset or financial liability 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.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses which are not integral to the effective interest rate on a financial asset or financial liability on an accrual basis.

Accounting policy applicable before 1 January 2020

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.

Fees and service expenses

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

4.17 Income from finance lease contracts

The Bank and its subsidiaries recognise income from finance lease contracts based on the effective interest method.

4.18 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income is presented in other operating income.

4.19 Net trading income and foreign exchange transactions

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all fair value changes and foreign exchange differences.

Net income on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

4.20 Income tax

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, 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 year 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 Bank and its subsidiaries. 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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

4.21 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 year, 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 Stock Retention Program.

4.22 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and its subsidiaries have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4.23 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.

4.24 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 have a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

5 Impact of COVID-19

As a result of the COVID - 19 having a widespread impact on all business sectors and customer segments across Thailand, BOT has issued BOT circular a series of measures, covering payment moratoriums, government guarantees as well as a loan payment holiday that are intended to help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. The Bank and its subsidiary provided the relief programs to existing customers approximately 42% (*Bank only : 38%*) of portfolio, in various segments for loan payment holiday and others measures.

In relation to financial reporting, the key impacts of COVID - 19 are from the application of accounting relief for the customers under the relief programs and the application of forward-looking information under economic uncertainties in ECL measurements. The Bank and its subsidiary have applied accounting relief on the use of new effective interest rate (EIR) at the time contract are changed.

During the six-month period ended 30 June 2020, management considered additional ECL provided as management overlay for future uncertain events including the impact of the COVID-19 based on available information for individual customers and portfolios, especially for the customers under relief programs.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

6 Acquisition of subsidiary

On 7 August 2019, the Board of Directors meeting 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 agreed 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 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.

On 23 September 2019, the Extraordinary General meeting of Shareholders No.1/2019 resolved to approve the Sale and purchase Agreement for Share in Thanachart Bank Public Company Limited (TBANK) (the SPA) as mentioned above.

On 3 December 2019, the Bank has acquired an aggregate of 6,062,438,397 shares, accounting for 99.96% of the total outstanding shares in TBANK, from TCAP and BNS and paid on an initial amount of Baht 167,044 million. As a result, TBANK is currently a subsidiary of the Bank. On 20 February 2020, the final price of the acquired share was approved and concluded by the Bank at Baht 27.70 per share in a total amount of Baht 167,903 million.

The following summarises recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<i>Note</i>	Fair value <i>(in million Baht)</i>
Cash		8,870
Interbank and money market items, net		165,209
Derivative assets		3,122
Investment, net		108,490
Loans to customers and accrued interest receivables, net		696,443
Properties for sale, net	18	2,111
Investment in associate		6,300
Land, premises, and equipment, net	19	10,402
Intangible assets, net	20	5,247
Other assets, net		3,743
Deposits		(743,345)
Interbank and money market items		(49,018)
Liabilities payable on demand		(1,735)
Derivative liabilities		(2,513)
Debt issued and borrowings, net		(34,439)
Provisions for employee benefits	28	(3,347)
Provisions for other liabilities	29	(1,139)
Deferred tax liabilities	21	(4,969)
Other liabilities		(15,573)
Net identifiable assets acquired and liabilities assumed		153,859
Non-controlling interest		(61)
Net identifiable assets acquired and liabilities assumed		153,798
Goodwill	20	14,105
Total consideration		167,903

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

7 Risk management

Risk management approach

Risk management is an integral part of the Bank and its subsidiaries' business activities and strategic planning with the objective to optimize risks and returns and create sustainable shareholder value. The Bank and its subsidiaries establish a solid risk governance framework which serves as the foundation for the consistent and effective risk management. Risk governance framework mainly consists of risk appetite, risk management policies and strategies, risk culture, risk management processes and system which can address the overall risk and significant risks of the Bank and its subsidiaries i.e. credit, market, non-financial, liquidity, reputational and strategic risks.

The Board of Directors holds the ultimate responsibility of overall risk management and ensure that all risk governance framework is well communicated through the whole organisation. For effective risk oversight, the Risk Oversight Committee (ROC) has been delegated by the Board of Directors to review and oversee the management of all risks across the Bank and its subsidiaries are authorised to approve certain parts of Bank and its subsidiaries' risk management policies, guidelines, strategies, frameworks and standards. Other risk committees which oversee specific risk areas holds the responsibility to assure that each risk area is well-managed in alignment with overall risk management.

Business Units which are the 1st line of defense, are primarily responsible for managing risks and applying appropriate risk mitigation within their responsible portfolio. Risk management functions which serve as the 2nd line of defense under the stewardship of the Chief Risk Officer (CRO) are mainly responsible for managing each significant risks of the Bank and its subsidiaries including establishing risk appetite, risk management policies and guidelines, formulating risk management strategies, developing tools/systems and providing oversight 1st line of defense. Internal audit function independent from the 1st and 2nd line of defense serves as the 3rd line of defense by providing independent and objective assurance on the effectiveness of controls and recommends improvements to the governance, risk and control framework.

Market Conduct Risk Management (MCRM) has been established as a dedicated 2nd line of defense function governing and ensuring how the bank delivers or sells suitable products to the right customer in the fair dealing basis. Additionally, a dedicated Retail Risk Management department has been set up to cover risk measurement and management for secure and unsecure lending to individuals and small non-juristic businesses.

7.1 Credit risk

Credit risk is the risk to the Bank and its subsidiaries 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.

Credit Risk Appetite Statement (Credit RAS)

Credit RAS is a formally documented statement of the maximum level of credit risks that the Bank and its subsidiaries are willing to accept in pursuit of its business objectives. The Bank and its subsidiaries develop and review its Credit RAS at Bank-wide level, BU level and Portfolio level, covering all relevant credit risk metrics to monitor the quality of credit portfolio and control obligor concentration.

Credit Risk Policies and Guidelines

The Bank has put in place Master Credit Risk Management Policy to govern all key aspects of credit risk management. In addition, Credit risk management guidelines are established to provide the guidance in each credit risk aspects stated in Master Credit Risk Management Policy. All relevant business units and support units are required to formulate supplementary credit policies, guidelines, framework, standards, criteria, processes and procedures specific to their respective businesses.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balances. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and credit rating of customer.

Where appropriate, the Bank and its subsidiaries demand 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 and its subsidiaries have 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 and its subsidiaries 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 Market Conduct Risk Management (MCRM) 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.

Internal Rating and External Rating Framework

Risk ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank and its subsidiaries developed internal credit risk models for supporting all bank-wide activities starting from setting of risk appetite statements, underwriting process, monitoring/measuring and predicting changes in portfolio quality, early response to deterioration trends, to serving as communication tool within the organization.

Credit risk models have been developed to determine probability of default (PD), exposure at default (EAD), and loss given default (LGD). All models comprise both quantitative and qualitative factors/information. For the qualitative aspect, the data is collected from historical or from service providers. In addition to the wide range of activities described above, the Bank and its subsidiaries also uses credit risk models in the process to determine loan loss provisioning, regulatory capital, and economic capital.

The Bank and its subsidiaries set up Risk Rating Guideline to provide the logic and use of creating and verifying model-based Risk Ratings. Currently, the Bank and its subsidiaries uses different risk rating models according to different borrower segment.

Credit risk grade is based on risk rating (or PD models). The Bank and its subsidiaries apply different types of internal rating models as 2 categories (1) Internal rating models for Commercial portfolio - based on most recent available financial position and qualitative assessment on the profile of the borrowers; and, (2) Internal rating models for small SME and retail portfolios are based on behavioural and/or credit performance proved by statistical methods to measure an appropriate credit risk grade.

Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the policy. Risk rating models are reviewed at least annually, and the performance of the models are subject to regular monitoring. This is a process to keep both risk grade and models up to date and healthiest.

A credit risk grade is ranked from lowest to highest. The lower the number in the rank, the lower the probability of default. The highest rating represents Non-performing loans with probability of default of 100%.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

In addition to the internal rating, the Bank and its subsidiaries also use external ratings from an international rating agency as references for credit risk grade of investment related activities/portfolios.

Information related to ECL

Significant increase in credit risk

SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default (PD) since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. If the thresholds are exceeded, the instrument is considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes. Indicators could include weak operating results or observed liquidity issues among a number of other factors.

Definition of default

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

Loan Loss Provisioning, TFRS9, and ECL model

Since 1 January 2020, the Bank and its subsidiaries have recognised loss allowances based on the expected credit loss (ECL) model of TFRS9, which is designed to be forward-looking. The TFRS9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration ("Staging"). The ECL model parameters are estimated based on statistical techniques and supported by expert judgement.

Incorporation of forward-looking information

TFRS9 requires that expected credit loss should consider the effect from the economic movement or so-called forward-looking factor. Modelling newly regulated credit risk should also incorporate the state of economy, which is best represented by GDP growth and some of its components.

The Bank and its subsidiaries apply forward-looking factor into the ECL models. For macroeconomic input/projections, the Bank and its subsidiaries leverages on information from external sources, such as consensus economic data or forecasts published by governmental bodies. Then, statistical techniques are applied to transform the data into a multiple scenario analysis. Finally, the scenarios are used to derive lifetime parameters, which are applied in the calculation of expected credit losses and in the identification of significant deterioration in credit quality of financial assets as described previously.

The Bank and its subsidiaries formulate three forward-looking economic scenarios; a base case, which is the baseline scenario, and two less likely scenarios, one upside and one downside scenario. Macroeconomic variables include economic data and forecasts. Examples of the macro economic variables used in the forward-looking information are Gross Domestic Product (GDP), interest rate, and unemployment rate.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlays was considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the Bank and its subsidiaries at the reporting date as post-model adjustments.

7.1.1 Credit quality

The following tables set out information about the credit quality as at 30 June 2020 of investment and loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviours and qualitative factors.

Risk level	Consolidated			Total
	Stage 1	Stage 2 (in million Baht)	Stage 3	
Investment in debt instruments measured at amortised cost				
Low	613	-	-	613
Gross carrying amount	613	-	-	613
Less allowance for expected credit loss	(1)	-	-	(1)
Carrying amount	612	-	-	612
Investment in debt instruments measured at FVOCI				
Low	126,555	273	-	126,828
Medium	996	-	-	996
High	-	-	1,563	1,563
Carrying amount	127,551	273	1,563	129,387
Allowance for expected credit loss	(105)	(8)	(1,682)	(1,795)
Loans to customers and accrued interest receivables - net				
Low	1,195,200	52,237	162	1,247,599
Medium	22,668	78,090	1,253	102,011
High	-	-	38,690	38,690
Gross carrying amount	1,217,868	130,327	40,105	1,388,300
Less allowance for expected credit loss	(9,850)	(17,137)	(17,388)	(44,375)
Carrying amount	1,208,018	113,190	22,717	1,343,925
Risk level	Bank Only			Total
	Stage 1	Stage 2 (in million Baht)	Stage 3	
Investment in debt instruments measured at FVOCI				
Low	70,647	-	-	70,647
Medium	996	-	-	996
Carrying amount	71,643	-	-	71,643
Allowance for expected credit loss	(78)	-	(50)	(128)

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank Only			
Risk level	Stage 1	Stage 2	Stage 3	Total
		(in million Baht)		
<i>Loans to customers and accrued interest receivables - net</i>				
Low	586,100	20,277	158	606,535
Medium	14,727	37,066	258	52,051
High	-	-	20,038	20,038
Gross carrying amount	600,827	57,343	20,454	678,624
Less allowance for expected credit loss	(4,580)	(11,357)	(9,436)	(25,373)
Carrying amount	596,247	45,986	11,018	653,251

7.1.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Bank and its subsidiaries also uses collateral as one type of credit risk mitigation to reduce potential credit losses to the Bank and its subsidiaries. The type of eligible collateral consists of financial and non-financial collaterals which valued primarily based on their quality and liquidity. The value of collateral is primarily assessed on a prudent basis to ensure that the value assigned to the collateral remains current.

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Bank and its subsidiaries strives to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers.

Loan-to-Value (LTV) ratio is used in entire credit processes, for examples

- Credit evaluation process - different risk levels require different LTVs
- Credit approval process - LTV is one of the factors to determine the level of approval authorities. At present, the Bank defines the approval authority based on business type, industry, the customer’s risk rating as well as LTV criteria whereby LTV criteria is applied for Commercial Banking customer at appropriate level depend on industry. For mortgage Loan, 70% to 100% LTV criteria is applied. For hire purchase, 60% to 100% LTV criteria is applied, depending on risk level of customer and collateral.

Collateral Appraisal Approach:

The appraisal shall be conducted by applying one or more of the approaches specified in the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department. The following are example of collateral appraisal approach:

- Immovable property for commercial purpose shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Immovable property for residential purpose shall be appraised by the direct sales comparison approach, or the cost approach.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

- Other immovable properties shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Machinery and vehicle shall be appraised by the direct sales comparison approach, or the cost approach
- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

The following table sets out the principal types of collateral held against different types of financial assets as at 30 June 2020.

Type of credit exposures	Note	Consolidated (in million Baht)	Principal type of collateral held
Interbank and money market items	12	296,017	Debt securities
Derivative assets	13	12,035	Cash
Investment in debt securities	14	129,999	None
Loans to customers and accrued interest receivables	16		
- Loans to corporate customers		603,083	Properties, plant, equipment and guarantee by government unit
- Retail mortgage lending		293,212	Properties
- Hire purchase		407,648	Vehicle
- Others		84,357	None
Type of credit exposures	Note	Bank only (in million Baht)	Principal type of collateral held
Interbank and money market items	12	227,784	Debt securities
Derivative assets	13	9,378	Cash
Investment in debt securities	14	71,643	None
Loans to customers and accrued interest receivables	16		
- Loans to corporate customers		435,977	Properties, plant and guarantee by government unit
- Retail mortgage lending		185,849	Properties
- Others		56,798	None

7.1.3 Concentrations of credit risk

The Bank and its subsidiaries monitor concentration in different dimensions including sector. Concentrations of credit risk from loans to customers, loan commitments and financial guarantees as at 30 June 2020 is shown below.

	Note	Loan to customers	Consolidated Loan commitment (in million Baht)	Financial guarantee
At 30 June 2020				
Gross carrying amount		1,684,316	-	-
Amount committed/guaranteed		-	412,757	81,265
<i>Concentration by sector</i>				
Financial institutions	12	296,017	9,977	9,571
Agricultural and mining		16,009	4,677	187
Manufacturing and commerce		380,390	208,701	27,841
Real estate and construction		67,427	26,581	19,053
Public utilities and services		124,610	33,935	23,888
Retail mortgage lending		293,212	14	-
Hire purchase		407,648	-	-
Others		99,003	128,872	725
Total		1,684,316	412,757	81,265

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	<i>Note</i>	Loan to customers	Bank only Loan commitment (in million Baht)	Financial guarantee
At 30 June 2020				
Gross carrying amount		906,408	-	-
Amount committed/guaranteed		-	328,269	78,086
<i>Concentration by sector</i>				
Financial institutions	12	227,784	9,151	9,571
Agricultural and mining		9,897	4,175	187
Manufacturing and commerce		317,560	196,725	27,799
Real estate and construction		27,871	13,904	18,420
Public utilities and services		71,681	24,880	21,450
Retail mortgage lending		185,849	13	-
Others		65,766	79,421	659
Total		906,408	328,269	78,086

7.2 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 Bank and its subsidiaries have established various market risk policies, which set standards and guidelines for market risk management. The senior management risk committee 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 and its subsidiaries classify the overall market risk management into two parts: trading book and banking book. The Bank and its subsidiaries have 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 and its subsidiaries have established the market risk policies for trading book 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 and its subsidiaries' risk appetite.

Market risk in the banking book

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

The Bank and its subsidiaries has established the market risk policies for banking book, 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 and its subsidiaries' risk appetite.

The Bank and its subsidiaries 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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

7.2.1 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 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.

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

	Consolidated 31 December 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	23,853	23,853
Interbank and money market items net of deferred revenue	48,114	178,769	9,564	236,447
Investments, net	10,145	154,372	1,748	166,265
Investment in subsidiaries and associate, net	-	-	8,953	8,953
Loans to customers net of deferred revenue	663,318	718,309	10,598	1,392,225
Other financial assets - net	667	-	9,303	9,970
Total financial assets	722,244	1,051,450	64,019	1,837,713
Financial liabilities				
Deposits	948,771	414,242	35,099	1,398,112
Interbank and money market items	37,096	46,738	2,792	86,626
Liabilities payable on demand	-	-	3,382	3,382
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Debts issued and borrowings	4,527	104,290	18	108,835
Other financial liabilities	2,100	-	24,057	26,157
Total financial liabilities	992,912	565,270	65,348	1,623,530

	Bank only 31 December 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	13,427	13,427
Interbank and money market items net of deferred revenue	45,644	68,410	7,540	121,594
Investments, net	10,145	50,098	264	60,507
Investment in subsidiaries and associate, net	-	-	168,062	168,062
Loans to customers net of deferred revenue	470,745	190,702	10,156	671,603
Other financial assets - net	457	-	4,143	4,600
Total financial assets	526,991	309,210	203,592	1,039,793

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only			
	31 December 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial liabilities				
Deposits	572,216	62,542	28,801	663,559
Interbank and money market items	6,087	65,472	1,192	72,751
Liabilities payable on demand	-	-	2,362	2,362
Financial liabilities designated at fair value through profit or loss	418	-	-	418
Debts issued and borrowings	4,523	72,812	18	77,353
Other financial liabilities	1,468	-	10,055	11,523
Total financial liabilities	584,712	200,826	42,428	827,966

As at 30 June 2020 and 31 December 2019, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated					
	30 June 2020					
	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	-	-	-	-	18,074	18,074
Interbank and money market items net of deferred revenue	278,342	541	-	-	17,095	295,978
Financial assets measured at fair value through profit or loss	10,085	3,009	3,035	-	375	16,504
Investments, net	41,557	30,174	52,661	1,563	5,649	131,604
Investments in subsidiaries and associate, net	-	-	-	-	8,656	8,656
Loans to customers net of deferred revenue	586,429	98,891	648,778	38,805	8,954	1,381,857
Other financial assets - net	1,676	-	-	-	9,207	10,883
Total financial assets	918,089	132,615	704,474	40,368	68,010	1,863,556
Financial liabilities						
Deposits	1,254,199	142,527	10,123	-	35,747	1,442,596
Interbank and money market items	73,276	4,193	3,429	-	3,030	83,928
Liabilities payable on demand	-	-	-	-	4,946	4,946
Financial liabilities designated at fair value through profit or loss	430	-	-	-	-	430
Debts issued and borrowings	10	24,419	68,583	-	159	93,171
Other financial liabilities	1,612	-	-	-	19,936	21,548
Total financial liabilities	1,329,527	171,139	82,135	-	63,818	1,646,619

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated					
	31 December 2019					
	Repricing periods					
	Within	Over	Over	Non-	Non-	
	3 months	3 months	1 year	performing	interest	Total
		to 1 year		assets	bearing	
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	23,853	23,853
Interbank and money market items net of deferred revenue	226,471	412	-	-	9,564	236,447
Investments, net	49,914	53,009	61,594	-	1,748	166,265
Investments in subsidiaries and associate, net	-	-	-	-	8,953	8,953
Loans to customers net of deferred revenue	723,476	99,134	521,595	37,746	10,274	1,392,225
Other financial assets - net	667	-	-	-	9,303	9,970
Total financial assets	1,000,528	152,555	583,189	37,746	63,695	1,837,713
Financial liabilities						
Deposits	1,067,985	278,363	16,665	-	35,099	1,398,112
Interbank and money market items	75,065	7,139	1,630	-	2,792	86,626
Liabilities payable on demand	-	-	-	-	3,382	3,382
Financial liabilities designated at fair value through profit or loss	418	-	-	-	-	418
Debts issued and borrowings	10	34,007	74,800	-	18	108,835
Other financial liabilities	2,100	-	-	-	24,057	26,157
Total financial liabilities	1,145,578	319,509	93,095	-	65,348	1,623,530
	Bank only					
	30 June 2020					
	Repricing periods					
	Within	Over	Over	Non-	Non-	
	3 months	3 months	1 year	performing	interest	Total
		to 1 year		assets	bearing	
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	9,716	9,716
Interbank and money market items net of deferred revenue	219,418	522	-	-	7,806	227,746
Financial assets measured at fair value through profit or loss	9,692	-	-	-	145	9,837
Investments, net	28,679	9,958	28,964	-	4,502	72,103
Investments in subsidiaries and associate, net	-	-	-	-	168,152	168,152
Loans to customers net of deferred revenue	533,596	77,220	34,347	19,680	8,955	673,798
Other financial assets - net	1,234	-	-	-	7,162	8,396
Total financial assets	792,619	87,700	63,311	19,680	206,438	1,169,748
Financial liabilities						
Deposits	714,531	32,941	3,427	-	29,198	780,097
Interbank and money market items	45,516	2,176	1,397	-	2,091	51,180
Liabilities payable on demand	-	-	-	-	3,268	3,268
Financial liabilities designated at fair value through profit or loss	430	-	-	-	-	430
Debts issued and borrowings	5	24,419	68,583	-	159	93,166
Other financial liabilities	1,096	-	-	-	6,802	7,898
Total financial liabilities	761,578	59,536	73,407	-	41,518	936,039

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only					
	31 December 2019					
	Repricing periods					
	Within	Over	Over	Non-	Non-	
	3 months	3 months	1 year	performing	interest	Total
		to 1 year		assets	bearing	
						(in million Baht)
Financial assets						
Cash	-	-	-	-	13,427	13,427
Interbank and money market items net of deferred revenue	113,643	411	-	-	7,540	121,594
Investments, net	34,532	8,778	16,933	-	264	60,507
Investments in subsidiaries and associate, net	-	-	-	-	168,062	168,062
Loans to customers net of deferred revenue	502,396	82,565	58,336	18,150	10,156	671,603
Other financial assets - net	457	-	-	-	4,143	4,600
Total financial assets	651,028	91,754	75,269	18,150	203,592	1,039,793
Financial liabilities						
Deposits	597,800	33,026	3,932	-	28,801	663,559
Interbank and money market items	37,484	33,779	296	-	1,192	72,751
Liabilities payable on demand	-	-	-	-	2,362	2,362
Financial liabilities designated at fair value through profit or loss	418	-	-	-	-	418
Debts issued and borrowings	5	9,588	67,742	-	18	77,353
Other financial liabilities	1,468	-	-	-	10,055	11,523
Total financial liabilities	637,175	76,393	71,970	-	42,428	827,966

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 2020			31 December 2019		
	Average balance	Interest ⁽¹⁾	Average interest rate	Average balance	Interest ⁽¹⁾	Average interest rate
	(in million Baht)		(% per annum)	(in million Baht)		(% per annum)
Interest-bearing financial assets						
Interbank and money market items	161,629	1,207	1.49	109,798	1,965	1.79
Investments and trading transactions and investments in debt securities	170,533	1,234	1.45	86,209	1,686	1.96
Loans to customers net from deferred revenue included hire purchase and finance leases	1,381,682	35,160	5.09	739,604	36,156	4.89
Total	1,713,844	37,601		935,611	39,807	
Interest-bearing financial liabilities						
Deposits	1,385,503	8,574	1.24	685,775	10,255	1.50
Interbank and money market items	90,092	378	0.84	51,030	781	1.53
Debts issued and borrowings	100,765	1,584	3.14	48,519	1,934	3.99
Total	1,576,360	10,536		785,324	12,970	

⁽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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only					
	30 June 2020			31 December 2019		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
<i>Interest-bearing financial assets</i>						
Interbank and money market items	154,224	722	0.94	100,396	1,807	1.80
Investments and trading transactions and investments in debt securities	71,379	447	1.25	77,587	1,518	1.96
Loans to customers net from deferred revenue	667,722	15,279	4.58	679,551	32,970	4.85
Total	893,325	16,448		857,534	36,295	
<i>Interest-bearing financial liabilities</i>						
Deposits	679,642	3,639	1.07	625,103	9,096	1.46
Interbank and money market items	60,922	260	0.85	50,007	779	1.56
Debts issued and borrowings	87,272	1,434	3.29	45,896	1,853	4.04
Total	827,836	5,333		721,006	11,728	

⁽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

7.2.2 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 2020 and 31 December 2019, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	30 June 2020			31 December 2019		
	USD	Euro (*)	Other currencies (*) (in USD million)	USD	Euro (*)	Other currencies (*)
Spot	101	(1,043)	43	93	(572)	49
Forward	(98)	1,039	(42)	(105)	571	(46)
Net position	3	(4)	1	(12)	(1)	3

	Bank only					
	30 June 2020			31 December 2019		
	USD	Euro (*)	Other currencies (*) (in USD million)	USD	Euro (*)	Other currencies (*)
Spot	(406)	(1,044)	18	(425)	(573)	20
Forward	401	1,039	(20)	405	571	(19)
Net position	(5)	(5)	(2)	(20)	(2)	1

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

7.2.3 Equity price risk

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

The equity portfolio of the Bank and its subsidiaries are managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, 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) and/or Board of Executive Directors (BoED). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The Bank and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the related business unit and related management, in order to facilitate responsive risk management.

As at 30 June 2020, a subsidiary had equity investments are listed on Stock Exchange of Thailand at Baht 1,310 million with the mark to market value at Baht 997 million.

7.2.4 Sensitivity analysis

Market risk in the trading book

The Bank and its subsidiaries use a number of sensitivity measurements to monitor the market risk in a trading book. The key measurements are PV01 and FX Delta. PV01 is used to monitor interest rate risk in which it measures the impact on portfolio value due to the increase in interest rate of 1 basis point. FX Delta is the rate of change of the portfolio value with respect to changes of foreign currency. FX Delta is used to monitor the foreign exchange risk of each currency.

The methodology and parameters that the Bank and Thanachart Bank ("TBANK") used to calculate these sensitivity measurements are in accordance with international standard whereby the measurement are different in certain detail. As at 30 June 2020, the key sensitivities are as follow:

	Bank only	TBANK
	Interest rate sensitivities (PV01)	Interest rate sensitivities (PV01)
	(in thousand Baht)	(in thousand Baht)
THB	(874)	(821)
USD	45	(55)
Other currencies	32	(1)
Total	(797)	(877)
	Exchange rate sensitivities (FX Delta)	Exchange rate sensitivities (FX Delta)
	(in thousand USD)	(in thousand USD)
USD	(5,162)	(265)
EUR	(1,562)	(117)
Other currencies	(10)	(220)
Total	(6,734)	(602)

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Market risk in the banking book

The Bank and its subsidiaries use the repricing gap approach to determine the impact of interest rate changes on net interest income and economic value of equity on a monthly basis. The repricing gap uses the remaining term or next repricing date as stipulated in the contract. There are established interest rate risk limits to monitor and control the impact of interest rate changes on the net interest income and economic value. Changes to the net interest income and economic value are computed assuming different size shocks in interest rate yield curves. As at 30 June 2020, the effect of changes in interest rates to earnings (net) by 100 bps parallel in the next 1 year were as follow:

	Consolidated Upward shift 100 bps	Bank only Upward shift 100 bps
	<i>(in million Baht)</i>	
THB	(2,717)	(73)
USD	151	152
Others	3	(3)
Total effect of change in interest rate	(2,563)	76

7.3 Liquidity risk

Liquidity risk refers to the risk that the Bank and its subsidiaries fail 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. The Global Markets and 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 and its subsidiaries continually monitor its funding sources and access to capital markets. Derivatives are use for balance sheet management to hedge the portfolio of loans, deposits and debts issued and borrowings. The Bank and its subsidiaries recognise the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

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 and its subsidiaries set risk limits and indicators in order to maintain its liquidity risk within the Bank and its subsidiaries' 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 and its subsidiaries' 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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

As at 30 June 2020, the Bank and its subsidiaries' Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 95.79% (31 December 2019: 99.58%).

The Bank will disclose Liquidity Coverage Ratio (LCR) information on the Bank's website (www.tmbbank.com/ir/capital_funds/basel3) within October 2020.

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 2020 and 31 December 2019 were summarised as follows:

	Consolidated 30 June 2020					
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year	No maturity	Total
Financial assets						
Cash	18,074	-	-	-	-	18,074
Interbank and money market items net of deferred revenue	109,634	185,748	596	-	-	295,978
Financial assets measured at fair value through profit or loss	-	9,696	6,433	-	375 ⁽²⁾	16,504
Investments, net						
Investments in debt instruments measured at AMC	-	-	446	166	-	612
Investments in debt instruments measured at FVOCI	2	41,844	84,599	1,379	1,563	129,387
Investments in equity instruments designated at FVOCI	-	-	-	-	1,605 ⁽²⁾	1,605
Investments in subsidiaries and associate, net	-	-	-	-	8,656 ⁽²⁾	8,656
Loans to customers net of deferred revenue	122,816	398,382	451,240	370,614	38,805 ⁽³⁾	1,381,857
Other financial assets - net	668	1,408	-	208	8,599	10,883
Total financial assets	251,194	637,078	543,314	372,367	59,603	1,863,556
Financial liabilities						
Deposits	1,145,283	285,856	11,457	-	-	1,442,596
Interbank and money market items	46,307	34,192	3,429	-	-	83,928
Liabilities payable on demand	4,946	-	-	-	-	4,946
Financial liabilities designated at fair value through profit or loss	-	-	430	-	-	430
Debts issued and borrowings	10	19,793	70,420	2,948	-	93,171
Other financial liabilities	525	2,201	-	302	18,520	21,548
Total financial liabilities	1,197,071	342,042	85,736	3,250	18,520	1,646,619
Net liquidity gap	(945,877)	295,036	457,578	369,117	41,083	216,937

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated 31 December 2019				
	At call ⁽¹⁾	Within 1 year	Over 1 year (in million Baht)	No maturity	Total
<i>Financial assets</i>					
Cash	23,853	-	-	-	23,853
Interbank and money market items net of deferred revenue	20,608	215,193	646	-	236,447
Investments, net					
Trading securities and general investments	-	4,830	1,746	613 ⁽²⁾	7,189
Available-for-sale securities	5	85,002	72,257	1,130 ⁽²⁾	158,394
Held-to-maturity debt securities	-	77	605	-	682
Investments in subsidiaries and associate, net	-	-	-	8,953 ⁽²⁾	8,953
Loans to customers net of deferred revenue	130,713	406,737	817,029	37,746 ⁽³⁾	1,392,225
Other financial assets - net	1,134	2,638	140	6,058	9,970
Total financial assets	176,313	714,477	892,423	54,500	1,837,713
<i>Financial liabilities</i>					
Deposits	979,481	399,725	18,906	-	1,398,112
Interbank and money market items	39,888	45,109	1,629	-	86,626
Liabilities payable on demand	3,382	-	-	-	3,382
Financial liabilities designated at fair value through profit or loss	-	-	418	-	418
Debts issued and borrowings	10	29,488	79,337	-	108,835
Other financial liabilities	785	3,381	347	21,644	26,157
Total financial liabilities	1,023,546	477,703	100,637	21,644	1,623,530
Net liquidity gap	(847,233)	236,774	791,786	32,856	214,183

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

		Bank only 30 June 2020			No	
	At call ⁽¹⁾	Within 1 year	1 - 5 year (in million Baht)	Over 5 year	maturity	Total
Financial assets						
Cash	9,716	-	-	-	-	9,716
Interbank and money market items net of deferred revenue	99,318	127,832	596	-	-	227,746
Financial assets measured at fair value through profit or loss	-	3,259	6,433	-	145 ⁽²⁾	9,837
Investments, net						
Investments in debt instruments measured at AMC	-	-	-	-	-	-
Investments in debt instruments measured at FVOCI	-	21,599	48,665	1,379	-	71,643
Investments in equity instruments designated at FVOCI	-	-	-	-	460 ⁽²⁾	460
Investments in subsidiaries and associate, net	-	-	-	-	168,152 ⁽²⁾	168,152
Loans to customers net of deferred revenue	108,584	228,620	139,491	177,423	19,680 ⁽³⁾	673,798
Other financial assets - net	418	987	-	205	6,786	8,396
Total financial assets	218,036	382,297	195,185	179,007	195,223	1,169,748
Financial liabilities						
Deposits	718,955	57,658	3,484	-	-	780,097
Interbank and money market items	22,014	27,769	1,397	-	-	51,180
Liabilities payable on demand	3,268	-	-	-	-	3,268
Financial liabilities designated at fair value through profit or loss	-	-	430	-	-	430
Debts issued and borrowings	5	19,793	70,420	2,948	-	93,166
Other financial liabilities	315	1,296	-	302	5,985	7,898
Total financial liabilities	744,557	106,516	75,731	3,250	5,985	936,039
Net liquidity gap	(526,521)	275,781	119,454	175,757	189,238	233,709

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	At call ⁽¹⁾	Within 1 year	Bank only 31 December 2019 Over 1 year (in million Baht)	No maturity	Total
Financial assets					
Cash	13,427	-	-	-	13,427
Interbank and money market items net of deferred revenue	15,414	105,534	646	-	121,594
Investments, net					
Trading securities and general investments	-	3,122	1,746	262 ⁽²⁾	5,130
Available-for-sale securities	-	32,448	22,927	2 ⁽²⁾	55,377
Held-to-maturity debt securities	-	-	-	-	-
Investments in subsidiaries and associate, net	-	-	-	168,062 ⁽²⁾	168,062
Loans to customers net of deferred revenue	112,030	222,589	318,834	18,150 ⁽³⁾	671,603
Other financial assets - net	648	355	139	3,458	4,600
Total financial assets	141,519	364,048	344,292	189,934	1,039,793
Financial liabilities					
Deposits	601,085	58,504	3,970	-	663,559
Interbank and money market items	7,279	65,176	296	-	72,751
Liabilities payable on demand	2,362	-	-	-	2,362
Financial liabilities designated at fair value through profit or loss	-	-	418	-	418
Debts issued and borrowings	5	5,069	72,279	-	77,353
Other financial liabilities	577	2,384	346	8,216	11,523
Total financial liabilities	611,308	131,133	77,309	8,216	827,966
Net liquidity gap	(469,789)	232,915	266,983	181,718	211,827

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

8 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at 30 June 2020. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Level 1	Consolidated Fair value		Total
			Level 2 <i>(in million Baht)</i>	Level 3	
<i>At 30 June 2020</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	16,504	-	16,130	374	16,504
<i>Derivative assets</i>					
Foreign exchange rate	5,963	-	5,963	-	5,963
Interest rate	6,072	-	6,072	-	6,072
Total	12,035	-	12,035	-	12,035
<i>Investments, net</i>					
Investments in debt instruments measured at AMC	612	-	663	-	663
Investments in debt instruments measured at FVOCI	129,387	-	127,824	1,563	129,387
Investments in equity instruments designated at FVOCI	1,605	996	-	609	1,605
Total	131,604	996	128,487	2,172	131,655
Loans to customers and accrued interest receivables, net	1,343,925	-	943,640	403,984	1,347,624
Total financial assets	1,504,068	996	1,100,292	406,530	1,507,818
<i>Financial liabilities</i>					
Deposits	1,442,596	-	1,442,732	-	1,442,732
Financial liabilities designated at FVTPL	430	-	430	-	430
<i>Derivative liabilities</i>					
Foreign exchange rate	5,784	-	5,784	-	5,784
Interest rate	5,822	-	5,822	-	5,822
Total	11,606	-	11,606	-	11,606
Debts issued and borrowings	93,171	-	94,144	-	94,144
Total financial liabilities	1,547,803	-	1,548,912	-	1,548,912

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Carrying amount	Level 1	Bank only Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
<i>At 30 June 2020</i>					
<i>Financial assets</i>					
Financial assets measured at FVTPL	9,837	-	9,692	145	9,837
Derivative assets					
Foreign exchange rate	4,780	-	4,780	-	4,780
Interest rate	4,598	-	4,598	-	4,598
Total	9,378	-	9,378	-	9,378
Investments, net					
Investments in debt instruments measured at FVOCI	71,643	-	71,643	-	71,643
Investments in equity instruments designated at FVOCI	460	-	-	460	460
Total	72,103	-	71,643	460	72,103
Loans to customers and accrued interest receivables, net	653,251	-	653,251	-	653,251
Total financial assets	744,569	-	743,964	605	744,569
<i>Financial liabilities</i>					
Deposits	780,097	-	780,124	-	780,124
Financial liabilities designated at FVTPL	430	-	430	-	430
Derivative liabilities					
Foreign exchange rate	5,246	-	5,246	-	5,246
Interest rate	4,314	-	4,314	-	4,314
Total	9,560	-	9,560	-	9,560
Debt issued and borrowings	93,166	-	94,139	-	94,139
Total financial liabilities	883,253	-	884,253	-	884,253

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 as at 31 December 2019 were as follows:

	Consolidated		Bank only	
	31 December 2019		31 December 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	10,399	10,344	7,395	7,346
Investments, net	166,265	166,659	60,507	60,828
Loans to customers and accrued interest receivable, net	1,348,630	1,349,300	647,479	647,355
Total financial assets	1,525,294	1,526,303	715,381	715,529
Financial liabilities				
Deposits	1,398,112	1,398,015	663,559	663,569
Derivatives liabilities	9,719	9,790	7,331	7,410
Debts issued and borrowings	108,835	111,803	77,353	80,329
Total financial liabilities	1,516,666	1,519,608	748,243	751,308

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The following table analyses financial assets and liabilities measured at fair value at 31 December 2019 by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,085	-	5,085
- Interest rate related	-	4,529	-	4,529
Investments				
- Trading investments	-	6,576	-	6,576
- Available-for-sale investments	1,127	157,267	-	158,394
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	418	-	418
Derivatives (trading book)				
- Foreign currency related	-	5,255	-	5,255
- Interest rate related	-	4,361	-	4,361
	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	4,372	-	4,372
- Interest rate related	-	2,937	-	2,937
Investments				
- Trading investments	-	4,868	-	4,868
- Available-for-sale investments	-	55,377	-	55,377
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	418	-	418
Derivatives (trading book)				
- Foreign currency related	-	4,502	-	4,502
- Interest rate related	-	2,779	-	2,779

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The following table shows fair value of financial assets and liabilities not measured at fair value at 31 December 2019. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Consolidated		Bank only	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
31 December 2019				
<i>Financial assets</i>				
Derivatives (banking book)	785	730	86	37
Investments				
- Held-to-maturity debt securities	682	740	-	-
- General investments	613	949	262	583
Loans to customers and accrued interest receivable, net	1,348,630	1,349,300	647,479	647,355
<i>Financial liabilities</i>				
Deposits	1,398,112	1,398,015	663,559	663,569
Derivatives (banking book)	103	174	50	129
Debts issued and borrowings	108,835	111,803	77,353	80,329

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 amount 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.

- Financial assets measured at FVTPL and 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 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 common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying amount except for the fair value of fixed rate hire purchase which is calculated based on the present value of future cash flow of principal and interest, discounted at interest rate currently being offered on similar loans net of expected credit loss (2019: allowance for doubtful accounts).

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

- 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 amount 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 amount, 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.

- Derivatives:

In cases where there is an active market, the Bank and its subsidiaries use 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.

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 2020 and during the year ended 31 December 2019.

During the six-month period ended 30 June 2020, due to changes in market conditions and default status, the quoted yield rate in respect of an investment in debentures of one counterparty was no longer reliable. There was also limited information to measure the fair value with other valuation techniques. Management applied judgement to compare the estimated recovery for fair value measurement including consideration of recovery estimate provided by ThaiBMA. These securities, with a carrying amount of Baht 1.6 billion, were included as Level 3 hierarchy as at 30 June 2020 (31 December 2019: Level 2).

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

9 Maintenance of capital fund

The Bank and its subsidiaries maintain 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. The Bank and its subsidiaries are required to calculate its Capital Fund in accordance with Basel III. As at 30 June 2020 and 31 December 2019, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	91,541	91,541
Share premium	43,322	43,217
Legal reserve	3,360	3,360
Net profits after appropriation	49,514	47,299
Other comprehensive income	5,255	5,764
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Common Equity Tier 1 Capital of consolidated financial institutions	15	15
Capital adjustment items on CET1	(76)	(61)
Capital deduction items on CET1	(25,714)	(25,342)
Total Common Equity Tier 1 Capital	167,217	165,793
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 1 of financial instruments of consolidated financial institutions	2	2
Total Tier 1 Capital	179,308	177,884
Tier 2 Capital		
General provision	12,826	10,214
Subordinated debentures classified as additional Tier 2 Capital	35,430	42,430
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	4	3
Total Tier 2 Capital	48,260	52,647
Total Capital Fund	227,568	230,531
Total Risk-Weighted Assets	1,225,754	1,216,836

	The BoT's regulatory minimum requirement*	30 June 2020	31 December 2019
		(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	18.57	18.95
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	14.63	14.62
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	13.64	13.62

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 capital (CET1)		
Paid-up share capital	91,541	91,541
Share premium	43,322	43,217
Legal reserve	3,360	3,360
Net profits after appropriation	46,024	43,612
Other comprehensive income	5,738	5,776
Capital adjustment items on CET1	(76)	(61)
Capital deduction items on CET1	(7,320)	(6,834)
Total Common Equity Tier 1 Capital	182,589	180,611
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	12,089	12,089
Total Tier 1 Capital	194,678	192,700
Tier 2 capital		
General provision	7,478	3,698
Subordinated debentures classified as additional Tier 2 Capital	35,430	35,430
Total Tier 2 Capital	42,908	39,128
Total Capital funds	237,586	231,828
Total Risk-Weighted Assets	812,281	779,168

	The BoT's regulatory minimum requirement*	30 June 2020 (%)	31 December 2019
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	29.25	29.75
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	23.97	24.73
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	22.48	23.18

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

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries have no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under Bank of Thailand on the Public Disclosures of Capital Maintenance for Commercial Banks, the Public Disclosures of Capital Maintenance for Financial Group, and the Public Disclosures of Liquidity Coverage Ratio, the Bank and its subsidiaries disclose as follows:

Location of disclosure	The Bank's website under Investor Relations section at www.tmbbank.com/ir/capital_funds/basel3
Disclosure period requirement	Within 4 months after the year end date as indicated in the BOT notification
Lasted information as of	31 December 2019

The disclosure as at 30 June 2020 will be provided within October 2020 on the Bank's website as noted above.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Capital management

The Bank and its subsidiaries' 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.

10 Classification of financial assets and financial liabilities

	Consolidated					
	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI	Investment in equity securities designated as at FVOCI	Financial instruments measured at amortised cost	Total
	(in million Baht)					
At 30 June 2020						
Financial assets						
Cash	-	-	-	-	18,074	18,074
Interbank and money market items - net	-	-	-	-	295,871	295,871
Financial assets measured at FVTPL	16,504	-	-	-	-	16,504
Derivatives assets	11,180	-	855	-	-	12,035
Investments - net	-	-	129,387	1,605	612	131,604
Loans to customers and accrued interest receivables - net	-	-	-	-	1,343,925	1,343,925
Other financial assets - net	-	-	-	-	10,883	10,883
Total	27,684	-	130,242	1,605	1,669,365	1,828,896
Financial liabilities						
Deposits	-	-	-	-	1,442,596	1,442,596
Interbank and money market items	-	-	-	-	83,928	83,928
Liabilities payable on demand	-	-	-	-	4,946	4,946
Financial liabilities designated at FVTPL	-	430	-	-	-	430
Derivatives liabilities	11,268	-	338	-	-	11,606
Debts issued and borrowings	-	-	-	-	93,171	93,171
Other financial liabilities	-	-	-	-	21,548	21,548
Total	11,268	430	338	-	1,646,189	1,658,225

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Financial instruments measured at FVTPL	Financial instruments designated as at FVTPL	Financial instruments measured at FVOCI (in million Baht)	Bank only Investment in equity securities designated as at FVOCI	Financial instruments measured at amortised cost	Total
At 30 June 2020						
Financial assets						
Cash	-	-	-	-	9,716	9,716
Interbank and money market items, net	-	-	-	-	227,719	227,719
Financial assets measured at FVTPL	9,837	-	-	-	-	9,837
Derivatives assets	9,037	-	341	-	-	9,378
Investments, net	-	-	71,643	460	-	72,103
Loans to customers and accrued interest receivables, net	-	-	-	-	653,251	653,251
Other financial assets - net	-	-	-	-	8,396	8,396
Total	18,874	-	71,984	460	899,082	990,400
Financial liabilities						
Deposits	-	-	-	-	780,097	780,097
Interbank and money market items	-	-	-	-	51,180	51,180
Liabilities payable on demand	-	-	-	-	3,268	3,268
Financial liabilities designated measured at FVTPL	-	430	-	-	-	430
Derivatives liabilities	9,222	-	338	-	-	9,560
Debts issued and borrowings	-	-	-	-	93,166	93,166
Other financial liabilities	-	-	-	-	7,898	7,898
Total	9,222	430	338	-	935,609	945,599

11 Financial assets measured at fair value through profit or loss

Financial assets for trading

At 30 June 2020

	Consolidated (in million Baht)	Bank only
Government and state enterprise securities	16,129	9,692
Others	375	145
Total	16,504	9,837

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

12 Interbank and money market items, net (assets)

At 30 June 2020

	Consolidated	Bank only
	<i>(in million Baht)</i>	
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	181,923	173,046
Commercial banks	47,727	27,413
Specialised financial institutions	40,201	7,500
Other financial institutions	18,056	13,034
Total	287,907	220,993
Add accrued interest and undue interest income	24	23
Less allowance for expected credit loss	(133)	(55)
Total domestic items	287,798	220,961
Foreign items		
US Dollar	6,851	5,784
Japanese Yen	317	243
Euro	137	87
Other currencies	766	639
Total	8,071	6,753
Add accrued interest and undue interest income	15	15
Less allowance for expected credit loss	(13)	(10)
Total foreign items	8,073	6,758
Total domestic and foreign items	295,871	227,719

At 31 December 2019

	Consolidated		Bank only	
	At call	Term	Total	At call
			<i>(in million Baht)</i>	Term
				Total
Domestic				
Bank of Thailand and Financial Institutions Development Fund	7,499	85,896	93,395	6,551
Commercial banks	492	71,387	71,879	1
Specialised financial institutions	1	32,698	32,699	-
Other financial institutions	700	24,772	25,472	-
Total	8,692	214,753	223,445	6,552
Add accrued interest receivable	-	57	57	32
Less allowance for doubtful accounts	(7)	(180)	(187)	(38)
Total domestic, net	8,685	214,630	223,315	105,087
Foreign				
US Dollar	10,757	924	11,681	8,076
Japanese Yen	224	-	224	-
Euro	144	-	144	-
Other currencies	787	166	953	166
Total	11,912	1,090	13,002	8,859
Add accrued interest receivable	1	16	17	16
Less allowance for doubtful accounts	-	(23)	(23)	(23)
Total foreign, net	11,913	1,083	12,996	1,083
Total domestic and foreign, net	20,598	215,713	236,311	106,170

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

13 Derivatives

As at 30 June 2020 and 31 December 2019, 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:

Consolidated						
Type of risks	30 June 2020		Notional amount <i>(in million Baht)</i>	31 December 2019		Notional amount
	Fair value			Fair value/Readjustment based on an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	4,885	5,077	404,905	5,085	5,255	447,248
- Banking Book ⁽¹⁾	223	368	23,448	785	91	50,230
- Cash flow hedge	855	338	41,760	-	-	-
Interest rate related						
- Trading Book	5,936	5,782	339,882	4,529	4,361	457,776
- Banking Book ⁽¹⁾	-	-	-	24	59	41,068
- Fair value hedge	136	41	21,223	-	-	-
Total	12,035	11,606	831,218	10,423	9,766	996,322

Bank only						
Type of risks	30 June 2020		Notional amount <i>(in million Baht)</i>	31 December 2019		Notional amount
	Fair value			Fair value/Readjustment based on an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign currency related						
- Trading Book	4,436	4,499	357,884	4,372	4,502	377,008
- Banking Book ⁽¹⁾	4	409	16,961	86	91	35,003
- Cash flow hedge	341	338	32,493	-	-	-
Interest rate related						
- Trading Book	4,461	4,314	242,773	2,937	2,779	260,659
- Banking Book ⁽¹⁾	-	-	-	24	6	20,038
- Fair value hedge	136	-	20,223	-	-	-
Total	9,378	9,560	670,334	7,419	7,378	692,708

- ⁽¹⁾ Readjustment made on an accrual basis at the end of period 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 31 December 2019, accrued interest receivable and interest paid in advance amounting to Baht 24 million are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 47 million are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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

	Consolidated	Bank only
	(%)	
Counterparties		
Financial institutions	84.06	75.59
Other parties	15.94	24.41
Total	100.00	100.00

14 Investments, net

14.1 Classified by type of investments

	Consolidated	Bank only
	(in million Baht)	
At 30 June 2020		
Investments in debt securities measured at amortised costs		
Private debt securities	613	-
Total	613	-
Less allowances for expected credit loss	(1)	-
Net	612	-
Investments in debt securities measured at FVOCI		
Government and state enterprise securities	104,525	63,896
Private debt securities	11,335	3,705
Foreign debt securities	9,485	-
Others	4,042	4,042
Total	129,387	71,643
Allowances for expected credit loss	(1,795)	(128)
Investments in equity securities designated measured at FVOCI		
Marketable equity securities - domestic	997	-
Non-marketable equity securities - domestic	604	457
Non-marketable equity securities - overseas	4	3
Total	1,605	460
Total investments - net	131,604	72,103
At 31 December 2019		
Trading securities - Fair value		
Government and state enterprise securities	6,159	4,868
Private debt securities	417	-
Total	6,576	4,868
Available-for-sale securities - Fair value		
Government and state enterprise securities	137,906	55,375
Private debt securities	10,166	-
Foreign debt securities	9,193	-
Domestic marketable equity securities	1,129	2
Total	158,394	55,377
Held-to-maturity debt securities - Cost/Amortised cost		
Private debt securities	682	-
Total	682	-

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated	Bank only
<i>At 31 December 2019</i>		
<i>General investments - Cost</i>		
Domestic non-marketable equity securities	1,410	1,051
Foreign non-marketable equity securities	3	2
Total	1,413	1,053
Less allowance for impairment losses	(800)	(791)
Net	613	262
Total investments, net	166,265	60,507

The Bank and its subsidiaries have dividend income from investments in equity instruments that are designated at fair value through other comprehensive income for the three-month and six-month periods ended 30 June 2020 in the amount of Baht 40 million and Baht 248 million, respectively (Bank only: Baht - million and Baht 29 million respectively).

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

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries had investments in entities in which the Bank and its subsidiaries hold 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associates. Those investments were summarised below.

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(in million Baht)			
Property development and construction	4	34	4	34
Public utilities and services	101	14	101	14
Mutual funds and financial services	200	46	198	46
Others	3	12	3	11
Total	308	106	306	105
Less allowance for expected credit loss (2019: allowance for impairment losses)	-	(41)	-	(41)
Investments, net	308	65	306	64

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. Investment in unit trusts is summarised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as other counterparties.

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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

As at 30 June 2020 and 31 December 2019, 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. Those investments, which measured either at fair value through profit or loss, or through other comprehensive income, in the statement of financial position as at 30 June 2020 and measured at fair value for available-for-sale debt securities or at cost net allowance for impairment losses for equity securities in the statement of financial position as at 31 December 2019 were summarised below.

	30 June 2020			Consolidated			31 December 2019
	No. of Com- panies	Cost value (in million Baht)	Fair value	No. of Com- panies	Cost value/ book value (in million Baht)	Fair value	Allowance for Impairment losses
- Listed companies under delisting conditions / defaulted debt securities	2	62	-	3	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	10	693	-	11	730	-	(730)
Total	12	755	-	14	792	-	(792)

	30 June 2020			Bank only			31 December 2019
	No. of Com- panies	Cost value (in million Baht)	Fair value	No. of Com- panies	Cost value/ book value (in million Baht)	Fair value	Allowance for Impairment losses
- Listed companies under delisting conditions / defaulted debt securities	2	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	10	693	-	11	730	-	(730)
Total	12	755	-	13	792	-	(792)

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

14.4 Revaluation surplus (deficit) on investment measured at FVOCI / available-for-sale investments

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

	Consolidated	Bank only
	<i>(in million Baht)</i>	
<i>Revaluation surplus on investments</i>		
Debt securities	404	320
Total	404	320
<i>Revaluation deficit on investments</i>		
Debt securities	5	(1)
Equity securities	(33)	-
Total	(28)	(1)
Total revaluation surplus on investments	376	319
Less deferred tax	(75)	(64)
Net	301	255

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

15 Investments in subsidiaries and associate, net

15.1 Detail of investments in subsidiaries and associate

Companies	Type of Business	Percentage of ownership interest		Paid-up capital		Equity		Consolidated Allowance for impairment losses		At Equity, net		Cost		Bank only Allowance for impairment losses		At cost, net		Dividend income for the six-month period ended	
		30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	30
		June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	June
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		(%)								(in million Baht)									
Direct subsidiaries																			
Phahonyothin Asset Management Co., Ltd.																			
Asset management business	100.00	100.00	25	25	-	-	-	-	-	-	-	25	25	-	-	25	25	-	-
Phayathai Asset Management Co., Ltd.*																			
Asset management business	100.00	100.00	1,070	1,070	-	-	-	-	-	-	-	649	649	(649)	(649)	-	-	-	-
Thanachart Bank PCL***																			
Commercial bank	99.98	99.98	60,649	60,649	-	-	-	-	-	-	-	167,930	167,840	-	-	167,930	167,840	20,249	-
Indirect subsidiary																			
Thanachart Broker Co., Ltd.																			
Insurance broker business	99.99	99.99	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associate																			
TMB Asset Management Co., Ltd.**																			
Fund management business	35.00	35.00	100	100	4,513	4,725	-	-	4,513	4,725	197	197	-	-	197	197	324	-	
Indirect associate																			
Thanachart Fund Management Co., Ltd.**																			
Fund management business	49.90	49.90	100	100	4,143	4,228	-	-	4,143	4,228	-	-	-	-	-	-	-	-	
Total					8,656	8,953	-	-	8,656	8,953	168,801	168,711	(649)	(649)	168,152	168,062	20,573	-	

* The Company registered the dissolution with the Ministry of Commerce on 26 December 2018 and currently on the liquidation process.

** The remaining investment in TMB Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd. are subject to call and put options in the future.

*** The Bank recorded interim dividend declared in March 2020 which was fully received in cash.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Sales of investment in subsidiaries

On 27 December 2019, Thanachart Bank Public Company Limited sold 25.1% of its interest in Thanachart Fund Management Co., Ltd., a subsidiary, reducing its ownership interest to 49.9% thereby ceased to be a subsidiary and became an associated company. No gain arose from the sale of investment because the investment in Thanachart Fund Management Co., Ltd. was recorded at fair value before the disposal. The remaining 49.9% investment in Thanachart Fund Management Co., Ltd. is subject to call and put options in the future.

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

Statement of cash flows Phahonyothin Assets Management Co., Ltd. Six-month periods ended 30 June		
	2020	2019
	<i>(in million Baht)</i>	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax	2	18
<i>Adjustments to reconcile profit from</i>		
<i>operations before income tax to net cash provided by</i>		
<i>(used in) operating activities</i>		
Reversal of impairment loss on loans and debt securities	-	(6)
Provisions for employee benefits and other liabilities	-	1
Net interest income	(5)	(19)
Interest received	5	19
Income tax paid	-	(5)
Profit from operations before changes		
in operating assets and liabilities	2	8
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	13	(25)
Loans to customers	-	17
<i>Decrease in operating liabilities</i>		
Other payables	(15)	-
Accrued expenses	-	(3)
Net cash used in operating activities	(15)	(3)
Net decrease in cash	-	(3)
Cash at 1 January	-	3
Cash at 30 June	-	-

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

16 Loans to customers and accrued interest receivables, net

16.1 Classified by loan type

	Consolidated	Bank only
	30 June 2020	
	<i>(in million Baht)</i>	
Overdrafts	107,811	94,372
Loans	676,188	419,704
Bills	188,617	159,675
Hire purchase receivables	407,648	-
Finance lease receivables	1,376	-
Others	217	47
Total loans to customers	1,381,857	673,798
Add accrued interest receivables and undue interest income	6,443	4,826
Total loans to customers and accrued interest receivables	1,388,300	678,624
Less allowances for expected credit loss	(44,375)	(25,373)
Total loans to customers and accrued interest receivables - net	1,343,925	653,251

	Consolidated	Bank only
	31 December 2019	
	<i>(in million Baht)</i>	
Overdrafts	120,989	105,734
Loans	696,534	427,841
Bills	167,466	138,035
Hire purchase receivables	472,204	-
Financial lease receivables	1,547	-
Others	222	51
Less deferred revenue	(66,737)	(58)
Loans to customers net of deferred revenue	1,392,225	671,603
Add accrued interest receivables	1,882	1,285
Total loans to customers net of deferred revenue and accrued interest receivables	1,394,107	672,888
Less allowance for doubtful accounts		
- Provision at BoT's minimum rates required	(27,025)	(13,625)
- Provision in excess of BoT's minimum rates required	(17,513)	(10,845)
Less revaluation allowance for debt restructuring	(939)	(939)
Loans to customers and accrued interest receivables, net	1,348,630	647,479

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

16.2 Classified by currency and residency of debtors

	Consolidated			Bank only		
	30 June 2020		31 December 2019	30 June 2020		31 December 2019
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,357,885	2,071	1,359,956	1,368,941	2,393	1,371,334
US Dollars	15,276	4,813	20,089	14,667	4,668	19,335
Other currencies	1,174	638	1,812	895	661	1,556
Total*	1,374,335	7,522	1,381,857	1,384,503	7,722	1,392,225

	Bank only			Bank only		
	30 June 2020		31 December 2019	30 June 2020		31 December 2019
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	657,926	2,071	659,997	655,969	2,393	658,362
US Dollars	12,330	334	12,664	12,062	295	12,357
Other currencies	1,136	1	1,137	854	30	884
Total*	671,392	2,406	673,798	668,885	2,718	671,603

* Loans to customers net of deferred revenue.

16.3 Classified by stage

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		Bank only	
	30 June 2020	1 January 2020	30 June 2020	1 January 2020
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables*				
Stage 1 (Performing)	1,217,868	1,206,914	600,827	586,391
Stage 2 (Under-performing)	130,327	147,250	57,343	68,186
Stage 3 (Non-performing)	40,105	39,478	20,454	18,187
Total	1,388,300	1,393,642	678,624	672,764

* Total loans to customers and accrued interest receivables in note 16.1

	Consolidated		Bank only	
	31 December 2019		31 December 2019	
	Loans to customers and accrued interest receivables	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required	Allowance for doubtful accounts ⁽²⁾
	<i>(in million Baht)</i>		<i>(%)</i>	<i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	1,297,716	1,020,132	1	10,103
Special mention	58,645	44,296	2	3,128
Sub-standard	7,658	4,073	100	3,294
Doubtful	6,769	3,420	100	2,458
Doubtful of loss	23,319	6,523	100	8,042
Total*	1,394,107	1,078,444		27,025
Provision in excess of BoT's minimum rates required				17,513 ⁽³⁾
Total				44,538

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only			
	31 December 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	628,768	566,437	1	6,082
Special mention	25,970	14,678	2	407
Sub-standard	2,795	1,431	100	1,579
Doubtful	1,575	497	100	563
Doubtful of loss	13,780	2,706	100	4,994
Total*	<u>672,888</u>	<u>585,749</u>		<u>13,625</u>
Provision in excess of BoT's minimum rates required				<u>10,845⁽³⁾</u>
Total				<u>24,470</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 31 December 2019, the Bank and its subsidiaries, this included provision of Baht 3,900 million (*Bank only: Baht 1,849 million*) provided for non-performing loans.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

16.4 Non-performing loans

NPLs per BoT's regulations refer to all loans classified as sub-standard, doubtful, doubtful of loss and loss loans under BoT's notification number Sor Nor Sor. 23/2561 and loans classified as non-performing under TFRS 9.

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	30 June 2020 Thanachart Bank Public Company Limited	Elimination	Consolidated
Net NPLs (principal net of allowance for expected credit loss)					
NPLs after allowance for expected credit loss on NPLs (<i>in million Baht</i>)	10,999	7	11,166	-	22,172
Total loans after allowance for expected credit loss on NPLs (<i>in million Baht</i>)	880,526	7	783,962	(25,927)	1,638,568
Percentage of net NPLs (%)	1.25	100.00	1.42		1.35
NPLs (principal)					
NPLs (<i>in million Baht</i>)	19,680	29	19,096	-	38,805
Total loans (<i>in million Baht</i>)	889,207	29	791,892	(25,927)	1,655,201
Percentage of NPLs (%)	2.21	100.00	2.41		2.34
	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	31 December 2019 Thanachart Bank Public Company Limited	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)					
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	9,161	7	10,880	-	20,048
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	768,797	7	854,171	(32,806)	1,590,169
Percentage of net NPLs (%)	1.19	100.00	1.27		1.26
NPLs (principal)					
NPLs (<i>in million Baht</i>)	18,150	29	19,567	-	37,746
Total loans (<i>in million Baht</i>)	777,786	29	862,859	(32,806)	1,607,868
Percentage of NPLs (%)	2.33	100.00	2.27		2.35

For the six-month periods ended 30 June 2020 and 2019, the Bank and its subsidiaries sold non-performing loans, with principal totalling approximately Baht 7,200 million and Baht 2,400 million, respectively, to Asset Management Company. The selling price in excess of the carrying amount of those non-performing loans was presented as a deduction from "Expected credit loss" and "Impairment loss on loans and debt securities" in the statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2020 and 2019, respectively.

As at 31 December 2019, the Bank and its subsidiaries had loans to customers, amounting to Baht 76,163 million (Bank only: Baht 51,281 million) on which it ceased recognition of interest income on an accrual basis.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

16.5 Modified loans to customers and trouble debt restructuring

During the six-month period ended 30 June 2020, the Bank and its subsidiaries have loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

	Consolidated 30 June 2020	Bank only 30 June 2020
	<i>(in million Baht)</i>	

Loans to customers modified during the period (*)

Amortised cost before modification	9,036	3,961
Net modification loss	138	115

(*) This excluded loans to customers modified under relief program as mentioned in note 5.

There is no modification gain (loss) on these groups of customers.

	Consolidated 30 June 2020	Bank only 30 June 2020
	<i>(in million Baht)</i>	

Loans to customers modified since initial recognition

Gross carrying amount of loans to customers previously modified
for which loss allowance has changed during the period to an amount
equal to 12-month ECL from lifetime

380 -

During the six-month periods ended 30 June 2019, the Bank and its subsidiaries 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:

Type of restructuring	Number of debtors	Consolidated and Bank only			Asset acquired Type Fair value (in million Baht)
		Six-month period ended 30 June 2019			
		Before restructuring (in million Baht)	After restructuring		
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		

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

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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

	Consolidated 31 December 2019		Bank only 31 December 2019	
	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)
Troubled debt restructuring debtors	14,292	22,237	8,797	13,529

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

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowance for expected credit loss or allowances for doubtful accounts as follows:

	Consolidated							
	30 June 2020			Number of debtors	31 December 2019			Number of debtors
	Loans and accrued interest receivables	Collateral (in million Baht)	Allowance for expected credit loss		Loans and accrued interest receivables	Collateral (in million Baht)	Allowance for doubtful accounts	
Listed companies under delisting conditions in SET	2	197	-	172	2	197	-	2

	Bank only							
	30 June 2020			Number of debtors	31 December 2019			Number of debtors
	Loans and accrued interest receivables	Collateral (in million Baht)	Allowance for expected credit loss		Loans and accrued interest receivables	Collateral (in million Baht)	Allowance for doubtful accounts	
Listed companies under delisting conditions in SET	1	3	-	1	1	3	-	-

16.7 Hire purchase and finance lease receivables

	Consolidated 30 June 2020			
	Portion due within one year	Portion due after one year but within five years (in million Baht)	Portion due after five years	Total
Hire purchase receivables	111,877	317,897	41,892	471,666
Finance lease receivables	473	1,010	-	1,483
Total gross investment under hire purchase contracts	112,350	318,907	41,892	473,149
Less unearned interest income	(18,428)	(43,387)	(2,310)	(64,125)
Present value of minimum lease payment receivables	93,922	275,520	39,582	409,024
Less allowance for expected credit loss				(9,738)
Lease receivables, net				399,286

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated 31 December 2019			
	Portion due within one year	Portion due after one year but within five years	Portion due after five years	Total
	<i>(in million Baht)</i>			
Hire purchase receivables	120,574	312,489	39,141	472,204
Finance lease receivables	488	1,035	24	1,547
Total gross investment under hire purchase contracts	121,062	313,524	39,165	473,751
Less unearned interest income	(23,171)	(41,420)	(2,088)	(66,679)
Present value of minimum lease payment receivables	97,891	272,104	37,077	407,072
Less allowance for doubtful accounts				(10,189)
Lease receivables, net				396,883

17 Allowance for expected credit loss and doubtful accounts

The movement in the allowance for expected credit loss during the period were as follows:

	Consolidated For the six-month period ended 30 June 2020			
	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
	<i>(in million Baht)</i>			
Interbank and money market items				
Beginning balance - adjusted (<i>see note 3</i>)	64	-	-	64
Changes from remeasurement of ECL	39	6	-	45
Originated	74	-	-	74
Derecognition	(37)	-	-	(37)
Ending balance	140	6	-	146
Investments				
Beginning balance - adjusted (<i>see note 3</i>)	61	-	50	111
Changes from stage reclassification	(9)	8	1,632	1,631
Changes from remeasurement of ECL	4	-	-	4
Purchased or acquired	76	-	-	76
Derecognition	(26)	-	-	(26)
Ending balance	106	8	1,682	1,796
Loans to customers and accrued interest				
Beginning balance - adjusted (<i>see note 3</i>)	9,199	19,047	16,177	44,423
Changes from stage reclassification	(876)	(2,321)	6,784	3,587
Changes from remeasurement of ECL	921	475	2,166	3,562
Originated	845	218	86	1,149
Derecognition	(239)	(282)	(2,093)	(2,614)
Write-off	-	-	(5,732)	(5,732)
Ending balance	9,850	17,137	17,388	44,375

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only			
	For the six-month period ended 30 June 2020			
	12-month ECL	Lifetime ECL, not credit impaired (in million Baht)	Lifetime ECL, credit impaired	Total
Interbank and money market items				
Beginning balance - adjusted (<i>see note 3</i>)	38	-	-	38
Changes from remeasurement of ECL	7	-	-	7
Originated	34	-	-	34
Derecognition	(14)	-	-	(14)
Ending balance	65	-	-	65
Investments				
Beginning balance - adjusted (<i>see note 3</i>)	23	-	50	73
Changes from remeasurement of ECL	2	-	-	2
Purchased or acquired	65	-	-	65
Derecognition	(12)	-	-	(12)
Ending balance	78	-	50	128
Loans to customers and accrued interest				
Beginning balance - adjusted (<i>see note 3</i>)	3,544	13,562	7,535	24,641
Changes from stage reclassification	226	(2,477)	4,059	1,808
Changes from remeasurement of ECL	677	361	922	1,960
Originated	255	11	4	270
Derecognition	(122)	(100)	(1,664)	(1,886)
Write-off	-	-	(1,420)	(1,420)
Ending balance	4,580	11,357	9,436	25,373

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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

Consolidated							
31 December 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
Acquisition through business combination	3,964	2,781	1,745	1,924	3,435	5,961	19,810
Allowance for doubtful accounts	(3)	(72)	314	(531)	12,151	(1,848)	10,011
Bad debt recovery	-	-	-	-	1,107	-	1,107
Bad debt written-off	-	-	-	-	(15,564)	-	(15,564)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(2,802)	-	(2,802)
Ending balance	10,103	3,128	3,294	2,458	8,042	17,513	44,538

Bank only							
31 December 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	(60)	(12)	344	(502)	11,431	(2,555)	8,646
Bad debt recovery	-	-	-	-	1,045	-	1,045
Bad debt written-off	-	-	-	-	(14,366)	-	(14,366)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(2,802)	-	(2,802)
Ending balance	6,082	407	1,579	563	4,994	10,845	24,470

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

18 Properties for sale, net

As at 30 June 2020 and 31 December 2019, changes to the properties for sale, net were as follows:

Consolidated 30 June 2020					
Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance	
(in million Baht)					
Assets foreclosed in settlement of debts					
- Immovable assets	3,562	-	161	(153)	3,570
- Movable assets	777	-	3,244	(3,792)	229
Assets for sales	820	-	666	(88)	1,398
Total	5,159	-	4,071	(4,033)	5,197
Less allowance for impairment losses	(349)	-	(606)	701	(254)
Net	4,810	-	3,465	(3,332)	4,943

Consolidated					
31 December 2019					
	Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>				
Assets foreclosed in settlement of debts					
- Immovable assets	2,306	1,147	329	(220)	3,562
- Movable assets	-	848	691	(762)	777
Assets for sales	458	327	199	(164)	820
Total	2,764	2,322	1,219	(1,146)	5,159
Less allowance for impairment losses	(150)	(211)	(148)	160	(349)
Net	2,614	2,111	1,071	(986)	4,810

Bank only					
30 June 2020					
Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance	
(in million Baht)					
Assets foreclosed in settlement of debts					
- Immovable assets	2,378	-	65	(89)	2,354
Assets for sales	494	-	341	(65)	770
Total	2,872	-	406	(154)	3,124
Less allowance for impairment losses	(134)	-	(15)	6	(143)
Net	2,738	-	391	(148)	2,981

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Bank only					
31 December 2019					
	Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>				
Assets foreclosed in settlement of debts					
- Immovable assets	2,306	-	287	(215)	2,378
Assets for sales	458	-	200	(164)	494
Total	2,764	-	487	(379)	2,872
Less allowance for impairment losses	(150)	-	(11)	27	(134)
Net	2,614	-	476	(352)	2,738

As at 30 June 2020 and 31 December 2019, 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 2020 and 31 December 2019 as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
Immovable assets				
- Appraised by external appraisers	3,503	3,554	2,287	2,371
- Appraised by internal appraisers	67	8	67	7
Total	3,570	3,562	2,354	2,378

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

19 Premises and equipment, net

As at 30 June 2020 and 31 December 2019, changes in premises and equipment were as follows:

	Cost						Consolidated 30 June 2020 Accumulated depreciation				Allowance for impairment losses				Net book value as at 30 June 2020
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation (in million Baht)	Ending balance	Beginning balance	Reversal of (loss on) impairment during the period	Disposals/ written-off/ transfers out	Ending balance	
Land															
- Cost	5,766	5,928	-	-	(246)	5,682	-	-	-	-	(162)	-	5	(157)	5,525
- Incremental revaluation*	7,835	7,835	-	-	(329)	7,506	-	-	-	-	-	-	-	-	7,506
Building under construction	172	172	-	140	(248)	64	-	-	-	-	-	-	-	-	64
Building															
- Cost	3,119	6,517	-	263	(183)	6,597	(3,396)	(145)	114	(3,427)	(2)	(1)	3	-	3,170
- Incremental revaluation*	3,523	7,047	-	-	(292)	6,755	(3,524)	(144)	183	(3,485)	-	-	-	-	3,270
Right-of-use assets															
Premise	-	-	1,326	245	(37)	1,534	-	(419)	37	(382)	-	-	-	-	1,152
Leasehold improvements	307	1,373	-	17	(59)	1,331	(1,066)	(50)	59	(1,057)	-	-	-	-	274
Equipment under construction and installation	228	228	-	167	(191)	204	-	-	-	-	-	-	-	-	204
Equipment	2,692	7,735	-	167	(1,372)	6,530	(5,043)	(524)	1,385	(4,182)	-	-	-	-	2,348
Right-of-use assets equipment	-	-	1,819	26	(19)	1,826	-	(393)	2	(391)	-	-	-	-	1,435
Total	23,642	36,835	3,145	1,025	(2,976)	38,029	(13,029)	(1,675)	1,780	(12,924)	(164)	(1)	8	(157)	24,948

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated 31 December 2019														
	Cost						Accumulated depreciation				Allowance for impairment losses				
	Net book value as at 1 January 2019	Beginning balance	Acquisition through business combination	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	Net book value as at 31 December 2019
	(in million Baht)														
Land															
- Cost	1,834	2,058	3,894	-	(24)	5,928	-	-	-	-	(224)	62	-	(162)	5,766
- Incremental revaluation*	4,079	4,079	3,070	820	(134)	7,835	-	-	-	-	-	-	-	-	7,835
Building under construction	60	60	-	405	(293)	172	-	-	-	-	-	-	-	-	172
Building															
- Cost	1,949	5,234	1,082	304	(103)	6,517	(3,244)	(203)	51	(3,396)	(41)	9	30	(2)	3,119
- Incremental revaluation*	1,757	3,586	1,385	2,281	(205)	7,047	(1,829)	(119)	(1,576)	(3,524)	-	-	-	-	3,523
Leasehold improvements	367	1,362	-	54	(43)	1,373	(995)	(111)	40	(1,066)	-	(3)	3	-	307
Equipment under construction and installation	382	382	35	676	(865)	228	-	-	-	-	-	-	-	-	228
Equipment	1,448	6,203	936	918	(322)	7,735	(4,755)	(620)	332	(5,043)	-	-	-	-	2,692
Total	11,876	22,964	10,402	5,458	(1,989)	36,835	(10,823)	(1,053)	(1,153)	(13,029)	(265)	68	33	(164)	23,642

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

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 30 June 2020 amounted to Baht 6,632 million (31 December 2019: Baht 3,857 million).

Depreciation presented in the consolidated profit or loss for the six-month periods ended 30 June 2020 and 2019 amounted to Baht 1,675 million and Baht 443 million, respectively.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only 30 June 2020														
	Cost						Accumulated depreciation				Allowance for impairment losses				
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	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	Net book value as at 30 June 2020
	(in million Baht)														
Land															
- Cost	1,872	2,034	-	-	(116)	1,918	-	-	-	-	(162)	-	4	(158)	1,760
- Incremental revaluation*	4,765	4,765	-	-	(207)	4,558	-	-	-	-	-	-	-	-	4,558
Building under construction	172	172	-	140	(248)	64	-	-	-	-	-	-	-	-	64
Building															
- Cost	2,045	5,435	-	263	(147)	5,551	(3,388)	(101)	110	(3,379)	(2)	(1)	1	(2)	2,170
- Incremental revaluation*	2,155	5,662	-	-	(249)	5,413	(3,507)	(56)	183	(3,380)	-	-	-	-	2,033
Right-of-use assets															
- premise	-	-	674	102	(8)	768	-	(177)	8	(169)	-	-	-	-	599
Leasehold improvements	307	1,373	-	17	(59)	1,331	(1,066)	(51)	58	(1,059)	-	(1)	1	-	272
Equipment under construction and installation	194	194	-	147	(169)	172	-	-	-	-	-	-	-	-	172
Equipment	1,602	6,645	-	140	(1,210)	5,575	(5,043)	(276)	1,207	(4,112)	-	-	-	-	1,463
Right-of-use assets															
- equipment	4	13	457	26	(1)	495	(10)	(110)	1	(119)	-	-	-	-	376
Total	13,116	26,293	1,131	835	(2,414)	25,845	(13,014)	(771)	1,567	(12,218)	(164)	(2)	6	(160)	13,467

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Cost					Bank only 31 December 2019 Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 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 year	Disposals/ written-off/ transfers out	Ending balance	
							(in million Baht)							
Land														
- Cost	1,834	2,058	-	(24)	2,034	-	-	-	-	(224)	62	-	(162)	1,872
- Incremental revaluation*	4,079	4,079	820	(134)	4,765	-	-	-	-	-	-	-	-	4,765
Building under construction	60	60	405	(293)	172	-	-	-	-	-	-	-	-	172
Building														
- Cost	1,949	5,234	304	(103)	5,435	(3,244)	(195)	51	(3,388)	(41)	9	30	(2)	2,045
- Incremental revaluation*	1,757	3,586	2,281	(205)	5,662	(1,829)	(102)	(1,576)	(3,507)	-	-	-	-	2,155
Leasehold improvements	367	1,362	54	(43)	1,373	(995)	(111)	40	(1,066)	-	(3)	3	-	307
Equipment under construction and installation	382	382	653	(841)	194	-	-	-	-	-	-	-	-	194
Equipment	1,448	6,202	747	(291)	6,658	(4,754)	(576)	278	(5,052)	-	-	-	-	1,606
Total	11,876	22,963	5,264	(1,934)	26,293	(10,822)	(984)	(1,207)	(13,013)	(265)	68	33	(164)	13,116

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

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 30 June 2020 amounted to Baht 2,776 million (31 December 2019: Baht 3,850 million).

Depreciation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2020 and 2019 amounted to Baht 771 million and Baht 443 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. Bank of Thailand has approved the incremental revaluation amount to be included as part of Common Equity Tier 1 Capital in October 2019.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

20 Goodwill and other intangible assets, net

As at 30 June 2020 and 31 December 2019, changes in goodwill and other intangible assets were as follows:

								Consolidated 30 June 2020					
				Cost				Accumulated amortisation					
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Acquisition through business combination	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 2020
	(in million Baht)												
Goodwill	14,015	14,015	-	90	-	-	-	14,105	-	-	-	-	14,105
Computer software	3,541	8,910	-	-	87	147	385	9,529	(5,369)	(584)	30	(5,923)	3,606
Computer software under development	843	843	-	-	434	(152)	(373)	752	-	-	-	-	752
Right-of-use assets - software	-	-	112	-	-	-	-	112	-	(30)	-	(30)	82
Other intangible assets	3,964	3,964	-	-	-	-	-	3,964	-	(141)	-	(141)	3,823
Total	22,363	27,732	112	90	521	(5)	12	28,462	(5,369)	(755)	30	(6,094)	22,368

TMB Bank Public Company Limited and its subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2020

For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated 31 December 2019											
	Net book value as at 1 January 2019	Beginning balance	Acquisition through business combination	Additions	Cost Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning balance	Accumulated amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2019
Goodwill	-	-	14,015	-	-	-	14,015	-	-	-	-	14,015
Computer software	2,171	6,881	1,045	105	(42)	921	8,910	(4,710)	(687)	28	(5,369)	3,541
Computer software under development	421	421	238	1,068	-	(884)	843	-	-	-	-	843
Other intangible assets	-	-	3,964	-	-	-	3,964	-	-	-	-	3,964
Total	2,592	7,302	19,262	1,173	(42)	37	27,732	(4,710)	(687)	28	(5,369)	22,363

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2020 amounted to Baht 4,497 million (31 December 2019: Baht 3,714 million).

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2020 and 2019 amounted to Baht 665 million and Baht 320 million, respectively.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only 30 June 2020											Net book value as at 30 June 2020
	Net book value as at 1 January 2020	Beginning balance	Impact of changes in accounting policies	Additions	Cost Written-off	Transfers in/ (out) (in million Baht)	Ending balance	Beginning balance	Amortisation during the period	Accumulated amortisation on transfer out	Ending balance	
Computer software	2,511	7,845	-	-	-	385	8,230	(5,334)	(390)	-	(5,724)	2,506
Computer software under development	490	490	-	436	-	(373)	553	-	-	-	-	553
Right-of-use assets - software	-	-	112	-	-	-	112	-	(31)	-	(31)	81
Total	3,001	8,335	112	436	-	12	8,895	(5,334)	(421)	-	(5,755)	3,140

	Bank only 31 December 2019										Net book value as at 31 December 2019
	Net book value as at 1 January 2019	Beginning balance	Additions	Cost Written-off	Transfers in/ (out) (in million Baht)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
Computer software	2,171	6,876	90	(42)	921	7,845	(4,705)	(657)	28	(5,334)	2,511
Computer software under development	421	421	953	-	(884)	490	-	-	-	-	490
Total	2,592	7,297	1,043	(42)	37	8,335	(4,705)	(657)	28	(5,334)	3,001

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 30 June 2020 amounted to Baht 3,935 million (31 December 2019: Baht 3,704 million).

Amortisation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2020 and 2019 amounted to Baht 421 million and Baht 320 million, respectively.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

21 Deferred tax and income tax

21.1 Deferred tax

Deferred tax assets and liabilities presented net by entity were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Deferred tax assets	1,825	1,496	2,660	2,332
Deferred tax liabilities	4,061	4,730	-	-
Net	(2,236)	(3,234)	2,660	2,332

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2020 and 2019 were as follows:

		Consolidated (Charged) / Credited to:			At 30 June 2020
	At 1 January 2020*	Profit or loss (note 21.2) (in million Baht)	Other comprehensive income	Others	
Deferred tax assets					
Interbank and money market items	50	(3)	-	-	47
Financial assets measured at fair value through profit or loss	137	3	-	-	140
Investments	156	344	28	-	528
Loans to customers and accrued interest receivables	3,024	98	-	(489)	2,633
Properties for sale	86	(18)	-	-	68
Premises and equipment	42	(7)	-	-	35
Provisions for employee benefits	1,030	(165)	16	-	881
Provisions for other liabilities	602	8	-	-	610
Deferred revenue and other liabilities	1,220	(107)	-	-	1,113
Others	411	(81)	3	5	338
Total	6,758	72	47	(484)	6,393
Deferred tax liabilities					
Financial assets measured at fair value through profit or loss	33	1	-	-	34
Investments	1,898	(18)	(29)	-	1,851
Properties for sale	1	7	-	-	8
Premises and equipment	3,581	(70)	(18)	-	3,493
Others	3,540	(306)	9	-	3,243
Total	9,053	(386)	(38)	-	8,629
Net	(2,295)	458	85	(484)	(2,236)

* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 lease (Note 3).

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

		Consolidated		
	At	(Charged) / Credited to:		At
	1 January	Profit or loss	Other comprehensive income	30 June
	2019	(note 21.2)		2019
		(in million Baht)		
<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	(3)	-	123
Deferred revenue and other liabilities	295	(125)	-	170
Others	381	70	-	451
Total	2,489	612	(24)	3,077
<i>Deferred tax liabilities</i>				
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

		Bank only			
		(Charged) / Credited to:			
	At 1 January 2020*	Profit or loss	Other comprehensive income (note 21.2) (in million Baht)	Others	At 30 June 2020
Deferred tax assets					
Interbank and money market items	3	3	-	-	6
Financial assets measured at fair value					
through profit or loss	137	3	-	-	140
Investments	134	11	-	-	145
Loans to customers and accrued					
interest receivables	2,911	(10)	-	(489)	2,412
Properties for sale	43	3	-	-	46
Premises and equipment	33	(1)	-	-	32
Provisions for employee benefits	346	(13)	7	-	340
Provisions for other liabilities	285	16	-	-	301
Deferred revenue and other liabilities	753	(94)	-	-	659
Others	170	17	3	-	190
Total	4,815	(65)	10	(489)	4,271

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

		Bank only (Charged) / Credited to:			
	At 1 January 2020*	Profit or loss	Other comprehensive income (note 21.2) (in million Baht)	Others	At 30 June 2020
Deferred tax liabilities					
Financial assets measured at fair value					
through profit or loss	1	-	-	-	1
Investments	112	-	30	-	142
Premises and equipment	1,451	(20)	(18)	-	1,413
Others	35	20	-	-	55
Total	1,599	-	12	-	1,611
Net	3,216	(65)	(2)	(489)	2,660

* The balance at 1 January 2020 includes the effect of initially applying TFRS - Financial instruments standards and TFRS 16 lease (Note 3).

		Bank only (Charged) / Credited to:		
	At 1 January 2019	Profit or loss (note 21.2) (in million Baht)	Other comprehensive income	At 30 June 2019
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	(4)	-	122
Deferred revenue and other liabilities	295	(125)	-	170
Others	381	70	-	451
Total	2,489	611	(24)	3,076
Deferred tax liabilities				
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

As at 30 June 2020 and 31 December 2019, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totaling Baht 649 million, for which deferred tax assets have been recognised because certain recognition criteria were met.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

21.2 Income tax

Income tax recognised in profit or loss

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Current tax expense				
Current period	1,358	715	367	712
Over provided in prior years	(7)	(2)	(7)	(2)
	<u>1,351</u>	<u>713</u>	<u>360</u>	<u>710</u>
Deferred tax expense				
Movements in temporary differences	(627)	(439)	(264)	(438)
	<u>(627)</u>	<u>(439)</u>	<u>(264)</u>	<u>(438)</u>
Total	<u>724</u>	<u>274</u>	<u>96</u>	<u>272</u>

<i>Six-month periods ended 30 June</i>	<i>Note</i>	Consolidated		Bank only	
		2020	2019	2020	2019
		<i>(in million Baht)</i>			
Current tax expense					
Current period		2,130	1,251	367	1,247
Over provided in prior years		(7)	(2)	(7)	(2)
		<u>2,123</u>	<u>1,249</u>	<u>360</u>	<u>1,245</u>
Deferred tax expense					
Movements in temporary differences	21.1	(458)	(614)	65	(613)
		<u>(458)</u>	<u>(614)</u>	<u>65</u>	<u>(613)</u>
Total		<u>1,665</u>	<u>635</u>	<u>425</u>	<u>632</u>

Income tax recognised in other comprehensive income

<i>Three-month periods ended 30 June</i>	Consolidated					
	Before tax	2020 Tax (expense) benefit	Net of tax	Before tax	2019 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(252)	50	(202)	83	(17)	66
Premises and equipment	(85)	17	(68)	1,361	(272)	1,089
Provisions for employee benefits	(80)	16	(64)	72	(15)	57
Others	15	(3)	12	(21)	5	(16)
Total	<u>(402)</u>	<u>80</u>	<u>(322)</u>	<u>1,495</u>	<u>(299)</u>	<u>1,196</u>

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

<i>Three-month periods ended 30 June</i>	Bank only					
	Before tax	2020 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2019 Tax (expense) benefit	Net of tax
Investments	72	(14)	58	83	(17)	66
Premises and equipment	(85)	17	(68)	1,361	(272)	1,089
Provisions for employee benefits	(33)	7	(26)	72	(15)	57
Others	(51)	10	(41)	(21)	5	(16)
Total	(97)	20	(77)	1,495	(299)	1,196

<i>Six-month periods ended 30 June</i>	Consolidated					
	Before tax	2020 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2019 Tax (expense) benefit	Net of tax
Investments	(284)	57	(227)	143	(29)	114
Premises and equipment	(90)	18	(72)	1,356	(271)	1,085
Provisions for employee benefits	(80)	16	(64)	72	(15)	57
Others	30	(6)	24	(31)	7	(24)
Total	(424)	85	(339)	1,540	(308)	1,232

<i>Six-month periods ended 30 June</i>	Bank only					
	Before tax	2020 Tax (expense) benefit	Net of tax (in million Baht)	Before tax	2019 Tax (expense) benefit	Net of tax
Investments	152	(30)	122	143	(29)	114
Premises and equipment	(90)	18	(72)	1,356	(271)	1,085
Provisions for employee benefits	(33)	7	(26)	72	(15)	57
Others	(16)	3	(13)	(31)	7	(24)
Total	13	(2)	11	1,540	(308)	1,232

Reconciliation of effective tax rate

<i>Three-month periods ended 30 June</i>	Consolidated			
	2020 Rate (%)	(in million Baht)	2019 Rate (%)	(in million Baht)
Profit before income tax		3,820		2,192
Income tax using the Thai corporation tax rate	20	764	20	438
Deferred tax income which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	-	(11)	(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)	(22)	(1)	(30)
Over provided in prior periods	-	(7)	-	(2)
Total	19	724	13	274

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

<i>Three-month periods ended 30 June</i>	Bank only			
	2020		2019	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		880		2,105
Income tax using the Thai corporation tax rate	20	175	20	421
Deferred tax income 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	(8)	(72)	(1)	(15)
Over provided in prior periods	(1)	(7)	-	(2)
Total	11	96	13	272

<i>Six-month periods ended 30 June</i>	Consolidated			
	2020		2019	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		8,925		4,132
Income tax using the Thai corporation tax rate	20	1,785	20	826
Deferred tax income which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	(1)	(118)	(4)	(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	-	4	(1)	(57)
Over provided in prior periods	-	(7)	-	(2)
Total	19	1,665	15	635

<i>Six-month periods ended 30 June</i>	Bank only			
	2020		2019	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		22,868		3,979
Income tax using the Thai corporation tax rate	20	4,573	20	796
Deferred tax income 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	-	1	-	12
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(18)	(4,142)	(1)	(30)
Over provided in prior periods	-	(7)	-	(2)
Total	2	425	16	632

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

22 Other receivables, net

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Receivables from Legal Execution Department	612	650	581	618
Receivables from purchase and sale of securities	-	2,254	-	146
Other receivables	1,586	2,425	1,044	1,236
Total	2,198	5,329	1,625	2,000
Less allowance for expected credit loss / allowance for impairment losses	(440)	(360)	(440)	(360)
Net	1,758	4,969	1,185	1,640

23 Other assets, net

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Accrued income	5,136	1,359	4,978	646
Collateral on derivative transactions	1,655	619	1,234	444
Suspense account - debtors	578	1,106	350	704
Prepaid expenses	1,278	792	1,123	701
VAT refundable	-	402	-	2
Others	2,456	2,870	1,229	1,898
Total	11,103	7,148	8,914	4,395
Less allowance for expected credit loss / allowance for impairment losses	(462)	(649)	(239)	(329)
Net	10,641	6,499	8,675	4,066

24 Deposits

24.1 Classified by type of deposits

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Current	78,326	76,095	65,955	64,055
Savings	1,066,874	903,198	652,933	536,873
Term	297,477	418,905	61,290	62,717
Total	1,442,677	1,398,198	780,178	663,645
Less prepaid interest expenses	(81)	(86)	(81)	(86)
Total	1,442,596	1,398,112	780,097	663,559

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

24.2 Classified by currency and residency of depositors

	Consolidated					
	30 June 2020		Total (in million Baht)	31 December 2019		Total
	Domestic	Foreign		Domestic	Foreign	
Thai Baht	1,428,991	6,332	1,435,323	1,382,912	5,694	1,388,606
US Dollar	5,491	1,336	6,827	7,847	1,122	8,969
Other currencies	433	13	446	520	17	537
Total	<u>1,434,915</u>	<u>7,681</u>	<u>1,442,596</u>	<u>1,391,279</u>	<u>6,833</u>	<u>1,398,112</u>

	Bank only					
	30 June 2020		Total (in million Baht)	31 December 2019		Total
	Domestic	Foreign		Domestic	Foreign	
Thai Baht	767,217	6,329	773,546	649,040	5,691	654,731
US Dollar	4,889	1,316	6,205	7,313	1,101	8,414
Other currencies	335	11	346	399	15	414
Total	<u>772,441</u>	<u>7,656</u>	<u>780,097</u>	<u>656,752</u>	<u>6,807</u>	<u>663,559</u>

25 Interbank and money market items (liabilities)

Interbank and money market (liabilities) as at 30 June 2020 were as follows:

	Consolidated	Bank only
	<i>(in million Baht)</i>	
Domestic items		
Bank of Thailand and Financial Institutions Development Fund	10,087	8,868
Commercial banks	21,931	21,678
Specialised financial institutions	14,754	12,333
Other financial institutions	35,138	7,609
Total domestic items	<u>81,910</u>	<u>50,488</u>
Foreign items		
US Dollar	443	239
Other currencies	1,575	453
Total foreign items	<u>2,018</u>	<u>692</u>
Total domestic and foreign items	<u>83,928</u>	<u>51,180</u>

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Interbank and money market (liabilities) as at 31 December 2019 were as follows:

	At call	Consolidated Term	Total (in million Baht)	At call	Bank only Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	410	-	410	-	-	-
Commercial banks	519	25,200	25,719	381	58,006	58,387
Specialised financial institutions	32	10,003	10,035	24	7,412	7,436
Other financial institutions	37,638	9,187	46,825	6,372	54	6,426
Total domestic	38,599	44,390	82,989	6,777	65,472	72,249
Foreign						
US Dollar	233	1,809	2,042	114	-	114
Other currencies	1,057	538	1,595	388	-	388
Total foreign	1,290	2,347	3,637	502	-	502
Total domestic and foreign	39,889	46,737	86,626	7,279	65,472	72,751

26 Financial liabilities designated at fair value through profit or loss

	Consolidated and Bank only	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Debt issued	430	418
Total	430	418

In case that the entity presents changes in all risks in profit or loss, disclose the following details:

	Consolidated and Bank only	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Changes in fair value during the period / year	(12)	(10)

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

27 Debts issued and borrowings

Consolidated								
	Interest rates as at 30 June 2020 (%)	Maturities	30 June 2020			31 December 2019		
			Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	12,486	47,916	42,488	12,062	54,550
Senior debentures	3.108, 6mLibor+1.47 and 0.10-0.85	2020 - 2025	-	45,149	45,149	24,419	29,770	54,189
Bills of exchange ⁽³⁾ and promissory notes	2.15 and 0.05-2.50	At call and 2012	10	-	10	10	-	10
Other borrowings	0.00-0.75	2020 - 2031	29	67	96	18	68	86
Total			35,469	57,702	93,171	66,935	41,900	108,835

Bank only								
	Interest rates as at 30 June 2020 (%)	Maturities	30 June 2020			31 December 2019		
			Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
Subordinated debentures ⁽¹⁾	3.50, 4.00 and 4.90	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	12,486	47,916	35,430	12,062	47,492
Senior debentures	3.108, 6mLibor+1.47 and 0.10-0.85	2020 - 2025	-	45,149	45,149	-	29,770	29,770
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	5	-	5
Other borrowings	0.00-0.75	2020 - 2031	29	67	96	18	68	86
Total			35,464	57,702	93,166	35,453	41,900	77,353

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 9)

⁽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.

27.1 Subordinated debentures

27.1.1 On 11 May 2015, Thanachart Bank Public Company Limited (TBANK) issued the Subordinated Debenture No.1/2015 to be counted as Tier 2 capital, amounting to Baht 7,000 million, which has a 10-year 6 month maturity period and carries a fixed interest rate of 4.65% per annum, payable quarterly in February, May, August and November of every year. TBANK can early redeem the Subordinated Debenture No.1/2015 after 5 years from the issue date or according to certain specified conditions. TBANK has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture. The Subordinated Debenture are name-registered, unsecured instruments with no instrument holder's representative. The Subordinated Debenture will be fully converted to ordinary shares of TBANK in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. TBANK has a call option to early redeem these instruments at par if the conditions specified are met.

On 11 May 2020, Thanachart Bank Public Company Limited early redeemed its entire Subordinated Debenture No.1/2558, amounting to Baht 7,000 million. Such early redemption has already been approved by the Bank of Thailand.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

- 27.1.2 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.
- 27.1.3 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.
- 27.1.4 On 2 December 2019, the Bank issued the Perpetual Additional Tier 1 Capital Securities amounting to USD 400 million, which has no expiration date and carries a fixed interest rate of 4.90% per annum, payable semi-annually in June and December of every year. The Bank can early redeem the Perpetual Additional Tier 1 Capital Securities 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 proceeding an early redemption. The Securities have been issued under the Bank's Euro Medium Term Note Programme.

27.2 Senior debentures

- 27.2.1 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.
- On 7 October 2019, the Bank bought back these debentures from investors amounting to USD 50 million. Remaining balance is USD 250 million.
- 27.2.2 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.
- 27.2.3 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.
- 27.2.4 During 11 - 13 November 2019, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 525 million, with 1 - 5 years maturity and carrying a fixed interest rate of 0.10% - 0.85% per annum, payable semi-annually in May and November of every year.
- 27.2.5 During 24 - 25 March 2020, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 420 million, with a 1-year maturity and carrying a fixed interest rate of 0.25% per annum, payable semi-annually in March and September of every year.
- 27.2.6 During the year 2019, Thanachart Bank Public Company Limited issued discount short term senior debentures, name-registered, unsecured instruments which carry interest rate of 1.90% - 1.96% per annum, with maturity of less than 1 year total amounting to Baht 24,419 million. Such senior debentures were entirely redeemed during the period due to maturity.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

27.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 30 June 2020 and 31 December 2019 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only		31 December 2019	
		30 June 2020	Baht equivalent	Outstanding balances	Baht equivalent
		Outstanding balances	(in million Baht)		(in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 29 million	29	Baht 18 million	18
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	67	EUR 2 million	68
Total			96		86

28 Provisions for employee benefits

28.1 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 3 - 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 2020 and 2019, the Bank and its subsidiaries contributed Baht 395 million and Baht 197 million, respectively, to the funds (Bank only: Baht 227 million and Baht 197 million, respectively).

28.2 Defined benefit plans

28.2.1 Detail of defined benefit plans

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(in million Baht)		
Post-employment benefit plans	4,899	5,142	2,191	1,720
Other long-term employee benefit plans	9	8	8	8
Total	4,908	5,150	2,199	1,728

28.2.2 Movement in post-employment benefit obligations

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(in million Baht)		
Beginning balance	5,142	1,212	1,720	1,211
Acquisition through business combination	-	3,347	-	-
Employee benefits obligations transferred in/ (out)	(11)	-	513	-

Included in profit or loss:

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Included in profit or loss				
Current service cost	226	222	125	206
Loss on (reversal of) benefit settlement	-	(4)	-	2
Past service cost	139	312	86	312
Interest on obligation	46	41	19	33
	411	571	230	553
Included in other comprehensive income				
Actuarial losses	79	112	32	56
Others				
Benefits paid	(722)	(100)	(304)	(100)
	(722)	(100)	(304)	(100)
Ending balance	4,899	5,142	2,191	1,720

During the six-month period ended 30 June 2019, the Bank and its subsidiaries 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.

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Demographic assumptions	(61)	12	-	(24)
Financial assumptions	95	195	32	169
Experience adjustments	45	(95)	-	(89)
Total	79	112	32	56

28.2.3 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 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(%)</i>			
Discount rate	1.29, 1.58	1.49, 1.71	1.29	1.49
Future salary growth	4.50, 5.00	4.50, 5.00	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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

28.2.4 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.

Consolidated				
30 June 2020				
	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%	(456)	-1%	526
Future salary growth	+1%	499	-1%	(443)
Turnover rate	+1%	(478)	-1%	423
Future mortality	+1 year	7	-1 year	(7)

Consolidated				
31 December 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%	(456)	-1%	526
Future salary growth	+1%	499	-1%	(443)
Turnover rate	+1%	(478)	-1%	423
Future mortality	+1 year	7	-1 year	(7)

Bank only				
30 June 2020				
	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 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)

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.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

29 Provisions for other liabilities

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

	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 39.2)	Consolidated Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			(in million Baht)		
At 1 January 2019	304	44	-	282	630
Acquisition through business combination	131	840	-	168	1,139
Provisions increase (decrease)	30	(10)	-	1,722	1,742
Paid during the year	-	(20)	-	(1,636)	(1,656)
At 31 December 2019	465	854	-	536	1,855
At 1 January 2020 - adjusted (see note 3)	127	854	1,489	536	3,006
Provision increase (decrease)we	7	61	68	147	283
Paid during the period	-	(15)	-	(228)	(243)
At 30 June 2020	134	900	1,557	455	3,046

	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 39.2)	Bank only Allowance for expected loss of credit commitments and financial guarantee contracts	Others	Total
			(in million Baht)		
At 1 January 2019	304	44	-	282	630
Provisions increase (decrease)	34	(12)	-	1,653	1,675
Paid during the year	-	(20)	-	(1,626)	(1,646)
At 31 December 2019	338	12	-	309	659
At 1 January 2020 - adjusted (see note 3)	-	12	1,103	309	1,424
Provision increase (decrease)	-	41	86	18	145
Paid during the period	-	(15)	-	(50)	(65)
At 30 June 2020	-	38	1,189	277	1,504

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

30 Deferred revenue

	Consolidated	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Deferred revenue		
- Funds and Bancassurance	19,860	16,997
- Credit card	162	164
- Hire purchase	617	632
- Others	848	393
Total	21,487	18,186

	Bank only	
	30 June 2020	31 December 2019
	<i>(in million Baht)</i>	
Deferred revenue		
- Funds and Bancassurance	19,483	16,087
- Credit card	161	164
- Others	202	199
Total	19,846	16,450

After negotiations between FWD Life Insurance Public Company Limited (FWD), the current bancassurance partner of TMB Bank Public Company Limited (the Bank), and Prudential Life Assurance (Thailand) Public Company Limited (Prudential), the current bancassurance partner of Thanachart Public Company Limited (TBANK), a mutual conclusion has been reached that Prudential has agreed to acquire the rights to sell life insurance products through TMB from FWD and the original bancassurance agreement between TMB and FWD would be revised to reflect the new partnership.

Key components of the agreements entered into between the parties can be summarised as follows:

- Prudential will have the exclusive rights to sell the life insurance products through the network of the Bank, TBANK and subsequently the merged bank for an initial term of 15 years, with effect on and from 1 January 2021.
- To facilitate customer services of both banks during the transition period in 2020, the Bank will continue to sell the life insurance products of FWD until the end of this year and also onboard the products of Prudential through the various channels operated by the Bank. The transition period lasts between 1 April 2020 and 31 December 2020. Nevertheless, TBANK will continue selling the life insurance products of Prudential exclusively.

Revenue which will be recognised in 2020 from Prudential's acquisition of rights under the original bancassurance agreement between the Bank and FWD is valued at THB 1.3 billion. Revenue to be gradually recognised throughout the combined initial contractual term and transition period (15 years 9 months) is evaluated for THB 20.8 billion, starting 1 April 2020.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

31 Other liabilities

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Accrued expenses	4,815	7,592	2,427	4,369
Accrued interest expenses	1,386	2,483	302	347
Deposits and guarantees received	227	181	167	181
Collateral on derivative transactions	1,599	2,009	1,082	1,378
Suspense accounts electronic money and money transferred	290	290	290	290
Suspense accounts - others	1,422	3,254	1,029	1,739
Other payables	1,476	1,495	371	299
Corporate income tax payable	6,876	6,023	730	1,612
Others	3,657	3,039	1,606	1,403
Total	21,748	26,366	8,004	11,618

31.1 Leases liabilities

	Consolidated	Bank only
	<i>(in million Baht)</i>	
At 30 June 2020		
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	1,428	599
Between 1 and 5 years	1,289	492
More than 5 years	34	17
Total undiscounted lease liabilities	2,751	1,108
Lease liabilities included in the statement of financial position	2,687	1,079

32 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold agreements including derivatives and sale -and- repurchase agreements which do not meet the criteria for offsetting in the Consolidated and Bank only's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call are agreed by both parties with specific call frequency and threshold. According to the agreements, the Bank and its subsidiaries receive and give collateral in form of cash and marketable securities. The details are as follow:

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Consolidated					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
At 30 June 2020					
Financial assets					
Reverse sale-and-repurchase	250,791	-	250,791	(250,791)	-
Derivatives assets	8,399	-	8,399	(1,599)	6,800
Total	259,190	-	259,190	(252,390)	6,800
Financial liabilities					
Sale-and-repurchase	29,560	-	29,560	(29,560)	-
Derivatives liabilities	8,166	-	8,166	(1,655)	6,511
Total	37,726	-	37,726	(31,215)	6,511
Bank only					
	Gross Amount	Amount offset in statements of financial position	Amount presented in statements of financial position (in million Baht)	Amounts not offset in financial statements - Amount eligible for offsetting per contracts	Net amount
At 30 June 2020					
Financial assets					
Reverse sale-and-repurchase	173,929	-	173,929	(173,929)	-
Derivatives assets	6,883	-	6,883	(1,082)	5,801
Total	180,812	-	180,812	(175,011)	5,801
Financial liabilities					
Sale-and-repurchase	29,560	-	29,560	(29,560)	-
Derivatives liabilities	6,827	-	6,827	(1,234)	5,593
Total	36,387	-	36,387	(30,794)	5,593

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position is as follow:

Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Consolidated		Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
		Items in statement of financial position	Note		
At 30 June 2020					
Financial assets					
Reverse sale-and-repurchase	250,791	Interbank and money market items (Assets)	12	295,871	45,080
Derivatives assets	8,399	Derivatives assets	13	12,035	3,636
Total	259,190			307,906	48,716
Financial liabilities					
Sale-and-repurchase	29,560	Interbank and money market items (Liabilities)	25	83,928	54,368
Derivatives liabilities	8,166	Derivatives liabilities	13	11,606	3,440
Total	37,726			95,534	57,808
Bank only					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
At 30 June 2020					
Financial assets					
Reverse sale-and-repurchase	173,929	Interbank and money market items (Assets)	12	227,719	53,790
Derivatives assets	6,883	Derivatives assets	13	9,378	2,495
Total	180,812			237,097	56,285
Financial liabilities					
Sale-and-repurchase	29,560	Interbank and money market items (Liabilities)	25	51,180	21,620
Derivatives liabilities	6,827	Derivatives liabilities	13	9,560	2,733
Total	36,387			60,740	24,353

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

For derivative, the rights to call are agreed between both parties with specific call frequency and threshold. The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following bases:

- derivative assets and liabilities: fair value;
- assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements: amortised cost.

33 Share-based payments - TMB Stock Retention Program

33.1 Information of TMB Stock Retention Program

On 18 December 2019, the Board of Directors Meeting No.11/2562 approved the TMB Stock Retention Program 2020 (TMB TSRP 2020) which will offer newly issued ordinary shares of the Bank to employees of both TMB and Thanachart Bank who have qualifications under TMB TSRP 2020. The employees under TMB TSRP 2020 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB TSRP 2020. Summary of the program is detail below.

Term of continuing scheme:	3 years starting from the first offering date.
Number of ordinary shares to be offered:	Not exceeding the total of 197,700,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.
Offering price per share:	The offering price per share to be offered to the employees under TMB TSRP 2020 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand (“SET”) on each trading day for the period of 7 calendar days prior to the first offering date of the newly issued shares. The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares. 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 TSRP 2020 at the price equivalent to the par value of the ordinary shares of the Bank.
Condition of subscription for the newly issued shares:	The employees under TMB TSRP 2020 who will subscribe for the newly issued shares shall be employees of TMB or Thanachart 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).

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

34 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.

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

	Consolidated	
	Six-month period ended 30 June 2020	Year ended 31 December 2019
	<i>(in million Baht)</i>	
Beginning balance	7,193	6,035
Revalued during the period / year	-	1,383
Amortised during the period / year	(56)	(119)
Derecognised during the period / year	(46)	(62)
Transferred out during the period / year	(185)	(44)
Ending balance	6,906	7,193
Less deferred tax	(1,381)	(1,439)
Ending balance, net of deferred tax	5,525	5,754

	Bank only	
	Six-month period ended 30 June 2020	Year ended 31 December 2019
	<i>(in million Baht)</i>	
Beginning balance	7,210	6,035
Revalued during the period / year	-	1,383
Amortised during the period / year	(56)	(102)
Derecognised during the period / year	(46)	(62)
Transferred out during the period / year	(90)	(44)
Ending balance	7,018	7,210
Less deferred tax	(1,404)	(1,442)
Ending balance, net of deferred tax	5,614	5,768

35 Share capital

	Par value per share (in Baht)	30 June 2020		31 December 2019	
		Number	Amount	Number	Amount
		<i>(million shares / million Baht)</i>			
Authorised shares at 30 June / 31 December	0.95	106,224	100,912	106,224	100,912
Issued and paid-up					
At 1 January					
- ordinary shares	0.95	96,359	91,541	43,852	41,659
Issue of new shares	0.95	-	-	52,507	49,882
At 30 June / 31 December					
- ordinary shares	0.95	96,359	91,541	96,359	91,541

On 23 September 2019, the meeting of the Extraordinary General of Shareholders No.1/2019 approved the issuance of the new ordinary shares not exceeding 31,481,481,482 shares in reserve for the exercise of transferable subscription rights (TSRs), and not exceeding 30,890,177,781 shares for the TBANK's existing shareholders, private placement, management and employee of the Bank and TBANK.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

The new ordinary shares have been registered with the Ministry of Commerce on 25 September 2019. Therefore, the total authorised share capital of the Bank was Baht 100,912 million which divided into 106,224 million ordinary shares of 0.95 Baht per share.

In November 2019, the Bank issued 27,393 million shares of 1.40 Baht per share as a result of the exercise of transferable subscription rights (TSRs).

In December 2019, the Bank issued 25,114 million shares of 2.16 Baht per share to the TBANK's existing shareholders.

36 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 and its subsidiaries 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.

37 Appropriation of profit and dividend payment

(a) On 26 March 2020, the Board of Directors Meeting of the Bank passed a resolution approving the appropriation of the 2019 operating profit and dividend payment:

- (1) Appropriation of net profit of Baht 360 million to be legal reserve.
- (2) Payment of an interim dividend of Baht 0.01 per share to the Bank's ordinary shareholders from its second half year 2019 operating results for a total of Baht 964 million. The Bank paid such dividend to its shareholders on 24 April 2020.

(b) On 15 November 2019, the meeting of the Board of Directors No. 10/2019 passed a resolution approving the payment of an interim dividend of Baht 0.03 per share to the Bank's ordinary shareholders from its half year 2019 operating results for a total of Baht 2,137 million. The Bank paid such dividend to its shareholders on 13 December 2019.

(c) 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 for a total of Baht 3,070 million. The Bank paid such dividend to its shareholders on 9 May 2019.

38 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Interbank and money market items				
- Deposit under restriction of oversea branch	3	5	3	5
- Placed at insurance registrar	1	1	-	-
Investments in securities				
- Placed at court	2	5	-	-
- Pledged as collateral against repurchase transactions	11,497	7,005	11,497	7,005
Property foreclosed under restriction	4	1	-	-
Total	11,507	7,017	11,500	7,010

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

39 Commitments and contingent liabilities

39.1 Commitments

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Avals to bills ⁽¹⁾	489	336	255	243
Guarantees of loans	2,403	2,386	38	38
Liability under unmatured import bills	2,399	2,392	2,254	2,226
Letters of credit	12,351	13,720	11,712	12,789
Other commitments				
- Other guarantees	63,827	63,368	63,827	63,368
- Amount of unused bank overdrafts	112,380	104,962	89,873	83,245
- Committed line	44,180	44,371	4,580	4,844
- Others ⁽²⁾	37,476	41,968	19,228	23,028
Total	275,505	273,503	191,767	189,781

⁽¹⁾ As at 30 June 2020 and 31 December 2019, this included bank and its subsidiaries acceptance amounting to Baht - million and Baht 4 million, respectively (*Bank only: Baht – million and Baht 2 million, respectively*).

⁽²⁾ As at 30 June 2020, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 17,543 million (*31 December 2019: 22,463 million*). The Bank is obliged to return those securities in equivalent amount.

As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

39.2 Litigation

- (a) As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 117 cases and 119 cases, respectively (*Bank only: claims for 45 cases and 49 cases, respectively*). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,767 million ⁽¹⁾ and Baht 2,336 million ⁽¹⁾, respectively (*Bank only: Baht 258 million ⁽¹⁾ and Baht 265 million ⁽¹⁾, respectively*).
- (b) As at 30 June 2020 and 31 December 2019, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 900 million and Baht 854 million, respectively (*Bank only: Baht 38 million and Baht 12 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 2020 and 31 December 2019 of Baht 1,670 million and Baht 1,862 million, respectively (*Bank only: Baht 1,147 million and Baht 1,312 million, respectively*), which the Court of First Instance and the Appeals Court dismissed the cases.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

39.3 Non-cancellable operating lease commitments

	Consolidated	Bank only
	<i>(in million Baht)</i>	
At 31 December 2019		
<i>Future minimum lease payable under operating leases</i>		
Within one year	1,631	606
After one year but within five years	1,755	647
After five years	43	19
Total	3,429	1,272

40 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have 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. Subsidiaries
3. Associate
4. Key management personnel of the Bank and its subsidiaries
5. Other related parties are
 - 5.1 Close family members of key management personnel
 - 5.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 5.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence
 - 5.4 Related companies of major shareholders
 - 5.5 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 5.6 Entities in which holds over 10% of paid-up share capital (excluding subsidiaries and associate)

The additional information on investments in subsidiaries and associate is disclosed in note 15.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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
Thanachart Capital PCL	Thailand	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
Thanachart Bank PCL	Thailand	Subsidiary, 99.98% shareholding, more than 50% of directors are representatives of the Bank
Thanachart Broker Co., Ltd.	Thailand	Indirect subsidiary, 99.99% shareholding by Thanachart Bank PCL
Thanachart Fund Management Co., Ltd.	Thailand	Associated, 49.9% shareholding by the Group, less than 50% of directors are representatives of the Group
TMB Asset Management Co., Ltd.	Thailand	Associated, 35% shareholding, less than 50% of directors are representatives of the Bank

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

Transactions	Pricing policies
Interest rates of loans	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.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its 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.
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Dividend income	At declared

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

40.1 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 2020 and 2019 with key management and other related parties were as follows:

	Consolidated					
	Three-month period ended 30 June 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	6	-	-	3	9
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	179	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-
5. Other related parties	758	336	608	-	87	323

	Consolidated					
	Three-month period ended 30 June 2019					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	-	-	-	-	4
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	432	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-
5. Other related parties	84	41	2	-	18	53

	Consolidated					
	Six-month period ended 30 June 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	7	-	-	4	33
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	560	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-
5. Other related parties	1,222	581	965	-	118	544

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated					
	Six-month period ended 30 June 2019					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	-	-	-	-	5
2. Subsidiaries	-	-	-	-	-	-
3. Associate	-	-	802	-	-	-
4. Key management personnel of the Bank	-	2	-	-	-	-
5. Other related parties	162	126	4	-	18	100

	Bank only					
	Three-month period ended 30 June 2020					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	-	-	-	-	3
2. Subsidiaries	71	1	-	-	160	4
3. Associate	-	-	179	-	324	-
4. Key management personnel of the Bank	-	1	-	-	-	-
5. Other related parties	110	43	3	-	31	33

	Bank only					
	Three-month period ended 30 June 2019					
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses
	<i>(in million Baht)</i>					
1. Major shareholders	-	-	-	-	-	4
2. Subsidiaries	-	-	2	-	-	-
3. Associate	-	-	432	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-
5. Other related parties	84	41	2	-	18	53

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Bank only					
	Six-month period ended 30 June 2020					
	Interest income	Interest expenses	Fees and service income <i>(in million Baht)</i>	Fees and service expenses	Other operating income	Other operating expenses
1. Major shareholders	-	-	-	-	-	25
2. Subsidiaries	72	68	1	-	20,409	4
3. Associate	-	-	560	-	324	-
4. Key management personnel of the Bank	1	2	-	-	-	-
5. Other related parties	224	126	5	-	31	79

	Bank only					
	Six-month period ended 30 June 2019					
	Interest income	Interest expenses	Fees and service income <i>(in million Baht)</i>	Fees and service expenses	Other operating income	Other operating expenses
1. Major shareholders	-	-	-	-	-	5
2. Subsidiaries	-	-	4	-	-	-
3. Associate	-	-	802	-	-	-
4. Key management personnel of the Bank	-	2	-	-	-	-
5. Other related parties	162	126	4	-	18	100

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

40.2 Outstanding balances with related parties

As at 30 June 2020 and 31 December 2019, significant outstanding balances with related persons or parties were as follows:

40.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Other receivables				
Thanachart Capital PCL.	-	112	-	112
Other assets				
Ministry of Finance	1	1	-	-
Thanachart Capital PCL.	1	1	-	-
Deposits (including interbank and money market items - liabilities)				
ING Bank N.V.	4	5	4	5
Thanachart Capital PCL.	5,107	33	-	-
Other liabilities				
Ministry of Finance	57	-	-	-
Thanachart Capital PCL.	1	392	-	392
Commitments - Derivatives ⁽¹⁾				
ING Bank N.V.	4,634	4,523	4,634	4,523
⁽¹⁾ Presented in notional amount				
Other commitments				
ING Bank N.V.	-	15	-	15

40.2.2 Significant balances between the Bank and its subsidiaries and associate as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Loans to customers and accrued				
Interest receivables, net				
Thanachart Bank Public Company Limited	-	-	25,928	-
Other assets				
TMB Asset Management Co., Ltd.	69	140	69	140
Total	69	140	69	140
Deposits (including interbank and money market items - liabilities)				
Thanachart Bank Public Company Limited	-	-	244	-
Thanachart Broker Co., Ltd.	-	-	2	-
Phahonyothin Asset Management Co., Ltd.	-	-	18	31
TMB Asset Management Co., Ltd.	8	99	8	99
Thanachart Asset Management Co., Ltd.	113	9	113	9
Total	121	108	385	139

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Debts issued and borrowings (including interbank and market items - liabilities)				
Thanachart Bank Public Company Limited	-	-	-	32,806
Commitments – Derivatives ⁽¹⁾				
Thanachart Bank Public Company Limited	-	-	2,114	2,614
TMB Asset Management Co., Ltd.	185	12	185	12

⁽¹⁾ Presented in notional amount

40.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	112	117	33	41
Deposits	770	609	436	169
Other liabilities	2	-	-	-

40.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated		Bank only	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in million Baht)</i>			
Investment	148	-	-	-
Interbank and money market items - assets and loans to customers and accrued interest receivables, net	113,500	107,091	21,212	17,512
Allowance for expected credit loss (2019: Allowance for doubtful accounts)	52	112	52	112
Other assets	118	317	-	-
Deposits (including interbank and money market items - liabilities)	54,481	70,525	18,632	14,380
Debts issued and borrowings (including interbank and money market items - liabilities)	12,306	13,011	12,306	12,612
Other liabilities	126	630	4	4
Commitments - Derivatives ⁽¹⁾	107,787	106,519	107,787	106,519
⁽¹⁾ Presented in notional amount				
Other commitments	3,562	1,030	3,054	391

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

40.3 Senior management personnel compensation

For the three-month and six-month periods ended 30 June 2020 and 2019, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2020	2019	2020	2019
Three-month periods ended 30 June				
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	11	23	9	23
Short-term employee benefits - management	309	212	282	212
Post-employment benefits	22	10	21	10
Total	342	245	312	245
	Consolidated		Bank only	
	2020	2019	2020	2019
Six-month periods ended 30 June				
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	23	31	18	31
Short-term employee benefits - management	557	418	496	418
Post-employment benefits	41	20	38	20
Total	621	469	552	469

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.

40.4 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 40.3 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.

41 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: This serves large-sized and medium-sized business customer. 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.

1.2 Small Enterprise: This serves small-size business customer. 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 loans, hire purchase, finance lease, personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

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.

In the second quarter of 2020, there was certain customers transferring from Small Enterprise to Retail banking in accordance with Bank's business direction

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 based, 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 2020

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,641	8,700	705	-	13,046
Net fees and service income	924	1,195	61	-	2,180
Other operating income	176	696	493	-	1,365
Total operating income	4,741	10,591	1,259	-	16,591
Operating expenses	(953)	(4,624)	(2,148)	-	(7,725)
Profits from operation	3,788	5,967	(889)	-	8,866
Allowance for expected credit loss					(5,046)
Profit before income tax					3,820
Income tax					(724)
Profit for the period					3,096
Depreciation and amortisation	100	735	310	-	1,145

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

**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

**Six-month period ended
30 June 2020**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	8,015	18,336	708	-	27,059
Net fees and service income	1,714	3,040	229	-	4,983
Other operating income	429	1,548	755	-	2,732
Total operating income	10,158	22,924	1,692	-	34,774
Operating expenses	(1,905)	(9,550)	(4,544)	-	(15,999)
Profits from operation	8,253	13,374	(2,852)	-	18,775
Allowance for expected credit loss					(9,850)
Profit before income tax					8,925
Income tax					(1,665)
Profit for the period					7,260
Depreciation and amortisation	210	1,569	610	-	2,389

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

**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

Reconciliation of reportable segment profit or loss

**Three-month period ended
30 June 2020**

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Expected credit loss
Segment reporting	13,046	2,180	1,365	(7,725)	(5,046)
Expected credit loss	-	-	-	(73)	73
Others	-	(22)	-	22	-
Consolidated financial statements	13,046	2,158	1,365	(7,776)	(4,973)

**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)

**Six-month period ended
30 June 2020**

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Expected credit loss
Segment reporting	27,059	4,983	2,732	(15,999)	(9,850)
Expected credit loss	-	-	-	(118)	118
Others	-	(10)	-	10	-
Consolidated financial statements	27,059	4,973	2,732	(16,107)	(9,732)

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

**Six-month period ended
30 June 2019**

	Net interest income	Net fees and service income	Other operating income (in million Baht)	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)

	Commercial Banking	Retail Banking	Other segments (in million Baht)	Elimination	Total
Assets	610,897	838,533	625,374	(181,652)	1,893,152
Liabilities and equity	373,170	1,160,407	541,227	(181,652)	1,893,152

	Commercial Banking	Retail Banking	Other segments (in million Baht)	Elimination	Total
Assets	737,778	807,323	503,548	(190,459)	1,858,190
Liabilities and equity	393,815	1,035,092	619,742	(190,459)	1,858,190

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

42.1 As at 30 June 2020 and 31 December 2019, the financial position classified by domestic and foreign business was as follows:

	30 June 2020			31 December 2019		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	(in million Baht)					
Total assets	1,892,568	584	1,893,152	1,857,699	491	1,858,190
Interbank and money market items, net (assets)	295,379	492	295,871	235,907	404	236,311
Financial assets measured at fair value through profit or loss	16,504	-	16,504	-	-	-
Investments, net	131,604	-	131,604	166,265	-	166,265
Investments in subsidiaries and associate, net	8,656	-	8,656	8,953	-	8,953
Loans to customers and accrued interest receivables, net	1,343,922	3	1,343,925	1,348,600	30	1,348,630
Deposits	1,442,560	36	1,442,596	1,398,064	48	1,398,112
Interbank and money market items (liabilities)	83,850	78	83,928	86,554	72	86,626
Debts issued and borrowings, net	73,092	20,079	93,171	89,235	19,600	108,835

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

- 42.2 The results of operations classified by domestic and foreign business for the three-month and six-month periods ended 30 June 2020 and 2019 were as follows:

Consolidated			
<i>For the three-month period ended 30 June 2020</i>			
	Domestic business	Foreign business (in million Baht)	Total
Interest income	17,994	2	17,996
Interest expenses	(4,728)	(222)	(4,950)
Net interest income (expenses)	13,266	(220)	13,046
Net fees and service income	2,158	-	2,158
Total other operating income	1,351	14	1,365
Total other operating expenses	(7,772)	(4)	(7,776)
Profit (loss) from operations before expected credit loss and income tax	9,003	(210)	8,793

Consolidated			
<i>For the three-month period ended 30 June 2019</i>			
	Domestic business	Foreign business (in million Baht)	Total
Interest income	9,235	3	9,238
Interest expenses	(2,817)	(77)	(2,894)
Net interest income (expenses)	6,418	(74)	6,344
Net fees and service income	1,908	-	1,908
Total other operating income	639	-	639
Total other operating expenses	(4,207)	(3)	(4,210)
Impairment loss on loans and debt securities	(2,490)	-	(2,490)
Profit (loss) from operations before income tax	2,268	(77)	2,191

Consolidated			
<i>For the six-month period ended 30 June 2020</i>			
	Domestic business	Foreign business (in million Baht)	Total
Interest income	37,597	4	37,601
Interest expenses	(10,102)	(440)	(10,542)
Net interest income (expenses)	27,495	(436)	27,059
Net fees and service income	4,973	-	4,973
Total other operating income	2,728	4	2,732
Total other operating expenses	(16,100)	(7)	(16,107)
Profit (loss) from operations before expected credit loss and income tax	19,096	(439)	18,657

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

<i>For the Six-month periods ended 30 June 2019</i>	Consolidated		
	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>		
Interest income	18,282	6	18,288
Interest expenses	(5,555)	(153)	(5,708)
Net interest income (expenses)	12,727	(147)	12,580
Net fees and service income	3,631	-	3,631
Total other operating income	1,197	-	1,197
Total other operating expenses	(8,942)	(6)	(8,948)
Impairment loss on loans and debt securities	(4,329)	-	(4,329)
Profit (loss) from operations before income tax	4,284	(153)	4,131

43 Interest income

<i>For the three-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Interbank and money market items	559	449	394	449
Investments and trading transactions	26	22	14	22
Investments in debt securities	513	443	189	443
Loans to customers	11,337	8,317	7,175	8,305
Hire purchase and finance leases	5,561	-	-	-
Others	-	7	-	7
Total	17,996	9,238	7,772	9,226

<i>For the six-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Interbank and money market items	1,207	910	722	910
Investments and trading transactions	65	37	50	37
Investments in debt securities	1,169	831	397	831
Loans to customers	23,852	16,497	15,279	16,484
Hire purchase and finance leases	11,308	-	-	-
Others	-	13	-	13
Total	37,601	18,288	16,448	18,275

44 Interest expenses

<i>For the three-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Deposits	3,205	1,522	1,376	1,522
Interbank and money market items	147	229	65	229
Contribution to Deposits Protection Agency and BoT	889	767	451	767
Debts issued				
- Debentures and subordinated debentures	455	251	478	251
- Others	241	120	240	120
Borrowings	10	5	10	5
Others	3	-	3	-
Total	4,950	2,894	2,623	2,894

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

<i>For the six-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Deposits	6,838	3,003	2,791	3,003
Interbank and money market items	378	433	260	433
Contribution to Deposits Protection Agency and BoT	1,746	1,527	848	1,527
Debts issued				
- Debentures and subordinated debentures	1,122	496	982	496
- Others	432	240	432	240
Borrowings	20	8	20	8
Others	6	1	6	1
Total	10,542	5,708	5,339	5,708

45 Net fees and service income

<i>For the three-month period ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	145	86	117	86
- ATM, Debit card, Credit card and other banking electronic	967	807	578	807
- Funds and Bancassurance	1,103	1,378	1,015	1,378
- Others	1,191	353	175	355
Total	3,406	2,624	1,885	2,626
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(774)	(542)	(494)	(542)
- Others	(474)	(174)	(123)	(174)
Total	(1,248)	(716)	(617)	(716)
Net	2,158	1,908	1,268	1,910

<i>For the six-month period ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	273	140	225	140
- ATM, Debit card, Credit card and other banking electronic	2,117	1,610	1,287	1,610
- Funds and Bancassurance	2,481	2,660	2,160	2,660
- Others	2,944	694	684	697
Total	7,815	5,104	4,356	5,107
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(1,785)	(1,073)	(1,107)	(1,073)
- Others	(1,057)	(400)	(236)	(400)
Total	(2,842)	(1,473)	(1,343)	(1,473)
Net	4,973	3,631	3,013	3,634

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

46 Gains on trading and foreign exchange transactions, net

	Consolidated and Bank only (in million Baht)
<i>For the three-month periods ended 30 June 2019</i>	
Gains (losses) on trading and foreign exchange transactions, net	
- Foreign currencies and derivatives on foreign exchange	314
- Derivatives on interest rates	(16)
- Debt securities	9
Total	307

	Consolidated and Bank only (in million Baht)
<i>For the six-month periods ended 30 June 2019</i>	
Gains (losses) on trading and foreign exchange transactions, net	
- Foreign currencies and derivatives on foreign exchange	693
- Derivatives on interest rates	(36)
- Debt securities	14
Total	671

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

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

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

48 Net gain (loss) on financial instruments measured at fair value through profit or loss

	Consolidated	Bank only
	<i>(in million Baht)</i>	
<i>For the three-month period ended 30 June 2020</i>		
Gains (losses) on trading and foreign exchange transactions		
Foreign currencies and foreign exchange derivatives	248	240
Interest rates derivatives	14	12
Debt securities	163	31
Equity securities	(1)	(1)
Others	27	-
Total	451	282
Gain (losses) on financial instruments designated at FVTPL		
Borrowings	(6)	(6)
Gains on hedge accounting	2	-
Total	447	276
	Consolidated	Bank only
	<i>(in million Baht)</i>	
<i>For the six-month period ended 30 June 2020</i>		
Gains (losses) on trading and foreign exchange transactions		
Foreign currencies and foreign exchange derivatives	706	583
Interest rates derivatives	18	11
Debt securities	152	67
Equity securities	(1)	(1)
Others	27	-
Total	902	660
Gain (losses) on financial instruments designated at FVTPL		
Borrowings	(12)	(12)
Total	890	648

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

49 Net gain on investments

Net gain on investments included in profit or loss for the three-month and six-month periods ended 30 June 2020 and 2019 were as follows:

<i>For the three-month period ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
<i>Net gain from derecognition (2019: gains on sales)</i>				
- Available-for-sale investment	-	92	-	92
- Held to maturity	-	4	-	4
- Investment in debt instruments measured at FVOCI	445	-	214	-
Total	445	96	214	96

<i>For the six-month period ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
<i>Net gain from derecognition (2019: gains on sales)</i>				
- Available-for-sale investment	-	96	-	96
- Held to maturity	-	4	-	4
- Investment in debt instruments measured at FVOCI	783	-	366	-
Total	783	100	366	100

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

50 Expected credit loss

Expected credit loss for the three-month and six-month period ended 30 June 2020 were as follows:

Three-month period ended 30 June 2020	Consolidated	Bank only
	<i>(in million Baht)</i>	
Interbank and money market items	(47)	18
Investment in debt instruments measured at FVOCI	1,679	53
Loans to customers and accrued interest receivables	3,242	2,386
Loan commitments and financial guarantee contracts	98	106
Total	4,972	2,563

Six-month period ended 30 June 2020	Consolidated	Bank only
	<i>(in million Baht)</i>	
Interbank and money market items	(46)	27
Investment in debt instruments measured at FVOCI	1,681	55
Loans to customers and accrued interest receivables	8,030	4,822
Loan commitments and financial guarantee contracts	67	86
Total	9,732	4,990

Impairment loss on loans and debt securities

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

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

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

51 Other operating expenses

<i>Three-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	101	282	87	282
Amortisation of intangible assets	380	160	210	160
Outsourcing expenses	235	168	131	168
Credit collection expenses	107	101	70	100
Software expenses	129	76	75	76
Other expenses hire purchase	23	-	-	-
Professional fee expenses	45	95	46	95
Travelling expenses	56	28	14	28
Information systems expenses	103	-	-	-
Others	252	287	184	287
Total	1,431	1,197	817	1,196

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	304	499	193	499
Amortisation of intangible assets	752	320	417	320
Outsourcing expenses	490	325	269	325
Credit collection expenses	255	202	167	201
Software expenses	300	149	196	149
Other expenses hire purchase	94	-	-	-
Professional fee expenses	98	109	85	109
Travelling expenses	148	55	37	55
Information systems expenses	202	-	-	-
Others	670	546	437	545
Total	3,313	2,205	1,801	2,203

52 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 2020 and 2019 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	
	2020	2019	2020	2019
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>3,095</u>	<u>1,917</u>	<u>784</u>	<u>1,832</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,359</u>	<u>43,852</u>	<u>96,359</u>	<u>43,852</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.0321</u>	<u>0.0437</u>	<u>0.0081</u>	<u>0.0418</u>

TMB Bank Public Company Limited and its subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2020
For the three-month period ended 30 June 2020 (Unaudited)

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>7,258</u>	<u>3,496</u>	<u>22,443</u>	<u>3,347</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,359</u>	<u>43,852</u>	<u>96,359</u>	<u>43,852</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.0753</u>	<u>0.0797</u>	<u>0.2329</u>	<u>0.0763</u>

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 2020 and 2019 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	
	2020	2019	2020	2019
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>3,095</u>	<u>1,917</u>	<u>784</u>	<u>1,832</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,359</u>	<u>43,852</u>	<u>96,359</u>	<u>43,852</u>
Effect of dilutive potential ordinary shares from TMB TSRP 2020 Scheme <i>(in million shares)</i>	<u>198</u>	<u>-</u>	<u>198</u>	<u>-</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>96,557</u>	<u>43,852</u>	<u>96,557</u>	<u>43,852</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0321</u>	<u>0.0437</u>	<u>0.0081</u>	<u>0.0418</u>

<i>Six-month periods ended 30 June</i>	Consolidated		Bank only	
	2020	2019	2020	2019
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>7,258</u>	<u>3,496</u>	<u>22,443</u>	<u>3,347</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>96,359</u>	<u>43,852</u>	<u>96,359</u>	<u>43,852</u>
Effect of dilutive potential ordinary shares from TMB TSRP 2020 Scheme <i>(in million shares)</i>	<u>163</u>	<u>-</u>	<u>163</u>	<u>-</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>96,522</u>	<u>43,852</u>	<u>96,522</u>	<u>43,852</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0752</u>	<u>0.0797</u>	<u>0.2325</u>	<u>0.0763</u>

53 Events after the reporting period

On 20 August 2020, the Board of Directors' Meeting of the Bank passed a resolution approving as follows:

- 1) Appropriation of net profit of Baht 6,731 million to be legal reserve.
- 2) The inclusion of a part of net profit for the Bank only for the six-month period ended 30 June 2020 amounting to Baht 9,078 million to be counted as Tier 1 Capital of the Bank.